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Treasury Circular 2019/08

Unrestricted Distribution

Chief Executives
Chief Financial Officers

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October Baseline Update and Specific Fiscal Risk Requirements 2019

1. This circular presents the key requirements and timelines for the 2019 October Baseline Update (OBU), and submission of Specific Fiscal Risks (SFRs). These processes provide information necessary for Treasury's Half Year Economic and Fiscal Update, as well as providing an opportunity for Departments to seek Joint Ministers' approval for a range of changes.
2. Attached to this Treasury Circular is more detailed guidance to help complete the baseline update (including the letter template for submission) and meet the specific fiscal risk reporting requirements (which will this time use a new CFISnet module).

October Baseline Update

3. There are two baseline updates during the financial year:
 - a. the October Baseline Update which occurs before and informs the Half Year Economic and Fiscal Update (HYEFU); and
 - b. the March Baseline Update (MBU), which occurs before and informs the Budget Economic and Fiscal Update (BEFU).
4. The Baseline Updates are important because they enable the Treasury to make the correct in-year revisions and ensure the Economic and Fiscal Updates can be as accurate as possible.
5. The October Baseline Update provides an opportunity for departments to:
 - a. update CFISnet to reflect Cabinet decisions and other Joint Ministers' decisions affecting baselines that have been made since Budget 2019;

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- b. seek Joint Ministers¹ agreement to:
 - i. changes to baselines that Joint Ministers are able to approve under CO(18)2 and update CFISnet to reflect the agreed changes;
 - ii. confirm expense and capital transfers from 2018/19 to 2019/20 and/or outyears; and
 - iii. adjust the future spending profile of multi-year appropriations to ensure the remaining profile of the MYA is the difference between the total amount of the MYA and total actual expenditure to the end of the previous year.
- c. request their appropriation Minister seek agreement from the Minister of Finance to:
 - i. performance reporting exemptions; and
 - ii. the establishment of Multi-Category Appropriations (MCAs)
- d. Please refer to the guidance attached to this circular for a detailed explanation of the OBU process and the deadlines involved for departmental finance teams.

Specific Fiscal Risks

- 6. The Specific Fiscal Risks (SFRs) are published in the Half Year Economic and Fiscal Update, and supplement the forecasts by highlighting where there are risks with financial implications that cannot be attributed to a particular year, or cannot be costed with sufficient certainty to be included in the forecasts.
- 7. Their publication is required by Section 26U of the Public Finance Act, which refers to the disclosure of policy decisions and other circumstances that may impact the Government's fiscal forecasts.
- 8. A new CFISnet module has recently been created for the SFRs. This module saves submitted SFRs from previous updates, and allows departments to update, re-submit or 'expire' existing risks (those submitted for the previous EFU), or add new risks. This is intended to assist with efficiency of departmental and Treasury Analysts, minimising work for each EFU.
- 9. Guidance for SFRs will be uploaded to CFISnet shortly.

¹ The Minister of Finance and the appropriation Minister

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Timeline

10. All requirements are due by **1pm** on given dates.

Date	OBU	SFRs
From date circular is released, to Friday 11 October	Departments discuss their specific requirements for the October Baseline Update (OBU) with Treasury Vote teams.	
From date circular is released, to Monday 8 October	Coredata changes to be submitted to CFISnet for OBU.	
Friday 11 October	Final date for departments to update and lock CFISnet for changes.	
Monday 14 October	Appropriation Minister submission to Minister of Finance. Please provide 2 copies of the appropriation Minister's letter to the Minister of Finance.	
Thursday 24 October		Department provide fiscal risk information on CFIS - updating any risks previously provided and uploading information on any new matters.
Friday 25 October	Treasury Vote teams to advise departments of status of updates. Department to update CFISnet to reflect all changes advised by Treasury.	
Week beginning Monday 4 November	Minister of Finance notifies appropriation Ministers of the outcome of the OBU.	

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