

The Treasury

Budget 2020 Information Release

July 2020

This document has been proactively released by the Treasury on the Treasury website at <https://treasury.govt.nz/publications/information-release/budget-2020-information-release>

Information Withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(b)(i) - to avoid prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government
- [5] 6(d) - to prevent endangerment of the safety of any person
- [9] 6(e)(iv) - to prevent serious damage to the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the stability, control, and adjustment of prices of goods and services, rents, and other costs, and rates of wages, salaries, and other incomes
- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [26] 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied
- [29] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [42] 18(d) - information is already publicly available or will be publicly available soon.

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(a).

Copyright and Licensing

Cabinet material and advice to Ministers from the Treasury and other public service departments are © **Crown copyright** but are licensed for re-use under **Creative Commons Attribution 4.0 International (CC BY 4.0)** [<https://creativecommons.org/licenses/by/4.0/>].

For material created by other parties, copyright is held by them and they must be consulted on the licensing terms that they apply to their material.

Accessibility

The Treasury can provide an alternate HTML version of this material if requested. Please cite this document's title or PDF file name when you email a request to information@treasury.govt.nz.

Treasury Report: Budget 2020: Consideration of New Spending Packages given COVID-19

Date:	Wednesday 18 March	Report No:	T2020/690
		File Number:	BM-2-4-2020 (Budget Initiatives 2020)

Action sought

	Action sought	Deadline
Minister of Finance (Hon Grant Robertson)	Note the contents of this report Indicate changes to be made to new spending packages	Tuesday 24 March

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Phoebe Sparrow	Analyst, COVID-19 Team	[39]	[23] ✓
Paul Helm	Head of Government Finance Profession and Chief Government Accountant		

Minister's Office actions (if required)

As soon as possible: Please indicate the Minister's preferred approach for consulting Lead Ministers.
Refer this advice to Associate Ministers of Finance and/or Lead Ministers as required.
Indicate the Minister's preferred changes to be made to new spending packages.
Return the signed report to the Treasury.

Note any feedback on the quality of the report

Enclosure: Yes (Attached)
[Budget 2020 Priority A-D packages: COVID-related changes \(Treasury:4257089v1\)](#)

Treasury Report: Budget 2020: Consideration of New Spending Packages given COVID-19

Executive Summary

You have asked for advice on whether near-final Budget 2020 Priority Packages are feasible and realistic in light of COVID-19 impacts. You requested that the scope of this exercise include priorities A, B, C and D, and exclude Priority E, cost pressures, and the 'other' package.

Impact of COVID-19 on the proposed Budget 2020 package

The Treasury has run a light-touch review of Priorities A-D, in consultation with priority lead officials, to identify initiatives that we recommend deferring or re-phasing. The review also considered whether any initiatives currently not included in the proposed packages should be recommended for funding.

Feasibility of initiatives may be impacted by constraints on agency capacity, or by decreased demand for the initiative. In some cases, both supply and demand may be affected. Other initiatives remain feasible but may be no longer appropriate to fund given the timing of Budget announcements and COVID-19. We expect that, using this lens, ministers may identify further initiatives that should be deferred in addition to our suggestions.

Our advice generally uses the following framework:

Fully defer	Highly likely the initiative will not be delivered in 2020/21. Might relate to a service or activity that will not exist during a COVID-19 outbreak. Also, the initiative may not "look good" if announced on Budget Day.
Scale back or re-phase funding	Likely to be less demand for a service, or ability to implement will be constrained by COVID-19 pressures. Some spending can still go ahead. This includes initiatives where there are significant workforce components.
Support	Clear need, or possibly an increased need for the initiative to be funded, particularly to support the Government's COVID-19 response.
No rating	All other initiatives with minimal or no COVID-19 impact.

The near-final priority packages with suggested changes are attached for your consideration.

Other considerations

In your decisions about changes to priority packages, we recommend that you consider each initiative using the framework proposed above.

Although it is important to rebalance Budget 2020 packages for COVID-19, changing the amounts funded for a large number of initiatives at this stage of the budget process may create complexity for agencies.

A separate piece of work is currently underway to get a sense of emerging fiscal pressures agencies may face from COVID-19. This will feed into advice around setting up a notional fund to manage COVID-19 related costs and a proposed process to access funding, which you will receive on Friday 20 March [T2020/689].

This process of reviewing priority packages has been run separately to the confirmation of outstanding initiatives. For this reason, some initiatives in the attachment may not have been updated to reflect decisions recently communicated by your Office.

Consultation

You may wish to discuss these changes with other ministers, including lead ministers for each of the four priorities. Please indicate at your earliest convenience if you would like secretariat officials to proceed with consulting lead ministers. Another option is for your Associate Ministers of Finance to consult priority lead ministers.

Next steps

For accepted changes to be included in the Budget 2020 Cabinet paper, these should be confirmed with the Treasury by Wednesday 25 March at the latest. However, we understand that tabling an addendum to the Cabinet paper at the Cabinet meeting on Monday 30 March is also a viable option. We will liaise with your Office as necessary to confirm these arrangements.

Recommended Action

We recommend that you:

- a **Note** that, due to COVID-19, some new spending initiatives may face significant delivery constraints based on current funded amounts in the near-final Budget 2020 package
- b **Note** that we have worked with priority lead officials to sense-check new spending initiatives for feasibility and capacity constraints, particularly in the 2020/21 year
- c **Note** the attached Priority A-D packages and suggested changes in light of COVID-19
- d **Indicate** at your earliest convenience if Priority Lead Ministers should be consulted or informed about these changes via:
 - Lead officials for each Priority Yes / No
 - Associate Ministers of Finance Yes / No
 - Your Office Yes / No
- e **Indicate** any changes that you wish to proceed with, following consultation with other ministers.

Paul Helm

Head of Government Finance Profession and Chief Government Accountant

Hon Grant Robertson
Minister of Finance