

The Treasury

Budget 2020 Information Release

July 2020

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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).

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Reference: T2020/953 MC-1-5-2 (Fiscal strategy)

Date: 9 April 2020

To: Minister of Finance (Hon Grant Robertson)

Deadline: 15 April 2020

Fiscal Strategy Report: Draft Chapter

Attached to this Aide Memoire is a first draft of the Fiscal Strategy chapter for the Budget 2020 document. This draft is based on last week's report '*Options for fiscal objectives at Budget 2020*' [T2020/759], which proposed text regarding your short-term intentions and long-term objectives for fiscal policy, and reflects your feedback from earlier this week.

We are seeking your comments on the direction of the narrative. Most specific details, such as forecast figures, will be confirmed in subsequent drafts.

You should note that we have:

- Assumed that detailed discussion of the COVID-19 Response and Recovery Fund (CRRF) will be in the main part of the Budget document.
- Stated that to maintain a sustainable fiscal position over the long-term, the spending from the CRRF will, as far as possible, focus on time-limited policy measures.
- Structured the narrative around a single central fiscal and economic forecast. You may wish to consider including references to a range of alternative scenarios (e.g. the range of economic forecasts to be published next week).
- Discussed a shift away from the Budget Responsibility Rules due to COVID-19. We have not explicitly discussed your altered long-term intention to allow core Crown expenses as a share of GDP to increase above historical levels.
- Noted that future operating allowances are unchanged, but that these operating allowances may need to be adjusted in the future to maintain fiscal sustainability.
- Provided a qualitative narrative on what could be considered a prudent level of debt, stating that the Government will elaborate on this further in the future.
- Provided draft text on your revenue strategy on which we have not yet consulted Inland Revenue. We will consult with Inland Revenue following your feedback on this draft.
- Assumed that New Zealand Superannuation Fund capital contributions will continue as stated in the last Fiscal Strategy Report.

- Noted that the Public Finance (Wellbeing) Amendment Bill is ongoing and is scheduled to pass later this year.

Next steps

- We are seeking your comments on this initial draft by Wednesday 15 April. The Treasury will incorporate your comments and provide you with a second draft on Monday 20 April.
- We will also provide you with a report on possible fiscal projection tracks for fiscal variables on Monday 20 April.
- Fiscal forecasts will be finalised on 23 April and will be included in the third draft, along with finalised projection tracks based on your feedback.

Ken Tsang, Analyst, Macroeconomic and Fiscal Policy, [39]

Renee Philip, Manager, Macroeconomic and Fiscal Policy, [39]

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BUDGET-SENSITIVE

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