

# The Treasury

## Budget 2021 Information Release

### August 2021

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- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
- [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
- [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
- [36] 9(2)(h) - to maintain legal professional privilege
- [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
- [40] Not in scope
- [42] 18(d) - information is already publicly available or will be publicly available soon.

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# Budget Ministers 4

## Budget 2021: Outstanding Decisions

6 April 2021

# Purpose

**The key objective for this meeting is to resolve the outstanding decisions on the Budget 2021 package.** Agreeing these today is necessary for us to be able to take the final package to Cabinet for agreement on 12 April, and subsequently present the Budget on 20 May.

**To achieve this, in this slide pack I would like to provide you with three broad categories of information:**

1. Decisions we made at our last meeting, including an update to the headline figures of the Budget package;
2. The detailed changes to the final Budget package since our meeting on 29 March;
3. Outstanding decisions.

# Final Budget Package

# Final Package – Headline Figures

- The final Budget 2021 package totals **\$3.8 billion average operating** per annum over the forecast period (2020/21 to 2024/25) and **\$3.8 billion capital total** over 10 years. [Note that these numbers are being confirmed, and updates will be provided on 6 April, ahead of this meeting].
- In this meeting, **I would like to seek your agreement to the final allowance for Budget 2021 and the future Budget allowances** for the forecast period.

\$ billions	Operating per annum	Total multi-year capital
Budget 2021 allowances	3.8	3.8
Budget 2022 allowance precommitments	0.6	-
Spending outside allowances	0.1	-
<b>Allowances Total</b>	<b>4.5</b>	<b>3.8</b>
<b>CRRF Total</b>	<b>3.4</b>	<b>1.1</b>
<b>Total Spending</b>	<b>7.9</b>	<b>4.9</b>

**Note:** All data used in slides is accurate as at 10am Thursday 1 April 2021, and unless otherwise indicated all operating amounts are over the 2020/21 to 2024/25 forecast period, and all capital amounts are over ten years.

# Changes Since Budget Ministers 3

At our last meeting on 29 March, we made a number of decisions on the final package. Since then, I have also had conversations with portfolio Ministers, and made some further decisions on individual initiatives. **I would like us to confirm these decisions as Budget Ministers.**

Portfolio	Title	Change	Opex total in package (\$m)	Capex total in package (\$m)
Business, Science and Innovation	Implementing the Carbon Neutral Government Programme	Scaled departmental costs by 25%.	47.860	19.555
Education	Reform of the Tomorrow's Schools System	[33]	185.314	53.810
Finance	Restoring the Productivity Commission's research and engagement capability	I believe this bid should be included, but as this is my portfolio this should be decided by Budget Ministers.	3.600	-
Health	Supporting District Health Boards Cost Pressure	[33]	2,700.000	-
Internal Affairs	Support for the Ongoing Operations and Increased Capability of the new Ministry for Ethnic Communities	Funding has been included with no increase to FTE.	2.520	-
Justice	Family Violence and Sexual Violence initiatives	[33]		-
Māori Development	Building a sustainable Māori Media Sector - Programme Content	I have included a scaled version of this initiative in the package.	42.000	-
[33]				
Prime Minister and Cabinet	Health and Disability System Review – System Operating Model	[33]		0.613
Social Development	Improving the Subsequent Work Capacity Medical Certificate Process for Jobseeker Support Health Condition and Disability	I confirmed that this should remain in the package, as urgent legislative change would be required and this is not consistent with the direction of welfare overall.	85.00	-
Social Development	Ministry of Social Development Core Operating Model Cost Pressures (multiple initiatives)	Initiatives 13230 and 12321 are scaled in 2023/24 and 2024/25.	200.184	-

[33]

In addition to these changes, there are **five further outstanding decisions that we need to make today.** Unlike the above changes, the fiscal impact of the outstanding decisions (other than the \$20 increase to main benefits) has not been included in the package headlines, which we discussed on slides 4 and 5.

# Outstanding Decisions

# Outstanding Decisions

A number of **decisions still need to be made** before we present this Budget to our Cabinet colleagues on Monday 12 April. Other than the \$20 option for the Main Benefit Rate Increase and Complementary Changes, **the impact of these decisions have not been included** in the headline figures on slide 4.

## *Social Development: Main Benefit Rate Increase and Complementary Changes*

- The current Budget package includes funding for a \$25 increase from 1 July 2021, and a further \$25 increase from 1 April 2022 (charged against the Budget 2022 operating allowance). At our last meeting, we discussed an option of two \$20 increases. The cost of this option is \$1.7 billion against the 2021 operating allowance, and \$2.0 billion against the 2022 operating allowance, compared with \$2.1 billion and \$2.4 billion respectively for the \$25/\$25 option. **Please indicate which option you wish to progress.**
  - (1) Two \$25 increases (this would increase the package by \$105.489 million operating per annum).
  - (2) Two \$20 increases (this is currently included in the package).

# Outstanding Decisions

## ***Transport: Clean Car Discount***

- At our last meeting we discussed including a tagged contingency for the Clean Car Discount, at a cost of \$301.8 million total capital. **Please indicate if you wish to set aside this funding in a tagged contingency.**
  - Yes
  - No

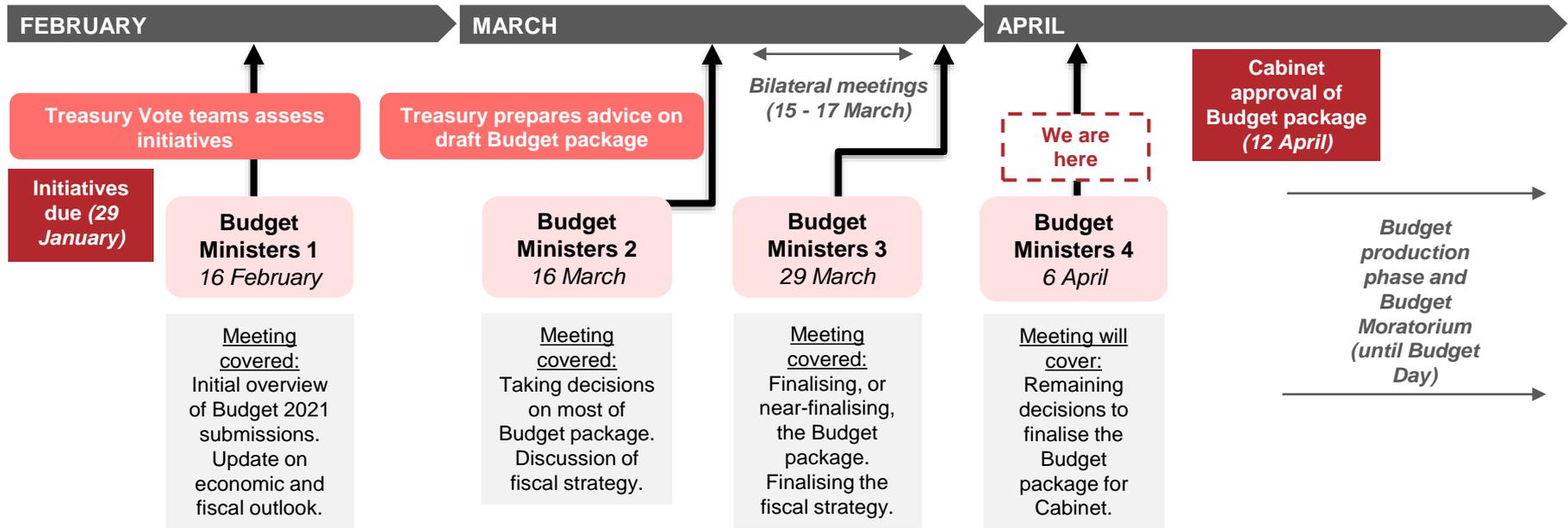
## ***Business, Science and Innovation: Establishment of a Regulatory Regime to Reduce Merchant Service Fees***

- This initiative was included in a Cabinet paper which seeks agreement to establish a regulatory regime to address inefficiencies in the retail payment system. This would deliver long-term benefits for New Zealand merchants and consumers, and agree core elements of the new regulatory regime.
- This would be a \$20 million total pre-commitment against the Budget 2021 operating allowance, and a \$5 million commitment against the capital allowance. This constitutes an out-of-cycle request. **Please indicate if you wish to fund this initiative.**
  - Yes
  - No

## ***Arts, Culture and Heritage: Supporting a strong RNZ***

- This initiative seeks \$0.9 million total operating as a one-off increase in 2021/22. This funding is in addition to \$7.25 million per annum from 2021/22 onward agreed as part of the foundational CRRF package. Because the \$0.9 million would be a one off increase, there is a risk that a cost pressure would be created in 2022/23 onward. **Please indicate if you wish to fund this initiative.**
  - Yes
  - No

# Next Steps



- In order for us to present the final package to Cabinet on 12 April, **we must resolve the final outstanding decisions today.**
- If we do not agree to resolve these issues today, there is a risk that we are not able to agree the final package on 12 April – which would **impact our ability to present the Budget on 20 May.**
- Following today's meeting, the Treasury will communicate our decisions to agencies. This will allow agencies to complete financial recommendations as part of the Budget Cabinet paper.