

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
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- [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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Treasury Report: Communicating the Budget 2021 Strategy

Date:	24 November 2020	Report No:	T2020/3542
		File Number:	BM-2-1-2021

Action sought

	Action sought	Deadline
Minister of Finance (Hon Grant Robertson)	<p>Provide feedback on the attached draft letters to Ministers.</p> <p>Once finalised, send the letters to all Ministers, copied to Chief Executives.</p> <p>Agree to the Budget 2021 process timeframes through to the end of 2020.</p> <p>Agree to the recommended bilateral meetings.</p>	25 November 2020

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Ashleigh Brown	Senior Analyst, Budget Management	[39]	N/A (mob) ✓
Simon Duncan	Acting Manager, Budget Management	[35]	

Minister's Office actions (if required)

Provide any feedback on the draft letters to Treasury. Following any revisions Treasury will provide the office with individualised letters for the Minister to sign. Once signed, send the letters to all Ministers and their Chief Executives.

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: Yes (attached)

Treasury Report: Communicating the Budget 2021 Strategy

Purpose of Report

1. Following Cabinet's agreement to the Budget 2021 strategy, this report seeks agreement to the next steps for taking forward and communicating the Budget 2021 strategy, including:
 - letters to Ministers (copied to their Chief Executives) outlining the Budget 2021 strategy and process, alongside expectations for ongoing fiscal management,
 - timeframes for Budget 2021 processes through to the end of the year, and
 - bilateral meetings with the Minister of Finance/Associate Minister of Finance in December, focusing on critical cost pressures.

Letters to Ministers

2. As signalled in the Budget 2021 Strategy Cabinet paper, we have prepared three versions of draft letters for you to send to your colleagues describing the process for Budget 2021 and outlining your expectations around fiscal management [CAB-20-MIN-0483 refers]. The three versions capture Ministers you will have a bilateral meeting with, Ministers you will not have a bilateral meeting with, and support party Ministers (who were not in the Cabinet discussion on the Budget 2021 strategy).
3. The letters invite Ministers to write to you detailing:
 - cost pressures they are expecting to face in their portfolios over the next three Budgets, including identifying those which are critical in terms of the risks and impacts of not funding them,
 - manifesto commitments, including identifying which ones are high priority and time-sensitive,
 - significant investment received in the last 12 months, including an update on delivery and implementation to date, and
 - the extent to which other levers have been considered for progressing desired outcomes (such as non-spending initiatives, or reprioritisation of existing baseline expenditure).
4. Notably, the letters outline a high bar for cost pressures to be considered critical and therefore in scope for Budget 2021. The following must be demonstrated:
 - a high level of risk is attached to not funding these pressures, such as service failure, significant disruption to services, or not meeting legislative requirements,
 - that there is no scope to defer funding to future Budgets,
 - why previous funding has been insufficient to manage these pressures, and
 - what efforts have been made to meet these pressures, such as reprioritising existing baseline funding, before seeking further funding.
5. We seek your feedback on the content of these draft letters by 25 November 2020. This will allow us to incorporate any feedback prior to us providing you with final versions of the letters to enable them to be sent by 27 November 2020.

Treasury communication

6. Alongside these letters to Ministers, the Treasury will directly communicate with Chief Executives to outline key aspects of the Budget process as agreed by Cabinet.

Proposed Timeframes

7. Table 1 below outlines a proposed timeframe for Budget 2021 processes through to the end of the year.

Table 1: Decisions required through to the end of the year.

Item	Timeframe
Minister of Finance sends letters to individual Ministers (and copied to their Chief Executives)	COP Friday 27 November 2020
Deadline for Ministers' reply letters to be submitted to the Minister of Finance	For Ministers with bilateral meetings: five working days before the meeting. For Ministers without bilateral meetings: Wednesday 9 December 2020
Minister of Finance receives Treasury advice ahead of bilateral meeting	Friday prior to week of scheduled bilateral meeting
Bilateral meetings	Week 7 – 11 December [tbc]
Treasury provides final advice on invites and draft letters to Ministers inviting them to submit in-scope initiatives for Budget 2021	Wednesday 16 December 2020
Feedback on final letters received from Minister of Finance	Thursday 17 December 2020
Minister of Finance sends letters to portfolio Ministers inviting them to submit initiatives for Budget 2021	Friday 18 December 2020

8. Figure 1 also provides a high-level indicative timeframe of the Budget 2021 process, which is subject to further discussion and confirmation.

Figure 1: Indicative Budget 2021 timeframes

Development		Assessment		Decision-making		Finalisation		Production	
November	December	January	February	March	April	May			
Letters to Ministers and Chief Executives outlining Budget 2021 approach	Budget 2021 guidance Select bilateral meetings (7-20 Dec) Invitations to Ministers Half Year Update (16 Dec)	Initiatives due (29 Jan) Initiative assessment	Budget Policy Statement Budget Ministers 1	Budget Ministers and other decision-making meetings Final package development March Baseline Update	Cabinet considers Budget package	Production of Budget documents Budget day			

9. We seek any feedback from you or your office on these timeframes. We note that while there is some flexibility in these timeframes, depending on your preferences and Ministerial availability, invitations to Ministers must be sent by Christmas to allow adequate time for initiatives to be developed, finalised, and submitted by 29 January 2021.

Bilateral meetings

10. You have indicated that you or the Associate Minister of Finance (Hon Dr Megan Woods) will hold bilateral meetings with a select group of Ministers ahead of Christmas. As outlined in the Budget 2021 Strategy Cabinet paper, the objectives of these bilateral meetings are to discuss:
 - expectations around Budget 2021,
 - high priority manifesto commitments,
 - cost pressures the relevant portfolio faces, including options around timing and phasing, and
 - options other than new spending for progressing the Government's and Ministers' priorities.
11. You've previously indicated a preference to hold bilateral meetings for the following portfolios:
 - Hon Dr Megan Woods, Minister of Housing
 - Hon Chris Hipkins, Minister of Education
 - Hon Carmel Sepuloni, Minister for Social Development and Employment
 - Hon Andrew Little, Minister of Health
 - Hon Stuart Nash, Minister for Economic and Regional Development
 - Border Ministers (comprising Minister of Customs, Minister of Transport, Minister of Immigration, and Minister for Biosecurity)
12. We recommend that you also meet with the following Ministers:
 - Hon Chris Hipkins as the Minister for COVID-19 Response to discuss any public health funding pressures that may need to be addressed.
 - Hon David Parker as Minister for the Environment to discuss funding relating to reforms of the Resource Management Act.
 - Hon Michael Wood as the Minister of Transport given the large amount of capital funding for rail that has been sought through recent Budgets.
13. Once you have confirmed which Ministers you wish to meet with, we will work with your office to schedule these. Treasury will provide you with advice to support you and Minister Woods in these meetings.

Next Steps

14. As noted above, we will provide you and the office with final versions of the letters (incorporating your feedback) to be sent by 27 November 2020.
15. Once these letters have been sent, the Treasury will:
 - send communications to agencies about the Budget 2021 process,
 - finalise the details of a Treasury-led process to inform bid invitation,
 - finalise the Budget 2021 guidance for agencies by early December, and
 - work with your office to schedule bilateral meetings with Ministers and provide you with and Minister Woods with advice to support you in these.

Recommended Action

We recommend that you:

Letters to Ministers

- a **provide** feedback to the Treasury by 25 November 2020 on the attached draft letters to Ministers outlining the Budget 2021 strategy and process, alongside expectations for ongoing fiscal management;
- b **note** that we will provide you with final versions of the letters incorporating your feedback for you to sign and send by 27 November 2020;

Timeframes

- c **agree** to the proposed timeframes set out in Table 1 for Budget 2021 processes through to the end of 2020;

Agree/disagree.

Bilateral meetings

- d **note** that the Budget 2021 Strategy Cabinet paper noted that you or the Associate Minister of Finance, Hon Dr Megan Woods, would hold bilateral meetings with a select group of Ministers before Christmas;
- e **indicate** if you intend to hold bilateral meetings with the following portfolio Ministers:

- | | |
|--|--------|
| • Hon Dr Megan Woods, Minister of Housing | Yes/No |
| • Hon Chris Hipkins, Minister for the COVID-19 Response and Minister of Education | Yes/No |
| • Hon Carmel Sepuloni, Minister for Social Development and Employment | Yes/No |
| • Hon Andrew Little, Minister of Health | Yes/No |
| • Hon David Parker, Minister for the Environment | Yes/No |
| • Hon Stuart Nash, Minister for Economic and Regional Development | Yes/No |
| • Hon Michael Wood, Minister of Transport | Yes/No |
| • Border Ministers (comprising Minister of Customs, Minister of Transport, Minister of Immigration, and Minister for Biosecurity). | Yes/No |
| • Other (please indicate below) | |

Referrals

f **refer** a copy of this report and attachments to the Associate Minister of Finance (Hon Dr Megan Woods).

Refer/not referred.

Simon Duncan
Acting Manager, Budget Management

Hon Grant Robertson
Minister of Finance