



TE TAI ŌHANGA
THE TREASURY

Fiscal Golden Rules for Cabinet Papers

Technical guide for agencies involved in preparing papers for Cabinet that have fiscal implications

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Fiscal Golden Rules for Cabinet Papers

The Treasury has compiled a list of ten basic, fiscal “golden rules” for Cabinet papers. The rules are fundamental to how “responsible fiscal management” is executed in the public sector. However, the rules are sometimes overlooked and this can have significant implications for all of the parties involved (ie, Ministers, agencies and the Treasury). For agency staff involved in preparing and submitting papers for Cabinet, knowing and complying with the rules can save you time, lower the risk of errors being made (and the cost of fixing them) and can help your Minister’s papers progress through Cabinet without unnecessary delay.

This guide outlines the ten fiscal “golden rules” and provides a note on standard consultation process timeframes.

Important notes:

- The rules aren’t new, they’re based on Cabinet Office requirements and Ministers are responsible for complying with these.
- The sources of authority for the rules (and further guidance) are identified for each rule.
- These are not all the rules, they’re summaries and they have a **fiscal** focus.
- We recommend that all staff involved in submitting papers for Cabinet familiarise themselves with the requirements of:
 - The [Cabinet Manual 2017](#) and the [CabGuide \(Cabinet paper consultation with Ministers\)](#)
 - Cabinet Office circulars [CO\(18\)2](#), [CO\(20\)2](#) and [CO\(20\)2 - Government Regulatory Proposals](#)
 - Treasury’s guidance and resources for:
 - [Writing Financial Recommendations for Cabinet and Joint Minister Papers](#)
 - [Regulation - Treasury NZ](#).

1 The golden rule of golden rules: All Cabinet papers should meet the qualitative standards described in para 5.39 of the Cabinet Manual:

“Papers are submitted to Cabinet committees and Cabinet to enable Ministers to make collective decisions based on sound information and analysis. Good papers reflect robust policy development and consultation processes, are informed by evidence and insights from diverse perspectives, and are analytically sound. They are succinct yet sufficiently comprehensive to provide Ministers with all the information they need to reach an informed decision.”

Consistent with [para 5.39](#) (but dependent on the extent of the fiscal implications of each paper), Cabinet papers must outline a problem definition, present a range of options (with the associated costs and benefits) and explain which option has been chosen and why. Cabinet papers should also show evidence of consultation and working across government, include relevant evidence and consider the needs of present and future generations of New Zealanders. The Cabinet policy paper template provides more guidance on what should be in Cabinet papers and how they should be written.

2 Ideally, all proposals with financial implications should be submitted through the Budget initiatives process (rather than submitted on an ad hoc basis during the year)

This allows Cabinet to rank all proposals, in terms of fit with government priorities and affordability, rather than considering individual proposals on an ad hoc basis. Ref: [CO\(18\)2 Proposals with Financial Implications and Financial Authorities, para 13](#)

3 Outside of the Budget process, Ministers should reprioritise spending in their Votes before submitting any proposals for ‘new money’

The Between-Budget Contingency (“BBC”) is a small pool of funding set aside to cover unforeseen urgent expenses. However, the bar for approval (set by the Minister of Finance) is extremely high. [CO\(18\)2, para 17](#), allows a paper with funding implications to be submitted outside the Budget process if it meets certain requirements, but the paper must demonstrate that the need cannot be deferred until the next Budget. If the portfolio Minister(s) submitting the paper does not present an option for reprioritisation, the Minister of Finance will ask the Treasury to suggest one.

4 Avoid seeking “in-principle” decisions

Policy and funding decisions should always be agreed at the same time. Recommendations seeking ‘approval-in-principle’ to proposals, with funding decisions deferred to the Budget process, should be avoided (the exception being In-Principle Expense and Capital Transfers). An approval in-principle carries little weight: the funding is not guaranteed and it cannot be accessed until explicit approval has been obtained as part of the Budget process (alongside other expenditure priorities). If Ministers want to get complex policy decisions before Cabinet, outside the Budget process then a more appropriate recommendation might be “agree that department X continue policy development on Y”. Ref: [CO\(18\)2, para 21](#).

5 Financial recommendations should be error-free and ‘stand-alone’

If Cabinet agrees to a recommendation (“rec”), the rec becomes part of the recorded minute, the other content of the paper does not. It is important that recs are accurate and make sense as a ‘stand-alone’ record. Financial recs must comply with Treasury guidance and they need to be preceded by a plain language rec approving the policy that is being agreed and funded. If there is an issue with a financial rec, the Treasury’s Vote Team will engage with the agency to try and fix it before it is submitted to the Minister of Finance or Cabinet. However, it is the responsibility of the portfolio Minister(s) submitting the paper to ensure that recs are correct. Ref: [CO\(18\)2, para 20](#), [Cabinet Manual para 5.41](#) and Treasury guidance: [Writing Financial Recommendations for Cabinet and Joint Minister Papers](#).

6 Baseline increases must be included in the Estimates, or the Supplementary Estimates. If included in the Supplementary Estimates, the increase must be met from Imprest Supply.

Changes to appropriations, departmental capital injections and departmental capital withdrawals arising from proposed baseline changes must be included in the Estimates or the Supplementary Estimates, as necessary. Any increased expenses, capital expenditure or departmental capital injections must be met in the interim from Imprest Supply. Ref: [CO\(18\)2, para 28](#). This requirement can be satisfied with this standard recommendation (but the requirement is frequently overlooked and this can lead to unappropriated spending... and bad press):

- **agree** that the change(s) to appropriations for 20XX/XX in paragraphs XX above be included in the 20XX/XX Supplementary Estimates and that, in the interim, the increase(s) be met from Imprest Supply

7 All policy proposals taken to Cabinet for approval that may ultimately require changes in primary or secondary legislation must be accompanied by a Regulatory Impact Statement (unless an exemption applies)

The Regulatory Impact Statement process ensures agencies go through good process and that they provide robust analysis and advice to Ministers, before decisions are taken on regulatory change. Ref: [CO\(20\)2 Impact Analysis Requirements, paras 11, 13](#), with exemptions covered in [paras 22 to 29](#), and [Cabinet Manual para 5.75](#).

8 Consult with other government agencies...

Almost all policy proposals have implications for other government agencies. The portfolio Minister(s) submitting the paper must ensure that all other agencies affected by a proposal are consulted at the earliest possible stage. Agency comments must be taken into account and reflected in the paper as appropriate. If agencies have diverging views, this should be reflected explicitly in the paper. Ref: [Cabinet Manual para 5.19](#).

9 ... Including consulting the Treasury and the Minister of Finance's office

The Treasury must be consulted on all papers with financial, fiscal, economic, or regulatory implications, or that contain recommendations on expenditure or revenue. The Treasury must be allowed **at least two weeks** to comment (unless there are compelling and unavoidable reasons for this period to be less). Of course, the bigger the implications of the proposal are, the more time the Treasury will expect to be allowed to review it.

Portfolio Minister(s) must forward a copy of the draft paper to the Minister of Finance before submission to Cabinet or a Cabinet committee. This should be forwarded **at least five days** before the deadline for submitting the paper.

Ref: [CO\(18\)2, paras 19.1 and 19.2](#), the [Cabinet Manual para 5.72](#) and the [CabGuide](#).

10 No proposals for appropriation changes or departmental capital injections or departmental capital withdrawals may be submitted during the Budget Moratorium (usually early April until Budget day)

This rule is necessary to ensure that documents tabled in the House on Budget day accurately reflect all decisions taken by Cabinet. Ref: [CO\(18\)2](#), para 18.

Note: These “rules” are not a complete checklist of Cabinet paper requirements and they are no substitute for the detail provided in the authoritative sources identified, which include the [Cabinet Manual 2017](#), and Cabinet Office circulars [CO\(18\)2](#) and [CO\(20\)2](#) and the [CabGuide](#).

Consultation Process Guideline

It can be easy to underestimate just how much time to allow for a proper consultation process. Here is a guide to the *minimum* timeframes recommended by the Cabinet Office for agency and ministerial consultation processes.

This guide covers internal consultation, not any external and/or public consultation that may also be required.

Agency consultation	⇒	Ministerial consultation	⇒	Submission
Consult at the earliest possible stage. For papers with fiscal, economic, or regulatory implications, or that contain recommendations on expenditure or revenue allow the Treasury at least two weeks*	Allow time for agency comments to be taken into account and reflected in the paper as appropriate	Consult at the earliest possible stage. For papers with fiscal implications allow the Minister of Finance at least five days	Allow time for Ministers’ comments to be taken into account and reflected in the paper as appropriate	All Cabinet papers are required to be lodged in CabNet by 10am on the Thursday before the meeting takes place. That’s at least two to five (business days) days before the meeting
Minimum 10 days		Minimum 5 days		Minimum 2-5 days

* Unless there are genuinely “compelling and unavoidable reasons for this period to be less” [Cabinet Office Circular CO\(18\)2](#).

Even if consultation feedback could be reflected in proposals instantaneously, **proper consultation would take at least 17 to 20 business days to complete**. For example, working backwards from a Cabinet or Cabinet Committee meeting scheduled for the week beginning Monday, 30 June, the timing for a proposal (that required specific consultation with the Treasury and Minister of Finance) would be:

- Thursday, 26 June: Lodge the proposal in CabNet (by 10am)
- Thursday, 19 June: Consult with the Minister of Finance
- Thursday, 5 June: Consult with the Treasury.