

# The Treasury

## Budget 2018 Information Release

### Release Document August 2018

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|      |  |              |
|------|--|--------------|
| [1]  | to prevent prejudice to the security or defence of New Zealand or the international relations of the government  | 6(a)         |
| [2]  | 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   | 6(b)(i)      |
| [4]  | to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial  | 6(c)         |
| [11] | to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.   | 6(e)(vi)     |
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| [29] | to avoid prejudice to the substantial economic interests of New Zealand  | 9(2)(d)      |
| [31] | to maintain the current constitutional conventions protecting collective and individual ministerial responsibility   | 9(2)(f)(ii)  |
| [33] | to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials  | 9(2)(f)(iv)  |
| [34] | to maintain the effective conduct of public affairs through the free and frank expression of opinions  | 9(2)(g)(i)   |
| [36] | to maintain legal professional privilege   | 9(2)(h)      |
| [37] | to enable the Crown to carry out commercial activities without disadvantages or prejudice  | 9(2)(i)      |
| [38] | to enable the Crown to negotiate without disadvantage or prejudice   | 9(2)(j)      |
| [39] | to prevent the disclosure of official information for improper gain or improper advantage  | 9(2)(k)      |
| [40] | not in scope   |              |
| [41] | that the making available of the information requested would be contrary to the provisions of a specified enactment  | 18(c)(i)     |
| [42] | information is already publicly available or will be publicly available soon   | 18(d)        |

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.

## Economic Development Workstream meeting – key points

| Agenda item   | Areas to consider  |
|---|--|
| Cost pressures and manifesto initiatives: Top priorities and common groupings in the Natural Resources workstream for Budget 2018   | <ul style="list-style-type: none"> <li>• Discuss the prompting discussion points in the AM.</li> <li>• What are the workstream priorities (Agreed by Ministers)?</li> <li>• Do initiatives contribute to Government priorities?</li> <li>• Do the priorities identified have any overlap with other initiatives across the workstream?               <ul style="list-style-type: none"> <li>○ E.g. are they complimentary in contributing to a particular priority? Do they rely on the same labour force to implement?</li> </ul> </li> <li>• Do these priorities align with the Government priorities agreed by Cabinet and Budget Ministers for Budget 2018?</li> </ul> |
| Next steps for reprioritisation – request for Portfolio Ministers to continue to pursue further reprioritisation options with their officials. Agreement from Portfolio Minister to direct their departments to work with the Treasury in order to investigate further savings. |  |

### Talking points - Process

#### **Purpose of the meeting**

For Ministers to consider cross-government initiatives and themes within each workstream, as well as to identify their priorities within portfolios, and outline how these relate to the Government's priorities for Budget 2018. This meeting is not a platform to discuss individual initiatives in detail, or for decision making on which initiatives will continue through the Budget process. It is for Ministers to identify their priorities which can then feed into Budget Ministers' decisions and meetings.

#### **Understanding the Treasury Vote team assessments**

Ministers may be surprised to see that the Treasury does not support some 'in scope' manifesto initiatives for Budget 2018 in Annex 1. There are a number of reasons for why this may not be the case, that we recommend covering at the start of the meeting:

- **This is an assessment for Budget 2018.** It may be that the Treasury supports the initiative, but recommends deferring /phasing it to a future Budget, given that the manifesto initiatives are intended to be delivered over three years. This could be for some of the following reasons:
  - Costings have not yet been fully worked through
  - There are issues with capability/capacity in the sector, or the initiative may not be implementation ready for the 2018/19 financial year.
  - There are no policy implications for deferring to Budgets 19 or 20.
  - Further information may still be required to successfully implement an initiative
- In some instances, the Treasury has not supported an initiative because it does not support the proposed policy.

Ministers may also be surprised to see that some initiatives have been assessed as 'out of scope' when they are outlined in the Fiscal Plan, or on the Labour Party website. This is because Budget Ministers have amended the scope of the manifesto track to only include initiatives outlined in the Coalition Agreement, Confidence and Supply Agreement and the Speech from the Throne, as these are whole of Government documents. Where an initiative has

been considered as out of scope, it does not mean that the initiative does not have merit, and Budget Ministers can still consider the initiative.

### **Reprioritisation**

We are still seeking the reprioritisation of funding which is either not aligned to the Government's priorities or which is of low effectiveness, and are requesting all portfolio Ministers to reconsider if they can free up further baseline funding for Budget 2018. Budget 2018 allowances are heavily oversubscribed, and reprioritisation options will help the Government to fund more initiatives in Budget 2018. Ministers have been provided with the Treasury assessments and advice on reprioritisation options, which should help with this.

### **Further opportunities for engagement**

Following the workstream meeting, selected Ministers with key and complex initiatives, and Coalition and Confidence and Supply Ministers will have the opportunity to meet with the Finance Ministers to discuss their initiatives and priorities in more detail. These discussions will help Finance Ministers in developing a Budget Package to take to the future Budget Ministers' meetings.

### **Priorities**

#### **BPS Priorities related to economic development**

- **Providing quality public services for all New Zealanders** and improving access to core services such as health and education,
- **Supporting families to get ahead and sharing the wealth generated by our economy with a wide range of New Zealanders,**
- Sustaining Natural Resources and supporting the regions, and

#### **Budget Ministers Priorities related to economic development**

- Commitment to Coalition and Confidence and Supply Agreements
- Meeting cost pressures and rebuilding core services
- Housing (both short-term and long-term focus)
- Supporting the business community and wealth creation

### **Key points on economic strategy**

- To improve New Zealanders' living standards and wellbeing by transitioning NZ's economy to one that is sustainable, inclusive and productive.
- Rapid changes in technology present challenges and opportunities to making the transition to a more productive, inclusive and sustainable economy. NZ will only make the transition if it prepares now.
- The Prime Minister and Minister of Finance have referenced the following areas in recent speeches as priorities for the Government:
  - Lifting productivity (productive): e.g. incentivising private sector spending on R&D and housing.
  - Just transition (sustainable): The Green Investment Fund, zero carbon economy
  - Learning for life (inclusive): Education focussed.
- The Government will be an active and capable partner with business and the wider community to co-design the solutions needed to achieve the economic transition it is seeking. Priorities include: helping the regions grow (e.g. through the PGF, working with businesses, a new partnership between Crown and Maori, and working with business and unions to facilitate a new social partnership between workers, businesses and government)