

# The Treasury

## Budget 2018 Information Release

### Release Document August 2018

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Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

[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.



THE TREASURY

Kaitohutohu Kaupapa Rawa

Reference: T2018/738 BM-2-4-2018

Date: 20 March 2018

To: Minister for Child Poverty Reduction (Rt Hon Jacinda Ardern)  
Minister of Corrections (Hon Kelvin Davis)  
Minister for Crown/Maori Relations (Hon Kelvin Davis)  
Minister of Finance (Hon Grant Robertson)  
Minister of Housing and Urban Development (Hon Phil Twyford)  
Minister of Education (Hon Chris Hipkins)  
Minister of Justice (Hon Andrew Little)  
Minister for Courts (Hon Andrew Little)  
Minister for Social Development (Hon Carmel Sepuloni)  
Minister for Disability Issues (Hon Carmel Sepuloni)  
Minister of Health (Hon Dr David Clark)  
Associate Minister of Finance (Hon David Parker)  
Minister for Māori Development (Hon Nanaia Mahuta)  
Minister of Police (Hon Stuart Nash)  
Minister for ACC (Hon Iain Lees-Galloway)  
Minister for Workplace Relations and Safety (Hon Iain Lees-Galloway)  
Minister of Immigration (Hon Iain Lees-Galloway)  
Minister for Children (Hon Tracey Martin)  
Minister of Statistics (Hon James Shaw)

Deadline: Wednesday 21 March, 6.30pm  
(If any)

## **Aide Memoire: Material to support the second Social Wellbeing workstream meeting**

The purpose of this aide memoire is to support the Social Wellbeing workstream meeting on Wednesday 21 March at 6.30pm. This meeting will be chaired by the Minister of Finance, Hon Grant Robertson.

Attached to this note is the current Social Wellbeing workstream package to assist you in the discussion at the meeting (Annex One).

### *Purpose of the meeting*

The purpose of the meeting is to consult with Social Wellbeing workstream Ministers on the Social Wellbeing Budget package considered at the second Budget Ministers meeting on the evening of Monday 19 March.

This workstream meeting is an opportunity to ensure that Social Wellbeing workstream Ministers are comfortable with the proposed package before the Budget package is finalised at the third Budget Ministers meeting on Monday 26 March.

Given the tight timeframes of Budget 2018, you should use this opportunity to raise any concerns you may have about the current package ahead of final decisions being made on Monday 26 March.

*The current package for Budget 2018*

In order to develop the package, the Treasury has incorporated your priorities that were identified at the first workstream meetings in February and early March, alongside cost pressure initiatives that have high risks associated with not funding, and new initiatives that align with Government priorities and are investment ready for 2018/19.

Key trade-offs have been required across all workstreams in order to fit within the operating and capital allowances, and not all initiatives have been included in the package, even if they were identified as a Minister priority or supported at the Treasury Vote team stage of the process.

The current package has the following profile:

<b>Operating and capital packages \$millions</b>	<b>Total operating funding per annum</b>	<b>Total capital funding</b>
Social Wellbeing	1898	209
Infrastructure	112	1598
Natural Resources	73	189
Economic Development	665	661
Other	123	84
Savings	-195	-
Reprioritisation	-120	-3
Pre-commitments	67	902
Between Budget Contingency	50	-
<b>Total</b>	<b>2673</b>	<b>3640</b>

As outlined above, the Social Wellbeing workstream currently makes up \$1.898 billion per annum of the \$2.673 billion operating package and \$209 million of the \$3.6 billion capital package. The Social Wellbeing package is primarily driven by significant cost pressures. In addition to the above initiatives, the pre-commitments for the Social Wellbeing workstream total \$21.275 operating over the forecast period. A number of significant commitments in the Social Wellbeing area were also funded through the Government's 100 Day Plan, including a total of \$8.1 billion operating over the forecast period for the Families Package and Tertiary Fees Free.

Both the operating and capital packages are slightly higher than the allowances signalled in the Budget Policy Statement, which reflects the significant cost pressures and the difficult trade-offs that the Government is faced with in this Budget.

The main initiatives driving the Social Wellbeing package are:

- **District Health Board Cost Pressures**, with a four year total of \$1.956 billion operating funding (\$489 million operating per annum).
- **Education Price and Volume Forecast Changes**, with a four year total of \$984 million operating funding (\$246 million operating per annum).
- [33], [37], [38]
- **Public and Transitional Housing Supply Cost Pressures**, with a four year total of \$345 million operating funding (\$86 million operating per annum) and a total of \$69 million capital.
- **Striving Towards 1,800 New Police Numbers**, with a four year total of \$279 million operating funding (\$70 million operating per annum) and a total of \$18 million capital.

If a portfolio Minister disagrees with the proposed Social Wellbeing workstream package, the workstream Ministers will be asked to make trade-offs from other initiatives to meet the change.

#### *Next steps*

These proposals will be considered by Budget Ministers on Monday 26 March, when final decisions are taken on the Budget 2018 package. Any outstanding matters will be considered at a final Budget Ministers meeting on Tuesday 3 April.

Following this, a Cabinet paper will be prepared to agree to the final Budget 2018 package at Cabinet on 9 April.

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