

# The Treasury

## Budget 2018 Information Release

### Release Document August 2018

<https://treasury.govt.nz/publications/information-release/budget-2018-information-release>

Key to sections of the Official Information Act 1982 under which information has been withheld.

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)
[23]	to protect the privacy of natural persons, including deceased people	9(2)(a)
[25]	to protect the commercial position of the person who supplied the information or who is the subject of the information	9(2)(b)(ii)
[26]	to prevent prejudice to 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	9(2)(ba)(i)
[27]	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 otherwise to damage the public interest	9(2)(ba)(ii)
[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.



# Cabinet

## Minute of Decision

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*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

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### Budget 2018 and Fiscal Strategy

Portfolio                      Finance

On 20 November 2017, Cabinet:

#### Government priorities

- 1        **noted** that the government is committed to building a sustainable, inclusive and strong economy, which requires that the government's fiscal position is robust and able to withstand future economic shocks;
- 2        **agreed** that Budget 2018 will make progress on a wide-range of priorities, including:
  - 2.1      providing quality public services for all New Zealanders and improving access to core services;
  - 2.2      taking action on child poverty and homelessness;
  - 2.3      supporting families to get ahead and sharing the wealth generated by the economy with a wide range of New Zealanders;
  - 2.4      sustaining economic development and supporting the regions;
  - 2.5      managing New Zealand's natural resources and taking action against environmental challenges, such as climate change;
- 3        **noted** that, over time, the government's economic strategy will focus on how to improve the wellbeing and living standards of all New Zealanders across multiple dimensions;

#### 100 Day Plan

- 4        **noted** that the Budget allowances outlined in the paper under CAB-17-SUB-0506 have been set taking into consideration the updated estimates of the 100 Day Plan commitments;
- 5        **agreed** that any additional variances associated with the 100 Day Plan commitments be charged against the Budget 2018 operating and capital allowances;

#### Restarting contributions to the New Zealand Superannuation Fund

- 6        **agreed** to restart contributions to the New Zealand Superannuation Fund in accordance with the 100 Day Plan;

7 **agreed** to re-establish the following appropriation:

Vote	Appropriation Minister	Title	Type	Scope
Finance	Minister of Finance	NZ Superannuation Fund - Contributions	Non-departmental Capital Expenditure	This appropriation is limited to capital contributions to the New Zealand Superannuation Fund, for the present and future cost of New Zealand Superannuation.

8 **agreed** that an initial contribution to the New Zealand Superannuation Fund will be paid on the day after the Budget Policy Statement is released;

9 **agreed** that subsequent payments will be made monthly from 31 January 2018;

10 **approved** the following changes to appropriations to give effect to the policy decision in paragraph 6 above, with a corresponding impact on net debt:

Vote Finance Minister of Finance	\$ million – increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22
Non-departmental Capital Expenditure: NZ Superannuation Fund - Contributions	500	1,000	1,500	2,200	2,500

11 **agreed** that the capital expenditure incurred under paragraph 10 above be managed against the capital spending that will be reflected in the Half Year Economic and Fiscal Update;

12 **noted** that, consistent with the Budget Responsibility Rules, the government will ensure that it is delivering a sustainable operating surplus across an economic cycle and reducing the level of net core Crown debt to 20 percent of GDP within the next five years;

13 **agreed** that the change to appropriations for 2017/18 above be included in the 2017/18 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

### Fiscal strategy

14 **agreed** that the short-term focus for the government's fiscal strategy should be to reduce the level of net debt to 20 percent of GDP within five years;

15 **agreed** that the long-run focus of the government's fiscal strategy should be to run a sustainable surplus across the cycle alongside prioritising responsible investments that enhance the long-term wellbeing of New Zealanders;

16 **agreed** to the following operating and capital allowances for Budgets 2018-2021, for announcement as part of the Budget Policy Statement:

16.1 operating allowance: \$2.55 billion for Budget 2018, and \$1.8 billion thereafter for Budgets 2019-2021;

16.2 capital allowance: \$3.4 billion for Budget 2018 and Budget 2019, \$3.1 billion for Budget 2020, and \$2.7 billion for Budget 2021;

- 17 **authorised** the Minister of Finance to finalise the 2018 Budget Policy Statement, including the short-term fiscal intentions and long-term fiscal objectives and the level of allowances in line with this fiscal strategy;

### **Expectations for Budget 2018**

- 18 **noted** that there are a number of pressures and risks that need to be managed within allowances in addition to the commitments set out in the Fiscal Plan, Coalition Agreement, and Confidence and Supply Agreement;
- 19 **noted** that the government is committed to ensuring that all expenditure in Budget 2018 is managed within allowances, and that this will require agencies to reprioritise expenditure;
- 20 **agreed** that Ministers will work with their chief executives to reprioritise baselines with a focus on expenditure that is not aligned to the government's priorities or is low value, with the expectation that agencies will identify potential savings for Budget 2018 and future Budgets;
- 21 **noted** that the approach to future Budgets will be improved to ensure spending better reflects the government's priorities of improving living standards for New Zealanders;
- 22 **agreed** that no new initiatives should be submitted in Budget 2018 outside of the government's commitments outlined in the Fiscal Plan, Coalition Agreement, and Confidence and Supply Agreement;
- 23 **noted** that there will be an expectation that cost pressures are supported by quality information around cost drivers and assumptions to support the decision-making process;
- 24 **agreed** that all manifesto commitments be subject to the same information requirements as Budget initiatives to help ensure these commitments are value-for-money, implemented effectively, and measure outcomes;
- 25 **agreed** to the following submission dates for Budget 2018 initiatives:
- 25.1 cost pressures: Friday, 8 December 2017;
- 25.2 manifesto initiatives: Friday, 26 January 2018;
- 26 **noted** that the Treasury will release further guidance to agencies on process and requirements for Budget 2018 before the end of November 2017.

Martin Bell  
for Secretary of the Cabinet

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**Hard-copy distribution:**  
All Ministers