

The Treasury

Budget 2022 Information Release

August 2022

This document has been proactively released and is available on:

- The **Budget website** from August 2022 to May 2023 only at: <https://budget.govt.nz/information-release/2022>, and on
- the **Treasury website** from later in 2022 at: <https://treasury.govt.nz/publications/information-release/budget-2022-information-release>.

Information Withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [27] 9(2)(ba)(ii) - 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
- [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] Out of Scope
- [41] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment
- [42] 18(d) - information is already publicly available or will be publicly available soon

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [1] appearing where information has been withheld in a release document refers to section 6(a).

Copyright and Licensing

Cabinet material and advice to Ministers from the Treasury and other public service departments are © **Crown copyright** but are licensed for re-use under **Creative Commons Attribution 4.0 International (CC BY 4.0)** [<https://creativecommons.org/licenses/by/4.0/>].

For material created by other parties, copyright is held by them and they must be consulted on the licensing terms that they apply to their material.

Accessibility

The Treasury can provide an alternate HTML version of this material if requested. Please cite this document's title or PDF file name when you email a request to information@treasury.govt.nz.

Treasury Report: Budget 2022: Timeframes for Assessment and Decision-making

Date:	16 December 2021	Report No:	T2021/2720
		File Number:	BM-2-1-2022

Action sought

	Action sought	Deadline
Minister of Finance (Hon Grant Robertson)	Agree to a timetable for Budget 2022 decision-making	20 December 2021

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Hamish Dick	Analyst, Budget Management ^[39]	n/a (mob)	✓
Tom Hall	Manager, Budget Management	^[35]	

Minister of Finance's Office Actions (if required)

<p>Return the signed report to Treasury</p> <p>Refer the report and annexes to Budget Ministers (Rt Hon Jacinda Ardern and Hon Dr Megan Woods)</p> <p>Schedule Budget Ministers and bilateral meetings with the relevant Ministers' offices</p>
--

Note any feedback on the quality of the report

Enclosure: Yes (attached)

Treasury Report: Budget 2022: Timeframes for Assessment and Decision-making

Executive Summary

You have previously indicated you would like Budget Ministers' final Budget decisions to be made following the completion of final economic and tax forecasts. This report responds to your request and seeks your agreement to a timetable for the assessment and decision-making phases of Budget 2022 ("Option A" in **Annex A**).

We propose four Budget Ministers meetings for Budget 2022. These meetings will be the key decision-making milestones for all elements of the Budget 2022 process, providing a wholistic view of the Budget package and allowing you to take coordinated decisions.

Budget Ministers 6 on Friday 1 April 2022 will allow for final package decisions to be informed by final economic and tax forecasts, which will be finalised on 24 and 31 March, respectively, ahead of Cabinet's consideration of the Budget package on **Monday 11 April 2022**. In order for these forecasts to reflect as many Budget decisions as possible, we encourage you to take the majority of your Budget 2022 decisions at Budget Ministers 5 on Monday 21 March 2022, informed by preliminary economic, tax and fiscal forecasts, with these decisions confirmed at Budget Ministers 6.

Taking final Budget decisions after final economic and tax forecasts departs from the *status quo*, reducing the time available for the preparation of Budget documents and publications, and increasing the risk that these forecasts are out-of-date by publication on Budget Day and inconsistent with final fiscal forecasts, which will include final Budget decisions.

Should you wish not to opt for Option A, Option B in Annex A details a *status quo* sequencing of Budget forecasts and decisions, which would provide more time for the preparation of Budget documents and publications, with Cabinet agreeing the final Budget package on **Monday 4 April 2022**. Under this option, however, your final Budget 2022 decisions would be informed by preliminary forecasts only.

We recommend Option A. This is because we consider that, compared with Option B, its main advantages (responsiveness to your expressed wishes and better-informed Budget Ministers' decisions) outweigh its main disadvantages (the economic and tax forecasts published with the Budget being less up-to-date by one week, and a Budget-production period that is more compressed, and therefore involves greater risk of error, but is still manageable).

For Budget 2022 we propose adopting a new two-step approach to financial recommendations to allow more time for Budget decision-making, without which Option A would not be feasible. This approach would see Cabinet agree the Budget 2022 package at the initiative level, along with its fiscal impacts. Joint Ministers (you and the relevant appropriation Minister(s)) would then approve the technical and appropriation changes necessary to give effect to the Budget 2022 package in the course of the following week.

Following your decision on the timeframes outlined in this report we will work with your Office to schedule Budget decision-making meetings and communicate key dates to departments through Budget 2022 process guidance. Should you wish, we are available to discuss the proposals detailed in this report with you and/or your Office.

Recommended Action

We recommend that you:

- a **agree** to the following timeline for Budget 2022 (“Option A” in Annex A):
- i. **Budget Day:** Thursday 19 May 2022
Agree / disagree
 - ii. **Budget 2022 Final Cabinet Decisions:** Monday 11 April 2022
Agree / disagree
 - iii. **Budget Ministers meetings:** February to April
 - Budget Ministers 3 – Friday 25 February 2022
 - Budget Ministers 4 – Thursday 10 March 2022
 - Budget Ministers 5 – Monday 21 March 2022
 - Budget Ministers 6 – Friday 1 April 2022*Agree / disagree*
 - iv. **Budget 2022 Bilaterals:** Between Monday 14 February and Friday 4 March 2022
Agree / disagree
- b **note** that the timeline in recommendation a above allows for Budget Ministers’ final Budget decisions (at Budget Ministers 6) to be taken based on final economic and tax forecasts and preliminary fiscal forecasts, which will be on the following dates:
- i. **Preliminary forecasts**
 - Economic – Tuesday 8 February 2022
 - Tax – Wednesday 16 February 2022
 - Fiscal – Tuesday 15 March 2022
 - ii. **Final forecasts**
 - Economic – Thursday 24 March 2022
 - Tax – Thursday 31 March 2022
 - Fiscal – Thursday 28 April 2022

- c **agree** to a two-step approach for the approval of Budget 2022 financial recommendations:
- i. **Step one** (Monday 11 April 2022): Cabinet considers the Budget 2022 package at the initiative level (as detailed in the **Annex B** sample document) and authorises Joint Ministers to approve appropriation-level and technical financial recommendations
 - ii. **Step two** (by Thursday 14 April 2022): Joint Ministers approve appropriation-level and technical financial recommendations to give effect to the Budget 2022 package agreed by Cabinet in recommendation c(i) above

Agree / disagree

- d **note** that the timelines detailed in the recommendations above are the same for all Budget assessment and decision-making streams to allow for coordinated decision-making by Budget Ministers and Cabinet, and
- e **refer** a copy of this report and its annexes to Budget Ministers (Prime Minister and Associate Minister of Finance, Hon Dr Megan Woods).

Refer / do not refer

Tom Hall
Manager, Budget Management

Hon Grant Robertson
Minister of Finance

Treasury Report: Budget 2022: Timeframes for Assessment and Decision-making

Purpose of Report

1. This report seeks your agreement to timeframes for the assessment and decision-making phases of Budget 2022. This includes seeking your agreement to key decision-making milestones (Budget Ministers meetings) and Budget Day. The report also details a proposed new two-step approach to the approval of Budget financial recommendations, which will allow Budget Ministers to take final Budget decisions closer to the date that Cabinet considers the Budget 2022 package.
2. This report includes two options for the sequencing of Budget forecasts and decisions. Option A (recommended), provides for the finalisation of economic and tax forecasts ahead of final Budget decisions by Budget Ministers. Option B represents a *status quo* approach, with economic and tax forecasts finalised following final Budget decisions by Budget Ministers.
 - **Annex A** (“the proposed timetable”) details the two options for key Budget milestones in calendar format, and
 - **Annex B** provides an example of the summary of initiatives to be considered by Cabinet in place of detailed appropriation-level financial recommendations.

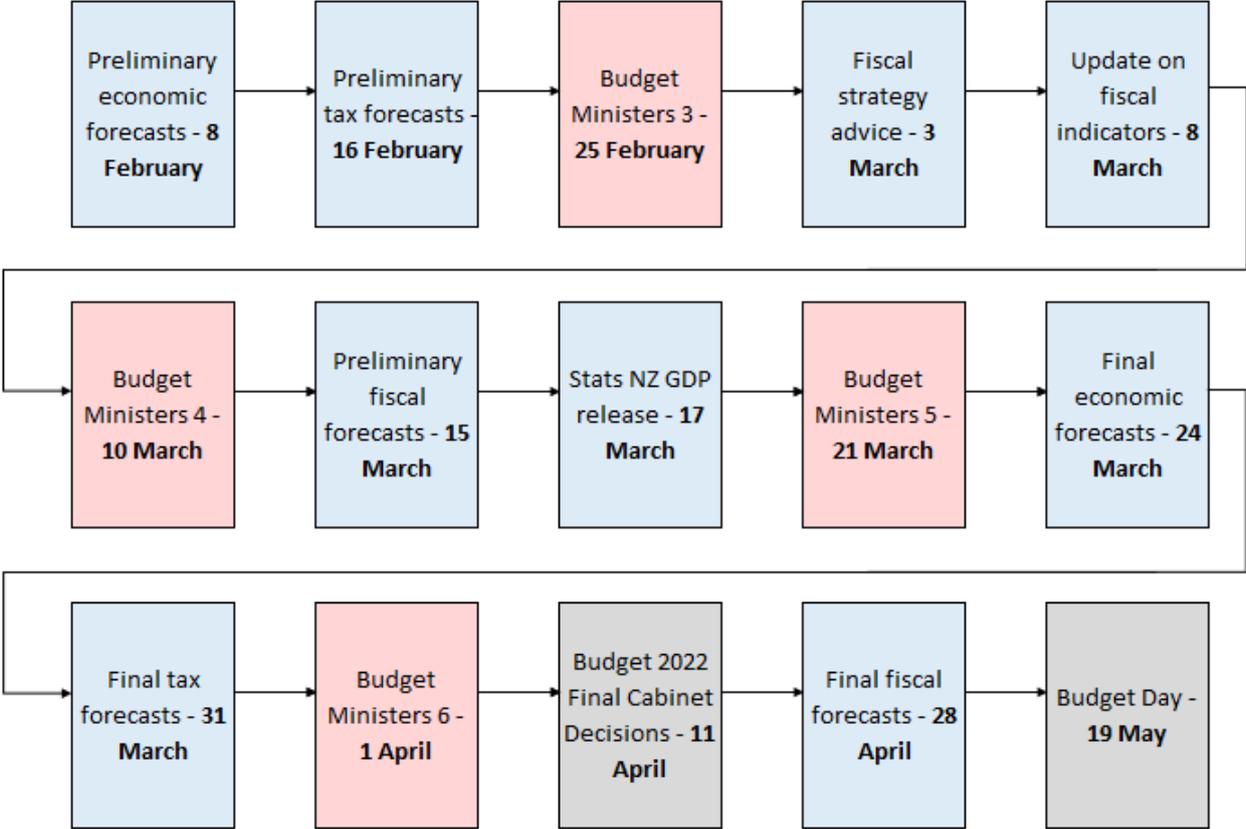
Sequencing of Forecasts and Decisions

3. You have previously indicated you would like Budget Ministers’ final Budget decisions to be made following the completion of final economic and tax forecasts. The timeframes recommended in this report (“Option A” in **Annex A**) respond to your request. The proposed alignment between economic, tax and fiscal forecasts and key Budget decisions is illustrated in **Figure 1** (page 6).¹
4. We believe the alignment between Budget decisions and economic and tax forecasts detailed in **Figure 1** strikes an appropriate balance among:
 - the need for accurate and up-to-date forecasts on Budget Day
 - Budget Ministers meetings informed by preliminary and then final forecasts, and
 - sufficient time for the preparation and publication of high-quality Budget documents.
5. The Option A timetable detailed in **Figure 1**:
 - responds to your request for economic and tax forecasts to be finalised ahead of Budget Ministers’ final Budget decisions (Budget Ministers 6 meeting)
 - provides more time for decision-making across Budget Ministers’ meetings, and
 - ensures that final Budget decisions are based on more up-to-date information than in previous years.

¹ By definition, fiscal forecasts can be finalised only following Cabinet’s confirmation of Budget Ministers’ final Budget decisions, so the date for the finalisation of fiscal forecasts is the same in both options.

6. Under Option B (a *status quo* sequencing of Budget forecasts and decisions) Cabinet would agree the final Budget 2022 package on Monday 4 April 2022 following a final Budget Ministers meeting on Monday 21 March 2022, ahead of final economic and tax forecasts on 31 March and 7 April, respectively.

Figure 1: Sequencing of Budget 2022 forecasts and decisions (Option A)



7. Option B, as detailed in **Annex A**, reflects a *status quo* sequencing of Budget forecasts and decisions. The advantages and disadvantages of the two options are detailed in **Figure 2** below.

Figure 2: Advantages and disadvantages of sequencing options

	Option A (recommended) Final economic and tax Budget forecasts ahead of Budget Ministers' final Budget decisions	Option B Final economic and tax Budget forecasts after Budget Ministers' final Budget decisions
Responds to your request for economic and tax forecasts to be finalised ahead of Budget Ministers' final Budget decisions	✓	✗
Provides more time for Budget decision-making and package iteration across meetings	✓	✗
Reduces risk of last-minute decision-making	✓	✗
Ensures your decisions are as well-informed as possible	✓	✗
Ensures Budget economic and tax forecasts are as up-to-date as possible on Budget Day	✗	✓

Enables consistency between final economic and tax and fiscal forecasts, with these informed by the same Budget decisions	×	✓
Longer production timeline reduces risk of error in Cabinet and Joint Minister Budget documents as well as public-facing Budget documents	×	✓

8. We recommend Option A. This is because we consider that, compared with Option B, its main advantages (responsiveness to your expressed wishes and better-informed Budget Ministers' decisions) outweigh its main disadvantages (the economic and tax forecasts published with the Budget being less up-to-date by one week, and a Budget-production period that is more compressed, and therefore involves greater risk of error, but is still manageable).
9. If you opt for Option A, the Treasury will progress the following measures to mitigate its disadvantages:
- **Ensuring Budget economic and tax forecasts are as up-to-date as possible on Budget Day**
 - i Would be mitigated by the inclusion of additional information in the Budget Economic and Fiscal Update on material decisions and events that occurred after finalisation of the economic and tax forecasts, if this proves necessary. If you select Option A, we will undertake further work to consider how best to manage this issue.
 - **Enabling consistency between final economic and tax forecasts and final fiscal forecasts**
 - i As above.
 - **Reducing risk of error in Cabinet and Joint Minister Budget documents as well as public-facing Budget documents**
 - i This risk is mitigated by the adoption of a two-step approach to financial recommendations, meaning that these recommendations do not have to be collated and printed for lodgement on the same day as the Budget Cabinet paper. This enables Budget Ministers' final decisions to be made closer to the date that Cabinet considers the Budget 2022 package than would otherwise be possible.
 - ii This risk can also be mitigated by beginning work on Budget documents and publications ahead of final Budget decisions by Cabinet, where possible (though the production period would remain compressed, as in previous years). Budget Ministers are able to help mitigate this risk by taking most Budget Decisions at Budget Ministers 5, with only a limited number of outstanding issues to be resolved at Budget Ministers 6 following the completion of final economic and tax forecasts.

Key Milestones

10. The key milestones detailed below reflect the recommended option for the Budget 2022 timetable (Option A in **Annex 1**; as also detailed in **Figure 1**). Key milestones for Option B are also detailed in **Annex 1**, and we are available to discuss Option B with you or your Office in further detail, should you wish.

Budget Day

11. We recommend **Thursday 19 May** for Budget Day 2022. This is the last House sitting date in a three-week sitting block in May before a one-week adjournment.

Cabinet decisions for Budget 2022

12. In order to achieve a Budget Day of Thursday 19 May, we recommend **Monday 11 April 2022** as the date for Cabinet to take final decisions on the Budget 2022 package. This is one week later than the date signalled in the *Wellbeing Budget 2022: Strategy and Design* Cabinet paper [CAB-MIN-0349]. Targeting this date provides two fewer working days (24 working days) for the Budget production phase than there were for Budget 2021 (26 working days), though this would be managed by beginning work on Budget publications ahead of Cabinet's final decisions on the Budget 2022 package.
13. Cabinet consideration of the Budget 2022 package later than Monday 11 April, without targeting a later date for Budget Day, would significantly increase delivery risk for discretionary and statutorily-required Budget 2022 publications.

Budget Ministers meetings

14. For you to take a Budget paper to Cabinet on 11 April 2022, lodgement with the Cabinet Office is required no later than Friday 8 April 2022. To prepare a Cabinet paper for this date, presuming a two-step approach to financial recommendations is progressed, final Budget Ministers' decisions are required by Friday 1 April 2022.
15. Following your confirmation of final decisions, these will immediately be communicated to departments through CFISnet in order to enable departments to progress their Estimates and financial recommendations documents.
16. This timetable for Budget decisions provides no margin for late decisions. It would not be possible to prepare a Budget Cabinet paper and annex summary of initiatives for lodgement in any less time than one week.
17. In order to more closely align your Budget decision-making with forecasts, our recommended dates for Budget Ministers meetings differ from the meeting dates for 2022 previously agreed in principle (15 Feb, 8 March, and 16 March; T2021/1869: Budget 2022 – Strategy and Design refers). Your Budget Ministers meetings in 2022 will follow from your two decision-making meetings in 2021 (Budget Ministers 1: Strategy and Design, and Budget Ministers 2: Fiscal Strategy).

18. We propose the following Budget Ministers meeting dates for 2022:

- **Budget Ministers 3: Draft Package – Friday 25 February 2022**

- i This meeting will seek key decisions on the strategic direction for the Budget 2022 package. While the draft package agreed at this meeting is likely to evolve considerably by the time of the final Budget 2022 package, decisions taken at this meeting should communicate Ministers' Budget priorities and clearly rule out non-priority initiatives.
- ii This meeting will follow from preliminary economic and tax forecasts, as well as the Stats NZ Household Labour Force Survey (HLFS) data release on Wednesday 2 February 2022 (for the December 2021 quarter), but will take place ahead of fiscal strategy advice and preliminary fiscal forecasts.
- iii Ahead of this meeting you will have received the Justice and Natural Resources Cluster Spending Proposals, as well as the Spending Review Final Reports, which will include Treasury's assessment and advice on cluster packages. At this meeting, we recommend that Budget Ministers agree the dollar amounts you would like each cluster to prioritise to for their revised packages, as well as any feedback on specific initiatives that you would like communicated to cluster Ministers. These decisions will then inform your Budget multilateral meetings with cluster Ministers in late February/early March.

- **Budget Ministers 4: Revised Package – Thursday 10 March 2022**

- i This Budget Ministers meeting will seek agreement to a revised Budget 2022 package, following Budget Ministers' decisions at Budget Ministers 3, fiscal strategy advice and your bilateral meetings with select colleagues throughout February and early March.
- ii Though we recommend that this meeting is scheduled ahead of preliminary fiscal forecasts, we will be able to update you on Tuesday 8 March on key fiscal indicators, ahead of preliminary fiscal forecasts being completed the following week, in time for your key Budget Ministers 5 meeting.
- iii We will include material on cluster packages in advice to support Budget Ministers 3, 4 and 5, and we recommend you meet with cluster Ministers between Budget Ministers 3 and 4. Budget Ministers 4 will reflect the size of the revised package that each cluster is working towards, as agreed at Budget Ministers 3, though this meeting will not detail the initiatives to be included in the cluster packages (which we will seek your decisions on at Budget Ministers 5).

- **Budget Ministers 5: Near-final Package – Monday 21 March 2022**
 - i This meeting will seek your decisions on the near-final Budget 2022 package (akin to Budget Ministers 3 for Budget 2021). It will follow the completion of preliminary economic, tax and fiscal forecasts, take into account decisions made at Budget Ministers 4 the week prior, your decisions on your fiscal strategy, and reflect your final proposed Budget packages for the Justice and Natural Resources clusters. The cluster Budget process merges fully with the main Budget process at this point.
 - ii Ideally, immediately following this meeting, the Treasury will be able to communicate many (though not all) decisions to departments through CFISnet. To minimise production risk for your Budget Cabinet paper, annex summary of initiatives and financial recommendations, you should defer only a small number of decisions to Budget Ministers 6. Increasing the number of decisions to be resolved at Budget Ministers 6 commensurately increases the risk of error in your Budget Cabinet paper and financial recommendations documents, as well as potential inconsistency between final economic and tax forecasts (which will be finalised between Budget Ministers 5 and 6) and final fiscal forecasts.
- **Budget Ministers 6: Final Package – Friday 1 April 2022**
 - i This meeting will seek your decisions on the final Budget 2022 package to be considered by Cabinet, following the completion of final economic and tax forecasts, taking into account decisions made at Budget Ministers 5 the week prior and seeking settlement of outstanding issues (akin to Budget Ministers 4 for Budget 2021).
 - ii In order to reduce the risk of error in key Budget documents (your Cabinet paper and financial recommendations), as well as variance between final economic and tax and fiscal forecasts, we encourage you to take all but a few Budget decisions at Budget Ministers 5, and for these decisions to inform final economic and tax forecasts before being confirmed at Budget Ministers 6. More changes may, however, be needed if final economic and tax forecasts present substantively different information than was used to inform Budget Ministers 5.
 - iii Immediately following this meeting, the Treasury will communicate remaining Budget decisions to departments for the preparation of financial recommendations.

19. This timetable is feasible only if a two-step approach to Budget financial recommendations is adopted (see paragraphs 27 to 34 below), as five working days between final decisions and Cabinet paper lodgement is not a feasible period of time for the finalisation and production of printed and collated financial recommendations following the process of previous Budgets.

Budget package advice

20. We intend to provide draft Budget 2022 package advice to you on **Friday 11 February** ahead of Budget Ministers 3 and revised package advice on **Friday 4 March** ahead of Budget Ministers 4. Following your consideration of these tranches of advice, we will be available to discuss any comments (alongside feedback on draft Budget Ministers slides) at Budget Matters meetings on Monday 14 February and Monday 7 March respectively.

21. Budget Ministers 5 will reflect decisions taken at Budget Ministers 4, but will be preceded by limited additional Treasury advice, given the short turnaround between meetings and the iterative nature of final Budget decisions. The same is true for Budget Ministers 6.

Bilateral meetings

22. We recommend that you (and the Associate Minister of Finance, Hon Dr Megan Woods) hold bilateral meetings with a number of your Ministerial colleagues from mid-February, following your initial decisions on draft Budget package advice, to early March (ahead of Budget Ministers 4). This is the period from **Monday 14 February 2022** to **Friday 4 March 2022**.
23. We are communicating with your Office about the Ministers with whom you and the Associate Minister of Finance wish to hold Budget bilaterals.
24. We also recommend that you:
 - consult the Climate Response Ministers Group (CRMG) on a draft Climate Emergency Response Fund (CERF) package between Budget Ministers 3 and Budget Ministers 4, and
 - meet separately with the Minister of Climate Change, in addition to meeting with the CRMG, during the same period you hold Budget bilaterals with other Ministerial colleagues.
25. Additionally, in late February/early March (week of 28 February 2022) we recommend you meet with Ministers of the Justice and Natural Resources clusters. This will be an opportunity to discuss the findings of the spending reviews and the Budget packages developed by the clusters. Out of this meeting, cluster Ministers may need to do further work to finalise a single revised package for each cluster for you to take to Budget Ministers 5.
26. As in previous years, the Treasury is available to support these meetings through officials' attendance and supporting briefings.

Financial Recommendations

27. We propose trialling a two-step approach to financial recommendations for Budget 2022, without which the Option A timetable detailed above would not be feasible. We propose implementing this new approach to financial recommendations regardless of the Budget timetable option you select.
28. Under the proposed two-step process Cabinet would approve the Budget package at the initiative level, along with its fiscal impacts, but not, as in previous years, the detailed appropriation-level and technical financial recommendations, which Cabinet would authorise joint Ministers (you and the relevant appropriation Minister) to approve.

29. This two-step approach to Budget financial recommendations would:
- improve Cabinet decision-making by asking Cabinet to make decisions on the initiatives to be included in the Budget, through a clearer and more accessible summary of the Budget package, rather the detailed financial recommendations
 - provide more time for Budget Ministers' decision-making by reducing the time needed between final Budget decisions and lodgement of the Budget 2022 Cabinet paper, and
 - reduce the volume of financial recommendations collated and printed for each Minister in advance of Cabinet.²
30. As the **first step**, we propose that Cabinet considers the Budget package at the initiative level, and a summary of initiatives spreadsheet would be annexed to the standard Budget Cabinet paper. This document would include both significant and technical initiatives, removing the need for a separate technical Budget Cabinet paper. A sample of what this document may look like is attached to this report as **Annex B**. Cabinet would also approve the fiscal impacts of the Budget package.
31. As the **second step**, by Thursday 14 April 2022, we propose that Joint Ministers approve the appropriation-level recommendations necessary to give effect to the initiative-level decisions taken by Cabinet on Monday 11 April 2022. The detailed appropriation-level financial recommendations considered by Joint Ministers would be in the same format as used in recent Budgets.
32. To implement this two-step process, as the Minister of Finance, you would approve and send appropriation-level initiative documents (by Vote) to relevant Ministers the day following Cabinet's consideration of the Budget 2022 package. Ministers would then countersign and return the documents by the Thursday of the same week, indicating their approval of the appropriation changes and technical recommendations necessary to give effect to the Budget decisions taken by Cabinet.
33. This process would be entirely technical in nature, not involve any new significant policy decisions (as these will have already been agreed by Cabinet), and not be dissimilar to the two-step baseline update process with which you are familiar. To avoid disruption to the preparation of final Budget documents, it is important that the technical, administrative nature of this process is made clear to your Ministerial colleagues, rather than this being an opportunity to revisit Cabinet's decisions. The correspondence that the Treasury will draft for you to send to Ministers with the financial recommendations documents attached will highlight this, and you may wish to emphasise the same point orally at Cabinet.
34. The Cabinet Office supports this proposal. The Office of the Auditor-General has been informed and has raised no concerns. Departments will be informed through the Budget 2022 process guidance to be published later this month or early in January.

² Typically, Ministers are asked to consider over 500 printed pages of detailed financial recommendations across each year's significant and technical Budget packages.

COVID-19

35. Failure to meet key milestones as recommended in this report would increase the risk associated with the preparation of all Budget 2022 documents in time for 19 May 2022 and, in such an event, it may become necessary to reconsider the date of Budget Day.
36. We therefore recommend that the milestones detailed in the proposed timetable are retained, unless as a result of COVID:
 - the functioning of the Budget process as proposed becomes infeasible, for example due to the illness of key individuals either among Ministers or advisors, or
 - the economic situation or the Government's COVID-response strategy significantly changes.
37. Should such a scenario eventuate, we would provide further advice on the process, scope, timing and publications for Budget 2022.

Next Steps

38. Should you agree to the key milestones detailed in this report, we will work with your Office in coordination with the Offices of the Prime Minister and Associate Minister of Finance, Hon Dr Megan Woods, to schedule Budget Ministers meetings for 2022.
39. We will work with your Office to schedule bilateral meetings with the relevant Ministers' Offices and we ask that you inform us of your preferred level of officials' engagement with these meetings and the briefings you may require.
40. Budget process guidance for departments will be published in late December or early in January. This guidance will detail key milestones for departments through to, and including, the date that Cabinet will consider the Budget package, as well as the date by which Joint Ministers will be asked to approve Budget 2022 appropriation-level financial recommendations. This guidance will also emphasise to departments the technical, administrative nature of the proposed new two-step financial recommendations approval process, highlighting that this is not an opportunity for Ministers to revisit decisions on Budget initiatives taken at Cabinet.
41. To enable Budget 2022 process guidance to be published ahead of Christmas, as is preferable, we ask for your feedback on this report by Monday 20 December. Should you wish, we are available to discuss the proposals detailed in this report with you and/or your Office.

Annex A – Budget 2022: Timeframes for Assessment and Decision-making

December 2021

Monday	Tuesday	Wednesday	Thursday	Friday
		1	2	3
6 Budget Cabinet paper on allowances approved	7 (S)	8 (S)	9 (S)	10 Budget initiatives due from agencies (including clusters)
13	14 (S)	15 (S) HYEFU and BPS	16 (S) Inform report on submitted Budget 2022 initiatives	17 Further initiative-level information due from clusters; clusters share indicative low, medium, high packages with the Treasury
20 Budget 2022 process guidance for departments issued (target date)	21	22	23	24
27	28	29	30	31

Key: Minister's Office Action (S) = Sitting Day

Treasury Action
 Department Action (Non-Treasury)
 Public Holiday

January 2022

Monday	Tuesday	Wednesday	Thursday	Friday
3	4	5	6	7
10	11	12	13	14
17	18	19	20	21
24	25	26	27	28
31	<i>Throughout January, clusters finalise their packages, prepare their Spending Proposal for the Minister of Finance, and Spending Review and Vote teams assess initiatives and/or packages.</i>			

February 2022

Monday	Tuesday	Wednesday	Thursday	Friday
	1	2 Stats NZ HLFS data release	3	4 Clusters submit final low, medium and high packages Cluster spending proposals are provided to the Minister of Finance
7	8 (S) Preliminary economic forecasts	9 (S)	10 (S) Advice on fiscal targets (approx.)	11 Draft package Treasury Report, incl. CERF package advice + structure of Budget Ministers 3 slides attached Investment Panel advice (approx.)
14* Budget Matters	15 (S)	16 (S) Preliminary tax forecasts	17 (S) Spending Review advice on cluster packages provided to Ministers**	18 Treasury Report: Preliminary Economic and Tax Forecasts Complete draft of Budget Ministers 3 slides
21* MBU letters due to Minister of Finance	22	23 Monetary Policy Statement	24 Talking points for Minister of Finance provided ahead of meetings with cluster Ministers***	25 Budget Ministers 3: Draft Package****
Draft Budget Ministers slides returned		Final Budget Ministers 3 slides		
28*	<p>*We propose that Budget bilaterals are held in the weeks of 14, 21 and 28 February (including your meeting with the Minister of Climate Change, though we propose you engage with the Climate Response Ministers Group on the near-final CERF package between Budget Ministers 3 and Budget Ministers 4). For clusters, we propose that Budget multilateral meetings are held the week of 28 February once Ministers have had a chance to engage with the Spending Review final reports. Treasury briefings will be provided ahead of your bilateral meetings.</p> <p>**Will include Appendix covering Treasury recommendations on bids going through main Budget process (e.g. CERF, capital, Crown entities, FVSV).</p> <p>***Will cover all initiatives cluster agencies are seeking funding for. Will include Appendix with Treasury support status and comment(s).</p> <p>****At this meeting, we propose that Budget Ministers agree the dollar amounts you would like each cluster to prioritise to for their revised packages.</p>			

March 2022 (Option A: Final economic and tax Budget forecasts ahead of Budget Ministers' final Budget decisions)

Monday	Tuesday	Wednesday	Thursday	Friday
	1 (S)	2 (S)	3 (S) Fiscal strategy advice	4 Draft Budget Ministers 4 slides
				Near-final package Treasury Report
7 Draft Budget Ministers 4 slides returned	8 (S) Update on key fiscal indicators (sans projections)	9 (S)	10 (S) Budget Ministers 4: Revised package	11
Budget Matters (incl. discussion of fiscal strategy)	Final Budget Ministers 4 slides		MBU Treasury Report	
14 Minister of Finance approves MBU	15 (S) Preliminary fiscal forecasts	16 (S) Draft Budget Ministers 5 slides	17 (S) Stats NZ release GDP numbers	18 Final Budget Ministers 5 slides
Budget technical initiatives due from departments			Draft Budget Ministers 5 slides returned	
Clusters submit revised packages				
21 Budget Ministers 5: Near-final package*	22	23 Departments submit Specific Fiscal Risks to the Treasury	24 Final economic forecasts	25 Draft Budget Ministers 6 slides
Departments informed of outcome of some initiatives + begin preparation of financial recommendations**			Treasury Report on Budget technical initiatives	
28 Technical initiatives approved for inclusion in the Budget 2022 package	29 (S)	30 (S) Tranche 1 Estimates (no Budget initiatives) due from Ministers	31 (S) Final tax forecasts	
Draft Budget Ministers 6 slides returned			Final Budget Ministers 6 slides	
Budget Matters				

*Each cluster will be narrowed down to one package for discussion at Budget Ministers 5. Clusters merge fully with main Budget process at Budget Ministers 5. **Departments to communicate with Ministers and offices during the preparation of financial recommendations to avoid unexpected changes when being approved following Cabinet. *Confirmation and Validation Bill to also be introduced this month.*

April 2022 (Option A: Final economic and tax Budget forecasts ahead of Budget Ministers' final Budget decisions)

Monday	Tuesday	Wednesday	Thursday	Friday
				1 Budget Ministers 6: Final package
				Departments informed of final Budget decisions
				Draft Budget 2022 Cabinet paper Treasury Report
4 Draft Cabinet paper returned	5 (S) Departments submit Budget 2022 financial recommendations and BEFU CFISnet submissions to the Treasury*	6 (S)	7 (S)	8 Tranche 2 Estimates (Budget initiatives) due from appropriation Ministers
Work on production of Budget publications begins				Lodgment of Budget 2022 Cabinet paper
				Production process Treasury Report
11 Cabinet consideration of Budget 2022 package	12 (S) Minister of Finance signs and sends approved financial recommendations by Vote to Ministers	13 (S) Monetary Policy Statement	14 (S) Ministers for each Vote sign and return approved financial recommendations to the Treasury	15
Collated financial recommendations provided to Minister with covering letters				
Budget moratorium begins				
18	19	20 Stats NZ release CPI figures	21	22 Draft Budget documents
				Tranche 3 Estimates (forecast Votes) due from appropriation Ministers to Minister of Finance
25	26 Draft Budget documents returned	27	28 Final fiscal forecasts	29 Near-final Budget documents

Budget 2022 proactive release timeline and scope to also be agreed this month.

March 2022 (Option B: Final economic and tax Budget forecasts after Budget Ministers' final Budget decisions)

Monday	Tuesday	Wednesday	Thursday	Friday
	1 (S)	2 (S)	3 (S) Fiscal strategy advice	4 Draft Budget Ministers 4 slides
				Near-final package Treasury Report
7 Draft Budget Ministers 4 slides returned	8 (S) Update on key fiscal indicators (sans projections)	9 (S)	10 (S) Budget Ministers 4: Near-final package*	11
Budget Matters (incl. discussion of fiscal strategy)	Final Budget Ministers 4 slides		MBU Treasury Report	
14 Minister of Finance approves MBU changes	15 (S) Preliminary fiscal forecasts	16 (S) Draft Budget Ministers 5 slides	17 (S) Stats NZ release GDP numbers	18 Final Budget Ministers 5 slides
Budget technical initiatives due from departments			Draft Budget Ministers 5 slides returned	
Clusters submit revised packages				
21 Budget Ministers 5: Final package	22	23 Departments submit Specific Fiscal Risks to the Treasury	24 Treasury Report on Budget technical initiatives	25 Draft Budget 2022 Cabinet paper Treasury Report
Departments informed of Budget decisions and begin preparation of financial recommendations				
28 Near-final Cabinet paper returned from office	29 (S) Departments submit Budget 2022 financial recommendations and BEFU CFISnet submissions to the Treasury	30 (S) Tranche 1 Estimates (no Budget initiatives) due from appropriation Ministers to Minister of Finance	31 (S) Final economic forecasts	
Technical initiatives approved for inclusion in the Budget 2022 package				

*Each cluster will be narrowed down to one package for discussion at Budget Ministers 4. Clusters merge fully with main Budget process at Budget Ministers 5. *Confirmation and Validation Bill* to also be introduced this month.

April 2022 (Option B: Final economic and tax Budget forecasts after Budget Ministers' final Budget decisions)

Monday	Tuesday	Wednesday	Thursday	Friday
				1 Lodgment of Budget 2022 Cabinet paper and Summary of Initiatives
4 Cabinet consideration of Budget 2022	5 (S)	6 (S)	7 (S) Collated financial recommendations provided to Minister of Finance's office with covering letters (COP)	8 Minister of Finance sends approved recs to Ministers
Work on production of Budget publications begins				Tranche 2 Estimates (Budget initiatives) due from appropriation Ministers
Budget moratorium begins			Final tax forecasts	Production process Treasury Report
11 Ministers for each Vote sign and return approved financial recommendations to the Treasury	12 (S)	13 (S) Monetary Policy Statement	14 (S)	15
18	19	20 Stats NZ release CPI figures	21	22 Draft Budget documents
				Tranche 3 Estimates (forecast Votes) due from appropriation Ministers to Minister of Finance
25	26 Draft Budget documents returned	27	28 Final fiscal forecasts	29 Near-final Budget documents

Budget 2022 proactive release timeline and scope to also be agreed this month.

May 2022

Monday	Tuesday	Wednesday	Thursday	Friday
2 Near-final Budget documents returned	3 (S)	4 (S) Stats NZ release HLMS figures	5 (S)	6 Final Budget documents Treasury Report
9	10 (S) Final documents approved for printing	11 (S)	12 (S)	13
16	17 (S)	18 (S)	19 (S) Budget Day	20
			Budget moratorium ends	
23	24	25 Monetary Policy Statement	26	27
30	31 (S)			

Budget 2022 Sample Significant Financial Recommendations: Minister for Research, Science and Innovation

Initiative ID	Track	Vote	Title	Description	Source	Decision	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26	Opex Total	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31	Capex Total
1001	Cost Pressure	Business, Science and Innovation	Sample Initiative 1	Sample Initiative 1 Description	CERF	Agreed	10.000	10.000	10.000	-	-	30.000	-	-	-	-	-	-	-	-	-	-	-
1002	Cost Pressure	Business, Science and Innovation	Sample Initiative 2 - Operating Contingency	Sample Initiative 2 Description	Budget Allowance	Contingency	0.000	23.000	20.000	29.000	28.000	100.000	-	-	-	-	-	-	-	-	-	-	-
1005	Cost Pressure	Business, Science and Innovation	Sample Initiative 2 - Capital	Sample Initiative 2 Description	CERF	Agreed	0.000	0.000	0.000	-	-	-	-	-	20.000	40.000	60.000	-	-	-	-	-	120.000
1003	Manifesto	Business, Science and Innovation	Sample Initiative 3 - Vote BSI Component	Sample Initiative 2 Description	Budget Allowance	Agreed	0.000	5.000	5.000	5.000	5.000*	20.000	-	-	-	-	-	-	-	-	-	-	-
1009	Manifesto	Housing and Urban Development~	Sample Initiative 3 - Vote HUD Component	Sample Initiative 2's Vote Housing and Urban Development cross-Vote component.	Budget Allowance	Contingency	0.000	10.000	5.000	5.000	5.000*	25.000	-	10.000	5.000	5.000	5.000	-	-	-	-	-	25.000
10020	Savings	Business, Science and Innovation	Sample Initiative 7	Sample Initiative 7 Description	Budget Allowance	Agreed	0.000	-5.000	-25.000	-	-	30.000	-	-	-	-	-	-	-	-	-	-	-
1004	Manifesto	Business, Science and Innovation	Sample Initiative 4	Sample Initiative 4 Description	Budget Allowance	Agreed	0.000	10.000	15.000	20.000	25.000^	70.000	-	-	-	-	-	-	-	-	-	-	-

-Confirm with relevant Minister as to responsibility for appropriations.
 *& Outyears
 ^Irregular outyears funding profile. See Annex X for further information

Budget 2022 Sample Technical Financial Recommendations: Minister for Research, Science and Innovation

Initiative ID	Track	Vote	Title	Description	Decision	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26	Opex Total	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31	Capex Total	
1010	Technical	Business, Science and Innovation	Sample Initiative 1	This initiative seeks a fiscally-neutral adjustment diagonally between appropriations and financial years which cannot be approved by Joint Ministers under CO 18(2).	Agreed	-	-10.000	10.000				-	-	-	-	-	-	-	-	-	-	-	-
1015	Technical	Business, Science and Innovation	Sample Initiative 2	This initiative seeks an expense transfer due to a factor that is not outside the department's control which cannot be approved by Joint Ministers under CO 18(2).	Agreed	-	-50.000	25.000	25.000			-	-	-	-	-	-	-	-	-	-	-	-

~Total within Forecast Period
 *& Outyears
 ^Irregular outyears funding profile. See Annex X for further information

Budget 2022 Sample Financial Recommendations: Annex X - Outyears Funding

Initiative ID	Track	Vote	Title	Description	Decision	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26	Opex Total~	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31	Capex Total~					
1004	Manifesto	Business, Science and Innovation	Sample Initiative 4	Sample Initiative 2 Description	Agreed	0.000	10.000	15.000	20.000	25.000	270.000	-	-	-	-	-	-	-	-	-	-	-					
												2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31	2031/ 32	2023/ 33	2033/ 34	2034/ 35	2035/ 36	2036/ 37	2037/ 38	2038/ 39	2039/ 40	2040/ 41	
							30.000	35.000	40.000	45.000	50.000																