

The Treasury

Budget 2024 Information Release

September 2024

This document has been proactively released and is available on:

- The Budget website from September 2024 to May 2025 only at: <https://budget.govt.nz/information-release/2024>, and on
- The Treasury website from later in 2024 at: <https://www.treasury.govt.nz/publications/information-release/budget-2024-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
- [31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility
- [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] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(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 2024 Timeframes

Date:	23 January 2024	Report No:	T2024/45
		File Number:	BM-2-1-2024

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Nicola Willis)	Agree to the Budget 2024 timeframes and process for running the decision-making phase	25 January 2024

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Jane Lee	Senior Analyst, Budget	[39] N/A (mob)	✓
Stephen Bond	Manager, Budget	N/A (mob)	

Minister of Finance's Office Actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: No

Executive Summary

Budget 2024 timeframes

Timeframes for Budget 2024 are constrained compared to previous Budgets. The Budget process has been delayed by around three months due to the General Election, which means there is less time for initiative development and assessment as well as the decision-making and production phases.

We recommend that Cabinet approves the final Budget package on 22 April and that Budget Day 2024 be set for Thursday 30 May. This date ensures there is sufficient time for Ministerial decision-making and production of key Budget documents. Delaying Budget Day will be challenging as the current sitting programme means there is unlikely to be sufficient time in June to enable the necessary Budget Bills to pass in time.

A Budget Day of 30 May should allow sufficient time for Budget legislation to be passed with careful management of House time and Select Committee scheduling (30 May is followed by three non-sitting weeks). We are working with the Office of the Leader of the House and the Office of the Clerk on this and will provide you with further advice if needed.

Ministerial engagement and decision-making

There are choices around how the Budget decision-making process runs, balancing between the need to make decisions with speed and agility in a constrained timeframe, getting collective buy-in from Cabinet and a wider group of Ministers (particularly decisions related to their portfolio) and ensuring Budget information security. With these considerations in mind, we recommend:

- Using Budget Ministers (comprised of the Prime Minister, the Minister of Finance, and Associate Ministers of Finance) as the main decision-making group. We recommend that this group meets four times on a fortnightly basis and agrees a final Budget package in early April ahead of seeking Cabinet's approval. Budget Ministers could also have oversight of significant reprioritisation choices that agencies are looking to make to manage unfunded cost pressures or Government priorities.
- Holding bilateral meetings held with key portfolio Ministers to ensure they are engaged with significant decisions in their portfolio. You could choose to meet a wider set of Ministers, or delegate some meetings to Associate Ministers of Finance.
- If the Cabinet Expenditure Review Committee is established and you wish for the Committee to be involved in Budget 2024, we recommend focusing their role on substantial outstanding trade-offs after bilaterals with portfolio Ministers, but before Budget Ministers recommends a final package to Cabinet. There are options for a more significant ongoing role, but we recommend against that for Budget 2024 given trade-offs with and risks to Budget delivery.

There may also be a need to seek early Cabinet decisions on some savings or revenue options. This is to ensure these savings or revenue options can be realised in 2024/25 (e.g., where agencies need to undertake a change process and need sufficient time for consultation). This will depend on the nature of submissions on 16 February and we will provide you with further advice if there is a case for seeking early Cabinet decisions.

Recommended Action

We recommend that you:

Budget timing

- a **note** that timeframes for Budget 2024 are constrained compared to previous Budgets due to the General Election;
- b **agree** that Budget Day 2024 will be on Thursday 30 May;

Agree / disagree

Budget decision making

- c **agree** to hold four fortnightly Budget Ministers meetings during the Budget 2024 decision-making phase, with the following dates and scope for each meeting:
 - i. Budget Ministers 1 (late February): scene setting for Budget 2024 and overview of the spending and savings initiatives submitted by agencies
 - ii. Budget Ministers 2 (early March): consideration of the draft Budget package prepared by Treasury and early savings decisions
 - iii. Budget Ministers 3 (late March): substantive Budget package decisions
 - iv. Budget Ministers 4 (early April): outstanding decisions to finalise the Budget package

Agree / disagree

- d **provide** feedback on what information you would like Treasury to provide to guide discussions at Budget Ministers meetings and how they are presented (such as slide packs and/or written reports);
- e **agree** that the Cabinet Expenditure Review Committee (if the Prime Minister agrees to establish) either:
 - i. does not have a role in Budget 2024, and that Budget Ministers and Cabinet are the key decision-makers for Budget 2024;

Agree / disagree

OR

- ii. considers key trade-offs remaining between Budget Ministers 3 and Budget Ministers 4 to establish collective agreement and buy-in to those trade-offs

Agree / disagree

- f **note** that the Treasury considers a more significant role for any Cabinet Expenditure Review Committee in week-by-week decision making would pose a significant risk to Budget delivery;
- g **agree** to hold bilateral meetings in mid-March between Budget Ministers 2 and Budget Ministers 3 with the following agencies and Ministers, to discuss key elements of the agency's Budget package;

Agency and Minister	Decision
Ministry of Education (Hon Erica Stanford)	Agree/Disagree
Ministry of Health (Hon Dr Shane Reti)	Agree/Disagree
Ministry of Business, Innovation and Employment (Hon David Seymour)	Agree/Disagree
Justice sector agencies – Ministry of Justice, Department of Corrections and Police (a multilateral meeting to reflect the cross-Justice cluster savings target) (Hon Judith Collins, Hon Mark Mitchell, Hon Paul Goldsmith)	Agree/Disagree
New Zealand Defence Force (Hon Judith Collins)	Agree/Disagree
Ministry of Social Development (including the Ministry for Disabled People) (Hon Louise Upston, Hon Penny Simmonds)	Agree/Disagree
Ministry of Transport (Hon Simeon Brown)	Agree/Disagree
Ministry of Foreign Affairs (Rt Hon Winston Peters)	Agree/Disagree
Inland Revenue (Hon Simon Watts)	Agree/Disagree
Ministry for Primary Industries (Hon Todd McClay)	Agree/Disagree
Ministry of Housing and Urban Development (Hon Chris Bishop)	Agree/Disagree
Ministry for the Environment (Hon Penny Simmons)	Agree/Disagree

h **note** that you could hold Budget bilaterals with additional Ministers, or delegate further (or some of the above) meetings to Associate Ministers;

i **note** that there is limited room for shifting these meeting dates due to the tight Budget timeframes and officials will work with your office to ensure these meetings are scheduled in on the agreed dates as early as possible;

j **agree** that, if early Budget decisions are required to realise the savings in time for 2024/25, a small set of initial savings decisions could be taken to Cabinet for approval on Monday 18 March (prior to Cabinet agreement to the final Budget package);

Agree / disagree

k **agree** that Cabinet approval of the final Budget package is sought on Monday 22 April;

Agree / disagree

l **note** that additional Cabinet papers may need to be prepared by agencies to seek agreement to detailed policy decisions to give effect to Budget 2024 savings and/or spending initiatives, and that these will go to Cabinet concurrently to the Budget package paper;

m **note** we will run a two-step approach for the approval of the Budget 2024 financial recommendations (in line with previous Budgets), with joint Ministers (Minister of Finance and appropriation Minister) approving the detailed appropriation-level financial recommendations following Cabinet approval of the Budget package;

Budget technical process and forecasts

n **agree** that Budget Ministers have oversight of agencies’ internal reprioritisation initiatives (through Budget Ministers 4 and ahead of Cabinet approval), focused on those with significant policy implications;

Agree / disagree

o **note** that the Treasury will prepare economic and fiscal forecasts to be published in the Budget Economic and Fiscal Update, which must be delivered on the same day as the Budget;

p **note** that the final economic forecasts will include the economic impacts of any Government policy decisions taken up to 5 April 2024, and the final fiscal forecasts will include decisions taken up to 22 April 2024;

Next steps

q **invite** the Climate Change Interdepartmental Executive Board to provide advice on the emissions implications of savings and new spending options in Budget 2024; and

Agree / disagree

r **refer** this report to Budget Ministers.

Refer / not referred

Stephen Bond
Manager, Budget

Hon Nicola Willis
Minister of Finance

____ / ____ / ____

Treasury Report: Budget 2024 Timeframes

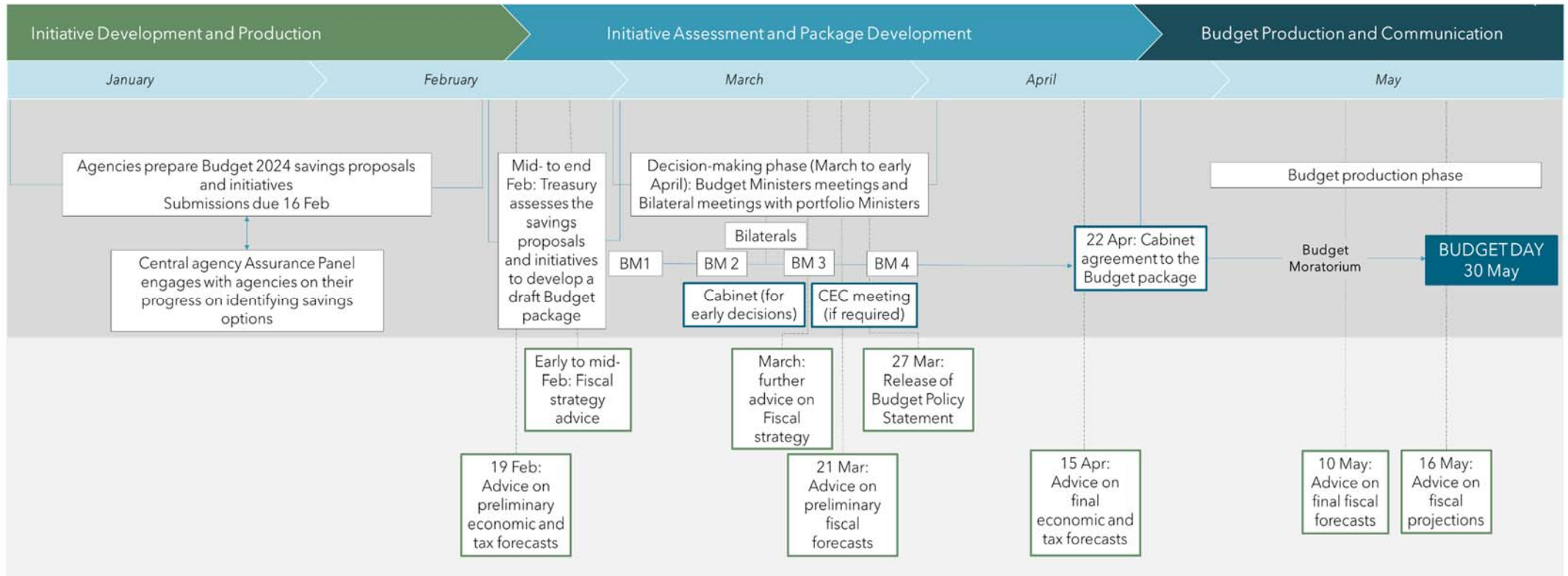
Purpose of Report

1. This report sets out the key elements of the Budget decision-making process and seeks your agreement to the proposed timeframes for Budget 2024. This includes seeking your agreement to the date for Budget Day 2024.

Background

2. The fiscal position is structurally weak and faces medium-term challenges. The Government has been in an Operating Balance before Gains and Losses (OBEGAL) deficit since 2019/20, with the fiscal position and outlook deteriorating even as the economy recovered from COVID-19. Growth in government expenditure has been the main factor behind the deteriorating OBEGAL position since 2021.
3. More recently, downward revisions to the tax revenue forecasts have contributed to the deterioration in the fiscal outlook since Budget 2023. Over the forecast period, economic headwinds will continue to challenge the fiscal position. Compared to 2022, Global growth is expected to be slower in 2023 and 2024 amid expectations that global interest rates will be higher for longer. Domestically, GDP growth has been revised down, suggesting the economy is in a weaker position than understood at the Half-Year Economic and Fiscal Update in December 2023. This will likely flow through to weaker revenue expectations, putting additional pressure on the fiscal position.
4. Given the challenging fiscal environment, it is essential for Budget 2024 to clearly set expectations of strong fiscal discipline and sustainable, well-planned spending across the public sector. Even with limited invitations for new spending and cost pressure initiatives, this will require difficult trade-offs in developing the Budget package as Budget 2024 allowance is under significant pressure.
5. There are a number of key moving components that will shape the Budget process and package. These include:
 - a the extent to which savings are identified and agencies can manage within existing and/or reduced baselines to maintain core public services,
 - b the updated fiscal forecasts,
 - c the tax relief package and what other policy commitments the Government wants to progress at Budget 2024, and
 - d the further pressure any out of cycle funding decisions will have on allowances.
6. The Budget process is not linear and therefore some decisions will need to be made at an earlier stage and subsequently revisited, and others will be based on partial information. Figure 1 provides an overview of the process.
7. Savings secured through the baseline reduction target and targeted policy savings will be an important factor in balancing the Budget package. The difficult choices required to identify and secure savings reflect the broader shift required to operate in a fiscally constrained environment. You are receiving separate advice on the Baseline Reduction Assurance Panel's initial engagements with agencies on the Budget 2024 savings process [T2024/25 refers].

Figure 1 - Overview of the Budget 2024 process



Proposed Budget 2024 timeframes

Budget 2024 timeframes will be constrained compared to previous Budgets

8. Generally, the Budget strategy is agreed in September with agencies submitting spending and savings initiatives in mid-December. The decision-making phase would typically run from January to April, and includes Treasury assessment of initiatives to develop a draft Budget package, meetings with Budget Ministers and portfolio Ministers, and Cabinet approval of the final Budget package.
9. Following Cabinet approval of the final Budget package in April, there is a production phase where Treasury and agencies prepare all required documents for presentation on Budget Day. This includes the Estimates of Appropriations, Budget Economic and Fiscal Update, the Fiscal Strategy, Supplementary Estimates and Child Poverty Reports, as well other communication materials (e.g. press releases). This process typically takes at least six weeks to allow final forecast rounds, quality assurance of data, Ministerial engagement on Budget products, and document production. We will provide you with further advice on the production phase later in the Budget process.
10. For Budget 2024, timeframes will be constrained compared to previous Budgets due to the General Election. This means that there is less time for initiative development and assessment, as well as the decision-making and production phases of the Budget. Annex One sets out a day-to-day timeline of the key dates for Budget 2024.
11. Agencies are currently in initiative development phase and have just over six weeks to develop their savings proposals and initiatives. Submissions from agencies are due to the Treasury on 16 February and Treasury will have from then to end of February to assess and develop a draft Budget package to enable Ministerial decision-making phase to begin in March.

We recommend Budget Day 2024 be set for Thursday 30 May

12. Under section 12 of the Public Finance Act 1989, the Government is required to present its Budget to Parliament by 31 July each year. In addition, the Appropriation (Supplementary Estimates) Bill for the current financial year and the First Imprest Supply Bill for the upcoming financial year need to be enacted before 30 June. The Appropriation (Supplementary Estimates) Bill is introduced on Budget night to enable the Supplementary Estimates to be referred to the Finance and Expenditure Committee (FEC) for consideration. To enable this to occur and to provide for sufficient time for the remaining House stages for the Appropriation (Supplementary Estimates) Bill (as well as all of the House stages for the First Imprest Supply Bill), Budget Day usually occurs in May.
13. For Budget 2024, we recommend Budget Day be scheduled for the last Thursday of May, Thursday 30 May. This is the last sitting day of May, before a three-week adjournment.
14. Despite the tight timeframes, we do not recommend delaying the Budget Day beyond 30 May. There is a three-week adjournment in June (commencing with the week starting 3 June) so the only available opportunity for Budget Day after May would be in the week commencing 24 June. This is the last sitting week before the 2023/24 financial year ends, which means the FEC would have almost no time to examine the 2023/24 Supplementary Estimates before it needs to report back to the House. There would be insufficient House time available for the relevant stages of the Appropriation (Supplementary Estimates) Bill and the First Imprest Supply Bill to be completed and Royal Assent to occur before 27 June (as 28 June is a public holiday). Pushing Budget Day back would also make it increasingly likely that some identified savings may not be able to be realised in 2024/25.

15. We also do not recommend bringing the Budget Day forward to the prior sitting week (i.e. the week commencing 20 May) as this will require further reducing the various phases of the Budget process, including the time Ministers have to make decisions. This would also impact the post-Cabinet Budget production phase, where key Budget documents are developed. Production timeframes for a 30 May Budget Day have already been reduced from previous years to provide additional time for Budget decision-making. Further reducing timeframes could compromise the quality assurance process during the production of Budget materials.
16. Due to the three-week adjournment of the House in June, Budget Day of 30 May will require tight management of House time and Select Committee scheduling to ensure the Appropriation (Supplementary Estimates) Bill and the Imprest Supply Bill pass before the end of the 2023/24 financial year. While the scheduling of non-sitting weeks means that the timetable will require tight management, the timeframes during which the Bill would undertake its Parliamentary stages are not significantly different to previous years.
17. There is a risk that a significant number of other Bills, including Budget-night Bills, could generate additional risk that we are not currently aware of to this timeframe. However, even in this case we expect that there would be options available to Ministers to manage House time; for example, an urgency motion could be used.
18. We will continue working with the Office of the Leader of the House and the Office of the Clerk to ensure that there is sufficient House time available for the relevant Budget Bills and to confirm the Governor-General's availability for Royal Assent, assuming a Budget Day date of 30 May. If further risks to this timetable arise, we will provide you with further advice on options to best manage this.

Decision-making and Ministerial engagement

19. Following agency submissions of spending and savings initiatives and the Treasury assessment of these, the Budget process moves into the decision-making phase, which includes the Treasury providing you with the following advice:
 - a **Fiscal Strategy:** Under the Public Finance Act 1989, the Government is required to specify its fiscal strategy as short-term intentions and long-term objectives at each Budget Policy Statement and Fiscal Strategy Report [T2023/2179 refers]. We will provide further advice on these in early-mid February.
 - b **Allowances:** We will also provide advice on operating allowances for Budget 2024 and the multi-year capital allowance (MYCA) in early March to support decision making and trade-offs across your priorities. You have choices about when you decide the operating allowance for Budget 2024 and outyears and the multi-year capital allowance. You could decide these in time for announcing the Budget Policy Statement. However, this would be before Budget Ministers make decisions on the Budget 2024 package. Instead, you may wish to wait and decide the final allowances as part of Budget 2024 decision-making process on spending and savings.
 - c **Budget package:** We will develop a draft Budget package based on our assessment of submitted initiatives. This will take into account the Government's fiscal and policy objectives, maintaining core public services, funding available and value for money considerations. Our advice will include a recommendation for each spending and savings initiative, including whether we propose supporting, not supporting, deferring, or scaling. We will also provide advice on specific options for

your personal income tax package. We will highlight key risks and trade-offs associated with our recommendations.

20. The process that you choose to run for the decision-making phase has trade-offs between:
 - a the speed and agility with which decisions need to be made given the scale of initiatives, how those initiatives change throughout the process, and the interconnected nature of Budget decisions;
 - b the need to have individual Ministers engaged and bought in on significant decisions in their portfolio;
 - c the benefit of collective buy-in from Cabinet and Ministers on the most challenging trade-offs needed to manage within allowances and meet Government priorities; and
 - d Budget information security.
21. We propose you balance this by sequencing the decision-making process:
 - a using early meetings with Budget Ministers (in Feb and early March) to establish collective agreement on the approach to Budget (building on the Cabinet strategy paper before Christmas) and consider the first draft Budget package;
 - b holding bilateral meetings with key Ministers (in early to mid-March) to resolve the main outstanding issues in those portfolios;
 - c refining the draft package with Budget Ministers (in late March) to narrow down the key trade-offs that still need to be resolved;
 - d if it is established and you want it to have a role in the Budget process, discussing those key remaining trade-offs with the Cabinet Expenditure Committee (in late March/early April); and
 - e resolving those remaining decisions at a final Budget Ministers meeting (in early April) ahead of Cabinet decisions (mid-late April).
22. The rest of this section sets out the role of each of these groups in more detail.

We recommend using Budget Ministers meetings to steer Budget decisions

23. Cabinet has agreed to establish a Budget Ministers group for Budget decision-making, comprising the Prime Minister, Minister of Finance, and Associate Ministers of Finance [CAB-23-MIN-0474].
24. We recommend that this group meet on a fortnightly basis to make decisions on the Government's fiscal strategy, and which new spending (in particular, personal income tax changes) and savings initiatives should be progressed. We recommend that Budget Ministers ultimately recommend a final Budget package for Cabinet's approval, which we propose take place on 22 April.
25. Budget Ministers as a group can balance some of the significant trade-offs in decision making, by ensuring that decisions can be made efficiently while representing a cross-section of Government Ministers. Its role can then be supplemented by other elements of the decision-making process needed to ensure wider buy-in from Cabinet and portfolio Ministers.

26. Based on a Budget Day date of Thursday 30 May, we recommend holding four fortnightly Budget Ministers meetings throughout the decision-making process. The proposed timing and scope of the meetings is set out below:

- a **Budget Ministers 1 (Monday 26 February):** this meeting provides an opportunity to set the scene for Budget 2024, including what the Government wants to achieve this Budget from both a fiscal and policy perspective, the overall fiscal position and set the parameters for the first draft package that you want the Treasury to develop for your consideration. The Treasury will provide an overview of the spending and savings initiatives submitted by agencies, however, will not provide any recommendations at this point. We will also provide you with an overview of your overall tax package and upcoming key decisions, in particular on personal income tax changes.
- b **Budget Ministers 2 (Monday 11 March):** this meeting will focus on the draft Budget package prepared by the Treasury and discuss the significant choices and trade-offs required to remain within the allowances and meet the Government's fiscal objectives. This meeting could also agree to recommend Cabinet agrees to time-critical savings choices ahead of the main Budget package being agreed.
- c **Budget Ministers 3 (Monday 25 March):** an updated package will be presented to Budget Ministers that incorporates feedback from Budget Ministers 2 and following engagement with select portfolio Ministers. At this point the Budget package is the Minister of Finance's rather than the Treasury's.

We recommend that substantive Budget package decisions are made at this meeting to enable Treasury and agencies to begin drafting significant financial recommendations required for the Cabinet paper in April.

Ahead of this meeting, we will also provide advice on the Government's fiscal strategy and outyear allowances.

- d **Budget Ministers 4 (Tuesday 9 April):** the final Budget package will be presented to Budget Ministers, with only a few outstanding decisions to be finalised through this meeting.

27. The Treasury will provide you with materials to guide these discussions and would welcome your feedback on your preferences on how this material is presented. In previous years, Treasury has prepared slide packs on the Minister of Finance's behalf to Budget Ministers. We can prepare written reports instead of, or in addition, to slide packs, however, these will be Treasury reports rather than material from you to Ministers.

We recommend that a Cabinet Expenditure Review Committee focuses on key trade-offs remaining in the package after bilaterals with Ministers

- 28. On 11 December, Cabinet agreed in principle (subject to decisions by the Prime Minister) to establish a Cabinet committee to lead, and ensure collective Ministerial ownership, of the Government's fiscal sustainability programme [CAB-23-MIN-0490].
- 29. Cabinet committee structures are the responsibility of the Prime Minister. If the Committee is established, there are choices about what role this committee has in Budget 2024.
- 30. Given tight timeframes for making funding and savings decisions, a significant ongoing role for a Cabinet committee could present delivery risks, and there is a case for deferring any role for the committee to consideration for Budget 2025 instead. However, the committee could ensure wider buy-in for the Budget package and any particularly difficult trade-offs.

31. If you wish for the Committee to be involved in Budget 2024, we recommend focusing their role on substantive outstanding issues not resolved by Budget Ministers and the Budget bilaterals, after Budget Ministers 3. That could allow you to discuss savings or trade-offs that require further input and ownership from a wider group of Ministers. This discussion (and any associated decisions) would feed into the outstanding decisions required to finalise the Budget package at Budget Ministers 4. It would also help ensure there is agreement to the Budget package at Cabinet on 22 April, however, we do not recommend that the Committee is asked to approve the package ahead of Cabinet.
32. If you want a more substantive role for the committee, you could also decide to involve it earlier in the decision-making process (e.g., in early March). However, we recommend that this be in lieu of one of the Budget Ministers meetings to ensure the Budget process is as streamlined and manageable as possible. Even so, Treasury would advise that this adds additional delivery risk.
33. Regardless of the level of the Committee's involvement in Budget 2024, it will be important to balance collective ownership of the fiscal sustainability programme versus the benefits of transacting decisions with a smaller and more agile group of Budget Ministers.

We recommend you have Budget bilaterals with select portfolio Ministers

34. Budget bilateral meetings are a way for you to discuss with portfolio Ministers key issues relating to the Budget submissions in their portfolios, and how these have been reflected in the draft Budget package. They allow a more in-depth discussion to support you in making effective trade-offs. However, portfolio Ministers can tend to use these meetings to press for further funding. You have choices on which Ministers you wish to meet with and how these bilaterals will operate.
35. To maximise impact in the compressed timeframes, we recommend you hold bilaterals with a select number of Ministers, focusing on the largest spending agencies, those with significant savings options, and agencies that have been invited to submit key Government policy commitments. Bilaterals would be on an agency basis with the respective responsible Minister, as the initial baseline exercise is by agency. You could choose to invite other related portfolio Ministers if you wish.
36. We recommend that you hold twelve bilateral meetings with the following agencies and Ministers in mid-March between Budget Ministers 2 and 3:
 - a Ministry of Education (Hon Erica Stanford)
 - b Ministry of Health (Hon Dr Shane Reti)
 - c Ministry of Business, Innovation and Employment (Hon David Seymour, as the lead Minister for their initial baseline exercise)
 - d Justice sector agencies – Ministry of Justice, Department of Corrections and Police (a multilateral meeting to reflect the cross-Justice cluster savings target) (Hon Judith Collins, Hon Mark Mitchell, Hon Paul Goldsmith)
 - e New Zealand Defence Force (Hon Judith Collins)
 - f Ministry of Social Development (including the Ministry for Disabled People) (Hon Louise Upston, Hon Penny Simmonds)
 - g Ministry of Transport (Hon Simeon Brown)
 - h Ministry of Foreign Affairs (Rt Hon Winston Peters)
 - i Inland Revenue (Hon Simon Watts)
 - j Ministry for Primary Industries (Hon Todd McClay)
 - k Ministry of Housing and Urban Development (Hon Chris Bishop), and
 - l Ministry for the Environment (Hon Penny Simmonds).

37. To support you in the bilateral meetings, we will provide you with a briefing that outlines what the agency submitted and the Treasury's recommendations, suggested discussion points for you to raise and a proposed agenda. You have a decision on how much detail you share regarding the Treasury's recommendations with the relevant Minister prior to the meeting. The information asymmetry between yourself and portfolio Ministers can be an effective tool in ensuring difficult trade-offs are made and can lessen information security risks. Equally, informing Ministers of how their portfolio is treated in the current package can contribute to a more informed discussion. Previous Ministers of Finance have tended towards maintaining the information asymmetry, however, you may choose to refer part of or all of the Treasury's briefing to the relevant Minister in advance of the meeting.
38. You can also consider roles for the Associate Ministers of Finance to support you in your bilateral meetings. This could involve supporting you in meetings or holding the meetings on your behalf with relevant portfolio Ministers given the limited time available. Previous Ministers of Finance have tended towards holding bilateral meetings without roles for the Associate Ministers of Finance.
39. While we have proposed options for bilateral meetings in Budget 2024, you can make different choices based on your preference, including not holding any bilateral meetings or holding them with all portfolio Ministers. However, due to the tight timeframes to deliver Budget 2024, if you are intending to hold bilateral meetings, we recommend that they are held in mid-March between Budget Ministers 1 and 2. We recommend that the proposed bilaterals above are scheduled in now to ensure the availability of Ministers. You can then decide at a later point whether you would like to have additional bilaterals with other Ministers.

Early decisions on some savings and revenue proposals

40. Depending on the nature of submissions on 16 February, there may be a case for making early Cabinet decisions on some savings or revenue options. This would need to be confined to comparatively simple savings or revenue decisions that do not require significant further discussion with portfolio Ministers.
41. This is because some savings and revenue proposals would not be realisable in 2024/25 (or only delivered for part of the year) without sufficient lead-in time. For example, agencies that need to undertake a change process (such as a redundancy programme) would need to build in sufficient time for consultation; and some policy decisions may be needed for complex implementation or legislative processes (such as gambling tax changes).
42. Regardless, in the absence of a Cabinet decision or direction to the contrary, we expect some agencies would kick off consultation on a change process ahead of formal Cabinet decision. A Cabinet decision would ensure that there is collective Government agreement to those savings, ensure all agencies that need to do so are undertaking those processes, and ensure that the parameters of those savings are set and agreed.
43. You could, alternatively, direct (or agree at Cabinet) that no consultation or change processes should start until Cabinet has agreed the final Budget package (or until the Budget has been delivered in May). This is likely to materially reduce the savings that can be delivered in 2024/25 from any back-office functions that would require those processes to occur.

Cabinet consideration of the final Budget package

44. Once the final package is confirmed at Budget Ministers 4, we will prepare a paper for you to seek Cabinet's approval of the final Budget package on 22 April.

45. In most cases the policy decisions to give effect to spending or savings initiatives should be transacted through the Budget package Cabinet paper. However, it is likely there will be significant policy decisions required to implement a number of savings proposals. It may be that additional papers (prepared by the responsible policy agency) will need to go to Cabinet on the same day to get agreement to the necessary policy decisions. In such cases, we recommend that the financial implications are still agreed through the Budget package Cabinet paper and there are cross-references between the various papers. We will work with agencies and your Office to determine where this may be required and will keep separate papers to a minimum.
46. In previous years, the Budget package Cabinet paper sought agreement to the detailed financial recommendations, which resulted in a lengthy and complex paper. In Budget 2022, we moved to a two-step approach where Cabinet agrees to the spending and savings initiatives, and delegates joint Ministers (the Minister of Finance and appropriation Minister) to approve the financial recommendations post Cabinet. This occurs through a letter from the Minister of Finance with sign off by the appropriation Minister within the week. We recommend you continue this approach.

Technical processes and timeframes

We recommend reprioritisation options are considered through the Budget technical initiatives process

47. The Budget process also involves consideration of technical initiatives. Technical decisions are generally considered as those that do not seek new funding or do not have significant policy implications. Agencies can seek technical decisions through the March or October Baseline Updates¹, or as technical initiatives in Budget. You are also receiving advice on the upcoming March Baseline Update and tagged contingencies [T2024/89 refers].
48. For Budget 2024, we recommend using the technical initiatives process to approve agencies' reprioritisation options that they have submitted to fund any uninvited cost pressures or cost escalations. While reprioritisation options will be fiscally neutral, some may have significant policy implications that will require Cabinet approval. Also, it is unlikely for agencies to be ready to progress reprioritisation options through the March Baseline Update, since this will occur before Budget decisions.
49. Usually, the Minister of Finance approves technical initiatives ahead of Cabinet's agreement. For Budget 2024, we recommend that Budget Ministers have visibility of agencies' reprioritisation initiatives ahead of Cabinet approval, focused on those with significant policy implications. This would happen through Budget Ministers 4.
50. There is a likelihood that agencies may require more time to identify reprioritisation options after Budget decisions have been agreed by Cabinet. We will provide further advice outlining an appropriate process for these instances.

The Budget will include an Economic and Fiscal Update

51. The Public Finance Act 1989 requires the Minister of Finance to publish a Budget Economic and Fiscal Update (BEFU) on the same day the Budget is delivered. The BEFU must include the Treasury's latest economic and fiscal forecasts.

¹ Baseline updates enable departments to capture appropriation changes or implications of financial decisions taken since previous updates. They also provide an opportunity for Joint Ministers to agree to changes allowed under Cabinet Office Circular: CO (18) 2 – *Proposals with Financial Implications and Financial Authorities*.

52. The 2024 BEFU will cover the five-year period for the June years starting in 2024 and ending in 2028. The economic forecasts for 2024 BEFU will be finalised in early April and will include the economic impacts of any Government policy decisions taken up to 5 April. The fiscal forecasts will be finalised in mid-May and will include decisions taken up to 22 April, when the final Budget package will be considered by Cabinet.
53. Under the timetable, there will be a six-week window between when Budget decisions are made and the release of the 2024 BEFU. Over this period, agencies will need to provide updated five-year forecasts to reflect Budget decisions, and Treasury will be finalising the Government's fiscal forecasts, preparing the accompanying chapters, completing quality checks, organising sign-offs and preparing the merged document for print. The document needs to be provided to the printers at least a week prior to the release date to have hardcopies available for the restricted briefing.
54. There is a risk that if decisions or changes of significant magnitude are made to the Budget package (such as changes to the allowances) after 5 April, there may be inconsistencies between the final economic and final fiscal forecasts. Previous forecasts have typically been sequenced similarly and have carried the same risk, as economic forecasts are a key input into the fiscal forecasts. Economic factors impact many aspects of the fiscal forecasts, including but not limited to, the tax revenue forecasts, benefit expense forecasts as well as the valuation of long-term liabilities on the Government's balance sheet. Completing the economic forecasts in advance ensures the fiscal forecasts reflect the most up-to-date economic information.
55. We consider that any risk of inconsistencies between the forecasts can be mitigated through early agreement of significant decisions through Budget Ministers meetings prior to 5 April. We have designed the proposed set of Budget Ministers meetings (discussed above) to enable this as much as possible.
56. We will prepare preliminary forecasts and provide you with advice in February and March. The preliminary forecasts provide you with update assessment of the economy and expected fiscal position to aid with the formation of the final Budget package.
57. Once the economic and fiscal forecasts have been finalised, we will begin the production and drafting of the content for the BEFU document. You will be provided with a draft of the BEFU document along with a covering Treasury Report for your visibility in May.

Climate Change analysis in Budget 2024

58. In the Mini Budget you directed Treasury to work with the Climate Change Interdepartmental Executive Board (the Board) to identify the emissions impacts of the proposed package. This was in response to Crown Law advice that Cabinet should be made aware of potential emissions implications when making spending or savings decisions.
59. We recommend that you make a similar request for Board advice on the emissions implications of savings and new spendings options in Budget 2024. The Board is responsible for monitoring and reporting on the implementation of actions to meet New Zealand's emissions budgets, and as a result they will be best placed to identify how Budget 2024 could affect our ability to meet our targets. This is something Crown Law has identified is a necessary consideration for policy changes under the Climate Change Response Act.

60. We suggest that the Board could provide this advice on emissions implications to you at a couple of key points in the decision-making process. They could first review and advise on agency estimates of emissions impacts as an input to package development. You could also ask them to take responsibility for preparing the 'Climate Impacts of Policy Assessment' (CIPA) which is required to be included alongside the final package Cabinet paper. However, this will rely on there being sufficient lead time between package finalisation and Cabinet paper lodgement for the Board to develop the CIPA; Treasury may have to take responsibility for its preparation, with potential for the Board to support Treasury's analysis. If you are interested in seeking the Board's advice, we can work with their Secretariat to facilitate this.

Next Steps

61. Treasury officials will meet with you on Thursday 25 January to discuss the proposed Budget 2024 timeframes and decision-making arrangements.
62. Following your agreement to the timeframes, we will work with your Office to schedule the Budget Ministers meetings and engagement with your Ministerial colleagues. We will also communicate key timeframes to agency officials.

Annex One – Sequencing of key Budget 2024 dates

Colour Key						
Agency deadlines	Treasury deadlines	Treasury meetings	Ministerial deadlines	Ministerial meetings	Sitting day	Public holiday

Mon	Tue	Wed	Thurs	Fri
January				
8	9	10	11	12
		Assurance Panel process starts		
15	16	17	18	19
				Treasury report to the Minister of Finance on the Assurance Panel engagements with agencies
Wellington Anniversary 22	23	24	25	26
			Budget matters meeting with Minister of Finance	
29	30	31	1	2
		Budget matters meeting with Minister of Finance		

Mon	Tue	Wed	Thurs	Fri
February				
5	Waitangi Day 6	7	8	9
		Budget matters meeting with Minister of Finance		2 nd Treasury report to the Minister of Finance on the Assurance Panel engagements with agencies
12	13	14	15	16
		Budget matters meeting with Minister of Finance	Fiscal strategy advice (fiscal rules) to Minister of Finance (timing TBC)	Budget 2024 spending and savings submissions due from agencies
19	20	21	22	23
First data cut of agency submissions to the Minister of Finance	Draft BM 1 materials to the Minister of Finance	Budget matters meeting with Minister of Finance		Send BM 1 materials to Budget Ministers
Advice to the Minister of Finance on preliminary economic and tax forecasts				
26	27	28	29	1
Budget Ministers 1 - Scene setting for Budget 2024 and overview of Budget submissions		Budget matters meeting with Minister of Finance		

Mon	Tue	Wed	Thurs	Fri
March				
4	5	6	7	8
Proposed Budget package and draft BM 2 materials to the Minister of Finance		Budget matters meeting with Minister of Finance	Budget bilateral briefings to the Minister of Finance Fiscal strategy advice to Minister of Finance (timing TBC)	Send BM 2 materials to Budget Ministers
11	12	13	14	15
Budget Ministers 2 - consideration of draft Budget package and early Budget decisions Bilaterals	Bilaterals	Bilaterals Budget matters meeting with Minister of Finance	Bilaterals Lodge Cabinet paper for approval for any early Budget decisions required	Bilaterals
18	19	20	21	22
Bilaterals Cabinet approves early Budget decisions Draft BM 3 materials to the Minister of Finance		Budget matters meeting with Minister of Finance	Advice to the Minister of Finance on preliminary fiscal forecasts	Send BM 3 materials to Budget Ministers
25	26	27	28	29
Budget Ministers 3 - Substantive Budget package decisions		Budget Policy Statement released Budget matters meeting with Minister of Finance	Lodge CEC paper (if CEC required) Draft BM 4 materials to the Minister of Finance	Good Friday

Mon	Tue	Wed	Thurs	Fri
April				
Easter Monday 1	2	3	4	5
	CEC meeting (if required)	Budget matters meeting with Minister of Finance		Send BM 4 materials to Budget Ministers
8	9	10	11	12
Cabinet approves CEC paper	Budget Ministers 4 - Outstanding Budget package decisions	Budget matters meeting with Minister of Finance		
15	16	17	18	19
Advice to the Minister of Finance on final economic and tax forecasts		Budget matters meeting with Minister of Finance	Lodge final Budget 2024 package Cabinet paper	
22	23	24	Anzac Day 25	26
Cabinet approves the final Budget 2024 package (have confirmed Cabinet on 22 Apr)	Letters sent to appropriation Ministers with financial recommendation annexes for approval	Budget matters meeting with Minister of Finance		
BUDGET MORATORIUM				

Mon	Tue	Wed	Thurs	Fri
May				
29	30	1	2	3
Approved letters and financial recommendations due back		Budget matters meeting with Minister of Finance		
BUDGET MORATORIUM				
6	7	8	9	10
		Budget matters meeting with Minister of Finance		Advice to the Minister of Finance on the final fiscal forecasts
BUDGET MORATORIUM				
13	14	15	16	17
		Budget matters meeting with Minister of Finance	Advice to the Minister of Finance on fiscal projections	
BUDGET MORATORIUM				
20	21	22	23	24
		Budget matters meeting with Minister of Finance		
BUDGET MORATORIUM				
27	28	29	30	31
		Budget matters meeting with Minister of Finance	BUDGET DAY	
BUDGET MORATORIUM				