

OIA 20210214

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18 December 2019

Treasury Circular 2019/12

Restricted Distribution

Chief Executives
Directors of Finance/Chief Financial Officers

Contact for Enquiries:

Budget process queries: Your Treasury Vote Analyst

CFISnet entry queries: s9(2)(k)

BUDGET 2020: TIMETABLE AND TECHNICAL REQUIREMENTS FOR AGENCIES

Introduction

1. This circular outlines the indicative timetable for the Budget 2020 process, and includes information about key items in the production process.
2. The “Budget 2020 Process and Technical Guide for Agencies” supplements this circular and outlines technical requirements for Budget 2020. It is now available on CFISnet. The templates annexed to the Guide are also available on CFISnet in Word format as related files.
3. Please note that Budget Day for 2020 has not yet been finalised or publicly communicated. **As such, the production timetable should be considered indicative and treated in confidence.** It is possible that timeframes may need to be amended following confirmation of Budget Day.
4. The Treasury will release a final timetable soon after Budget Day for 2020 has been announced. In addition, a circular will be issued in late January covering the reporting requirements for the five-year fiscal forecasts.

Budget decisions

5. Budget Ministers will make decisions on a Budget package to recommend to Cabinet from mid-February to March. Vote Analysts will communicate with agencies what should be included in their significant financial recommendations in order to meet the **Tuesday 17 March financial recommendations deadline.** Agencies can contact Vote Analysts to discuss specific issues or concerns.

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Titles and descriptions for the Summary of Initiatives

6. The Summary of Initiatives for Budget 2020 will be published on Budget Day. This document provides a reconciliation of all Budget decisions against the operating and capital allowances.
7. Agencies are required to submit a clear title and description, and the funding details for each Budget initiative. This information should be entered in CFISnet (CFISnet > Baselines > Budget Initiatives > Initiatives or Recommendations Entry).
8. Final information must be submitted with the final financial recommendations by **Tuesday 17 March**. The Summary of Initiatives will be drawn from CFISnet, making it important that information is clear and high quality. Specific guidance can be found in the Budget 2020 Process and Technical Guide for agencies.
9. Agencies are not required to update the Budget initiative templates or supporting information to match any changes made to titles and descriptions in CFISnet, but titles and descriptions may need updating to reflect final funding decisions.
10. Agencies should work with their communications teams early on to ensure the titles and descriptions are clear and can be understood by a member of the public.
11. Agencies should also test the titles and descriptions with their Minister's Office to ensure they are comfortable with the wording. Ministerial press secretaries will use the list of initiative titles and descriptions to write press releases.

Budget Economic and Fiscal Update (BEFU) Forecasts

12. Agencies must provide financial forecasts to the Treasury to inform the Treasury's forecasts for the 2020 BEFU. A separate circular will be released early next year with reporting requirements and key dates. At this stage, it is likely that the five-year forecast will be required sometime between 27 March and 3 April.

March Baseline Update (MBU)

13. The Baseline Updates (which take place twice a year) provide opportunities to update baselines to take account of any Cabinet decisions made since OBU, move funds between appropriations or years in accordance with the delegations to Joint Ministers in Cabinet Office Circular CO(18)2, make forecast adjustments to appropriations, and establish new appropriations.
14. The Treasury coordinates the Ministerial letter process, and confirms whether the requested changes are consistent with CO(18)2 via a response letter and on CFISnet. Dates for the MBU process are outlined below.
15. The baseline update process can be resource intensive and iterative between Vote teams and agencies. Often, time and effort is spent determining whether or not changes proposed in a baseline update are consistent with the rules for decisions able to be taken by joint Ministers outlined in Cabinet Office Circular

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CO(18)2. For instance, expense and capital transfers can be used only where a factor outside the department's control has caused a delay in a specific and discrete project. To reduce this time and effort, we encourage you to include information in the Ministerial letter to demonstrate that the proposed changes are consistent with CO(18)2.

16. If a change is outside the delegation to joint Ministers in CO(18)2, the **technical Budget package** (see below) provides an opportunity to obtain Cabinet agreement to fiscally-neutral transfers between appropriations **and** years.

Technical initiatives

17. Technical Budget initiatives are ones that do not seek new funding and do not carry significant policy implications.
18. Proposals with financial implications that cannot be agreed by Joint Minister for MBU consistent with CO(18)2 can be agreed through the technical initiatives Cabinet paper (where they are technical and non-significant).
19. Technical initiatives are to be submitted in CFISnet by **Tuesday 2 March**. Further guidance on technical initiatives can be found in Annex Two of the Budget 2020 Process and Technical Guide for agencies.

Estimates production

20. All changes to appropriations agreed by Cabinet through the Budget must be agreed by Parliament in an Appropriation Act. Departments should submit all Estimates documents as soon as they are finalised to enable prompt processing. Final deadlines are outlined below.

Budget Moratorium

21. There will be a moratorium on Cabinet, Cabinet Committees and joint Ministers approving any financial recommendations after Cabinet agrees the Budget package (expected to be **Monday 30 March**) until Budget Day.
22. Departments must not submit any papers to Cabinet with financial implications during this period. The moratorium exists so that the Budget documents and legislation accurately reflect the fiscal implications of all Government decisions.

Alex Harrington
Manager, Budget Management
for the Secretary to the Treasury

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Budget 2020 Process

Unless advised otherwise all requirements are due by 1pm. All coloured boxes (noted in the key below) are subject to change following finalisation of Budget Day.

	December	January	February	March	April	May
Budget decisions process		Late Jan: Draft priority packages due from Coordinating Ministers to the Minister of Finance		<p>2 March: Financial recommendations due for technical initiatives, including titles and descriptions</p> <p>17 March: Financial recommendations due for significant initiatives, including titles and descriptions</p> <p>23 March: Cabinet considers technical Budget package</p> <p>30 March: Cabinet considers significant Budget package</p>		Budget Day: Appropriation Bills introduced in Parliament
	Dec-Late Jan: Treasury Vote teams and secretariat groups make assessments and advice is provided to the Minister of Finance and Coordinating Ministers		Mid-Feb – March Budget Ministers and Cabinet Committees consider Budget 2020 packages		30 March – Budget Day: Budget Moratorium	
Updates and Estimates production			<p>MBU 13 Feb: Departments submit Coredata requests</p> <p>20 Feb: Departments finalise MBU data and five-year forecasts into CFISnet and MBU letters are sent to the Minister of Finance</p>	<p>MBU Week of 16 Mar: Minister of Finance signs MBU letters and notifies Ministers of outcomes</p> <p>BEFU 27 March: Departments to submit Specific Fiscal Risks</p>	BEFU 27 March - 3 Apr: Departments to submit changes to forecasts	Budget Day: Budget documents released
					<p>Estimates signed by Appropriation Ministers and sent to Minister of Finance</p> <p>24 March: Votes which have no Budget 2020 initiatives</p> <p>31 March: Votes which have Budget 2020 initiatives</p> <p>6 Apr: Forecast departments and Votes requiring changes following Cabinet's decisions on the Budget 2020 package</p>	

MBU + BEFU	Budget Cabinet Papers	Estimates Documents	Appropriation bills
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THE TREASURY

Budget 2020

Process and Technical Guide for Agencies

18 December 2019

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About this guidance

This guidance provides information for agencies on technical processes related to Budget 2020, including key submission dates and sign-off processes. It is intended to complement the main guidance on significant Budget initiatives (Circular 2019/10). For additional information on key changes to the Budget 2020 process, how to submit a Budget initiative, and the Budget templates please refer to the main guidance and CFISnet entry guidance (both part of Circular 2019/10).

Please note that, in some cases, specific dates (such as Budget Day) have not been finalised as they are yet to be confirmed by Ministers. The Minister of Finance will confirm Budget Day at the Finance and Expenditure Committee in February 2020. This guidance will be updated following confirmation.

Please get in touch with your Vote Analyst at the Treasury in the first instance if you have any questions about the content of this guidance.

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Budget 2020 Process

Unless advised otherwise all requirements are due by 1pm. All coloured boxes (noted in the key below) are subject to change following finalisation of Budget Day.

	December	January	February	March	April	May
Budget decisions process		Late Jan: Draft priority packages due from Coordinating Ministers to the Minister of Finance		2 March: Financial recommendations due for technical initiatives , including titles and descriptions 17 March: Financial recommendations due for significant initiatives , including titles and descriptions 23 March: Cabinet considers technical Budget package 30 March: Cabinet considers significant Budget package		Budget Day: Appropriation Bills introduced in Parliament
	Dec-Late Jan: Treasury Vote teams and secretariat groups make assessments and advice is provided to the Minister of Finance and Coordinating Ministers		Mid-Feb – March Budget Ministers and Cabinet Committees consider Budget 2020 packages		30 March – Budget Day: Budget Moratorium	
Updates and Estimates production			MBU 13 Feb: Departments submit Coredata requests 20 Feb: Departments finalise MBU data and five-year forecasts into CFISnet and MBU letters are sent to the Minister of Finance	MBU Week of 16 Mar: Minister of Finance signs MBU letters and notifies Ministers of outcomes BEFU 27 March: Departments to submit Specific Fiscal Risks	BEFU 27 March - 3 Apr: Departments to submit changes to forecasts	Budget Day: Budget documents released
					Estimates signed by Appropriation Ministers and sent to Minister of Finance 24 March: Votes which have no Budget 2020 initiatives 31 March: Votes which have Budget 2020 initiatives 6 Apr: Forecast departments and Votes requiring changes following Cabinet's decisions on the Budget 2020 package	

MBU + BEFU	Budget Cabinet Papers	Estimates Documents	Appropriation bills
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Budget Decisions Technical Process

Budget Ministers and Cabinet Committees

1. Budget Ministers and Cabinet Committees will consider Budget packages over February and March before Cabinet agrees to a final Budget package. **This package is likely to be taken to Cabinet on Monday 30 March for consideration.**

Information required from agencies for Budget 2020 products

Financial Recommendations and Titles and Descriptions

2. Published documents such as the Estimates, the Summary of Initiatives, and the Wellbeing Budget Document (which will be published on Budget Day), as well as the Cabinet papers, rely on clear, detailed information in the initiative **title** and **description**. This information usually needs to be updated from the information provided at the time of submission to reflect any scaling or changes in an initiative from the original initiative submitted.
3. You will need to **provide your titles and descriptions in CFISnet by Tuesday 17 March**.
 - See **Annex One** for more detailed guidance.

Significant or technical Budget initiative submission

4. Budget initiatives must be uploaded by departments into CFISnet as either significant or technical.
5. Technical initiatives are those initiatives that:
 - do not seek new funding from the centre over the forecast period, and,
 - do not carry significant policy implications.
6. The **technical Budget initiative proposal Cabinet paper** is prepared by Treasury, and includes a large number of financial recommendations for every agreed technical Budget Initiative proposal. Recommendations for **technical initiatives** are due in CFISnet on **Monday 2 March**.
7. Significant initiatives are those initiatives that do seek new funding from the centre over the forecast period, and/or do carry significant policy implications. This includes significant policy changes that are fiscally neutral (e.g., funded through reprioritisation).
8. The **final Budget package Cabinet paper** is prepared by Treasury, and includes financial recommendations for every agreed significant Budget Initiative proposal (i.e., for cost pressure and new spending initiatives). Recommendations for **significant initiatives** are due in CFISnet on **Tuesday 17 March**.
9. See **Annex Two** for more detailed guidance on the technical and significant initiatives.

March Baseline Update (MBU)

10. The March Baseline Update (MBU) is a technical update that allows agencies to update their baselines to reflect Cabinet and joint Ministerial decisions that have taken place since the last baseline update in October, and agree changes to baselines consistent with the delegation to Joint Ministers in CO(18)2. The Treasury coordinates

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the Ministerial letter process, and confirms whether the requested changes are consistent with CO(18)2 via a response letter and on CFISnet.

11. Proposals with financial implications that cannot be agreed by Joint Ministers consistent with CO18(2) can be agreed by Cabinet either through the technical initiatives Cabinet paper (for technical and non-significant changes), or the significant initiatives Cabinet paper (where the change represents a policy decision). See **Annex Two** for further information.
12. The Baseline Update Guidance has been uploaded alongside Circular (2019/12) on CFISnet.

MBU Timeline

13. All requirements are due by **1pm** on given dates.

Deadline	Requirement
Now – Thursday 13 February	Departments discuss their specific requirements for MBU with Treasury Vote teams.
Now – Thursday 13 February	Coredata changes to be submitted to CFISnet for MBU.
Thursday 20 February	Final date for departments to update and lock CFISnet for changes.
Thursday 20 February	Appropriation Minister submission to Minister of Finance. Please provide 2 copies of the appropriation Minister's letter to the Minister of Finance.
Thursday 27 February	Treasury Vote teams to advise departments of status of updates. Department to update CFISnet to reflect all changes advised by Treasury.
Week beginning 16 March	Minister of Finance notifies appropriation Ministers of the outcome of MBU.

Budget Economic and Fiscal Update (BEFU) forecasts – Due between Friday 27 March and Friday 3 April

14. Departments are required to provide financial forecasts to the Treasury to inform the Treasury's forecasts for BEFU 2020. A separate circular will be released early next year with reporting requirements and key dates.

Specific Fiscal Risks – Due Friday 27 March

15. Specific fiscal risks (SFRs) identify (to the fullest extent possible) all government decisions and other circumstances known to the Government that may have a material impact on the fiscal outlook, but are not certain enough in timing or amount to include in the fiscal forecasts – both potential policy changes, and known cost pressures. Departments are required to inform the Treasury of all specific fiscal risks by **Friday 27 March**, so that they can be included in BEFU 2020. The BEFU circular (to be released next year) will contain more information. In the interim, please refer to Treasury Circular 2019/08, which contains some information about the SFRs.

Estimates production – Due March/April (dates below)

16. All changes to appropriations agreed by Cabinet through the Budget must be agreed by Parliament in an Appropriation Act.
17. Departments should submit all Estimates documents as soon as they are finalised to enable prompt processing. The production process will be split into three streams depending on whether the relevant Vote has Budget initiatives or is a forecasting department.
18. These dates are outlined below.

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	Deadline for submission to Appropriation Minister	Deadline for submission to the Minister of Finance
Tranche 1 – <i>Votes which have no Budget 2020 initiatives</i>	Monday 23 March	Tuesday 24 March
Tranche 2 – <i>Votes which have Budget 2020 initiatives</i>	Monday 30 March	Tuesday 31 March
Tranche 3 – <i>Forecasting departments and Votes requiring changes following Cabinet's consideration of the Budget package</i>	Monday 6 April	Tuesday 7 April

See **Annex Three and Annex Four** for more detailed guidance.

Budget Moratorium – From Monday 30 March to Budget Day

19. There will be a moratorium on Cabinet, Cabinet Committees and joint Ministers approving any financial recommendations after Cabinet agrees the final Budget package (expected to be **Monday 30 March**) until Budget Day.
20. Departments must not submit any papers to Cabinet, Cabinet Committees or joint Ministers with financial implications (that change appropriations) during this period. The moratorium exists so that the Budget documents and legislation accurately reflect the fiscal implications of all Government decisions at the time of their release.

Proactive Release – May to July

21. The Minister of Finance proactively releases Budget-related documents every year about two months after Budget day. This release is desirable for government transparency and public accountability. It also helps to reduce the number of Official Information Act requests related to the Budget received by the Minister of Finance, appropriation Ministers, the Treasury and departments.
22. The release includes key documents that have been used in Budget decision-making, including:
 - Budget Ministers' materials
 - Relevant Treasury Reports and Aide Memoires, and
 - Cabinet Minutes, including the final Budget paper and financial recommendations package.
23. The Treasury will release guidance with more information about this process in the New Year.

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Annex One: Summary of Initiatives in Budget

1. The Summary of Initiatives for Budget 2020 will be published on Budget Day, and provides the title, description, and agreed funding for every approved initiative (with the exception of those provided for in contingency that cannot be announced). Additional information may be required for the Wellbeing Budget, and the Treasury will release more guidance if required.
2. The Summary of Initiatives will be drawn from the Recommendations module in CFISnet. Therefore, it is important that agencies provide high quality titles and descriptions in the module (CFISnet > Baselines > Recommendations > Department Entry).
3. Agencies should check that titles, descriptions and funding are consistent in both modules – the two modules do not update one another after draft recommendations are saved. Agencies should ensure that titles and descriptions have been updated to reflect final funding decisions.

4. High quality refers to:

- **Meaningful titles in plain English.** (Good examples from previous Budgets include: “*Managing our borders: Screening departing passengers*”, “*Implementation of the Social Housing Reform Programme*” and “*Completion of the Twin Coasts Cycle Trail*”.)
- **Meaningful first word/beginning for titles.** Initiatives are listed alphabetically and it is important that the first word in the title distinguishes it from other initiatives. (For example, the use of words such as “*increasing*”, “*additional*” and “*establishing*” should be avoided).

In previous Budgets, this was overcome in some instances by reordering the title to lead with the service/programme e.g. “*Intensive Wraparound Service – Increasing Access*”.

- **No jargon, abbreviations or acronyms.** (Commonly used acronyms understood by the general public, e.g. GST, are acceptable; public sector specific abbreviations, e.g. MBIE, CYF, DHB, TEC, EPA, MFAT etc., are not.)
- **Descriptions explain the purpose of the funding and the intended outcome.** The character limit for descriptions in CFISnet has been extended to ensure agencies have enough space to adequately describe initiatives.

Descriptions should include information on the expected outcome of the initiative, and any key wellbeing outcomes.

- **Descriptions beginning with the stem statement “*This funding will...*” or “*This initiative will...*”.** Where the initiative is a business-as-usual pressure, the stem statement is to begin with “*This **additional** funding will...*”.
- **Descriptions provide contextual information, where relevant, eg, ‘*this funding contributes to an existing programme that currently receives \$x million per annum*’.**
- **The titles and descriptions of cost-pressure initiatives provide context** to the agency and service that it is relevant to. Initiatives are listed alphabetically and it is important that descriptors are adequately informative. (For example, *Crown Prosecution Services – Sustainable Funding*).

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5. Refer to Circular (2019/10) for further guidance on writing titles and descriptions for Budget 2020.
6. Agencies should work with its communications teams to ensure the titles and descriptions are appropriate and can be understood by a member of the public.
7. Agencies should also test the titles and descriptions with the relevant Minister's Office **ahead of time** to ensure they are comfortable with the wording. If there are any disputes about wording, the Treasury, in conjunction with the Minister of Finance's Office, will make final decisions.

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Annex Two: Financial Recommendations

1. Financial recommendations sign off sheets for Chief Financial Officers can be found below.

Significant or Technical Budget Initiatives

2. Budget initiatives are categorised as either significant or technical.
3. **Technical initiatives** are those initiatives that:
 - do not seek new funding from the centre over the five year forecast period, and,
 - do not carry significant policy implications.
4. **Significant initiatives** are those initiatives that do seek new funding from the centre over the five year forecast period, and/or do carry significant policy implications. This includes significant policy changes that are fiscally neutral (eg, funded through reprioritisation).
5. When entering Budget initiatives into CFISnet, all Budget initiatives will be classified as “significant” by default except where “technical” has been selected in the Priority Area dropdown (ie, not a cost pressure or a new spending initiative).

Technical Budget Initiatives

6. Your agency must complete the financial recommendations and submit them in CFISnet.
7. The technical Budget initiative proposal Cabinet paper is prepared by the Treasury, and includes a large number of financial recommendations for every agreed technical Budget initiative proposal.
8. Recommendations can be drafted as soon as an initiative has been entered into CFISnet. However, recommendations can only be output from CFISnet when the initiative has been “agreed” following decisions by Ministers. These financial recommendations are generated automatically from the recommendations that agencies complete in CFISnet. Therefore financial recommendations must be correctly drafted.
9. Any specific questions about technical issues or the wording of financial recommendations should be directed to your Vote Analyst. Further guidance on how to enter financial recommendations into CFISnet is available on the CFISnet Help page under ‘Baselines’ > ‘Recommendations’.

Significant Budget Initiatives

10. The process for agencies completing financial recommendations for significant Budget initiatives is similar to that described above.
11. One distinction is where Budget Ministers agree to scale an agency’s Budget initiative. In these cases, the Treasury will enter the recommended funding into CFISnet. This will then allow agencies to generate financial recommendations that reconcile against the agreed funding. This may include updating titles and descriptions to reflect final funding decisions.

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**BUDGET 2020 SIGNIFICANT INITIATIVES FINANCIAL RECOMMENDATIONS
CHIEF FINANCIAL OFFICER SIGN OFF**

Vote

The Significant Financial Recommendations for the above Vote in CFISnet contain all decisions for Cabinet consideration as part of the 2020 Budget package.

These have been completed in accordance with Financial Recommendations requirements as set out in Treasury Circulars and guides.

Aspect	Check (✓ / ✗)
All applicable recommendations have been included and reflect decisions taken by Budget Ministers.	
For Votes that are receiving new funding, the title and description clearly specifies what the money is allowed to be spent on.	
The title is spelt correctly and has the appropriate capitals (use capitals for all words except for words such as 'of', 'it', 'to', etc).	
The scope statement for any new appropriation/category begins with "This appropriation/category is limited to", and provides a clear legal boundary for the appropriation/category.	
Funding is going into the correct appropriations.	
Any implications for baselines outside the forecast period (ie, in outyears) are clearly documented in the recommendations.	
Where initiatives relate to more than one Vote, departments have coordinated their recommendations so that no information is missing or duplicated.	
Additional "non-standard" tables required by departments have been provided to the Treasury Vote Analyst.	
Revenue type is correct ('Revenue Other' for third parties; 'Revenue Department' where another department purchases the good/service; or 'Revenue Crown', and the GST implications are correct (ie, all financial recommendations should be GST exclusive).	
The impact statement is correct ("with a corresponding / no impact on the operating balance / debt").	

Name
Chief Financial Officer

Signature

Date

Please forward this document to your Vote team no later than **1pm on Tuesday 17 March**.

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**BUDGET 2020 TECHNICAL INITIATIVES FINANCIAL RECOMMENDATIONS
CHIEF FINANCIAL OFFICER SIGN OFF**

Vote

The Technical financial recommendations for the above Vote in CFISnet contain all such recommendations that need Cabinet consideration as part of the 2020 Budget package.

These have been completed in accordance with financial recommendations requirements as set out in Treasury Circulars and guides.

Aspect	Check (✓ / ✗)
All applicable recommendations have been included and reflect decisions taken by Budget Ministers.	
For Votes that are receiving new funding, the initiative title and description clearly specifies what the money is allowed to be spent on.	
The title is spelt correctly and has the appropriate capitals (use capitals for all words except for words such as 'of', 'it', 'to', etc).	
The scope statement for any new appropriation/category begins with "This appropriation/category is limited to ...", and provides a clear legal boundary for the appropriation/category.	
Funding is going into the correct appropriations.	
Any implications for baselines outside the forecast period (ie, in outyears) are clearly documented in the recommendations.	
Where initiatives relate to more than one Vote, departments have coordinated their recommendations so that no information is missing or duplicated.	
Additional "non-standard" tables required by departments have been provided to the Treasury Vote Analyst.	
Revenue type is correct ('Revenue Other' for third parties; 'Revenue Department' where another department purchases the good/service; or 'Revenue Crown', and the GST implications are correct (ie, all financial recommendations should be GST exclusive).	
The impact statement is correct ("with a corresponding / no impact on the operating balance / debt").	

Name
Chief Financial Officer

Signature

Date

Please forward this document to your Vote team no later than **1pm on Monday 2 March**.

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Annex Three: Production of Estimates and Supplementary Estimates

Overview for Estimates and Supplementary Estimates

1. The Estimates and supporting information provide information to Parliament on the appropriations the Government is seeking for the financial year through to the next Budget and what those appropriations will be used for.
2. The Supplementary Estimates and supporting information reflect changes to appropriations since the Estimates were tabled in Parliament.
3. Departments should read and be familiar with the detailed information and instructions on the format and content changes to both the *Estimates and Supplementary Estimates* which are available in the following documents:

Document	Content	Link
Estimates, Supplementary Estimates and their Supporting Information: Technical Guide for Departments	Sets out the purpose and content requirements for the Estimates, Supplementary Estimates and their supporting information for Budget 2020	https://treasury.govt.nz/publications/guide/estimates-supplementary-estimates-technical-guide-departments
Style Guide for Estimates and Supplementary Estimates of Appropriations and Supporting Information	Guidance on how to prepare accurate and consistent Estimates documents. This includes the mock ups which were previously separate documents	https://treasury.govt.nz/publications/guide/budget-style-guide-estimates-supplementary-estimates

Review of Estimates Documents by the Treasury

4. Agencies are expected to be engaging with their Vote teams and their Ministers' Office throughout the process to ensure all feedback is taken on board and issues resolved promptly.
5. The Treasury will do an initial review of the Estimates and Supplementary Estimates documents based on what is in CFISnet. These documents should be as 'near final' as possible, as this review provides opportunity for agencies to receive early feedback for improvement (or omissions) before their Minister formally signs-off the documents. The focus of this initial feedback is primarily on the statements, explanations and structure of these drafts and common problems; at this stage it is not a comprehensive proof-read or review of the numbers.

Sign-off of Estimates Documents by Ministers

6. Agency Chief Executives are responsible to the Minister(s) for the quality and accuracy of the Budget documents prepared by their departments (ie, Estimates and Supplementary Estimates). This includes factual accuracy (eg, output classes are correctly specified) and technical accuracy (eg, the numbers include all the decisions made to date, and they reconcile).
7. Ministers responsible for appropriations in a Vote must provide a sign off to the Minister of Finance that the Estimates and Supplementary Estimates documents are accurate and ready for publishing. The Treasury can then compile them directly from CFISnet for printing, after Cabinet has taken decisions on the Budget. The relevant sign-off sheets are below.

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8. Each Estimates and Supplementary Estimates sign-off sheet should be for one Vote. Where a Vote has more than one portfolio Minister responsible for different appropriations, the sign-off should be from one of those appropriation Ministers on behalf of all the Ministers responsible for these appropriations.
9. It is the agency's responsibility to ensure that their Minister, or another Minister with authority to approve the documents, is available to sign off all of the Estimates and Supplementary Estimates documents on or before the relevant deadlines. Please confirm with your Treasury Vote team when the Vote Minister has signed-off on the documents.
10. Please note that the version number of the Estimates and Supplementary Estimates that your Vote Minister signs off must be the same as the final version number of the Estimates and Supplementary Estimates submitted through CFISnet.
11. Ministers should also be seeking assurance from Chief Executives that the material being submitted is accurate and ready for forwarding to the Minister of Finance. Similarly, Chief Executives will be seeking similar assurances from the person within their agency responsible for preparing the agency's Estimates documents.

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Annex Four: Appropriation Bills (Estimates and Supplementary Estimates)

1. All changes to appropriations agreed by Cabinet through the Budget must, by law, be agreed by Parliament in an Appropriation Act.
2. The Treasury, in conjunction with the Parliamentary Counsel Office, will compile the 2020/21 Estimates Appropriation Bill and the 2019/20 Supplementary Estimates Appropriation Bill after Cabinet has agreed to a final Budget package and after all agencies have loaded their Estimates documents into CFISnet.
3. It is very important that all Estimates numbers loaded into CFISnet are correct as these are the numbers that will be used to compile the legislation that will be introduced into Parliament. Once the legislation is finalised and introduced, changes are virtually impossible. It is important that the numbers receive adequate QA from departments, including checking actual outturns for the current financial year with the numbers for the current financial year in the Supplementary Estimates.

Ministers Reporting Against Appropriations

4. Section 15C of the PFA requires performance reporting for all departmental and non-departmental appropriations (excluding those for borrowing expenses and security and intelligence agencies) at year-end unless specifically exempted by the Minister of Finance.
5. The Estimates documents identify who reports against each appropriation and in which document.

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Supplementary Estimates Chief Executive Sign Off

Template– Departmental certification letter to an appropriation Minister(s) for a Vote

[Date]

Hon Grant Robertson
Minister of Finance
Parliament Buildings
WELLINGTON

Dear Minister

2019/20 Supplementary Estimates Documents for Vote: [Vote name]

Action Required

Attached, for your approval are:

- the documentation for the 2019/20 Supplementary Estimates and Supporting Information for [where there is more than one appropriation Minister, insert: “the appropriations that you are responsible for in”] [Vote name], and
- a draft letter to the Minister of Finance.

Background

The Budget 2020 process requires that:

- the Supplementary Estimates documentation for [Vote] is completed by [date], and

Either – when only one appropriation Minister is responsible for all of the appropriations in the Vote, the following bullet should then be included:

- *“as the appropriation Minister for all of the appropriations in the Vote, you confirm to the Minister of Finance that this material is correct and in a form suitable for publication.”*

Or – when there is more than one appropriation Minister responsible for appropriations in the Vote, the following bullet should then be included:

- *“one of the appropriation Ministers responsible for appropriations in the Vote, on behalf of all appropriation Ministers with appropriations in the Vote, confirm to the Minister of Finance that this material is correct and in a form suitable for publication.”*

The Supplementary Estimates and Supporting Information Documents

I confirm that the information provided for your approval:

- is consistent with the policies and performance expectations of the Government, and has been prepared in accordance with the Public Finance Act 1989

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- is consistent with the proposed appropriations to be set out in the Appropriation (2020/21 Estimates) Bill, as entered by [department] into the Treasury's CFISnet system
- is consistent with existing appropriations, financial authorities, and Cabinet decisions up to [date]
- has been prepared in the required format, and in accordance with the guidance that has been issued by the Treasury
- has been appropriately reviewed by [department's] senior management team – with a particular focus on areas where new strategic information, such as statements about what an appropriation is intended to achieve, is now required, and
- has been through an appropriate quality assurance process and is free of material errors and omissions.

Either – when only one appropriation Minister is responsible for all of the appropriations in the Vote, the following bullet should then be included:

“The Budget process requires that you review the Estimates documentation, and then confirm to the Minister of Finance that it is fit for publication.”

Or – when there is more than one appropriation Minister responsible for appropriations in the Vote, the following bullet should then be included:

“As detailed below there are several appropriation Ministers associated with [Vote]:

- *Minister –list of appropriations*
- *Minister –list of appropriations*
- *Minister –list of appropriations*

[...]

The Budget process requires that all appropriation Ministers review the Estimates documentation. One appropriation Minister, on behalf of all appropriation Ministers associated with the Vote, should then confirm to the Minister of Finance that the Estimates documentation for the Vote is fit for publication.”

“I understand the Ministers responsible for appropriations in [Vote name] have agreed that the Minister of/for [portfolio] will sign the attached letter to the Minister of Finance, on behalf of all appropriation Ministers. Accordingly, I recommend that once appropriation Ministers are comfortable with the material for the appropriations that they are responsible for, the Minister of/for [portfolio] sign the attached letter to the Minister of Finance.”

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Recommendation

Either – when only one appropriation Minister is responsible for all of the appropriations in the Vote, the following recommendation should then be included:

*“I recommend that you **sign** the attached letter to the Minister of Finance”*

Or – when there is more than one appropriation Minister responsible for appropriations in the Vote, the following recommendation should instead be included:

*“I recommend that you **agree** with the other appropriation Ministers associated with the Vote which Minister will **sign** the attached letter to the Minister of Finance.”*

Yours sincerely

[Chief Executive Signature]

[Chief Executive Title]

IN-CONFIDENCE

Estimates Chief Executive Sign Off

Template– Departmental certification letter to an appropriation Minister(s) for a Vote

[Date]

Hon Grant Robertson
Minister of Finance
Parliament Buildings
WELLINGTON

Dear Minister

2020/21 Estimates Documents for Vote: [Vote name]

Action Required

Attached, for your approval are:

- the documentation for the 2020/21 Estimates and Supporting Information for [where there is more than one appropriation Minister, insert: “the appropriations that you are responsible for in”] [Vote name], and
- a draft letter to the Minister of Finance.

Background

The Budget 2020 process requires that:

- the Estimates documentation for [Vote] is completed by [insert appropriate date outlined on page 8], and

Either – when only one appropriation Minister is responsible for all of the appropriations in the vote, the following bullet should then be included:

- *“as the appropriation Minister for all of the appropriations in the Vote, you confirm to the Minister of Finance that this material is correct and in a form suitable for publication.”*

Or – when there is more than one appropriation Minister responsible for appropriations in the Vote, the following bullet should then be included:

- *“one of the appropriation Ministers responsible for appropriations in the Vote, on behalf of all appropriation Ministers with appropriations in the Vote, confirm to the Minister of Finance that this material is correct and in a form suitable for publication.”*

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The Estimates and Supporting Information Documents

I confirm that the information provided for your approval:

- is consistent with the policies and performance expectations of the government, and has been prepared in accordance with the Public Finance Act 1989
- is consistent with the proposed appropriations to be set out in the Appropriation (2020/21 Estimates) Bill, as entered by [department] into the Treasury's CFISnet system
- is consistent with existing appropriations, financial authorities, and Cabinet decisions up to [date]
- has been prepared in the required format, and in accordance with the guidance that has been issued by the Treasury
- has been appropriately reviewed by [department's] senior management team – with a particular focus on areas where new strategic information, such as statements about what an appropriation is intended to achieve, is now required, and
- has been through an appropriate quality assurance process and is free of material errors and omissions.

Either – when only one appropriation Minister is responsible for all of the appropriations in the Vote, the following bullet should then be included:

“The Budget process requires that you review the Estimates documentation, and then confirm to the Minister of Finance that it is fit for publication.”

Or – when there is more than one appropriation Minister responsible for appropriations in the Vote, the following bullet should then be included:

“As detailed below there are several appropriation Ministers associated with [vote]:

- *Minister –list of appropriations*
- *Minister –list of appropriations*
- *Minister –list of appropriations*

[...]

The Budget process requires that all appropriation Ministers review the Estimates documentation. One appropriation Minister, on behalf of all appropriation Ministers associated with the Vote, should then confirm to the Minister of Finance that the Estimates documentation for the Vote is fit for publication.”

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“I understand the Ministers responsible for appropriations in [Vote name] have agreed that the Minister of/for [portfolio] will sign the attached letter to the Minister of Finance, on behalf of all appropriation Ministers. Accordingly, I recommend that once appropriation Ministers are comfortable with the material for the appropriations that they are responsible for, the Minister of/for [portfolio] sign the attached letter to the Minister of Finance.”

Recommendation

Either – when only one appropriation Minister is responsible for all of the appropriations in the Vote, the following recommendation should then be included:

*“I recommend that you **sign** the attached letter to the Minister of Finance”*

Or – when there is more than one appropriation Minister responsible for appropriations in the Vote, the following recommendation should instead be included:

*“I recommend that you **agree** with the other appropriation Ministers associated with the Vote which Minister will **sign** the attached letter to the Minister of Finance.”*

Yours sincerely

[Chief Executive Signature]

[Chief Executive Title]

IN-CONFIDENCE

Estimates Ministerial Sign Off

Template – Ministerial certification to the Minister of Finance for a vote

[DATE]

Hon Grant Robertson
Minister of Finance
Parliament Buildings
WELLINGTON

Dear Minister

2020/21 Estimates: Ministerial Sign-off for Vote [Vote]

I advise that the *Estimates of Appropriation 2020/21 and Supporting Information* documents for [Vote], for which [name of department] is the administering department, have been completed – and that it is accurate and suitable for publication. I confirm that the information provided:

- is consistent with the policies and performance expectations of the government, and has been prepared in accordance with the Public Finance Act 1989
- is consistent with the proposed appropriations to be set out in the Appropriation (2020/21 Estimates) Bill, existing appropriations and financial authorities, and with Cabinet decisions up to [date]
- is provided in the required format, and has been prepared in accordance with the guidance that has been issued by the Treasury, and
- has been through an appropriate quality assurance process and is free of material errors and omissions.

[Where more than one portfolio Minister is responsible for different appropriations in the Vote the following bullet should also be added: “has, where it relates to an appropriation that is the responsibility of another Minister, been approved by the Minister responsible for that appropriation”]

In signing this statement, I acknowledge that I [and the other Ministers responsible for appropriations in this Vote] [am/are] responsible for the information for Vote [name] administered by [department's name] included in the *Estimates of Appropriations 2020/21 and Supporting Information*.

Yours sincerely

[Signature]

IN-CONFIDENCE

Signature

The signature should be either:

- (i) Where the signing Minister is solely responsible for all of the appropriations contained in the Vote

*“Hon [Name]
Minister of/for [portfolio]”*

- (ii) Or, where more than one portfolio Minister is responsible for different appropriations in the Vote

*“Hon [Name]
Minister of/for [portfolio]*

On behalf of all Ministers responsible for appropriations in Vote [Vote name]”.

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Supplementary Estimates Ministerial Sign Off

Template – Ministerial certification to the Minister of Finance for a vote

[DATE]

Hon Grant Robertson
Minister of Finance
Parliament Buildings
WELLINGTON

Dear Minister

2019/20 Supplementary Estimates: Ministerial Sign-off for Vote [Vote]

I advise that the *Supplementary Estimates of Appropriation 2019/20 and Supporting Information* documents for [Vote], for which [name of department] is the administering department, have been completed – and that it is accurate and suitable for publication. I confirm that the information provided:

- is consistent with the policies and performance expectations of the government, and has been prepared in accordance with the Public Finance Act 1989
- is consistent with the proposed appropriations to be set out in the Appropriation (2019/20 Supplementary Estimates) Bill, existing appropriations and financial authorities, and with Cabinet decisions up to [date]
- is provided in the required format, and has been prepared in accordance with the guidance that has been issued by the Treasury, and
- has been through an appropriate quality assurance process and is free of material errors and omissions.

[Where more than one portfolio Minister is responsible for different appropriations in the Vote the following bullet should also be added: “has, where it relates to an appropriation that is the responsibility of another Minister, been approved by the Minister responsible for that appropriation”]

In signing this statement, I acknowledge that I [and the other Ministers responsible for appropriations in this Vote] [am/are] responsible for the information for Vote [name] administered by [department's name] included in the *Supplementary Estimates of Appropriations 2019/20 and Supporting Information*.

Yours sincerely

[Signature]

IN-CONFIDENCE

Signature

The signature should be either:

- (i) Where the signing Minister is solely responsible for all of the appropriations contained in the Vote

*“Hon [Name]
Minister of/for [portfolio]”*

- (ii) Or, where more than one portfolio Minister is responsible for different appropriations in the Vote

*“Hon [Name]
Minister of/for [portfolio]*

On behalf of all Ministers responsible for appropriations in Vote [Vote name]””.

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Baseline Updates: Guidance for departments

This Guidance covers the following:

Overview of the Baseline Updates	2
Baseline Update process overview	3
Updating CFISnet to reflect Cabinet decisions	4
Financial changes to baselines that can be agreed under CO(18)2	5
ANNEX 1: Baseline Update Template.....	10

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Overview of the Baseline Updates (BU)

1. There are two baseline updates during the fiscal year:
 - a. The October Baseline Update (OBU), and
 - b. The March Baseline Update (MBU).
2. Baseline updates provide an opportunity for departments to:
 - a. Seek Joint Ministers¹ agreement to:
 - i. changes to baselines that Joint Ministers are able to approve under CO(18)2 and update CFISnet to reflect the agreed changes
 - ii. Confirm in-principle expense and capital transfers agreed at MBU or agreed before the end of the previous financial year and
 - iii. At OBU, adjust the future spending profile of multi-year appropriations to ensure the remaining profile of each MYA reflects the difference between the total amount of the MYA and the total actual expenditure to the end of the previous year.
 - b. Update CFISnet to reflect Cabinet decisions and other Joint Ministers' decisions affecting baselines that have been made since the Budget
 - c. Request their appropriation Minister seek the Minister of Finance's agreement to:
 - i. Performance reporting exemptions, and
 - ii. The establishment of Multi-Category Appropriations (MCAs).
3. Ahead of each baseline update, timelines are uploaded to CFISnet and released to departments.
4. Baseline updates are technical updates, with their contents designed to require no review by Cabinet. Any changes that require Cabinet approval should be considered separately. Departments should discuss the appropriate approach with their Treasury Vote Analyst.
5. Departments should also discuss any potentially contentious changes with their Treasury Vote team as early as possible, so these can be resolved in advance of the appropriation Minister's submission for the baseline update.

¹ The Minister of Finance and the appropriation Minister

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6. Any disagreements regarding changes should be resolved, if possible, between the department and the Treasury Vote Team before Joint Ministers agreement is sought. Where disputes can be resolved, CFISnet should be updated to reflect the agreed position. Where disputes cannot be resolved, the disputed items are to be removed from CFISnet and deferred to the next Budget process.

Baseline Update Process overview

Coredata Changes

7. Coredata changes are required for all new appropriations agreed to by Cabinet and to amend existing details such as title, scope and the Minister responsible for the appropriation. Normally, titles and scopes should not be amended during a financial year. To allow departments to enter information against the new appropriations in CFISnet a line is created by Treasury to accept the data. Until a new line is created, no data can be stored against the appropriations.

Appropriation Minister Submission

8. Appropriation Ministers are to submit two hard copies of their Baseline Update requests to the Minister of Finance.
9. The format for appropriation Ministers' submissions is attached as Annex 1 to this Guidance. A word version of the template is available on CFISnet in the Treasury Circulars section. The submission to the Minister of Finance should be accompanied by the following Tables from CFISnet (CFISnet menu: Baselines → Vote Changes):
 - Table 1: Summary Table of Baseline Numbers
 - Table 2: Baseline Changes Report
10. Proposed changes should be explained in the appropriation Minister's submission as follows:

Change type	Explanation to be contained in appropriation Minister Submission
Fiscally neutral adjustments (FNAs) between appropriations	One short paragraph for each change that shows why an FNA is proposed.
Expense or Capital transfers between financial years	One short paragraph for each change that explains the factors outside of the agency's control that require project or programme funds to be moved into a subsequent year.
Retention of underspends (RoUs) from one financial year to the next (MBU only)	One short paragraph for each change that proves that underspends are a result of savings made through gains in efficiency or other savings initiatives.
Front-loading of spending	One short paragraph for each change that explains why funding will be required in an earlier financial year.
Technical adjustments to appropriation titles and descriptions	One short paragraph explaining each change.
Forecast changes	One short paragraph outlining the key factors/drivers in the forecast change.

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11. To assist in subsequent analysis of changes, the explanations should include a clear description of the drivers of change and, where there are multiple changes affecting an appropriation, present each individual change rather than aggregating multiple changes.
12. Updates to CFISnet to reflect Cabinet decisions or Joint Ministers' decisions do not require an explanation, but the relevant Cabinet Minute or Joint Ministers' decision reference must be recorded in the "authority for change" field of the Table 2 attachment.
13. Appropriation Ministers will also be asked to certify that none of the proposed changes requires a Cabinet decision.

Treasury Assessment

14. As the focus of the Baseline Update is to action a variety of technical changes, it is not expected that substantive policy discussions will be required. However, Treasury Vote teams will still check submissions for such implications. The other area of focus in the Treasury assessment will be whether the submission meets the guidelines for changes to baselines as set out in Cabinet Office Circular CO (18) 2, including whether Joint Ministers have delegated authority to approve the proposed change.

Notification of Outcome

15. Updated baselines will be confirmed via a letter from the Minister of Finance to the appropriation Minister. The letter will confirm all agreed changes, any disputed items that have been resolved following submission, and list any disputed changes to be addressed in Budget or through other Cabinet processes.

Updating CFISnet to reflect Cabinet decisions

16. The Baseline Update process also allows for the updating of CFISnet to reflect the outcomes of Cabinet decisions that affect baselines, made since the previous Baseline Update or Budget update. This includes decisions by Joint Ministers made under delegation from Cabinet.

Cabinet policy decisions

17. All updates entered into CFISnet to reflect the outcome of a Cabinet decision (including decisions made by Joint Ministers under delegation from Cabinet) must include the classification "Cabinet Policy Decision" and include the Cabinet Minute reference as an authority. Where applicable, the joint Ministerial letter reference should also be included, if Joint Ministers have made the decision under delegation from Cabinet.
18. When using the classification "Cabinet Policy Decision" to update CFISnet to reflect the outcome of a Cabinet decision, a "contingency category" must also be selected to identify the source of funding that the Cabinet policy decision impacts.

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Financial changes to baselines that can be agreed under CO(18)2

19. The Baseline Update process allows for timely updating of baselines prior to the production of the Budget (in the case of MBU) and ahead of the Half-Year Economic and Fiscal Updates (in the case of OBU). The criteria under which Joint Ministers can approve changes with financial implications are set out in the Cabinet Office Circular CO (18) 2, '*Proposals with Financial Implications and Financial Authorities*' and can be accessed at:
<https://www.dPMC.govt.nz/publications/co-18-2-proposals-financial-implications-and-financial-authorities>
20. Baseline updates or forecasting adjustments unable to be agreed by Joint Ministers during the Baseline Update because they fall outside the criteria set in CO (18) 2 may be considered as part of the Budget or through a separate Cabinet process, if they are consistent with Government priorities.
21. Departments can discuss these particular cases with their Vote Analyst. Changes that cannot be agreed under CO (18) 2, including those that require additional funding, should be considered as part of the Budget process. They may be able to be considered alongside the financial recommendations in the Budget Cabinet paper. Any changes that cannot be agreed under CO (18) 2 will be recorded in the Minister of Finance's response letter to appropriation Ministers.
22. When preparing Baseline Update submissions, it is important that departments:
 - a. Pay close attention to the correct classification of any Vote changes sought as part of the baseline update, as this information is directly used in the production of the Crown's fiscal forecasts.
 - b. If seeking FNAs between Votes, specify all other Votes affected by the FNA in the description of the FNA to enable cross-checking by Treasury Vote teams.
 - c. Note that Expense Transfers will be approved only where agencies prove that a factor outside of their control is the primary cause of delay.
 - d. Note that Retention of Underspends will be approved only where agencies prove that underspends remain as a result of savings made through gains in efficiency or other savings initiatives.
 - e. Note that forecast adjustments should reflect a best estimate prepared on the basis of best professional judgement reflecting information and circumstances at the date they are prepared.

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Expense and Capital Transfers - Approval in principle and confirmation of approvals in principle

23. In-principle Expense and Capital Transfers (IPECTs) may be sought where the final amount to be transferred cannot be finalised until after the due date for MBU submissions (i.e. amounts will only be known when accounts are audited). IPECTs should be included in your Minister's letter, but not as a vote change in CFISnet.
24. In order for the fiscal forecasts to be as accurate as possible, and as noted in CO (18) 2, Ministers should limit the scope of IPECTs as much as possible. This means that they should transfer the proportion of funding they are sure of and only use an in-principle transfer for the remainder. When updating forecast information (common schedules beginning with a "1"), departments should use their best estimate of the actual spending patterns. Appropriations and funding limits should be separated from Revenue and Expense forecasts using the reconciliation schedules (1:53:0, 1:53:1 and 1:73:0).
25. Departments are encouraged to seek Expense and Capital Transfers at the MBU if required. There is also an opportunity to seek transfers between Budget Day and before the end of the financial year, in June. Further information can be provided as necessary by Vote Analysts.
26. IPECTs do not constitute sufficient authority to incur expenses until the actual quantum is confirmed and agreed by Joint Ministers, normally in the following OBU. The level of parliamentary financial authority is monitored on a monthly basis by the Controller and Auditor General. Any expenditure incurred without authority (in this case, any expenditure incurred in relation to these transfers prior to obtaining confirmation of the quantum of transfer, up to the level earlier approved in principle) will be reported as unappropriated and will require validation by Parliament. For more information see *Treasury Circular 2012/03 Unappropriated Expenditure - Avoiding Unintended Breaches*.
27. Please note, confirmations of in-principle transfers are limited by the amount of the previous year's appropriation that remained unspent, as well as the revenue associated with any output.

Departmental Capital Injection Transfers and Cabinet Approved Departmental Capital Injections

28. Departmental capital injections require Parliamentary authorisation. Departments still need to apply the criteria and process stipulated in CO (18) 2 for transferring departmental capital injections between financial years, as such changes alter the year for which Parliamentary authorisation of the capital injection is required.
29. Specific lines for Departmental Net Assets are contained in CFISnet schedule 0:9:0, and explanations of movements to these lines are reported in Table 2. CFISnet validation rules ensure consistency between the 0:9:0 schedule and Taxpayers' Funds reported in the Statement of Financial Position.

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30. Other changes that affect departmental net assets but do not require Joint Ministerial or Cabinet approval at this stage can be reflected in departments' updated financial statements submitted via CFISnet. Such changes may encompass capital withdrawals, revaluations and revisions of surpluses or deficits. They do not need to be identified in the appropriation Minister's submission.

Retention of Underspends (RoUs)

31. Underspends are defined as funding remaining at the end of the financial year as a result of:
- savings made through gains in efficiency; and/or
 - other savings initiatives, where the output or service has been delivered in full. In contrast, an expense and capital transfer can be used when the output or service has not been fully delivered due to circumstances outside the department's control.
32. Underspends do not include, for example, funding left over as a result of lower-than-expected demand for a service, or because the amount required was originally over-estimated.
33. Joint Ministers can approve the retention of underspends within departmental expense appropriations. This funding can then be transferred to the next financial year, and also transferred to any other departmental appropriations.
34. Where approval to retain underspends is sought before or in the MBU, the full amount can be retained. Underspends must be confirmed during the MBU by showing a decrease in the current year's Supplementary Estimates and a corresponding increase in the following year's Estimates.
35. Where approval to retain underspends is sought after the MBU but before 30 June, half of the amount can be retained. Underspends must be confirmed on the basis of the audited financial results for the financial year in which underspends occurred, and the increase reflected in the following year's Supplementary Estimates. Note that this has similar reporting treatment in the Estimates and Supplementary Estimates as in-principle expense and capital transfers.
36. Any proposal to retain underspends made after 30 June will be declined.
37. Proposals to retain underspends must:
- explain how underspends arose (as per paragraph 54 in CO (18) 2)
 - explain what the transferred funding will be used for, and why it should be retained rather than returned to the centre, and
 - prove that underspends remain as a result of savings made through gains in efficiency or other savings initiatives.

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Front-loading of spending (FLoS)

38. Front-loading of spending can be used to bring forward funding in any departmental expense appropriation within the forecast period for specific investments or projects that will permanently and sustainably reduce spending in outyears.
39. Proposals to front-load spending must explain:
 - how the investment or project will permanently and sustainably reduce expenditure in out-years
 - any risks that the proposal will not deliver the expected savings, and how these can be mitigated, and
 - what other funding options were considered, and why the front-loading of spending is the preferred option.
40. The amount of detail required for any proposal to front-load spending is proportional to the amount requested. Proposals to front-load significant amounts of funding may need to be submitted to Cabinet, according to the criteria in paragraph 9 of CO (18) 2.

Forecasting changes

41. CO (18) 2 describes the process around forecast changes in more detail. Not all forecast changes are agreed automatically, and departments should consider whether it is appropriate to absorb the cost changes from these within baselines. The circumstances outlining whether forecasting changes should be met from within baselines are described in CO (18) 2.

Requesting retention of surpluses

42. Section 22(1) of the Public Finance Act 1989 states that “Except as agreed between the Minister [of Finance] and the responsible Minister for a department, the department must not retain any operating surplus that results from its activities.”
43. Section 4.4.3 of the Treasury Instructions 2018 sets out the methodology for calculation of surpluses and states that requests to retain surpluses should be sought from the responsible Minister and forwarded to the Minister of Finance as soon as the amount to be retained is known. Requests are to be made no later than two months after the end of the financial year (i.e. 31 August).
44. It is therefore not necessary to request retention of surplus during a Baseline Update, but departments are requested to make a request as soon as the amount is known.
45. Departments seeking approval to retain surpluses need to explain why this approach is more appropriate than seeking a capital injection.

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Other changes that can be agreed by the Minister of Finance

46. The Minister of Finance can agree exemptions to performance reporting requirements and the establishment of multi-category appropriations.

Exemptions from end-of-year performance reporting

47. The criteria under which the Minister of Finance will approve exemptions from end-of-year performance information requirements for certain categories of expenses and capital expenditure are set out in Section 15D of the Public Finance Act 1989.

Establishing multi-category appropriations

48. Requirements for the establishment of a multi-category appropriation are set out in Section 7B of the Public Finance Act 1989. A multi-category appropriation must be approved by the Minister and must include only categories of expenses or non-departmental capital expenditure that contribute to a single stated overarching purpose.

Updating the remaining profiles of multi-year appropriations (MYAs)

49. At OBU, Departments are also required to adjust the future spending profile of MYAs in CFISnet. By OBU, the previous year's actuals are finalised, so the difference between actuals and the prior forecast of these actuals needs to be reflected in the future profile of all MYAs.
50. The future spending profile of an MYA needs to sum to the total amount of the MYA minus what has actually been spent in the previous year(s). There will usually be a considerable difference between the forecast amount and actual amount, given MYAs are intended to provide flexibility in the timing of expenditure. If the changes are not made, then the total amount of the MYA will be incorrectly recorded in CFISnet and result in unauthorised changes to the appropriation. The Treasury Controller will need to report these unauthorised changes to Audit New Zealand
51. The CFISnet document: "CFISnet Guide to Multi-Year Appropriations" contains detailed guidance for adjusting MYAs at OBU from pages 20-27. This document can be downloaded from CFISnet using the link under the Quick Links section of the CFISnet Home page."

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ANNEX 1: [MARCH/OCTOBER] BASELINE UPDATE TEMPLATE FOR APPROPRIATION MINISTER SUBMISSION

[DATE]

Hon [Insert Name]
Minister of Finance
Parliament Buildings
WELLINGTON

[Current calendar year] [March/October] Baseline Update

Submission for Vote XXX

Introduction

This report covers those items affecting the baseline for Vote <XXX> for the [March/October] Baseline Update.

I confirm that none of the changes contained in this update require Cabinet decisions at this time.

The proposed changes to baselines are as follows:

Changes requiring approval of Joint Ministers *[use where applicable]* **Expense or Capital Transfers** *[use where applicable]*

An explanation of each proposed transfer is listed below, and the amounts are specified in Table 2 attached to this letter.

Title of expense or capital transfer or title of in-principle expense or capital transfer *[repeat as necessary]*

<A paragraph description of the expense or capital transfer or IPECT that clearly demonstrates how the need to shift the baseline funding is outside the agency's control, as outlined in CO (18)2>

Fiscally Neutral Adjustments *[use where applicable]*

An explanation of each proposed adjustment is listed below, and the amounts are specified in Table 2 attached to this letter.

Title of fiscally neutral adjustment *[repeat as necessary]*

<A paragraph description of the FNA in accordance with the guidance outlined in paragraphs 30-36 of CO (18)2>

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Retention of Underspends *[use where applicable]*

An explanation of each proposed retention of underspend is listed below, and the amounts are specified in Table 2 attached to this letter.

Title of retention of underspends *[repeat as necessary]*

<A paragraph description of the RoU that clearly demonstrates that the underspend is a result of savings made by the department through gains in efficiency, or other savings initiatives, as outlined in paragraphs 47-54 of CO(18)2 >

Front-loading of Spending *[use where applicable]*

An explanation of each proposed front-loading of spending is listed below, and the amounts are specified in Table 2 attached to this letter.

Title of front-loading of spending *[repeat as necessary]*

<A paragraph description of the FLoS as per paragraphs 55-58 of CO (18)2>

Forecasting Adjustments *[optional for most departments - use where applicable]*

An explanation of each proposed forecasting adjustment is listed below, and the amounts are specified in Table 2 attached to this letter.

Title of forecast change *[repeat as necessary]*

<A paragraph description of the amount of the change, and the main reasons behind the change. Refer to paragraphs 61-62 of CO (18)2>

Other Technical Changes *[use where applicable]*

An explanation of each proposed technical change is listed below, and the amounts are specified in Table 2 attached to this letter.

Title of technical change *[repeat as necessary]*

<A paragraph description of the amount of the change, and the main reasons behind the change>

Retention of surplus *[use where applicable]*

I am seeking approval to [Department Name] retaining the surplus as follows:

<Specify details of surplus to be retained and reason why surplus should be retained rather than seeking a capital injection>

Other Matters requiring Minister of Finance agreement *[use where applicable]*

Request for performance reporting exemptions for [current financial year] onwards for Vote <XXXX> *[use where applicable]*

I am seeking your approval for the exemption from end-of-year performance reporting for those appropriations and categories of MCA listed in the Annex. The Annex provides reasons for why these exemptions are sought. Any exemptions and the reason for the exemption are disclosed in the Estimates. For those appropriations subject to Budget decisions, your approval would be subject to the reason for granting the exemption still being applicable once these decisions are taken.

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Establishing multi-category appropriations *[use where applicable]*

I am seeking your approval to create the multi-category appropriations and/or add new categories to existing multi-category appropriations, as set out in the Annex.

Recommendations

This section is for Joint Ministers to agree, subject to CO (18) 2.

I recommend that you:

<recommendations 1 and 2 are standard recommendations that should be included.>

1. **agree** the changes to relevant baselines as set out in Table 2;
2. **agree** that the proposed changes to appropriations and departmental capital injections for **[current financial year]**, covered by recommendation one above, be included in the **[current financial year]** Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply.
3. **agree** to the retention of surpluses set out above. [Delete as appropriate]
4. **agree** that the proposed retention of surpluses for **[current financial year]** as covered by recommendation <X> above be included in the **[current financial year]** Supplementary Estimates. [Delete as appropriate]

*This section is for other changes that only require Minister of Finance agreement:
[Delete as appropriate]*

I recommend that you:

5. **agree** the exemption from end-of-year performance reporting for those appropriations and categories of MCAs listed in Annex A.
6. **agree** the establishment of new multi-category appropriation(s) and/or the addition of categories to existing MCAs listed in Annex B.

Signed
Minister of/for [XXXX]

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Annex A:

Proposed exemptions from end-of-year performance reporting [delete tables or expand rows as necessary]

Criterion 1: An exemption is sought on the basis that the appropriation or category of departmental output expenses relates exclusively to outputs supplied by a department to one or more other departments

Vote	Appropriation/ category title	An exemption is sought under S.15D(1) of the PFA as the outputs for this appropriation are provided exclusively to...	[current financial year] (\$000)

Criterion 2:

- a) The appropriation or category of appropriation or category of non-departmental expenses or non-departmental capital expenditure is one from which resources will be provided to a person or entity other than a department, a departmental agency, an office of Parliament, or a Crown entity; and
- b) an exemption is sought on the basis that key performance information relevant to the appropriation or category will be otherwise readily available to the House of Representatives

Vote	Appropriation/ category title	An exemption is sought under S.15D(2)(b)(i) of the PFA as the performance information for this appropriation is available to the House of Representatives in...	[current financial year] (\$000)

Criterion 3:

- a) The appropriation or category of appropriation or category of non-departmental expenses or non-departmental capital expenditure is one from which resources will be provided to a person or entity other than a department, a departmental agency, an office of Parliament, or a Crown entity; and
- b) an exemption is sought on the basis that end-of-year performance information for the appropriation or category is not likely to be informative

Vote	Appropriation/ category title	An exemption is sought under S.15D(b)(ii) of the PFA as additional performance information is unlikely to be informative because...	[current financial year] (\$000)

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Criterion 4:

- a) The appropriation or category of appropriation or category of non-departmental expenses or non-departmental capital expenditure is one from which resources will be provided to a person or entity other than a department, a departmental agency, an office of Parliament, or a Crown entity; and
- b) An exemption is sought for the following appropriation(s) under S.15D(b)(iii) of the PFA as the amount (or annual average equivalent) of each of these non-departmental expense appropriations is less than \$5 million

Vote	Appropriation/ category title	<i>[current financial year]</i> (\$0)

Criterion 5:

- a) The appropriation or category of appropriation or category of non-departmental expenses or non-departmental capital expenditure is one from which resources will be provided to a person or entity other than a department, a departmental agency, an office of Parliament, or a Crown entity; and
- b) An exemption is sought for the following appropriation(s) under S.15D(b)(iii) of the PFA as the amount (or annual average equivalent) of each of these non-departmental capital expenditure appropriations is less than \$15 million

Vote	Appropriation/ category title	<i>[current financial year]</i> (\$000)

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Annex B:

New Multi-Category Appropriations (B1) and/or New Categories to existing Multi-Category Appropriations (B2)

B1: Proposed New Multi-Category Appropriations

[Note: delete or add rows where necessary e.g. less than or more than 3 categories]

[Add a new table for each new MCA to be established – add or remove categories as required. Minimum of two categories.]

Proposed New Multi-Category Appropriation (MCA)				
MCA Title	Overarching purpose statement	Vote Name	Department Name	Minister of/for Portfolio
Category Type	Category Title	Category Scope		

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B2: Proposed New Categories to Existing Multi-Category Appropriations

[Note: delete or add rows where necessary e.g. less than or more than 3 categories]

[Add a new table with details of the existing MCA to have categories added, then add details for each additional category]

Additional category/ categories to be added to existing Multi-Category Appropriation (MCA)				
Existing MCA Title	Existing Overarching purpose statement	Vote Name	Department Name	Minister of/for Portfolio
Additional Category Type	Additional Category Title	Additional Category Scope		

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24 September 2019

Treasury Circular 2019/10

Restricted Distribution

Chief Executives
Chief Financial Officers

Contact for Enquiries:

Budget process queries: Your Treasury Vote Analyst

CFISnet entry queries: s9(2)(k)

BUDGET 2020: REQUIREMENTS AND TIMELINE FOR BUDGET 2020 INITIATIVES

1. This circular covers guidance for Budget 2020 initiatives. The final submission date for cost pressure initiatives is 1 November 2019. The final submission date for new spending initiatives is 29 November 2019.
2. Initiatives within scope for Budget 2020 fall into two broad categories: **cost pressures** and **new spending**.
 - a. **Cost pressure initiatives** must be non-discretionary or present significant risks if not funded, and are strictly limited to pressures driven by regulatory requirements or changes in volume and/or price. The Treasury will assess and the Minister of Finance will consider cost-pressure initiatives.
 - b. **New spending initiatives** fall into two sub-categories:
 - i. **Priority aligning initiatives**, which align with one or more Priority or sub-priority. Agencies submitting initiatives will determine which Priorities their initiatives align with. Led by Coordinating Ministers, cross-agency Secretariats will develop a package of Priority-aligning initiatives to present to Budget Ministers.
 - ii. **Other new spending initiatives**. These initiatives include commitment-related initiatives that are not cost-pressures or Priority-aligning. Initiatives that do not relate to any Priority or commitment may be considered in this category if they demonstrate clear alignment to the Government's broader objectives and there is evidence they will strongly contribute to raising New Zealanders' wellbeing. The Treasury will assess these initiatives and the Minister of Finance will oversee the development of this package.

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3. Key changes to the Budget process include:
 - a. The Budget 2019 wellbeing priorities have been adapted slightly for Budget 2020. Sub-priorities have been added to provide a greater focus and enable better prioritisation of initiatives within packages.
 - b. Five Secretariat Groups, led by Coordinating Ministers and supported by officials from across the public sector, will develop draft Priority-aligning packages for submission to the Minister of Finance in January. The Treasury will support Secretariats where needed, and Chief Science Advisors will be consulted on the packages' development. The process for running these secretariats and developing packages has been delegated to Coordinating Ministers.
 - c. The Minister of Finance, supported by the Treasury, will develop a package of initiatives that are not Priority-aligning. The package will include cost pressures and 'Other' new spending initiatives, including commitment-related initiatives that are not Priority-aligning.
 - d. Portfolio Ministers will have an opportunity to discuss their agencies' cost pressures with the Minister of Finance or an Associate Minister of Finance in bilateral meetings in November.
 - e. The Minister of Finance will write to Portfolio Ministers shortly, requesting a report on progress in selected initiatives that received new funding in recent Budgets.
 - f. Wellbeing analysis has been simplified and a number of requirements for agencies removed. Wellbeing analysis is to focus on the groups likely to be impacted by the initiative, the magnitude of impact, and the efficacy of the initiative in responding to the problem or opportunity.
 - g. There are changes to the process for submitting initiatives. In addition to uploading initiatives to CFISnet, agencies are required to prepare submission letters to the Minister of Finance. There are detailed instructions for submitting initiatives in the attached guidance.
4. The guidance is available on CFISnet as a "related file" to this circular. The guidance also includes templates, which you will need for your initiative submissions. These templates are also available in Word format on CFISnet as a "related file" to this circular.
5. The Treasury will issue a circular before Christmas covering the indicative timetable for the remainder of the production phase of Budget 2020. The "Budget 2020 Process and Technical Guide for Departments" will be released alongside this circular.

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Timetable

6. Below are the key dates for Departments submitting initiatives in Budget 2020:

Item	Date
<i>Budget 2020 – Guidance for Agencies</i> released, including Budget initiative templates	24 September 2019
Cost pressure submissions due	1 November 2019
Coordinating Ministers update Cabinet Committees on progress with each Priority	November 2019
Bilateral meetings between the Minister of Finance/Hon Dr David Clark and portfolio Ministers, discussing cost pressures and progress delivering Budget 2018 and 2019 commitments	November 2019
New spending initiatives due	29 November 2019
Draft Priority packages due from Coordinating Ministers	Late January 2020
Coordinating Ministers meet with Minister of Finance to discuss draft Priority packages	Early February 2020
Final Priority packages due from Coordinating Ministers	Late February 2020
Cabinet Committees consider near-final Budget packages	Late March 2020
Cabinet considers final Budget 2020 Package	Early April 2020

Alex Harrington
Manager, Budget Management
For Secretary to the Treasury



Titles and Descriptions

Technical and Process Guide for Agencies

October 2019

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How to write titles and descriptions

The maximum amount of characters available in CFISnet for titles is 120. The maximum amount of characters for descriptions is 800.

Like in Budget 2019, both titles and descriptions must be written in plain English, and should be able to be understood by the public without supporting documentation. They should also be outcomes-focussed, rather than outputs-focused.

Titles

There are two key pieces of information that should be captured in an initiative's title:

1. The nature of the investment, and
2. The population group or area being targeted.

Cost Pressure Titles

As funding for cost pressure initiatives usually builds on existing investment, you should start the initiative's title with words such as: expanding, supporting, strengthening, increasing, continuing, enabling and improving.

- Example: Improving access to mental health supports for young people aged 15+
- Example: Increasing pest management efforts across New Zealand's Great Walks

New Spending Titles

As funding for new spending initiatives can support a range of different activities, be as specific as possible when communicating the type of investment. You may wish to start the title with words such as: developing, conserving, implementing, facilitating, establishing, promoting, delivering, and transforming.

- Example: Promoting healthy eating in primary schools
- Example: Implementing pathways to support at-risk young people into work

Descriptions

There are two key pieces of information that should be captured in an initiative's description:

1. What outputs the initiative is purchasing; and
2. What the expected outcomes of the initiative are.

You may wish to use the below guide to communicate this:

- This initiative provides funding for [outputs]
- This will [expand, develop]

Cost Pressure Descriptions

- Example: This initiative provides funding for additional housing grants for at-risk families in the Northland area. This will enable up to 700 Northland residents to secure suitable and safe long-term accommodation.
- Example: This initiative provides funding to upgrade the Ministry of Business, Innovation and Employment's website. This will expand the range of services the website delivers, and speed up application-processing times.

New Spending Descriptions*

- Example: This initiative provides funding to develop a Samoan-language radio station. The station will provide New Zealand's 86,000 Samoan language speakers with news and current events updates, focusing specifically on issues affecting New Zealand, Samoa, and the wider Pacific Islands. This will support of equity of access to information, and help Samoan New Zealanders maintain strong connections to their communities – both in Aotearoa and abroad.
Example: This initiative provides funding for up to 600 eligible New Zealand businesses to transform their waste-management practices. With this funding, businesses will be able to offset the costs of engaging in more environmentally sustainable waste-practices. This will help reduce New Zealand's carbon footprint and support progress towards the Zero Carbon by 2050 goal.

*Where possible, please quantify the impacted groups and outcomes.

BUDGET SENSITIVE

Cost Pressure Initiative Summary

Initiative Title

Overview

Agency to complete									
<i>Answers must not exceed 350 words.</i>									
Lead Minister	<i>Provide the name of the Minister submitting the initiative.</i>								
Agency	<i>Provide the name of the agency submitting the initiative.</i>								
Cost pressure driver	<table border="1"> <thead> <tr> <th>Volume</th> <th>Price</th> <th>Personnel (driven by volume/price)</th> <th>Regulatory or legislative requirement</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Volume	Price	Personnel (driven by volume/price)	Regulatory or legislative requirement				
Volume	Price	Personnel (driven by volume/price)	Regulatory or legislative requirement						
Cost pressure description	<i>Provide a concise description of the cost pressure.</i> <i>Provide evidence of what caused the pressure (e.g. population growth, price increases).</i>								
Cost pressure management	<i>Provide an overview of why the pressure cannot be funded from baselines and what steps have been taken to manage the pressure.</i>								
Case for funding	<i>Explain how the initiative will mitigate or resolve the pressure, and provide an overview of what outputs it is purchasing.</i> <i>Explain how the pressure will be managed in the event that no additional funding is received, highlighting any risks or implications.</i>								
Agency contact	<i>Provide the name, phone number and email address of the analyst or analysts who wrote this bid. They may be contacted by the Treasury and should have a good working understanding of this bid.</i>								
Treasury contact	<i>Provide the name of your Vote Analyst</i>								

Total Funding Sought

Agency to complete						
Operating funding sought (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears	Total

Agency to complete											
Capital funding sought (\$m)	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	Total

Funding Sought by Component

Agency to complete							
<i>Provide a component-by-component breakdown of what the requested funding will purchase. Briefly explain the formula used, or key assumptions made, to calculate the cost of each output. Add additional rows to the table as needed to capture each output separately.</i>							
Input – Operating	Funding profile (\$m)					Total	Vote
	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears		
Total							N/A

Input – Capital	Funding profile (\$m)										Total	Vote
	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29		
Total												N/A
Formula and Assumptions												

BUDGET SENSITIVE

Existing Funding Levels

Agency to complete						
Provide an overview of existing operating funding levels.						
	Operating Funding profile (\$m)					Total
	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears	
Existing funding for this pressure						
Total funding sought for this pressure						
% change between existing funding and funding sought						
Comments (optional)	Provide explanatory comments to help interpretation of the above baseline figures.					

Provide an overview of existing capital funding levels.											
	Capital Funding profile (\$m)										Total
	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	
Existing funding for this pressure											
Total funding sought for this pressure											
% change between existing funding and funding sought											
Comments (optional)	Provide explanatory comments to help interpretation of the above baseline figures.										

Treasury's Recommendation

Treasury to complete				
Assessment	Support full funding	Support scaled funding	Do not support	Defer
Provide a comment of up to one paragraph that explains the level of funding recommended. You should include in your answer an overview of the initiatives: need for new funding; deliverability; merit; and costings. If you have recommended scaling the initiative, your answer should provide an explanation of how and why.				

Treasury to complete						
Provide Treasury recommended funding levels below						
Input – Operating	Funding profile (\$m)					Total
	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears	
Total						

Input – Capital	Funding profile (\$m)										Total
	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	
Total											

BUDGET SENSITIVE

New Spending Initiative Summary

Initiative Title (provide up to 120 characters)

Overview

Agency to complete				
Initiative type	Priority	Commitment		Detail
		Priority A	Coalition agreement	
		Priority B	Confidence and Supply	
		Priority C	Speech from the Throne	
		Priority D	Other	
	Priority E	Other		
Description	Provide up to 800 characters outlining the initiative's aims, and intended wellbeing impacts.			
New or existing initiative	Expansion or extension		New initiative	
Cabinet consideration	Y/N	If this initiative has been considered and/or funded by Cabinet/Ministers previously, provide a three-sentence overview of whether the initiative was approved OR funded and how.		
Lead Minister	Provide the name of the Minister submitting the initiative.			
Lead agency	Provide the name of the agency submitting the initiative.			
Involved agencies or Ministers	If other Ministers or agencies were involved in the creation of this bid, or will be involved in delivering the initiative, specify each agency and provide up to two sentences on the scope of their involvement.			
Package initiatives	If this initiative is part of a package or suite of initiatives, provide a separate template for each initiative, and provide the names of the other initiative(s) it relates to.			
Agency contact	Provide the name, phone number and email address of the analyst or analysts who wrote this bid. They may be contacted by the Treasury or Secretariat Group officials, and should have a good working understanding of the bid.			
Treasury contact	Provide the name of your Vote Analyst.			

Total Funding Sought

Agency to complete						
Operating funding sought (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears	Total

Agency to complete											
Capital funding sought (\$m)	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	Total

BUDGET SENSITIVE

Initiative Details

Proposal

Agency to complete				
<i>Each answer must not exceed 300 words. To the extent practical, answers should link to information in the bid's Wellbeing Analysis and Investment Logic Map sections.</i>				
Problem or opportunity	<i>Clarify the problem or opportunity this bid is responding to. In your answer, you should consider the specific group(s) affected and how widespread the problem or opportunity is. Draw on up to three key pieces of evidence if required.</i>			
Proposed initiative	<i>Provide a summary of the proposed initiative and what outputs it is purchasing.</i>			
Expected outcomes	<i>Provide an overview of how the outputs will contribute to achieving the initiative's expected outcomes, with reference to the problem or opportunity mentioned above. Consider in your answer the specific group(s) affected, the wellbeing domain(s) that will be impacted, and the magnitude of impact over the short, medium and long term.</i>			
Regulatory or legislative change required	Y/N	<i>If this bid requires a regulatory or legislative change, provide an overview of the required changes.</i>		
If capital or ICT initiative	Type	ICT/data/digital	Physical Infrastructure	Other please specify
	Start and end dates			

Funding Sought by Component

Agency to complete												
<i>Provide a component-by-component breakdown of what the requested funding will purchase. Briefly explain the formula used, or key assumptions made, to calculate the cost of each output. Add additional rows to the table as needed to capture each output separately.</i>												
	Funding profile (\$m)										Total	Vote
Input – Operating	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears							
Total												N/A
	Funding profile (\$m)										Total	Vote
Input – Capital	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29		
Total												N/A
Formula and Assumptions												

BUDGET SENSITIVE

Fit with Existing Activity













Agency to Complete											
<i>The answer must not exceed 300 words.</i>											
Existing services	<i>Provide a concise overview of how the initiative intersects with existing services or initiatives, including non-spending arrangements, with similar objectives. If funding for this bid extends or expands existing investment, provide a summary of how, with reference to the existing funding profile above.</i>										
Agency to complete											
<i>Provide an overview of existing funding levels for this initiative, and/or initiatives with similar objectives, in the two tables below.</i>											
	Operating Funding profile (\$m)										Total
	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears						
Existing funding for this/similar initiatives											
Total funding sought for this initiative											
% change between existing funding and funding sought											
Comments (optional)	<i>Provide explanatory comments to help interpretation of the above baseline figures.</i>										
	Capital Funding profile (\$m)										Total
	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	
Existing funding for this/similar initiatives											
Total funding sought for this initiative											
% change between existing funding and funding sought											
Comments (optional)	<i>Provide explanatory comments to help interpretation of the above baseline figures.</i>										

Options analysis

Agency to Complete	
<i>The answer must not exceed 300 words.</i>	
Options analysis	<i>Provide a bullet point list of different options, with short summaries where needed, that were considered for addressing the problem or opportunity. If applicable, include alternative funding options and non-spending arrangements.</i>

BUDGET SENSITIVE

Intervention Logic Map

Agency to attach							
<i>Intervention logic maps are compulsory and must not exceed one A4 page. Maps must capture the specific problem of opportunity the initiative aims to address; the initiative's outputs; its outcomes (over the short, medium and long term where applicable) and the future state the initiative contributes to. Corresponding Wellbeing Domain icon(s) (below) should be provided alongside each outcome to indicate impacted domains. Quantification and monetisation of each impact should also be included where possible.</i>							
Wellbeing domains							
	Civic engagement and governance		Cultural identity		Environment		Subjective wellbeing
	Health		Housing		Income and consumption		Safety
	Jobs and earnings		Knowledge and skills		Social connections		Time-use

Wellbeing Analysis & Risks

Agency to complete					
<i>Provide a brief overview of the initiative's key impacts – both positive and negative. Use a new row for each impact.</i>					
Impact Description	Affected Group	Timeframe Realised	Domain Impacted	Supporting Evidence	Magnitude of impact
<i>Identify the expected impact.</i>	<i>Indicate which group(s) or places will be impacted. Quantify the size of impacts where possible, taking into account population size if applicable.</i>	<i>Indicate if the impact will be realised in the short (<5 years), med (5-10 years), or long term (>10 years). Using the icons, indicate the wellbeing domain(s) that will be most impacted.</i>	<i>Using the icons, indicate the wellbeing domain(s) that will be most impacted.</i>	<i>Provide a summary of up to 250 words outlining the initiative's likely efficacy in achieving the stated impacts. Provide links to up to 3 of pieces evidence consulted that demonstrates this efficacy.</i>	<i>Indicate the magnitude and size of the impact, and where possible, monetise present value gain or (loss) PV\$m.</i>
Agency to complete					
Dependencies, assumptions and risks	<i>Provide an overview of any key dependencies and assumptions made when considering or applying the above evidence, and the implications – including risks - that this may have on the initiative's ability to achieve the stated impacts.</i>				

Child Poverty Implications

Agency to complete	
<i>The following reporting requirements are now required:</i>	
Child Poverty	<i>This initiative has a positive/negative impact on child poverty:</i>
Y/N	<i>If Y: provide up to three sentences describing the impact (positive or negative), who is impacted, and how</i>

Monitoring and Reporting

Agency to complete
<i>The answer must not exceed 300 words.</i>
<i>Provide an overview of the initiative's: evaluation and monitoring methodology; how often and to whom monitoring and performance reports will be provided; and when the first report back is expected.</i>

BUDGET SENSITIVE

Alternative Option

Agency to complete												
<i>The answer must not exceed 500 words.</i>												
Scaled initiative	<i>Provide a concise overview of the preferred scaled option. Include in your answer how its expected impacts differ from the initiative if fully funded, and any risks associated with scaling.</i>											
Input – Operating	Funding profile (\$m)											
	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears						Total	
Total												
Input – Capital	Funding profile (\$m)											
	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	Total	
Total												
Formula and Assumptions if different												

Minimum Viable Option

Agency to complete												
<i>The answer must not exceed 500 words.</i>												
Scaled initiative	<i>Provide a concise overview of the proposed initiative's minimum viable scaled option. Include in your answer how its expected impacts differ from the initiative if fully funded, and any risks associated with scaling.</i>											
Input – Operating	Funding profile (\$m)											
	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears						Total	
Total												
Input – Capital	Funding profile (\$m)											
	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	Total	
Total												
Formula and Assumptions if different												

BUDGET-SENSITIVE

Cost Pressure Submission Letter

Hon Grant Robertson
Parliament Buildings
WELLINGTON

Dear Minister

I am submitting the cost pressure initiatives outlined below for the [name] portfolio for consideration as part of the Budget 2020 process.

Total amount of funding sought:

Operating Funding Sought (\$m)	2019/20		2020/21		2021/22		2022/23		2023/24 & outyears		Total
Capital Funding Sought (\$m)	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	Total

- *List the title of each new spending initiative below. The titles must be identical to those included in the associated CFISnet submissions and initiative templates.*

BUDGET-SENSITIVE

New Spending Submission Letter

Hon Grant Robertson
Parliament Buildings
WELLINGTON

Dear Minister

I am submitting the new spending initiatives outlined below for the [name] portfolio for consideration as part of the Budget 2020 process.

Total amount of funding sought:

Operating Funding Sought (\$m)	2019/20		2020/21		2021/22		2022/23		2023/24 & outyears		Total
Capital Funding Sought (\$m)	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	Total

- *List the title of each new spending initiative below. The titles must be identical to those included in the associated CFISnet submissions and initiative templates.*

[Agency] has also collaborated on the following bids, formally submitted by other Ministers:

- *[Title of each new spending initiative your agency has collaborated on], led by [lead Minister].*

BUDGET-SENSITIVE

Late Cost Pressure Initiative Letter

Use this template to submit cost pressure initiatives for consideration in Budget 2020 that were not lodged with the Treasury by November 1, 2019.

Hon Grant Robertson
Parliament Buildings
WELLINGTON

Dear Minister

I am seeking your agreement to include the following late cost pressure initiative(s) outlined below for the [name] portfolio for consideration as part of Budget 2020.

- *Provide the name(s) of the initiative(s) being submitted late*
- *Set out the reasons for the initiative(s) being submitted late*
- *Append completed initiative template(s) with required supporting information*

Total amount of funding sought for late Budget 2020 cost pressure initiatives:

Operating Funding Sought (\$m)	2019/20		2020/21		2021/22		2022/23		2023/24 & outyears		Total
Capital Funding Sought (\$m)	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	Total

BUDGET-SENSITIVE

Late New Spending Initiative Letter

Use this template to submit new spending initiatives for consideration in Budget 2020 that were not lodged with the Treasury by November 29, 2019.

Hon Grant Robertson
Parliament Buildings
WELLINGTON

Dear Minister

I am seeking your agreement to include the following late initiative(s) outlined below for the [name] portfolio for consideration as part of Budget 2020.

- *Provide the name(s) of the initiative(s) being submitted late*
- *Set out the reasons for the initiative(s) being submitted late*
- *Append completed initiative template(s) with required supporting information*

Total amount of funding sought for late Budget 2020 new spending initiatives:

Operating Funding Sought (\$m)	2019/20		2020/21		2021/22		2022/23		2023/24 & outyears		Total
Capital Funding Sought (\$m)	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	Total

Approach to Digital, Data and ICT initiatives

In 2018 the Minister of Government Digital Services agreed to work with the Minister of Finance to develop an all-of-government system view of ICT spending, including bids for new projects and upgrades in the pipeline, to ensure any future ICT investment is targeted, efficient and value of money. As part of this work, the Government Chief Digital Officer (GCDO) and the Government Chief Data Steward (GCDS), jointly with Treasury presented investment principles for Budget 2019 which were endorsed by Cabinet in 2019.

The investment principles provide a mechanism to encourage and support the submission of bids which:

- come together as a coherent suite that avoids duplication and aligns with the agreed strategic direction for the digital and data system;
- consider the extent to which an initiative delivers value beyond a single agency (i.e. a 'system-win'); and
- provide important component parts needed to address critical system gaps and build the digital and data system in a sustainable and enduring way.

The expectation is that the principles will continue to evolve over the coming years and be applied to both existing baseline and to new Budget investment, resulting in more coordinated and efficient investment. The refreshed investment principles for Budget 2020 were developed with the input of agency experts and stakeholders and endorsed by the Digital Government Leadership Group.

Application of Digital, Data and ICT Investment Principles

Digital, data and ICT initiatives will be assessed according to which category they are submitted under (priority-aligning new spending, 'Other' new spending, or cost pressure). In addition, the GCDO and GCDS will provide advice to Budget decision-makers on these initiatives using the digital, data and ICT investment principles (see below).

This will involve providing advice on:

- How well initiatives align with the digital, data and ICT investment principles;
- The relative priority of initiatives from an overall system perspective using existing frameworks like the Data Investment Framework where appropriate;
- The achievability of the proposed solution and how confident they are that it can be delivered based on their understanding of market and workforce constraints, technology maturity, delivery approach, and organisational readiness; and
- Identifying where agencies could benefit from coordination and collaboration using existing forums, for example the Digital Government Partnership working groups.

What is a Digital/Data/ICT initiative?

For the purposes of Budget 2020; digital/data/ICT bids are investments which fall into the following categories:

Investment category	Definition
Service Delivery	Core systems and tools for delivering or managing services to customers, including customer relationship management and case management. Or, core line of business systems, e.g. the Passports and Courts Management Systems
Information and Data Services	Initiatives which have a significant data component, information management element, look to share data, provide data related insights, or use data for innovation. Or, the systems to support the management of data, including business intelligence, data warehouse, enterprise content management, and other data and information systems.
Corporate (Back Office)	Corporate systems including payroll, financial management information systems (FMIS), human resource information systems (HRIS), enterprise resource planning systems (ERPs), and other corporate systems for internal communications and intranets
Digital Foundations and Infrastructure	Enabling digital technologies including digital government platforms, identity and access management services, end user computing, and core ICT infrastructure and networks
Specialist	Specialised hardware including the software operating this hardware. (e.g. medical equipment or passports printers and the software operating that equipment). The hardware should be unique to an agency or to only a few agencies across government.

Engagement with the GCDO or GCDS

Agencies are expected to engage with the GCDO and/or GCDS for any investment intentions that contain significant components of digital, ICT or data.

GCDO prefers early engagement with agencies – preferably while investment intentions are being formed, as Budget submissions are being drafted, or through business case reviews. The GCDO Investment Advisers are available to meet regularly with representatives from your agency. Contact GCDO via gcd@dia.govt.nz

For bids that are predominately data-focussed, the GCDS supports agencies in the development of their bids to ensure a strong system-focus. This includes providing the forum for testing, workshopping, and providing advice on early budget intentions, and on the data principle and Data Investment Framework during bid development.

Intensive workshops and guidance will be facilitated through the Information Groups during September – November. Agencies will receive the expertise of Information Group members who consider initiatives from a system perspective and are responsible for developing the Data Investment Framework. Contact GCDS via dale.elvy@stats.govt.nz.

Investment Principles

The revised Investment Principles for Budget 2020 were endorsed by the Digital Government Leadership Group on 26 September.

Service delivery initiatives will be prioritised if the initiative:

- Prioritises the use of open application programming interfaces (APIs) to expose business functions, rules and data
- Uses innovation and design thinking to solve complex problems, including:
 - taking a collaborative approach by co-designing and co-delivering solutions across sectors and clusters;¹
 - prototyping solutions that can be scaled around customer-centric outcomes;
 - adopting digital technologies and components to enable flexibility and deliver value for money; and
 - valuing consistency, through utilising government digital and data standards and guidance (e.g. identity and digital design standards).
- Invests in flexible and reusable systems, components and rules, and includes design considerations for responding to unpredictable future business, environment and government priorities.

Information and Data Services initiatives will be prioritised if the initiative:

- Focusses on the development of an enabling data system, as described by the Data Investment Framework, which prioritises investment within the following focus areas for Budget 2020:
 - the delivery of data and analytics for decision-making with an emphasis on meaningful measures of progress which deliver value to address current government priorities, and seek to enhance capability in the use of data for policy and decision-making;
 - the design of data for system re-use, where a system mind-set and culture provides the environment for data to be designed with all-of-government needs in mind, with an emphasis on a shared process for the collection of common data variables, and a common approach to embedding Māori perspectives about data into the way data is managed and used; and
 - stewardship of the system to ensure the moving parts, and key actors enable a system where activity builds on existing and parallel work to add value, with emphasis placed on system infrastructure to meet the needs of its users – providing access to meet demand and facilitate sharing.

¹ The combination of government agencies, NGOs, and private sector entities, that together create public value.

Corporate (Back Office) initiatives will be prioritised if the initiative:

- standardises back office functions under the all-of-government common process model;
- invests in a fit-for-purpose solution, considering size and functionality; and
- uses existing all-of-government contracts or commodity services and takes a collaborative system procurement approach.

Note: Payroll initiatives should also be made known to the “Improving Government Payroll Systems” programme led by the Government Chief Digital Officer, which covers the monitoring regime for payroll investments, project assurance and Holidays Act remediation.

Digital Foundations and Infrastructure initiatives will be prioritised if the initiative (new principle):

- is supported by multiple agencies to create system assets or enablers;
- invests in components for a digital public service (e.g. digital identity, marketplaces, service innovation labs); and
- prefers cloud-based infrastructure services or all-of-government common capabilities, when investing in ICT infrastructure or telecommunications.

Note: Capital (or asset ownership) investment in infrastructure will only be supported by exception; e.g. the underlying infrastructure to support a key system is owned by the agency for reasons of national security or critical service delivery.

Specialist initiatives are considered on a case-by-case basis.

Note: Investments that extend legacy business models and technology assets will not be prioritised. Exceptions may exist for critical systems that require investment to prevent imminent system failure or loss of significant service delivery.

BUDGET-SENSITIVE



THE TREASURY
Kaitohutohu Kaupapa Rawa

Budget 2020 Information Session for Agencies

26 September 2019

BUDGET-SENSITIVE

Contents

- Overview
- Scope for Budget 2020
- Types of initiatives
 - Cost Pressures
 - New Spending
- Process
- Key dates
- Q&A

BUDGET-SENSITIVE

Overview

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Key features of the Wellbeing Budget 2020

- **Budget 2020 will be the second Wellbeing Budget**, continuing the focus on embedding a wellbeing approach in Budget decision making
- **Budget 2019 Priorities have been refined** to provide greater clarity on the focus for Budget 2020 and sub-priorities included
 - **A Coordinating Minister has been appointed for each Budget Priority** to lead development of Priority-aligned new spending packages
- **Cost pressures will be managed through an earlier separate process run by Treasury** and the Minister of Finance
- **All 'other' initiatives will be assessed by Treasury** and considered by the Minister of Finance (i.e. not priority aligned or cost pressures)
- **Focus on collaboration to continue and prioritising initiatives that show a clear, compelling and well-evidenced case**
- **Budget templates have been simplified** and different templates introduced for cost pressures and new spending initiatives

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Budget allowances

- Cabinet has agreed that Budget 2020 will be delivered in line with the Government’s Budget Responsibility Rules (BRRs)
- To remain on track to meet the BRRs the following allowances were agreed for Budget 2020:

	Budget 2020	Budget 2021	Budget 2022	Budget 2023
Operating allowances	\$3.0b	\$2.4b	\$2.4b	To be set in <i>Budget Policy Statement 2020</i>
Multi-year capital allowance	← \$4.4b →			

- These are unchanged from those announced at Budget 2019, but do not reflect pre-commitments already made in 2019/20 against these allowances

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Scope for Budget 2020

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Scope overview

- This section outlines what initiatives are in-scope for Budget 2020 and their respective requirements
- Budget funding should only be sought when all other sources of funding have been exhausted

Funding for New Initiatives

(Bids due 29 November)

New Priority-Aligned Initiatives

- Clearly supports at least one Budget priority.
- Package development led by Coordinating Ministers in consultation with portfolio Ministers, for recommendation to the Minister of Finance and Budget Ministers.

Other Initiatives

- Addresses outstanding commitments in the Speech from the Throne, Coalition Agreement, or Confidence and Supply Agreement that do not align with a Budget priority.
- Subject to same information requirements as priority-aligned initiatives, including identification of scaling and phasing options.
- Other initiatives outside of the Speech from the Throne, Coalition Agreement, or Confidence and Supply Agreement considered only if very high bar is met.
- Process led by Minister of Finance.

Funding to Address Cost Pressures

(Bids due 1 November)

Cost Pressure Initiatives

- Addresses cost pressures caused by rising demand and/or prices to deliver existing services and outputs.
- Must clearly demonstrate:
 - i. Pressure has arisen due to external factors (e.g. volume, price, legislation),
 - ii. That a high level of risk is attached to not funding (e.g. service failure), and
 - iii. Efforts have been made to manage pressures within baselines.
- Process led by Minister of Finance.

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Budget 2020 Priorities

Just Transition – Supporting New Zealanders in the transition to a climate-resilient, sustainable, and low-emissions economy	Future of Work – Enabling all New Zealanders to benefit from new technologies and lift productivity through innovation	Māori and Pacific – Lifting Māori and Pacific incomes, skills, and opportunities	Child Wellbeing – Reducing child poverty and improving child wellbeing	Physical and Mental Wellbeing – Supporting improved health outcomes for all New Zealanders
Hon David Parker	Hon Phil Twyford	Hon Kelvin Davis	Hon Tracey Martin	Hon Dr David Clark
<p><i>Sub-Priority 1:</i> Enable land use to deliver higher value and improved environmental outcomes</p>	<p><i>Sub-Priority 1:</i> Enabling workers to adapt to technological change by continually upskilling, re-skilling, and participating in productive and fair employment</p>	<p><i>Sub-Priority 1:</i> Lifting Māori and Pacific peoples' skills, education, income and employment outcomes</p>	<p><i>Sub-Priority 1:</i> Improving housing quality and income levels for low-income families</p>	<p><i>Sub-Priority 1:</i> Strengthening existing mental health services in the health sector and beyond, with a focus on under 24-year-olds</p>
<p><i>Sub-Priority 2:</i> Promote a sustainable and affordable energy system</p>	<p><i>Sub-Priority 2:</i> Supporting businesses by enabling uptake of new technology and improving access to global markets, skills, and infrastructure</p>	<p><i>Sub-Priority 2:</i> Improving Māori and Pacific health and housing outcomes through housing quality, affordability, and tenure</p>	<p><i>Sub-Priority 2:</i> Prevention and early intervention for children and whānau with the greatest needs, including continuing to address family violence and sexual violence</p>	<p><i>Sub-Priority 2:</i> Delivering a sustainable and equitable public health and disability system</p>

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Outstanding commitments

- There are a number of outstanding commitments in the Coalition Agreement, Confidence and Supply Agreement, and Speech from the Throne that will need to be met in Budget 2020
- These will be managed and prioritised through the relevant process for each type of initiative (i.e. there will not be a separate track for these)
 - Initiatives that are both a commitment and Priority-aligning will be assessed by the relevant secretariat and considered by the Coordinating Minister
 - Initiatives that relate only to a commitment and are not-Priority aligning will be assessed by the Treasury, and considered by the Minister of Finance as part of a non-priority aligned package

BUDGET-SENSITIVE

Scope overview

Funding for New Initiatives (Bids due 29 November)

New Priority-Aligned Initiatives

- Clearly supports at least one Budget priority.
- Package development led by Coordinating Ministers in consultation with portfolio Ministers, for recommendation to the Minister of Finance and Budget Ministers.

Other Initiatives

- Addresses outstanding commitments in the Speech from the Throne, Coalition Agreement, or Confidence and Supply Agreement that do not align with a Budget priority.
- Subject to same information requirements as priority-aligned initiatives, including identification of scaling and phasing options.
- Other initiatives outside of the Speech from the Throne, Coalition Agreement, or Confidence and Supply Agreement considered only if very high bar is met.
- Process led by Minister of Finance.

Funding to Address Cost Pressures (Bids due 1 November)

Cost Pressure Initiatives

- Addresses cost pressures caused by rising demand and/or prices for delivering existing services and outputs.
- Must clearly demonstrate:
 - i. Pressure has arisen due to external factors (e.g. volume, price, legislation);
 - ii. That a high level of risk is attached to not funding (e.g. service failure); and
 - iii. Efforts have been made to manage pressures within baselines.
- Process led by Minister of Finance.

BUDGET-SENSITIVE

Cost pressure initiatives

- Cost pressures are driven by **regulatory requirements** or changes in the **volume** or **price** for delivering existing services or outputs
 - This includes meeting existing or impending regulatory or legislative requirements, and volume/price-driven personnel-pressures.
- Cost pressures will be managed separately and earlier than new spending initiatives
- Template due in CFISnet **5pm Friday 1 November**
- Portfolio Ministers are required to formally submit a letter outlining any cost pressure initiatives by **5pm Friday 1 November**
 - One cost pressure letter is to be prepared for each portfolio submitting initiatives
 - Further information can be found in section 5.3 of the guidance

BUDGET-SENSITIVE

Cost pressure requirements

- The template is substantially lighter than in Budget 2019 and more suited to this type of initiative, including:
 - No wellbeing analysis
 - Limited options analysis
 - No monitoring/reporting description
 - No collaboration section
- Agencies **will need to demonstrate**:
 - A clear understanding of the cost driver creating the pressure and, where funding has been provided in past Budgets, why further funding is required
 - A high level of risk is attached to not funding the initiative (e.g. service failure, significant disruption to services, or not meeting legislative requirements)
 - Other options undertaken and/or considered to manage the pressure within baselines
 - A detailed cost breakdown outlining what would be purchased and clearly show the assumptions behind forecasts and costings

BUDGET-SENSITIVE

New spending initiatives

- There are two sub-categories within new spending initiatives:
 - **Priority-aligning** – Will be assessed by Secretariat Groups and considered by the Coordinating Minister overseeing the Priority area,
 - **‘Other’ (non Priority-aligned)** – Will be assessed by Treasury and considered by the Minister of Finance

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New spending: Priority-aligned

Funding for New Initiatives

(Bids due 29 November)

New Priority-Aligned Initiatives

- Clearly supports at least one Budget priority.
- Package development led by Coordinating Ministers in consultation with portfolio Ministers, for recommendation to the Minister of Finance and Budget Ministers.

Other Initiatives

- Addresses outstanding commitments in the Speech from the Throne, Coalition Agreement, or Confidence and Supply Agreement that do not align with a Budget priority.
- Subject to same information requirements as priority-aligned initiatives, including identification of scaling and phasing options.
- Other initiatives outside of the Speech from the Throne, Coalition Agreement, or Confidence and Supply Agreement considered only if very high bar is met.
- Process led by Minister of Finance.

Funding to Address Cost Pressures

(Bids due 1 November)

Cost Pressure Initiatives

- Addresses cost pressures caused by rising demand and/or prices for delivering existing services and outputs.
- Must clearly demonstrate:
 - i. Pressure has arisen due to external factors (e.g. volume, price, legislation);
 - ii. That a high level of risk is attached to not funding (e.g. service failure); and
 - iii. Efforts have been made to manage pressures within baselines.
- Process led by Minister of Finance.

BUDGET-SENSITIVE

New spending: Priority-aligned

- Submitted under one of the five priorities and should address a sub-priority
- Where they relate to an outstanding commitment, they are still submitted under the relevant priority
- Each Priority will be led by a Coordinating Minister who will work with relevant portfolio Ministers to develop a prioritised package of initiatives
- Coordinating Ministers will recommend their priority-packages to the Minister of Finance and Budget Ministers, who will provide feedback and ultimately recommend the final Budget 2020 package for Cabinet agreement

Priority		Minister
A	Just Transition	Hon David Parker
B	Future of Work	Hon Phil Twyford
C	Maori and Pacific	Hon Kelvin Davis
D	Child Wellbeing	Hon Tracey Martin
E	Physical and Mental Wellbeing	Hon Dr David Clark

BUDGET-SENSITIVE

Secretariat Groups

- Coordinating Ministers will be supported by Secretariat Groups for each Priority
- Coordinating Ministers will confirm membership and function of each Secretariat Group
- We expect Treasury to be involved in the Secretariat Groups – to be confirmed following conversations with Coordinating Ministers
- Secretariat Groups may contact agencies requesting further information on initiatives

BUDGET-SENSITIVE

New spending: Other

Funding for New Initiatives (Bids due 29 November)

New Priority-Aligned Initiatives

- Clearly supports at least one Budget priority.
- Package development led by Coordinating Ministers in consultation with portfolio Ministers, for recommendation to the Minister of Finance and Budget Ministers.

Other Initiatives

- Addresses outstanding commitments in the Speech from the Throne, Coalition Agreement, or Confidence and Supply Agreement that do not align with a Budget priority.
- Subject to same information requirements as priority-aligned initiatives, including identification of scaling and phasing options.
- Other initiatives outside of the Speech from the Throne, Coalition Agreement, or Confidence and Supply Agreement considered only if very high bar is met.
- Process led by Minister of Finance.

Funding to Address Cost Pressures (Bids due 1 November)

Cost Pressure Initiatives

- Addresses cost pressures caused by rising demand and/or prices for delivering existing services and outputs.
- Must clearly demonstrate:
 - i. Pressure has arisen due to external factors (e.g. volume, price, legislation);
 - ii. That a high level of risk is attached to not funding (e.g. service failure); and
 - iii. Efforts have been made to manage pressures within baselines.
- Process led by Minister of Finance.

BUDGET-SENSITIVE

New spending: Other

- New spending initiatives that aren't priority-aligned will be considered through the 'Other' process
- This should primarily consist of initiatives that address outstanding commitments that do not align with a priority
- Initiatives that do not align with a priority or address an outstanding commitment will only be considered if they meet a very high bar
- These initiatives will need to demonstrate the same information requirements as priority-aligned new spending initiatives
- Will be assessed by the Treasury and considered by the Minister of Finance in his development of a non-Priority aligned package

BUDGET-SENSITIVE

New spending requirements

- Templates due in CFISnet **5pm Friday 29 November**
- Portfolio Ministers are required to formally submit a letter outlining by **5pm Friday 29 November**
 - One new spending letter is to be prepared for *each portfolio* submitting initiatives
 - This is additional to the cost pressure letter
 - Further information can be found in section 5.3 of the guidance

BUDGET-SENSITIVE

New spending template

- Analysis requirements simplified from Budget 2019
- Agencies will need to provide:
 - wellbeing analysis and a well evidenced and robust intervention logic for each new spending initiative
 - an overview of the key dependencies and assumptions made when considering the evidence base
 - An intervention logic for each initiative, underpinned by evidence, including:
 - understanding of the current state and counterfactual
 - different options proposed to address the problem
 - the assumed outcomes behind the proposed initiative, and
 - how the initiative will be implemented and evaluated.
- Evidence should be high quality, up to date, and focus on efficacy of intervention, not on the existence of the problem or opportunity

BUDGET-SENSITIVE

New spending template: Wellbeing analysis

- Agencies are asked to identify the domains impacted by the initiative and provide the following information:
 - **A description of the impact on the domain:** For example, if the initiative increases the number of social houses, an impact on the housing domain could be a reduction in overcrowding and related health costs. More than one impact can be attributed to each domain.
 - **A description of who is affected:** This could be individuals, families or the Government and should also cover the degree of impact for different groups ie, some groups might be more impacted than others.
 - **The magnitude of impact:** For example, if there is an increase in social housing what is the expected percentage decrease in overcrowding and flow on health costs from this?
 - **Timeframes:** The estimated timeframes in which the impact will be realised.
 - **Evidence base and quality:** What evidence underpins the information provided on impacts, timeframes and the magnitude of the impact? For example, what is the evidence around reduction in overcrowding and avoided health costs?

BUDGET-SENSITIVE

New spending template: Child poverty

- The Child Poverty Reduction Act 2018 requires the Minister of Finance to produce a report on Budget day that sets out:
 - Progress made in the most recently completed financial year in reducing child poverty, consistent with the government’s child poverty targets;
 - Whether and, if so, to what extent, measures in the Budget affect child poverty (either positively or negatively)
- We are interested in initiatives that impact both the number of children living in poverty, as determined by the child poverty measures, and initiatives that may not impact the measures, but may still have the potential to impact the lived experiences of families with children

Child Poverty Implications

Agency to complete	
<i>The following reporting requirements are now required:</i>	
Child Poverty	<i>This initiative has a positive/negative impact on child poverty:</i>
	Y/N If Y: provide up to three sentences describing the impact (positive or negative), who is impacted, and how

BUDGET-SENSITIVE New spending template: Monitoring and reporting

- Agencies will be required to provide an overview of the initiative's evaluation and monitoring methodology, including:
 - How often and to whom monitoring and performance reports will be provided
 - When the first report back is expected

Monitoring and Reporting

Agency to complete

The answer must not exceed 300 words.

Provide an overview of the initiative's: evaluation and monitoring methodology; how often and to whom monitoring and performance reports will be provided; and when the first report back is expected.

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New spending template: Options analysis

- As always, agencies are expected to provide detailed costings of their initiatives
 - This includes formulas and assumptions behind costings
- This year, we have asked for an alternative option and a minimum viable option to support the assessment of an initiative
- For both options, agencies should clearly articulate the impact of scaling on expected impacts and any associated risks

BUDGET-SENSITIVE Additional system advice: Digital, Data, and ICT initiatives

- Similar to Budget 2019, in addition to being assessed by the relevant secretariat and/or Treasury, GCDO and GCDS will provide advice on initiatives with data, digital, or ICT components
- This will focus on:
 - How well initiatives align with the data, digital, and ICT investment principles
 - The relative priority of initiatives from an overall system perspective
 - Confidence in delivery based on workforce constraints, technology maturity, delivery approach, and organisational readiness
- Their advice will feed into relevant package processes
- Further guidance is available on CFISnet, including what is considered a data, digital, or ICT initiative
- Agencies should engage with GCDO and/or GCDS as early as possible if they expect to submit initiatives with data, digital, and/or ICT components

BUDGET-SENSITIVE Additional system advice: Large capital initiatives

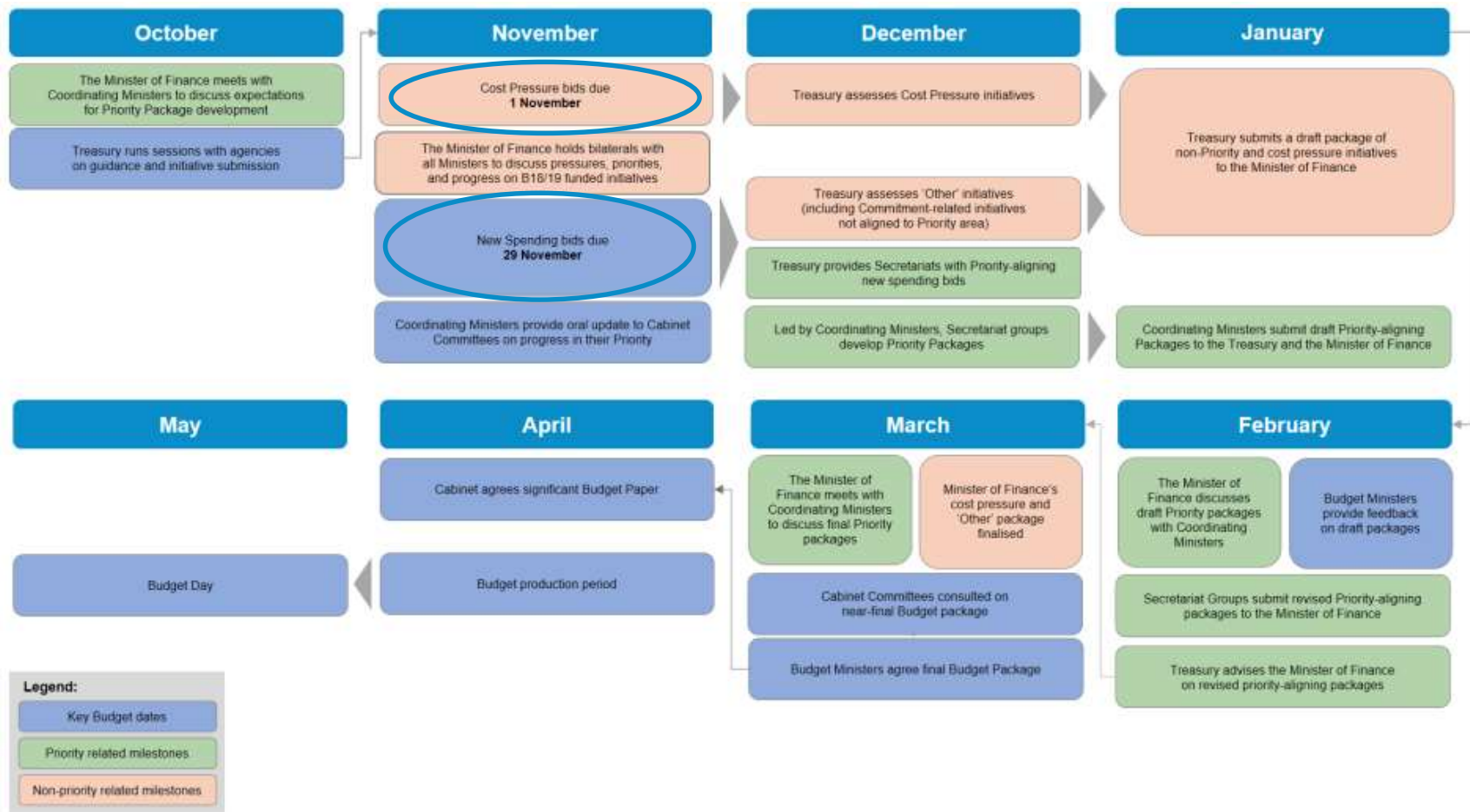
- As in Budget 2019, capital initiatives will be treated the same as operating for the purposes of submission and initial assessment
 - Priority-aligning initiatives seeking capital funding will be considered by the relevant Secretariat Groups
 - All other capital initiatives will be considered by Treasury in either the cost pressure or 'Other' process
- However, this year Treasury will provide an additional system view of large capital initiatives to Budget Ministers in February, alongside their consideration of draft packages
- This will focus on prioritisation of investments, improving coordination and sequencing, and the long-term capital pipeline

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Process

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Budget 2020 process overview



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Bilaterals

- Individual bilaterals will be held with all portfolio Ministers in November
- These meetings will be used to:
 - Reinforce expectations and requirements for Budget 2020
 - Discuss cost pressures in Budget 2020
 - Discuss progress delivering commitments from Budget 2018 and Budget 2019

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Cabinet Committees

- Cabinet committees will be involved at two points in the process, but less than in Budget 2019
 - **November:** for Coordinating Ministers to update Committees on how their priority is progressing
 - **March:** to consider near final Budget packages ahead of Cabinet

BUDGET-SENSITIVE

Budget Ministers

- Budget Ministers will continue to be the decision-making body throughout the Budget process that will make recommendations to Cabinet
- The Budget Ministers are the same as in Budget 2019:
 - The Prime Minister
 - The Deputy Prime Minister
 - The Minister of Finance
 - Associate Minister of Finance Dr David Clark
 - Associate Minister of Finance James Shaw
- Budget Ministers meetings will take place mainly through Feb to Apr
- They will consider priorities and trade-offs across packages, provide feedback on draft packages, and ultimately recommend a final Budget package to Cabinet

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Key dates and next steps

Item	Date
Budget 2020 – Guidance for Agencies released, including Budget initiative templates	Late September 2019
Meetings with Coordinating Ministers to set out expectations for the Priority packages and discuss initial focus areas	Early October 2019
<ul style="list-style-type: none"> • Cost pressure submissions due • Report back from Portfolio Ministers on delivering commitments from previous Budgets 	1 November 2019
Coordinating Ministers update Cabinet Committees on progress with each Priority	November 2019
Bilateral meetings with Ministers	November 2019
New spending initiatives due	29 November 2019
Draft Priority packages due from Coordinating Ministers	Late January 2020
Coordinating Ministers meet with Minister of Finance to discuss draft Priority packages	Early February 2020
Final Priority packages due from Coordinating Ministers	Late February 2020
Cabinet Committees consider near-final Budget packages	Late March 2020
Cabinet considers final Budget 2020 paper	Early April 2020

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Questions and discussion