

Reference: 20250020

24 February 2025



Adam Irish
fyi-request-29762-c10c8011@requests.fyi.org.nz

Dear Adam

Thank you for your Official Information Act request, received on 16 January 2025. You requested the following:

any advice provided by the Treasury to the Minister of Finance regarding the economic implications of recent or planned budget cuts, with particular focus on the following:

- 1. Impact on Aggregate Demand: How budget cuts may influence overall demand within the economy.*
- 2. Potential Downward Spirals in GDP: Any analysis or projections related to the risk of negative GDP growth due to such cuts.*
- 3. Shocks to Consumer and Business Confidence: The expected effects of these cuts on consumer spending and business investment.*
- 4. Historical and Current Macroeconomic Data: Relevant data and trends from the past and present to support these analyses.*
- 5. International Studies on Austerity: Any international studies or evidence that the Treasury has used to assess the economic impacts of austerity measures, including relevant comparisons with New Zealand's situation.*
- 6. Advice on Spending Cuts During a Private Sector Recession: Whether the Treasury has provided advice on the impacts of implementing spending cuts while the private sector is in recession, particularly regarding potential effects on unemployment levels.*

Additionally, I would like to know whether the Treasury continues to provide free and frank advice to the Minister of Finance, as required by its role, or if such advice has been influenced or constrained by ministerial preferences or other political considerations.

On 30 January 2025, you refined the date range of the request to between November 2023 (formation of the current government) and May 2024 (release of Budget 2024).

Information publicly available

The information you have requested is all covered by the Budget 2024 proactive release. Several documents relevant to your request are detailed below (please note that this is not an exhaustive list):

Item	Date	Document description
Treasury Report T2024/475: Fiscal strategy for Budget 2024 – Surplus target and operating allowances - 4 March 2024	4 March 2024	Discusses the macroeconomic impacts of tightening fiscal policy in an economic downturn.
Aide Memoire T2024/1152: Information on the fiscal impulse in 2024/25 - 26 April 2024	26 April 2024	Provides information on the Government's expected impact on aggregate demand, based on the preliminary Budget 2024 fiscal forecasts.
Aide Memoire T2024/1149: Further information on the macroeconomic impacts of the personal income tax package - 6 May 2024	6 May 2024	Provides information on the expected economic impacts of a reduction in government consumption alongside a reduction in personal income taxes.
Aide Memoire T2024/1289: Information on the final Budget Economic and Fiscal Update 2024 fiscal impulse	13 May 2024	Provides information on the Government's expected impact on aggregate demand, based on the final Budget 2024 fiscal forecasts.

Other documents relevant to your request can be found here: [Budget 2024 Information Release - 12 September 2024](#).

Accordingly, I have refused your request under section 18(d) of the OIA as the information requested is or will soon be publicly available.

In addition to the Minister of Finance, Treasury also provides advice to several other ministers. Treasury continues to provide free and frank advice that focuses on ministers' objectives, while also being honest, politically neutral, constructive, and free from undue influence.

Please note that this letter (with your personal details removed) may be published on the Treasury website.

This reply addresses the information you requested. Under section 28(3) of the Act, you have the right to ask the Ombudsman to review any decisions made under this request. The Ombudsman may be contacted by email at: info@ombudsman.parliament.nz or by calling 0800 802 602.

Yours sincerely

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