

# The Treasury

## Budget 2021 Information Release

### August 2021

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#### Cabinet Document Details

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#### No Information has been Withheld

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# Cabinet

## Minute of Decision

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### 2021 Budget Technical Financial Recommendations: Vote Business, Science and Innovation

On 6 April 2021, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2021 Budget package, as listed in the summary below and detailed in the attached initiative documents:

#### Summary of initiatives included in the attached initiative documents:

##### Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
13412	Administration of the Strategic Tourism Assets Protection Programme (STAPP) and Inbound Tour Operators (ITO) Loans	(6.000)	2.000	2.000	2.000	-
13410	Aligning timing and funding for the Construction Sector Accord Transformation Plan	(4.200)	-	-	-	-
13456	Enhancing the Electronic Travel Authority System to Improve Border Controls and COVID-19 Contact Tracing	0.135	-	-	-	-
13411	Reprioritising COVID-19 tourism response funding to Tourism Policy work programme and recovery	(1.000)	1.000	-	-	-
13418	Retention of Funds for Supporting Renewable Energy Projects in Public and Māori Housing	-	-	-	-	-
<b>Total Operating</b>		<b>(11.065)</b>	<b>3.000</b>	<b>2.000</b>	<b>2.000</b>	<b>-</b>

## Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
13456	Enhancing the Electronic Travel Authority System to Improve Border Controls and COVID-19 Contact Tracing	0.442	-	-	-	-
13442	Repurpose returned R&D Loans for entities who can incur R&D expenditure	-	-	-	-	-
13418	Retention of Funds for Supporting Renewable Energy Projects in Public and Māori Housing	-	-	-	-	-
<b>Total Capital</b>		<b>0.442</b>	-	-	-	-

- 2 **approved** changes to appropriations and capital injections to the administering department to implement the initiatives, as set out in the attached initiative documents;
- 3 **approved** the additional recommendations to give effect to the initiatives, as set out in the attached initiative documents;
- 4 **agreed** that the changes to appropriations and capital injections for 2020/21 above be included in the 2020/21 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 5 **authorised** the Minister of Finance and the Appropriation Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2020/21 Supplementary Estimates, the 2021/22 Estimates and the fiscal forecasts;
- 6 **authorised** the chief executives of departments that monitor Crown entities directly affected by decisions in this minute to inform the chair and/or chief executive of a Crown entity, on a Budget-in-confidence-until-Budget-day basis, of decisions that directly affect that Crown entity for the purpose of planning and preparation of their Statement of Intent;
- 7 **noted** that all communications relating to the 2021 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office;

Michael Webster  
Secretary of the Cabinet

**Vote:** Business, Science and Innovation

**Appropriation Administrator:** Ministry of Business, Innovation and Employment

**Title:** Administration of the Strategic Tourism Assets Protection Programme (STAPP) and Inbound Tour Operators (ITO) Loans

**Description:** This expense transfer will enable the Provincial Development Unit (PDU) to administer, monitor and report on the STAPP and ITO loans. The duration of these loans is approximately 5 years. The approved STAPP and ITO recipients had until 31 March 2021 to decide to accept the loan offer and then have up until 31 December 2021 (for ITOs) and 31 March 2022 (for STAPP recipients) to draw down on the loans. This means PDU will require resources to manage these loans.

### Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	(6.000)	2.000	2.000	2.000	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>(6.000)</b>	<b>2.000</b>	<b>2.000</b>	<b>2.000</b>	<b>-</b>

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
<b>Departmental Output Expenses:</b>					
Regional Economic Development: Tourism Investment (funded by revenue Crown)	(6.000)	2.000	2.000	2.000	-
<b>Total Operating</b>	<b>(6.000)</b>	<b>2.000</b>	<b>2.000</b>	<b>2.000</b>	<b>-</b>

**Vote:** Business, Science and Innovation

**Appropriation Administrator:** Ministry of Business, Innovation and Employment

**Title:** Aligning timing and funding for the Construction Sector Accord Transformation Plan

**Description:** Cabinet allocated \$8.500 million in non-departmental funding from the COVID-19 Response and Recovery Fund (CRRF) Foundational Package to support implementation of the Construction Sector Transformation Plan [CAB-20-MIN-0219]. Departmental funding is also required to maintain programme delivery across the programme and support the sector to deliver on the goals set out in the Accord. A transfer to the Building Policy, Regulation and Advice MCA is required in 2021/22 to support these departmental aspects of delivering the programme.

### Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	(4.200)	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>(4.200)</b>	-	-	-	-

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
<b>Non-Departmental Output Expenses:</b>					
Economic Development: Industry Transformation Plans	(4.200)	-	-	-	-
<b>Total Operating</b>	<b>(4.200)</b>	-	-	-	-

### Additional recommendation

8 **noted** that there is a corresponding increase in funding in Vote Building and Construction (Initiative 13409);

**Vote:** Business, Science and Innovation

**Appropriation Administrator:** Ministry of Business, Innovation and Employment

**Title:** Enhancing the Electronic Travel Authority System to Improve Border Controls and COVID-19 Contact Tracing

**Description:** COVID-19 funding is being transferred from Vote Health to Vote Business, Science and Innovation to enhance the Electronic Travel Authority (ETA) System which will allow for additional data on arrivals at the border to help with contract tracing.

### Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	0.135	-	-	-	-
Debt Impact	0.442	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>0.577</b>	-	-	-	-

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
<b>Departmental Output Expense:</b>					
Economic Development: Shared Services Support (funded by revenue Crown)	0.135	-	-	-	-
<b>Capital Injections:</b>					
Ministry of Business, Innovation and Employment - Capital Injection	0.442	-	-	-	-
<b>Total Operating</b>	<b>0.135</b>	-	-	-	-
<b>Total Capital</b>	<b>0.442</b>	-	-	-	-

### Additional recommendation

9 **noted** that there is a corresponding decrease in funding in Vote Health (Initiative 13431);

**Vote:** Business, Science and Innovation

**Appropriation Administrator:** Ministry of Business, Innovation and Employment

**Title:** Reprioritising COVID-19 tourism response funding to Tourism Policy work programme and recovery

**Description:** In February 2020, Joint Ministers approved \$1.000 million for domestic campaigns to support the most affected tourist regions due to the China-NZ border closure. This funding was not used once all international borders were closed due to COVID-19. This expense transfer and fiscally neutral adjustment will support tourism policy cost pressures and the tourism sector recovery work programme.

### Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	(1.000)	1.000	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>(1.000)</b>	<b>1.000</b>	-	-	-

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
<b>Non-Departmental Output Expenses:</b>					
COVID-19 tourism response	(1.000)	-	-	-	-
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Policy Advice and Related Services to Ministers (MCA)					
<i>Departmental Output Expenses:</i>					
Policy Advice and Related Services to Ministers - Tourism (funded by revenue Crown)	-	1.000	-	-	-
<b>Total Operating</b>	<b>(1.000)</b>	<b>1.000</b>	-	-	-

**Vote:** Business, Science and Innovation

**Appropriation Administrator:** Ministry of Business, Innovation and Employment

**Title:** Repurpose returned R&D Loans for entities who can incur R&D expenditure

**Description:** In May 2020, Cabinet approved \$149 million for the Short-Term Research and Development Loan Scheme as part of the COVID-19: Response and Recovery Fund Foundation Package [CAB-20-MIN-0219.04]. A number of loans were unable to be spent (e.g. due to insolvency) and were returned by applicants. Cabinet agreement is required to reuse the returned funds for the purpose of lending to entities who will incur R&D expenditure.

### Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	0.800	-	-	-	-
<b>Total</b>	<b>0.800</b>	-	-	-	-

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Research, Science and Innovation: Callaghan Innovation - Operations (MCA)					
<i>Non-Departmental Capital Expenditure:</i>					
Short-term Research and Development Loan Scheme	0.800	-	-	-	-
<b>Total Capital</b>	<b>0.800</b>	-	-	-	-

### Additional recommendations

- 10 **noted** that Cabinet agreed that all principal repayments and interest payments Callaghan Innovation receives from businesses to whom it has lent under this scheme are to be repaid to the Crown in reduction of the Crown's equity investment in Callaghan Innovation [CAB-20-MIN-0219.04];
- 11 **noted** that the original funding is time limited and does not continue to outyears;
- 12 **noted** that some loans have been repaid to Callaghan Innovation because applicants were unable to use the loan for research and development purposes;



**Initiative No: 13442**

- 13 **noted** that an increase to the appropriation is needed to re-use the returned loan funds, but it is fiscally neutral to the Crown as it is offset by the returned funds;
- 14 **agreed** that to be consistent with the intention of the loan scheme any funds that have been returned that were not used for supporting research and development expenditure can be re-used to provide loans to applicants who intend to use it on research and development expenditure;
- 15 **authorised** the Minister of Finance and the Minister of Research, Science and Innovation (Joint Ministers) to jointly agree to increase the Research, Science and Innovation: Callaghan Innovation - Operations (MCA) - Short term Research and Development Loan Scheme multi category appropriation as a technical adjustment for any loans that were not used for research and development and were returned, up to the amount returned;

**Vote:** Business, Science and Innovation

**Appropriation Administrator:** Ministry of Business, Innovation and Employment

**Title:** Retention of Funds for Supporting Renewable Energy Projects in Public and Māori Housing

**Description:** A multi-category appropriation was established through the March Baseline Update to best manage the operating and capital costs of renewable energy projects in public and Māori housing. This was funded through the COVID-19 Response and Recovery Fund housing [CAB-20-MIN-0328.03]. There is a need to be able to manage this initiative across years, to ensure funding is available in line with agreed milestones.

### Additional recommendation

- 16 **agreed in principle**, given the uncertain timing of milestone completion, that any under-expenditure in the multi-category appropriation Energy and Resources: Renewable Energy in Public and Māori Housing be transferred to the following financial year, **subject to** confirmation by joint Ministers of the actual amount to be transferred each year following completion of audited financial statements for the previous financial year, with no impact on the operating balance and/or net core Crown debt across the forecast period.