

The Treasury

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Cabinet

Minute of Decision

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2021 Budget Technical Financial Recommendations: Vote Internal Affairs

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
13397	Completing the Racing Industry Recovery Programme	-	-	-	-	-
13394	Ethnic Communities Multi-lingual Information Network	-	-	-	-	-
13393	Lake Taupo Marina Redevelopment	-	-	-	-	-
13395	Progressing the Gambling and Community Funding Programme	(0.600)	0.600	-	-	-
13392	Progressing the Local Government Reform Programmes and Supporting Local Government Response and Recovery	(1.000)	1.000	-	-	-
13391	Taumata Arowai - Establishment of new Water Services Regulator	-	-	-	-	-
Total Operating		(1.600)	1.600	-	-	-

- 2 **approved** changes to appropriations 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 for 2020/21 above and in the attached initiative documents 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 (Joint Ministers) 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: Internal Affairs

Appropriation Administrator: Department of Internal Affairs

Title: Completing the Racing Industry Recovery Programme

Description: In May 2020, Cabinet approved \$2.500 million funding for the ‘Racing Industry Initial Recovery Package’ initiative as part of the COVID-19: Response and Recovery Fund Foundation Package [CAB-20-MIN-0219]. The initiative provides funding to undertake due diligence to support the industry support package, including investigation of whether recapitalisation of TAB NZ is required. As some due diligence activities associated with the recapitalisation of TAB NZ have been deferred to 2021/22 and with the regulations under the Racing Industry Act 2020 coming into effect from August 2021, an In-Principle Expense Transfer of up to \$0.550 million from 2020/21 to 2021/22 is required to ensure these activities can be appropriately resourced and the racing industry supported.

Additional recommendations

- 8 **noted** that in May 2020, Cabinet agreed that any and all underspends relating to the initiatives agreed in the COVID-19: Response and Recovery Fund Foundation Package be returned to the Centre [CAB-20-MIN-0219.14];
- 9 **agreed** to an In-Principle Expense Transfer of up to \$0.550 million from 2020/21 to 2021/22 for the Policy and Related Services – Racing category within the Policy and Related Services MCA to progress due diligence on the TAB NZ recapitalisation and support the racing industry following the commencement of the regulations made under the Racing Industry Act 2020;
- 10 **authorised** joint Ministers to determine the final amount to be transferred in accordance with paragraph 9 above, following completion of the Department of Internal Affairs’ 2020/21 audited financial statements, with no impact on the operating balance and net core Crown debt across the forecast period;

Vote: Internal Affairs

Appropriation Administrator: Department of Internal Affairs

Title: Ethnic Communities Multi-lingual Information Network

Description: In May 2020, Cabinet approved \$2.108 million funding (\$1.105 million in 2020/21 and \$1.003 million in 2021/22) for the Ethnic Communities Multi-Lingual Information Network initiative, as part of the COVID-19: Response and Recovery Fund Foundation Package [CAB-20-MIN-0219.14]. The initiative sets up a network of ethnic community partners who share important government information, in multiple languages deep into their communities. It was rescoped after the critical reaction of certain sectors and establishment was delayed. An In-Principle Expense Transfer of up to \$0.300 million from 2020/21 to 2021/22 is required to support the roll out of the COVID-19 vaccine and ensure targeted communication and minimisation of misinformation.

Additional recommendations

- 1 **noted** that in May 2020, Cabinet agreed that any and all underspends relating to the initiatives agreed in the COVID-19: Response and Recovery Fund Foundation Package be returned to the Centre [CAB-20-MIN-0219.14];
- 2 **noted** that as part of the establishment of the Ministry for Ethnic Communities, a new multi-category appropriation Supporting Ethnic Communities MCA will be effective from 1 July 2021 to resource the activities associated with the Diversity, Inclusion and Ethnic Communities portfolio;
- 3 **agreed** to an In-Principle Expense Transfer of up to \$0.300 million from 2020/21 to 2021/22 for the Advisory and Information Services to Ethnic Communities category within the Community Information and Advisory Services MCA to scale up the initiative in the next financial year, support government roll out of the COVID-19 vaccine and ensure targeted communication and minimisation of misinformation;
- 4 **authorised** joint Ministers to determine the final amount to be transferred in accordance with paragraph 13 above, following completion of the Department of Internal Affairs' 2020/21 audited financial statements, with no impact on the operating balance and net core Crown debt across the forecast period;
- 5 **agreed** that the amount confirmed under paragraph 14 above for the In-Principle Expense Transfer in paragraph 13 above will be reflected in the new Supporting Ethnic Communities MCA in 2021/22;

Vote: Internal Affairs

Appropriation Administrator: Department of Internal Affairs

Title: Lake Taupo Marina Redevelopment

Description: In November 2016, Cabinet agreed that any remaining funds at the completion of the redevelopment of the Motuoapa Marina be transferred to outyears [CAB-16-MIN-0580]. An In-Principle Expense Transfer up to \$0.420 million and an In-Principle Capital Transfer of up to \$0.100 million from 2020/21 to 2021/22 are required. These transfers are necessary to provide funding to undertake current and future maintenance and capital requirements at Lake Taupo.

Additional recommendations

- 16 **agreed** to an In-Principle Expense Transfer of up to \$0.420 million from 2020/21 to 2021/22 for the Crown-owned Assets at Lake Taupō - Maintenance Costs category within the Local Government Administration MCA to provide sufficient funding for future maintenance requirements at Lake Taupō;
- 17 **agreed** to an In-Principle Capital Transfer of up to \$0.100 million from 2020/21 to 2021/22 for the Capital Investments - Lake Taupō category within the Local Government Administration MCA to provide sufficient funding to complete current and future capital investment activities at Lake Taupō;
- 18 **authorised** joint Ministers to determine the final amounts to be transferred, following completion of the Department of Internal Affairs' 2020/21 audited financial statements, with no impact on the operating balance and net core Crown debt across the forecast period;

Vote: Internal Affairs

Appropriation Administrator: Department of Internal Affairs

Title: Progressing the Gambling and Community Funding Programme

Description: In May 2020, Cabinet approved \$2.5 million funding for the Gambling, Racing and Community Funding Policy Programme (GRCF) as part of the COVID-19: Response and Recovery Fund Foundation Package [CAB-20-MIN-0219.14, Initiative 12548]. The GRCF is a multi-faceted programme that includes work on regulatory reform for a managed online gambling market. The impact of COVID-19 was more short-term than anticipated for the gambling and racing sectors but more lasting for the community and voluntary sector, highlighting systemic issues with the current approach to community funding. As such, an Expense Transfer of \$0.600 million and an In-Principle Expense Transfer of up to \$0.300 million from 2020/21 to 2021/22 are required.

Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	(0.600)	0.600	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	(0.600)	0.600	-	-	-

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Policy and Related Services (MCA)					
<i>Departmental Output Expenses:</i>					
Policy and Related Services - Community and Voluntary Sector (funded by revenue Crown)	(0.320)	0.320	-	-	-
Policy and Related Services – Internal Affairs (funded by revenue Crown)	(0.200)	0.200	-	-	-
Policy and Related Services – Racing (funded by revenue Crown)	(0.080)	0.080	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Policy and Related Services (MCA)	(0.600)	0.600	-	-	-
Total Operating	(0.600)	0.600	-	-	-

Additional recommendations

- 19 **noted** that in May 2020, Cabinet agreed that any and all underspends relating to the initiatives agreed in the COVID-19: Response and Recovery Fund Foundation Package be returned to the Centre [CAB-20-MIN-0219.14];
- 20 **agreed** to an In-Principle Expense Transfer of up to \$0.300 million from 2020/21 to 2021/22 for the above categories within the Policy and Related Services MCA to ensure long-term solutions to community funding are identified and pressures intensified by COVID-19 are addressed;
- 21 **authorised** joint Ministers to determine the final amount to be transferred in accordance with the decision in paragraph 20 above, following completion of the Department of Internal Affairs' 2020/21 audited financial statements, with no impact on the operating balance and net core Crown debt across the forecast period;

Vote: Internal Affairs

Appropriation Administrator: Department of Internal Affairs

Title: Progressing the Local Government Reform Programmes and Supporting Local Government Response and Recovery

Description: In May 2020, Cabinet approved \$3.105 million funding in 2020/21 for the Supporting Local Government Response and Recovery initiative, as part of the COVID-19: Response and Recovery Fund Foundation Package [CAB-20-MIN-0219.14, Initiative 12551]. The impacts of COVID-19 on local government have been significant and will be ongoing. At the same time, local government faces large infrastructure bills due to under-investment and the impact of climate change. This initiative enables the Department of Internal Affairs to continue to assist with the ongoing response of local government to COVID-19 and changes in alert levels, and support the recovery of local government from the significant impacts of COVID-19 on councils and their communities. An Expense Transfer of \$1.000 million and an In-Principle Expense Transfer up to \$0.500 million from 2020/21 to 2021/22 are required.

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	-	-	-	-	-
Total	(1.000)	1.000	-	-	-

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Departmental Output Expenses:					
Local Government Policy and Related Services (funded by revenue Crown)	(1.000)	1.000	-	-	-
Total Operating	(1.000)	1.000	-	-	-

Additional recommendations

- 22 **noted** that in May 2020, Cabinet agreed that any and all underspends relating to the initiatives agreed in the COVID-19: Response and Recovery Fund Foundation Package be returned to the Centre [CAB-20-MIN-0219.14];
- 23 **agreed** to an In-Principle Expense Transfer of up to \$0.500 million from 2020/21 to 2021/22 for the Local Government Policy and Related Services appropriation to ensure that there is sufficient funding to support local government responses and recovery from the impacts of COVID-19;
- 24 **authorised** joint Ministers to determine the final amount to be transferred, following completion of the Department of Internal Affairs' 2020/21 audited financial statements, with no impact on the operating balance and net core Crown debt across the forecast period;

Vote: Internal Affairs

Appropriation Administrator: Department of Internal Affairs

Title: Taumata Arowai - Establishment of new Water Services Regulator

Description: On 1 March 2021, Taumata Arowai was established as a new Crown entity. The Taumata Arowai Establishment Unit's estimated underspend in 2020/21 is up to \$3.2 million. To ensure Taumata Arowai can access the full funding made available by Cabinet, a fiscally neutral adjustment of \$2.7 million from a departmental appropriation to a non-departmental category within the Local Government Administration Multi Category appropriation is required. This initiative also seeks an In-Principle Expense Transfer from 2020/21 to 2021/22 of up to \$0.500 million for any Departmental underspends, and a fiscally neutral adjustment of \$0.550 million forecast underspend in the Local Government Policy and Related Services appropriation to Taumata Arowai.

Appropriation changes

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

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Departmental Output Expenses:					
Local Government Policy and Related Services (funded by revenue Crown)	(3.250)	-	-	-	-
Multi-Category Expenses and Capital Expenditure:					
Local Government Administration (MCA)					
<i>Non-Departmental Output Expenses:</i>					
Taumata Arowai	3.250	-	-	-	-
Total Operating	-	-	-	-	-

Additional recommendations

- 25 **agreed** to an In-Principle Expense Transfer of up to \$0.500 million from 2020/21 to 2021/22 for the Local Government Policy and Related Services appropriation to preserve the full budget allocated by Cabinet to Taumata Arowai;
- 26 **authorised** joint Ministers to determine the final amount to be transferred, following completion of the Department of Internal Affairs' 2020/21 audited financial statements, with no impact on the operating balance and net core Crown debt across the forecast period.