

# The Treasury

## Budget 2021 Information Release

### August 2021

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#### Cabinet Document Details

Title: **Cabinet Minute: CAB-21-MIN-0096.19: 2021 Budget Technical Financial Recommendations: Vote Social Development**

Date: **9 April 2021**

Creator: Cabinet Office

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- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

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# Cabinet

## Minute of Decision

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### 2021 Budget Technical Financial Recommendations: Vote Social Development

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
13428	Apprenticeship Support Programme	-	-	-	-	-
13364	FNA for Ministry of Social Development's departmental appropriations to meet changes in cost drivers in 2020/21	-	-	-	-	-
13403	Transfer of funding for Gender Pay Equity	-	-	-	-	-
13366	Transfer of funding for the COVID-19 Business Support Subsidy and Leave Support Scheme	(540.000)	540.000	-	-	-
<b>Total Operating</b>		<b>(540.000)</b>	<b>540.000</b>	-	-	-

- 2 **approved** the 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 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 **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:** Social Development

**Title:** Apprenticeship Support Programme

**Description:** In June 2020, Cabinet agreed to the Apprenticeship Support Programme with funding of \$412 million over three financial years to ensure that employers retain existing and bring on new apprentices throughout the economic downturn caused by COVID-19 [CAB-20-MIN-0280]. The programme included two Vote Social Development initiatives: Mana in Mahi Expansion and the Apprenticeship Boost Initiative. Due to uncertainty of the volumes of uptake for both initiatives [33] in-principle expense transfers are required to carry forward any underspends from 2020/21 to 2021/22 in the administration and operational costs of Mana in Mahi Expansion and the administration costs for the Apprenticeship Boost Initiative.

### Additional recommendations

- 7 **agreed in principle** that any underspends in the administration and assistance costs of the Mana in Mahi expansion in 2020/21 be transferred to the 2021/22 financial year;
- 8 **agreed in principle** that any underspends in the administration and assistance costs of the Apprenticeship Boost initiative in 2020/21 be transferred to the 2021/22 financial year;
- 9 **authorised** the Minister of Finance and the Minister for Social Development and Employment jointly to agree the final amount(s) to be transferred for the above in principle decisions, following completion of the 2020/21 financial statements of the Ministry of Social Development or beforehand if necessary, with no impact on the operating balance and/or net core Crown debt across the forecast period.

**Vote:** Social Development

**Title:** Fiscally neutral adjustment for the Ministry of Social Development's departmental appropriations to meet changes in cost drivers in 2020/21

**Description:** The Ministry of Social Development allocates indirect and overhead costs to appropriations based on various cost drivers such as time spent on activities, volume data and demand driven services. A fiscally neutral adjustment is sought to reflect changes in cost drivers during 2020/21 with the flow-on impact on a number of appropriations.

### Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
<b>Departmental Output Expenses:</b>					
Administration of Service Cards (funded by revenue Crown)	1.000	-	-	-	-
Data, Analytics and Evidence Services (funded by revenue Crown)	4.000	-	-	-	-
Income Support and Assistance to Seniors (funded by revenue Crown)	2.800	-	-	-	-
Investigation of Overpayments and Fraudulent Payments and Collection of Overpayments (funded by revenue Crown)	5.600	-	-	-	-
Management of Student Loans (funded by revenue Crown)	3.700	-	-	-	-
Management of Student Support (funded by revenue Crown)	3.600	-	-	-	-
Planning, Correspondence and Monitoring (funded by revenue Crown)	1.800	-	-	-	-
Policy Advice (funded by revenue Crown)	0.350	-	-	-	-
Promoting Positive Outcomes for Seniors (funded by revenue Crown)	0.230	-	-	-	-
Services to Support People to Access Accommodation (funded by revenue Crown)	4.500	-	-	-	-

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Community Support Services (MCA)					
<i>Departmental Output Expenses:</i>					
Developing and Managing Community Services (funded by revenue Crown)	5.500	-	-	-	-
Improved Employment and Social Outcomes Support (MCA)					
<i>Departmental Output Expenses:</i>					
Administering Income Support (funded by revenue Crown)	(5.000)	-	-	-	-
Improving Employment Outcomes (funded by revenue Crown)	(23.430)	-	-	-	-
Improving Work Readiness Outcomes (funded by revenue Crown)	(5.150)	-	-	-	-
<b>Total Multi-Category Expenses and Capital Expenditure: Improved Employment and Social Outcomes Support (MCA)</b>	<b>(33.580)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Partnering for Youth Development (MCA)					
<i>Departmental Output Expenses:</i>					
Administering Youth Development (funded by revenue Crown)	0.500	-	-	-	-
<b>Total Operating</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Vote:** Social Development

**Title:** Transfer of funding for Gender Pay Equity

**Description:** In July 2017, Cabinet agreed to provide ongoing funding (\$52.731 million, over five financial years) to Vote Social Development for the financial impact of the Terranova Settlement on the vocational and disability workforce. Gender Pay Equity funding has been included in contracts for providers in the vocational and disability sector since 2017/18. However, a fiscally neutral adjustment is required in 2020/21, to allow for an increase in qualifying Very High Needs support workers, which increases the financial impact on the Supporting Equitable Pay for Care and Support Workers appropriation.

**Appropriation changes**

	<b>\$m - increase/(decrease)</b>				
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25 &amp; Outyears</b>
<b>Non-Departmental Output Expenses:</b>					
Community Participation Services	(0.700)	-	-	-	-
Supporting Equitable Pay for Care and Support Workers	0.700	-	-	-	-
<b>Total Operating</b>	-	-	-	-	-



**Vote:** Social Development

**Title:** Transfer of funding for the COVID-19 Business Support Subsidy and Leave Support Scheme

**Description:** An expense transfer for the COVID-19 Business Support Subsidy and Leave Support Scheme is required to ensure funding is appropriated and made available for the 2021/22 financial year. This will ensure that both the Business Support Subsidy and Leave Support Scheme payments can continue to be made where required from 1 July 2021.

### Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	(540.000)	540.000	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>(540.000)</b>	<b>540.000</b>	-	-	-

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
<b>Non-Departmental Other Expenses:</b>					
Business Support Subsidy Covid-19	(500.000)	500.000	-	-	-
COVID-19 Leave Support Scheme	(40.000)	40.000	-	-	-
<b>Total Operating</b>	<b>(540.000)</b>	<b>540.000</b>	-	-	-

### Additional recommendations

- 10 **noted** that in addition to the above expense transfer of \$540 million, in-principle expense transfers of operating funding from 2020/21 to 2021/22 are required due to high uncertainty in the spending profile of the COVID-19 Leave Support Scheme and the Business Support Subsidy Covid-19 appropriations;
- 11 **agreed in principle** that any underspends in the COVID-19 Leave Support Scheme appropriation as at 30 June 2021 be transferred to the 2021/22 financial year to ensure that funding is available for that purpose;
- 12 **agreed in principle** that any underspends in the Business Support Subsidy Covid-19 appropriation as at 30 June 2021 be transferred to the 2021/22 financial year to ensure that funding is available for that purpose;
- 13 **authorised** the Minister of Finance and the Minister for Social Development and Employment jointly to agree the final amount(s) to be transferred for the above in principle decisions, following completion of the 2020/21 audited financial statements of the Ministry of Social Development or earlier if necessary, with no impact on the operating balance and/or net core Crown debt across the forecast period.