

The Treasury

Budget 2021 Information Release

August 2021

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Cabinet

Minute of Decision

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2021 Budget Package: Vote Finance

On 12 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
13099	Accelerating New Zealand's Economic Recovery - Laying the Foundation for a Better Future	3.686	5.339	5.401	5.768	5.045
13515	Developing a funding and financing strategy for Aotearoa New Zealand's climate transition	-	0.800	-	-	-
13501	Government Implementation Unit	-	0.359	0.359	-	-
13433	Restoring the Productivity Commission's research and engagement capability	-	0.900	0.900	0.900	0.900
Total Operating		3.686	7.398	6.660	6.668	5.945

Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
13485	Cancellation of TVNZ uncalled capital facility	(30.000)	-	-	-	-
13438	Delivering New Zealand's contribution to the World Bank capital increase package	-	27.900	-	-	-
13544	Recapitalising New Zealand Green Investment Finance Ltd	-	200.000	-	-	-
Total Capital		(30.000)	227.900	-	-	-

- 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 proposed 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 **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;
- 8 **agreed** that the initiative in the following table and as detailed in the attached initiative documents be a contingency item and that the corresponding funding be a charge against the Multi-Year Capital Allowance:

Summary of contingency initiatives included in the attached initiative documents:

Capital Contingency

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
13553	Recapitalising New Zealand Green Investment Finance Ltd	-	-	100.000	-	-
Total Capital		-	-	100.000	-	-

- 9 **approved** the additional recommendations relating to the contingency initiative, as set out in the attached initiative documents.

Michael Webster
Secretary of the Cabinet

Vote: Finance

Appropriation Administrator: The Treasury

Title: Accelerating New Zealand's Economic Recovery - Laying the Foundation for a Better Future

Description: This initiative provides funding to sustain the Treasury's current level of service supporting the Government to deliver its priorities that will accelerate New Zealand's economic recovery, laying the foundation for a better future.

Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	3.686	5.339	5.401	5.768	5.045
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	3.686	5.339	5.401	5.768	5.045

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Departmental Output Expense:					
Policy Advice - Finance (funded by revenue Crown)	-	-	-	-	4.695
Multi-Category Expenses and Capital Expenditure:					
Crown Company Monitoring Advice (MCA) <i>Departmental Output Expense:</i>					
Crown Company Monitoring Advice to the Minister for State Owned Enterprises and Other Responsible Ministers (funded by revenue Crown)	0.250	0.350	0.350	0.350	0.350
Policy Advice and Financial Services (MCA MYA) <i>Departmental Output Expense:</i>					
Policy Advice (funded by revenue Crown)	3.436	4.989	5.051	5.418	-
Total Operating	3.686	5.339	5.401	5.768	5.045

Additional recommendations

- 10 **agreed** that the multi-year appropriation: Policy Advice and Financial Services be adjusted by \$18.894 million;
- 11 **noted** that amounts shown in the Appropriation Changes table for the multi-year appropriation: Policy Advice and Financial Services are the changes to the indicative annual spending profile;

Vote: Finance

Appropriation Administrator: The Treasury

Title: Cancellation of TVNZ uncalled capital facility

Description: The Board of TVNZ has officially terminated the uncalled capital facility of \$30 million for 2020/21 that was agreed by Cabinet in July 2020, funded from the COVID-19 Response and Recovery Fund. This initiative returns the \$30 million to the centre.

Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	(30.000)	-	-	-	-
No Impact	-	-	-	-	-
Total	(30.000)	-	-	-	-

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Non-Departmental Capital Expenditure:					
COVID-19: Uncalled Capital Facility for Television New Zealand Limited	(30.000)	-	-	-	-
Total Capital	(30.000)	-	-	-	-

Additional recommendation

11 **agreed** that the savings from the above initiative be returned to the COVID-19 Response and Recovery Fund;

Vote: Finance

Appropriation Administrator: The Treasury

Title: Delivering New Zealand's contribution to the World Bank capital increase package

Description: This funding is for subscription to the shares in the International Finance Corporation allocated to New Zealand by the recent World Bank capital increase package. The World Bank capital increase package is one of a broader suite of initiatives to strengthen the balance sheet of the world's largest development bank in support of the United Nations' Sustainable Development Goals by 2030.

Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	27.900	-	-	-
No Impact	-	-	-	-	-
Total	-	27.900	-	-	-

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Non-Departmental Capital Expenditure:					
International Financial Institutions (PLA)	-	27.900	-	-	-
Total Capital	-	27.900	-	-	-

Vote: Finance

Appropriation Administrator: The Treasury

Title: Developing a funding and financing strategy for Aotearoa New Zealand's climate transition

Description: This initiative provides operating costs for policy development across Vote Environment and Vote Finance in 2021/22 to develop a strategy for funding and financing the transition to a low emissions and climate resilient economy. This will include considering the scale and certainty of government funding for the transition, as well as institutional and other solutions to scale up and accelerate the mobilisation of private sector investment.

Appropriation changes

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

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Policy Advice and Financial Services (MCA MYA)					
<i>Departmental Output Expense:</i>					
Policy Advice (funded by revenue Crown)	-	0.800	-	-	-
Total Operating	-	0.800	-	-	-

Additional recommendations

- 12 **agreed** that the changes to the Policy Advice and Financial Services MCA MYA that impact on the operating balance and net core Crown debt be included in the 2020/21 Supplementary Estimates and 2021/22 Estimates and Supporting Information;
- 13 **agreed** the multi-year appropriation: Policy Advice and Financial Services be adjusted by \$0.800 million;
- 14 **noted** that amounts shown in the Appropriations Changes table for the multi-year appropriation: Policy Advice and Financial Services are the changes to the indicative annual spending profile;
- 15 **noted** that there is associated operating funding in Vote Environment (Initiative:13323);

Vote: Finance

Appropriation Administrator: The Treasury

Title: Government Implementation Unit

Description: This initiative will fund a Government Implementation Unit that will ensure the Deputy Prime Minister and all responsible ministers know whether selected high-priority programmes and projects are on track to deliver their intended benefits in their intended timeframes, what can be done to bring delivery back on track, and that these actions are taken. This will be supported by the Treasury's broad-based qualitative data collection on select COVID-19 Response and Recovery Fund initiatives. This Unit will be established for a two-year period until 30 June 2023, with a review at around 18 months to assess the value of the Unit.

Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	-	0.359	0.359	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	0.359	0.359	-	-

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Policy Advice and Financial Services (MCA MYA)					
<i>Departmental Output Expense:</i>					
Policy Advice (funded by revenue Crown)	-	0.359	0.359	-	-
Total Operating	-	0.359	0.359	-	-

Additional recommendations

- 16 **agreed** that the multi-year appropriation: Policy Advice and Financial Services be adjusted by \$0.718 million;
- 17 **noted** that amounts shown in the Appropriation Changes table for the multi-year appropriation: Policy Advice and Financial Services are the changes to the indicative annual spending profile;
- 18 **note** that there is associated operating funding in Vote Prime Minister and Cabinet (Initiative: 13220);

Vote: Finance

Appropriation Administrator: The Treasury

Title: Recapitalising New Zealand Green Investment Finance Ltd

Description: This initiative provides capital for New Zealand Green Investment Finance Ltd (NZ GIF), which is undercapitalised and will not be in a position to continue investing without receiving further capital. This recapitalisation occurs at a critical time for investment in mitigation outcomes in New Zealand, as New Zealand moves to implement its first Emissions Reduction Plan in 2021 following the advice of the Climate Change Commission on how to reduce emissions in line with its existing, ambitious climate change mitigation targets.

Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	200.000	-	-	-
No Impact	-	-	-	-	-
Total	-	200.000	-	-	-

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Non-Departmental Capital Expenditure:					
New Zealand Green Investment Finance Ltd - Equity Injections for Capital Investments (MYA)	-	200.000	-	-	-
Total Capital	-	200.000	-	-	-

Additional recommendations

- 19 **agreed** the multi-year appropriation: New Zealand Green Investment Finance Ltd - Equity Injections for Capital Investments be adjusted by \$200.000 million;
- 20 **noted** that amounts shown in the Appropriations Changes table for the multi-year appropriation: New Zealand Green Investment Finance Ltd - Equity Injections for Capital Investments are the changes to the indicative annual spending profile;
- 21 **noted** that further capital funding has been set aside in a tagged contingency (Initiative: 13553);

Vote: Finance

Appropriation Administrator: The Treasury

Title: Recapitalising New Zealand Green Investment Finance Ltd

Description: This initiative provides capital for New Zealand Green Investment Finance Ltd (NZ GIF), which is undercapitalised and will not be in a position to continue investing without receiving further capital. This recapitalisation occurs at a critical time for investment in mitigation outcomes in New Zealand, as New Zealand moves to implement its first Emissions Reduction Plan in 2021 following the advice of the Climate Change Commission on how to reduce emissions in line with its existing, ambitious climate change mitigation targets.

Tagged contingency

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Contingency	-	-	-	-	-
Capital Contingency	-	-	100.000	-	-
Total	-	-	100.000	-	-

Additional recommendations

- 22 **noted** that separate funding has been provided for recapitalisation of New Zealand Green Investment Finance Ltd in 2021/22 (Initiative: 13544);
- 23 **authorised** the Minister of Finance and the Minister of Climate Change jointly to draw down the above tagged contingency funding, subject to their satisfaction with the pace and effectiveness of Green Investment Finance Ltd's investment in, and development of, an investment pipeline;
- 24 **agreed** that the expiry date for the above tagged contingency be 30 June 2022.

Vote: Finance

Appropriation Administrator: The Treasury

Title: Restoring the Productivity Commission's research and engagement capability

Description: This initiative will enable the Commission to carry out its intended purpose of improving productivity and supporting the wellbeing of all communities and population groups in New Zealand society. The additional funding will rebuild and preserve the Commission's capability and capacity to lead and coordinate independent research, and to deliver on the responsible Minister's expectation that the Commission pivots to better align with the Government's priorities. It will also enable the Commission to increase consultation with key communities, deliver flexible and tailored inquiry reports, and promote wider public understanding of productivity issues.

Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	-	0.900	0.900	0.900	0.900
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	0.900	0.900	0.900	0.900

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Non-Departmental Output Expense:					
Inquiries and Research into Productivity-Related Matters	-	0.900	0.900	0.900	0.900
Total Operating	-	0.900	0.900	0.900	0.900