

The Treasury

Budget 2021 Information Release

August 2021

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Key to sections of the Act under which information has been withheld:

- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [26] 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied
- [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
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment
- [36] 9(2)(h) - to maintain legal professional privilege
- [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
- [40] Not in scope
- [42] 18(d) - information is already publicly available or will be publicly available soon.

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Hon Grant Robertson

MP for Wellington Central
Deputy Prime Minister
Minister of Finance
Minister for Infrastructure
Minister for Sport and Recreation
Minister for Racing



21 December 2020

Hon Carmel Sepuloni
Minister for Social Development and Employment
Parliament Buildings

Dear Carmel

Thank you for your recent engagement on Budget 2021. As you will be aware, we have set a very high bar for the initiatives that will be invited for submission, limited to only the most critical cost pressures and urgent manifesto commitments.

I have considered the cost pressures and manifesto commitments that you outlined in your letter and the discussion we had on 14 December, and I am inviting you to submit the initiatives in your Social Development and Employment and Disability Issues portfolios as outlined in the attached Annex A.

Annex A also outlines specific expectations and requirements of initiatives in addition to those set out in the standard Budget templates. I have highlighted two specific aspects that impact multiple initiatives below.

- **Initiatives with FTE requirements.** I expect an overall picture of actual and upcoming FTE requirements across the Social Development and Employment portfolio to be submitted in addition to the FTE breakdown in the individual bid templates.
- **Time-limited initiatives.** For initiatives that could be time limited, I expect a plan to be included in the template showing how you intend to manage the ongoing funding profile beyond the time-limited funding period.

Please also note that while I have invited these initiatives to be submitted, this does not guarantee that they will receive funding. The Treasury will assess the value for money and relative priority of all initiatives, and this advice will help to inform the shape of the final Budget 2021 package. Therefore, I expect that all initiatives will be supported by a robust case for funding and a strong evidence base, as well as scaling and reprioritisation options.

The cost pressures and manifesto commitments that I have not invited you to submit on across your Social Development and Employment and Disability Issues portfolios may be addressed through future Budgets or other levers such as reprioritisation of baseline funding. I have outlined below specific manifesto commitments where decisions have been deferred to Budget 2022 and other future Budgets:

[33]

As per the expectations that I have previously outlined around fiscal management, I will not support any out-of-cycle funding requests for these initiatives unless there is a compelling case for urgency. I also note your intention to seek out-of-cycle funding for the New Zealand Artificial Limb Service and to provide for back-payments of the cost of the Residential Care Subsidy.

Yours sincerely

Hon Grant Robertson
Minister of Finance

Initiative (Manifesto and cost pressures)	Specific Requirements – Areas that are expected to be addressed in the submitted initiative templates in addition to the requirements outlined in the guidance
Income Support and Welfare Overhaul	
Manifesto - Main Benefit Increase and complementary changes	I expect this initiative to include options for complementary and minor income support changes which reduce the need for transitional assistance payments. These include changes to the Temporary Additional Support Disability Allowance Exception and changes to the Income Definition for Childcare Assistance. I also expect this initiative to include the cost of the flow-on impact to the Minimum Family Tax Credit in line with our recent decision. I am also interested in understanding the impact of a main benefit increase on the gap between main benefits and earned income (including the impact of childcare).
Manifesto - Improving Childcare Assistance	I expect this initiative to show how it contributes to the following goals: <ul style="list-style-type: none"> • Making work pay - particularly in connection with the initiative to increase main benefits; • Reducing child poverty and supporting an inclusive economy; and • Addressing barriers to employment for groups disadvantaged in the labour market.
[33]	
Cost Pressure - Extended deferral and individually tailored review periods (“medical certificates”)	No specific requirements.
[33]	
Employment	
Manifesto - Reinstating the Training Incentive Allowance	I expect to see the cost of this initiative scaled significantly. <ul style="list-style-type: none"> • Objective: The initiative should provide a clear problem definition outlining what barriers to study this initiative is addressing for the different target cohorts, including consideration of the key barriers to study, and how TIA could help address these barriers. • Alignment across government: An explanation of how this initiative fits within and impacts other supports across government (e.g. student loans, student allowances, benefits, Childcare Assistance). In particular, what support that has been developed since TIA was removed for higher level study in 2009 (e.g. interest free student loans)
Cost Pressure - COVID-19 Demand Employment Services	I expect an outline the options for funding this initiative which include utilising underspends and baseline funding. <ul style="list-style-type: none"> • Investment in Employment Services: I am interested in considering options for funding this initiative, given the reduction in forecast unemployment since Budget 2020, and how investments in TIA and Flexi-wage affect expected demand for other employment services. Other scaling options, including time-limited funding, should be submitted with an explanation of any associated risks. • Employment Strategy: I expect to see an explanation of how this bid relates to the Ministry of Social Development’s employment investment strategy, and broader all of government employment strategy, including an explanation of how services meet the needs of different cohorts (e.g. long term beneficiaries, new to benefit, at risk of benefit receipt). The initiative should also outline the engagement the Ministry has taken with other government employment work programmes (e.g. the EET Ministers group and MBIE). • Previous Investments: An update of what efficiency gains the Ministry of Social Development has realised from digital channels.
Communities and Partnerships	
Manifesto - Growing Disability and Accessibility Leadership and Advice	I expect options for scaling should be provided.
Cost Pressure - Continuing the KidsCan Programme to Respond to Increased Demand	I expect the continuation and expansion components of the initiatives should be presented separately. An outline of how these initiatives fit with existing activity across government should be provided.
Cost Pressure - Continuing the KickStart Breakfast Programme to Respond to Increased Demand	
Cost Pressure - Continuation of Kāinga Whānau Ora	I expect options for scaling should be provided.

Cost Pressure - Ensuring Continued Availability of Out of School Care and Recreation Services	I expect options for scaling should be provided. Information should be provided on what outcomes have been achieved through the investment provided in Budget 2020, and what further outcomes are expected to be achieved from this new funding.
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Systems and Operations	
Manifesto - Living Wage	<p>I expect a robust and clear case for funding. This would include options for funding from baseline, a distinction between each contract group (e.g. cleaners, security guards) and an outline of the assumptions used in the costings.</p> <p>I would also like to understand more about the progress of implementation of the living wage for the Ministry of Social Development's security guards.</p>
Cost Pressure - Housing Demand	No specific requirements
Cost Pressure - COVID-19 Demand FTE	I expect options for funding from underspends and other scaling options including providing time-limited funding should be submitted.
Cost Pressure - Site Safety and Security (guards)	I expect the template should be provide options for scaling and a clear outline and explanation of changes to costs and assumptions since the Baseline review.
Cost Pressure - Remuneration	
Cost Pressure - Non-Discretionary Cost Pressures	
Cost Pressure - Continuation of Budget 2020 Capital Initiatives	
Cost Pressure - Oranga Tamariki Corporate Services Separation	<p>I expect the submitted template to include:</p> <ul style="list-style-type: none"> • an explanation of the interdependencies with Oranga Tamariki's corporate platform initiative (FMIS and Payroll); and • an explanation of how these investments deliver on the broader strategy for technology within the Ministry of Social Development. <p>I expect the Ministry of Social Development, Oranga Tamariki and Treasury to work together to provide a complete picture of the costs and impacts of the separation.</p>