

The Treasury

Budget 2021 Information Release

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- [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
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Treasury Report: Budget 2021 Bilateral with the Minister for Pacific Peoples

Date:	19 January 2021	Report No:	T2020/3836
		File Number:	DH-43-1

Action sought

	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Note the contents of this report	26 January 2021
Hon Dr Megan Woods Associate Minister of Finance		

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Ahmer Ranjha	Graduate Analyst, Education and Population Agencies	[39]	N/A (mob) ✓
Nicky Lynch	Manager, Education and Population Agencies	[35]	

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any
feedback on
the quality of
the report

Enclosure: No

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Executive Summary

The Minister for Pacific Peoples (who is also acting in his capacity as Associate Minister of Health and Education) has indicated that he would like to submit a number of initiatives across the Pacific Peoples, Education and Health portfolios in late January. [33] in operating funding across the forecast period has been invited or is under consideration.

We understand that the All-of-Government Pacific Wellbeing Strategy is a priority for the Minister. We suggest discussing with the Minister how he will ensure buy-in from multiple agencies to the proposed strategy and how sustained collaboration on Pacific investment can be achieved between the Ministry for Pacific Peoples (MPP) and other agencies.

MPP officials have indicated that there is a demand pressure for the previously funded Tupu Aotearoa initiative, due to increased demand for its services to help Pacific people Not in Education, Employment or Training (NEET) to enter employment or training. MPP officials have indicated that funding may be required before Budget 2021 to avoid service disruption. We will work further with officials on whether an early decision is needed and potential funding options.

There has been limited progress on implementing Pacific Education initiatives funded through the CRRF. The Minister has indicated there is up to [33] for Pacific-related Education initiatives that may be submitted under the Education portfolio in late January. We would recommend asking the Minister to take the progress of previously funded initiatives into account when seeking additional funding.

Recommended Action

We recommend that you:

- a **note** the contents of this report.

Nicky Lynch
Manager, Education and Population Agencies

Hon Grant Robertson
Minister of Finance

Hon Megan Woods
Associate Minister of Finance

Treasury Report: Budget 2021 Bilateral with the Minister for Pacific Peoples

Purpose of Report

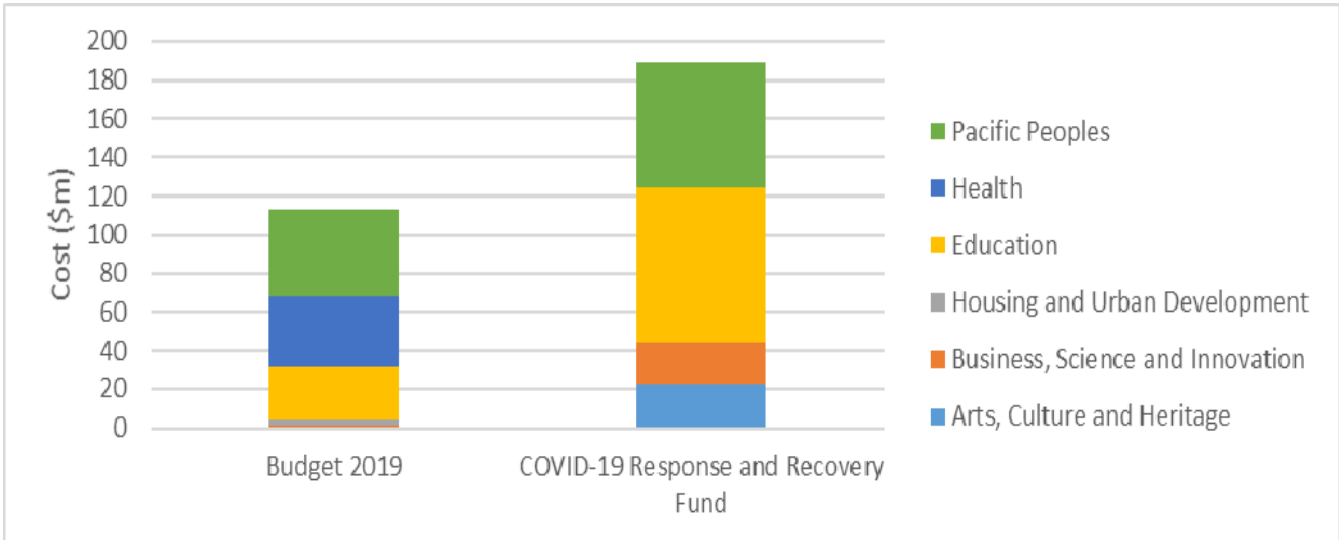
1. You are meeting with the Minister for Pacific Peoples at 9am on 26 January to discuss Budget initiatives aimed at Pacific communities.
2. This report provides:
 - background and context on previous investment targeted towards Pacific communities.
 - information on invited initiatives.
3. Talking points for your discussion with the Minister for Pacific Peoples (Annex One) and an Annex of Pacific Initiatives (Annex Two) are attached.

Background

Past investment

4. In recent years, there has been an increase in government investment focused on supporting Pacific communities. **\$113 million** was committed at Budget 2019 for initiatives targeted at Pacific communities. In 2020, **\$195 million** was committed through the COVID-19 Response and Recovery Fund (CRRF)¹. The investments were across a wide variety of Votes. Figure 1 shows how funding was allocated by Vote.

Figure 1: Pacific investment by portfolio



5. Between 2018/19 and 2020/21, the annual baseline for Vote Pacific Peoples almost quadrupled from around \$11.8 million to around \$46.5 million. However, much of this increase has been a result of time-limited funding received through the CRRF.

¹ There was no significant Pacific investment through the main Budget in 2020, due to the priority process being put on hold.

6. Through the CRRF, \$41.3 million was placed into contingency for four initiatives related to Pacific Housing. \$21.3 million was drawn down from the contingency in August 2020. The initiatives funded through this drawdown are currently going through tendering processes.
7. The Minister for Pacific Peoples has indicated in his letter that the majority of initiatives that were funded through Budget 2019 and the CRRF are either in the process of implementation or are in the final stages of contract negotiation.
8. The Ministry of Education produced a report-back on the progress of all Vote Education initiatives funded through the CRRF in December 2020 (METIS 1244473 refers). The report indicates that as at 31 October 2020, almost none of the \$80.2 million allocated for Pacific Education initiatives had been spent. However, the report also indicated that applications valued at \$23.4 million were received for two fund-based initiatives and that assessments of the applications were expected to be completed by December 2020. Funding agreements for the other initiatives were also expected to be finalised by December 2020.
9. You have requested a report-back on all CRRF funded initiatives by 29 January 2020. This should provide further information on how these initiatives have progressed.

Māori and Pacific Wellbeing Outcome

10. We understand that the Government intends to announce a targeted Māori and Pacific Wellbeing outcome in the forthcoming Budget Policy Statement:
 - Māori and Pacific – Lifting Māori and Pacific incomes, skills and opportunities, and combatting the impacts of COVID-19.
11. The initiatives that the Minister for Pacific Peoples has proposed have some alignment with the Māori and Pacific Wellbeing Budget outcome. However, to meet this aspiration, it will be important to look at investment beyond the Pacific Peoples, Health and Education portfolios to understand how initiatives across government can improve outcomes for Pacific peoples at the population level.
12. MPP would like to take a more strategic role in ensuring that other agencies are delivering investment that effectively reaches and supports Pacific communities, and we are supportive of this. This will require MPP to work effectively with other agencies. The proposed All-of-Government Pacific Wellbeing Strategy initiative could play a role in ensuring the needs of Pacific communities are considered through initiatives that are administered by other agencies.

Initiatives Invited for Budget 2021

13. Annex Two contains a summary of the initiatives that the Minister has indicated he would like to submit, alongside their invite status. The initiatives are across the Pacific Peoples, Education² and Health portfolios (for the Education and Health portfolios, the Minister is acting in his capacity as Associate Minister).
14. The total indicative cost of Pacific related initiatives that have been invited or are being considered is [33] in operating funding across the forecast period.

² The Education portfolio includes Vote Education and Vote Tertiary Education.
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Figure 2: Indicative costs of initiatives invited or being considered by portfolio
[33]

15. [33]

- [33]

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16. The Pacific Education initiatives will be considered as part of the total Education package you have asked the Minister of Education to submit. We do not believe the Pacific Education initiatives fall within the scope of Budget 2021 as they are neither cost pressures nor manifesto commitments. We suggest you ask the Minister for Pacific Peoples for an update on the engagement he has had with the Minister of Education on the likelihood of the Pacific initiatives being included within the wider Education package.

Topics for Discussion

All-of-Government Pacific Wellbeing strategy

17. The All-of-Government Pacific Wellbeing strategy (AoGPW strategy) is the only new initiative the Minister has indicated he would like to submit for the Pacific Peoples portfolio. We understand it is a priority for the Minister. The aim of the initiative is to improve the coordination and delivery of Pacific-focussed initiatives across the government.

18. **The indicative cost of this initiative is** [33] across the forecast period. A paper proposing the development of the AoGPW strategy went to Cabinet in November 2019 and Cabinet agreed in principle to develop a performance framework to measure the impact of investment into Pacific communities (SWC-19-MIN-0186 and CAB-19-MIN-0610 refers). No funding was agreed at that time.
19. MPP can play an important role in the development and delivery of Pacific initiatives through other agencies, given its expertise and ties with Pacific communities. [34]
20. Successful implementation of this initiative would require clear buy-in from other agencies. We would recommend discussing with the Minister what mechanisms need to be put in place to ensure the necessary ongoing collaboration with other agencies.
21. There may be a risk of pushback from agencies due to the increased oversight and scrutiny over agency activity that could result. We would recommend asking the Minister what measures MPP are taking to mitigate such risks.

Existing programmes in Vote Pacific Peoples

22. Three of the four invited initiatives for Vote Pacific Peoples are seeking funding for existing initiatives. Two of these initiatives (Tupu Aotearoa and [33]) received time-limited funding through the CRRF to the end of 2021/22. The Minister is seeking to secure outyears funding for these initiatives.
23. We are aware there is evaluation evidence of these programmes that we can look into as part of the bid assessment process.

Education and Health initiatives

24. As we note in paragraph 8, the Ministry of Education has reported limited progress on the Pacific Education initiatives funded through the CRRF. We would like to see clear evidence of progress in delivery of the previously funded initiatives before recommending any further investment. The January report-back is one vehicle for understanding how the initiatives have progressed. We would suggest discussing this with the Minister.
25. In the Health portfolio, funding is sought to support the roll out of *Ola Manuia: the Pacific Health and Wellbeing Plan 2020-2025*. We recommend that any additional investment in primary and community health sector, including for Pacific peoples, is prioritised alongside - or is a component of - the investment in primary and community health as part of the package of Health and Disability System Reform (HDSR) initiatives.

Tupu Aotearoa Demand Pressure

26. We are aware that the level of demand for Tupu Aotearoa services has been higher than expected. Although a cost pressure bid has been invited, officials at MPP have informed us that the funding may be needed sooner to prevent disruption to services.

27. The funding required is estimated at approximately **\$4 million**. MPP officials have indicated they are exploring the possibility of a fiscally neutral transfer from an initiative with a similar focus from another Vote. We will explore further with officials whether an early decision is needed and what funding options are available, including any reprioritisation options.

Annex One: Talking Points

- How is delivery progressing for the previously funded Pacific initiatives? What is your view on why delivery has been slower than expected for the Education initiatives?
- For existing initiatives seeking outyears funding, how have they have contributed to date to improved Pacific wellbeing outcomes?
- Have you discussed the Ola Manuia Action Plan with the Minister of Health, in the context of the work currently underway on health and disability system reform?
- What do you see as MPP's role in the development and implementation of the Health and Education initiatives? Are you also exploring how Pacific needs and perspectives could be incorporated into initiatives beyond these portfolios?
- What are the key risks to the implementation of the All-of-Government Pacific Wellbeing Strategy? What means are there to mitigate these risks and ensure agency buy-in?
- The All-of-Government Pacific Wellbeing Strategy has multiple components. Which of these are your highest priorities?
- What options are you exploring for addressing demand pressure for Tupu Aotearoa?

Annex Two: Pacific Initiatives

Initiative Title	Portfolio	Cost Pressure or Manifesto	Indicative cost (opex)	Invite Status
Economic Development (This funding is for The Ministry for Pacific Peoples (MPP) to fund external providers to deliver services for Pacific businesses including mentoring, training, marketing research and advice.)	Pacific Peoples	Cost Pressure	\$8.2 million across 5 years	Invited
Tupu Aotearoa (This is an active labour market policy. MPP funds external providers to provide services to help Pacific People who are Not in Employment, Education or Training to enter employment or training.)	Pacific Peoples	Cost Pressure	[33]	Invited
[33]				
All-of-Government Pacific Wellbeing Strategy (The outputs of this initiative are: -Supporting the Lalanga Fou Deputy Chief Executive Governance Group. -Developing Pacific capability across government. [33] -Developing a set of Pacific wellbeing indicators that are used across government.)	Pacific Peoples	Manifesto Commitment	[33]	Invited
[33]				
Deliver Sustained Professional Learning and Development to Embed Tapasā (This initiative provides funding for the development of a Professional Learning and Development (PLD) programme for teachers and leaders in early learning settings and schools with high numbers of Pacific learners to embed the principles and approach of Tapasā, a cultural competencies framework for teachers and leaders of Pacific learners.)	Education	Neither	[33]	Considered as part of the Education package
Support Pacific Bilingual and Immersion Units in Schools (This initiative supports Pacific learners to learn in cultural and linguistic supportive [33] in Pacific bilingual and immersion units in schools to meet persistent operating and resourcing needs.)	Education	Neither	[33]	Considered as part of the Education package
[33]				
Invest [33] to Support the Roll Out of Ola Manuia: the Pacific Health and Wellbeing Action Plan 2020–2025 (This initiative seeks funding to support the commissioning of cross-government and intersectoral approaches between the social, housing, employment and education sectors which will support the roll out of Ola Manuia.)	Health	Manifesto commitment	[33]	Invited