

# The Treasury

## Budget 2021 Information Release

### August 2021

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- [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
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## Treasury Report: Budget 2021 Multilateral with Māori Ministers

<b>Date:</b>	19 January 2021	<b>Report No:</b>	T2021/3
		<b>File Number:</b>	DH-46-1

### Action sought

	Action sought	Deadline
Hon Grant Robertson <b>Minister of Finance</b>	<b>Note</b> the contents of this report	26 January 2021
Hon Megan Woods <b>Associate Minister of Finance</b>	<b>Note</b> the suggested talking points for your discussion with Māori Ministers on 26 January 2021	

### Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Maraea Mullane-Ronaki	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:** Yes (attached)

# Treasury Report: Budget 2021 Multilateral with Māori Ministers

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## Executive Summary

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For Budget 2021, Ministers Davis, Mahuta, Jackson, Allan, and Whaitiri, in consultation with the wider Labour Māori Caucus, submitted a package of initiatives in line with the Labour Māori Manifesto commitments and to address issues facing Māori due to COVID-19.

[33]

The invited package focuses in particular on addressing the policy commitment in the Māori Manifesto on strengthening Māori housing outcomes.

The Budget Policy Statement will include a wider enduring objective around improving Māori and Pacific Wellbeing. Achieving this objective will require ensuring that wider government spending works well for Māori, in addition to any specific Māori package. In particular, we would suggest there is a need for a continuing focus on how well education, training and employment initiatives you have previously funded are working for Māori.

## Recommended Action

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We recommend that you:

- a **note** that Māori Ministers have proposed a Māori package for Budget 2021
- b **note** that the package focuses in particular on housing outcomes
- c **note** the suggested speaking points for your discussion with Māori Ministers on 26 January 2021.

Nicky Lynch  
**Manager**  
**Education and Population Agencies**

Hon Grant Robertson  
**Minister of Finance**

Hon Megan Woods  
**Associate Minister of Finance**

# Treasury Report: Budget 2021 Multilateral with Māori Ministers

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## Purpose of Report

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1. You are meeting with Ministers Davis, Mahuta, Jackson, Henare, Allan, and Whaitiri to discuss Budget 2021 at 4:00pm on Tuesday 26 January.
2. This report contains:
  - summary and analysis of the proposed Māori Package for Budget 2021, and
  - information about previous spending that contributes to Māori Wellbeing Outcomes.
3. Annex A provides suggested talking points for your discussion. Annex B summarises initiatives from the Māori Package submitted for consideration for Budget 2021. Annex C outlines other initiatives that have the potential to contribute to Māori Wellbeing Outcomes.

## Background

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### Budget 2021 Strategy and Priorities

4. Cabinet agreed to the following priorities for Budget 2021:
  - continuing the COVID-19 response
  - delivering priority and time-sensitive manifesto commitments
  - supporting core public services through managing critical cost pressure and manifesto commitments, and
  - continuing to deliver on existing investments.
5. We also understand that the Government intends to announce a targeted Māori and Pacific Wellbeing objective in the forthcoming Budget Policy Statement. The purpose of the objective is to guide investment over a number of Budgets. The draft wording for the Māori and Pacific Wellbeing objective is as follows:
  - Māori and Pacific – Lifting Māori and Pacific incomes, skills and opportunities, and combatting the impacts of COVID-19.
6. Budget 2021 will also have strengthened expectations around fiscal management. Budget 2021 operating allowances have been set at \$2.625 billion per year, and \$7.8 billion total capital for the next four budgets. There will be a strong emphasis on managing spending decisions within allowances, considering trade-offs appropriately, and clearly demonstrating value for money.
7. In considering the wellbeing impacts of funding proposals in the Māori package, key frameworks such as the Living Standards Framework could be used alongside more targeted policy frameworks, such as He Ara Waiora, to assess the potential impacts of budget initiatives.

## Contributing to the Māori Wellbeing objective through new and existing funding

### **Proposed Māori Package for Budget 2021**

8. For Budget 2021, Ministers Davis, Mahuta, Jackson, Allan, and Whaitiri proposed a Māori package (the package) consisting of [33]
9. You invited Ministers to submit [33]<sup>1</sup> that fall into the following six focus areas:
  - responding to COVID-19 ([33] )
  - Māori health (one initiative)
  - Māori housing ([33] )
  - reforming the justice system ([33] )
  - te reo and tikanga Māori (one initiative), and
  - strengthening the Māori Crown Relationship across Government and upholding Treaty commitments (one initiative).
10. The invited package amounts to [33]  
[33]
11. A package of this size would account for approximately [33] of the yearly operating allowance. In comparison, funding in Budget 2019 for Māori initiatives accounted for 4% of the yearly operating allowance.
12. The package is strongly geared towards addressing one of the six major policy commitments in Labour's Māori Manifesto – *to strengthen Māori housing outcomes through collaborative partnerships, home-ownership models, and papakāinga provision.* [33]
13. The package covers nine separate votes - Health, Tourism, Statistics, Civil Defence, Housing, Māori Development, Corrections, Police and Business, Science and Innovation. Given that, it will be important to consider the trade-offs between initiatives in the Māori Package and initiatives put forward by portfolio Ministers throughout the Budget package formation process to ensure a cohesive approach to spending decisions.

*Achieving the Māori Wellbeing Objective will require coordination and alignment*

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<sup>1</sup> [33]

<sup>2</sup> This figure includes both operating and capital funding as the submission of the Māori Package did not provide a breakdown. [33]

14. There are unique and particular drivers of Māori wellbeing, including cultural identity, relationships and intergenerational connections and the importance of the natural world. Achieving improved Māori wellbeing requires coordination and alignment, partnership, collective and strengths-based actions, protecting and building mana, and stewardship.
15. While the package would support aspects of Māori wellbeing, this package alone will not comprehensively address the Māori Wellbeing Budget objective. Achieving the Māori Wellbeing objective will require a focus over the longer term on how well wider government spending works for Māori. Collaboration, coordination and alignment across other budget initiatives outside this package will be needed, along with more effective use of baseline funding.

### *Components of the package*

16. Māori housing is the primary focus of the package. [33]
 

While these initiatives have clear alignment with manifesto commitments and seek to address critical housing issues for Māori, this scale of investment may not be realistic alongside other pressures on the allowances. We would also need to consider market capacity to implement these initiatives alongside any other similar initiatives that may progress.
17. There is also some overlap between housing initiatives in the Māori package and the Housing portfolio package. We recommend you discuss with Māori ministers which combination of housing initiatives strikes the right balance of value for money, fulfilling the Māori housing manifesto commitment, and being deliverable.
18. Three other initiatives aim to make varied contributions to the COVID-19 response through funding for a Māori health campaign to support the roll out of the COVID-19 immunisation programme, funding to prepare for the restart of the Māori tourism sector, and funding to improve the collection and use of better data and insights into Māori economic and social wellbeing.
19. Other areas that are central to achieving Māori wellbeing such as child poverty, the environment, and Māori economic resilience are not directly addressed directly by the package.
20. Improving education and longer-term employment for Māori is likely to be particularly important in a weaker labour market. The Māori population is comparatively young and comprises a significant part of the future workforce. Māori are also over-represented in unemployment and low skilled sectors of the workforce. The package does not include any further initiatives to lift incomes, skills and opportunities for Māori at a scale that could support improvements at a population-level. However, there are initiatives that have been invited from other portfolios that have the potential to contribute to this (see section below), and you have previously made significant investments in this area (for example in apprenticeships and trades training). We would suggest a continued focus on monitoring how well these wider initiatives are working for Māori, so that approaches can be adapted if needed.

### *There is potential to also contribute to the Māori Wellbeing objective through wider spending*

21. There is potential to contribute further to the Māori and Pacific Wellbeing objective through a more strategic view across overall Budget spending. Annex C notes a number of large scale and/or targeted initiatives that you have also invited that could boost employment prospects and opportunities for Māori.
22. Funding alone will also not guarantee progress towards achieving the Māori and Pacific Wellbeing objective. Initiative design and implementation would ideally involve meaningful consideration of and engagement with Māori and avoid a 'one size fits all'

approach. This may mean longer timeframes for implementation in some cases. There should also be ongoing monitoring and reporting of progress to ensure accountability, and to provide Ministers with the opportunity to make adjustments, if necessary.

## **Budget 2020 and COVID-19 Response and Relief Funding that contributes to Māori Wellbeing**

23. Budget 2021 initiatives should be considered within the context of the recent investments in several key strategic areas for Māori wellbeing, funded from a combination of Budget 2020 and the COVID-19 Response and Relief Fund (CRRF). It is also important that ongoing monitoring of existing expenditure has a specific focus on how initiatives are delivering on outcomes for Māori.

### *Whānau Ora*

24. Whānau Ora received additional funding of \$136 million over two years to support the immediate and near-term recovery of whānau from COVID-19 related impacts. Implementation Unit reporting indicates the implementation is on track and progress to distribute funding to whānau and communities is underway.

### *Māori Community Resilience*

25. A total of \$11.2 million over two years was allocated to building sustainable and resilient communities through increasing the capacity of Māori organisations. Te Puni Kōkiri will provide an update on the delivery of this initiative, due at the end of January.

### *Education and Training*

26. A \$1.6 billion Trades and Apprenticeships Training Package was funded in response to the economic impact of COVID-19. The package includes targeted funding of \$50 million to support Māori trades training, along with general funding to increase enrolments in specific trades. The Ministry of Education will provide an update on the delivery of this initiative, due at the end of January.

## **Approach to the Budget 2021 Māori Package**

27. In recent Budgets there has been a formal process for a Māori and Pacific Priority. This process has typically stimulated cross-agency collaboration and supported the development of a coherent set of initiatives. As the invitation-only process for Budget 2021 has encouraged Ministers and agencies to focus on their own areas of responsibility, we recommend you continue to discuss the formation of the Māori package with your Ministerial colleagues after this meeting. You may wish to consult Māori ministers on the draft package later in the Budget process.
28. The proposed package has sizeable funding implications, in particular for the housing initiatives. You may wish to note that scaling, implementation timeframes, and agency and market capacity will need to be considered as part of the bid assessment process.



## Annex A: Talking Points

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- Which Māori manifesto commitments are your top priority?
- What are your views on which of these [33] offer the greatest potential to contribute to improve Māori wellbeing outcomes? Where are there opportunities to coordinate and align with initiatives outside of this package?
- We know that we need wider spending and policy initiatives to also work well for Māori to achieve our objectives. Which wider manifesto commitments would you particularly like to see progressed this year?
- The three Māori housing initiatives are a significant part of this package – what are your views on the potential of each one for improving Māori wellbeing outcomes?
- There is some overlap between the housing initiatives in the Māori package and the Housing portfolio package. Out of these, which combination of initiatives would strike the right balance of value for money while also fulfilling the manifesto commitment, addressing Māori housing issues, and supporting intergenerational wellbeing?

## Annex B: Māori Budget 2021 Package Initiatives

Invited Initiatives		
Portfolio	Initiative Description	Funding requested & forecast period
<b>Responding to COVID-19</b>		
<b>Māori Tourism</b> <i>Minister of Tourism</i>	Helping Māori Tourism prepare to restart the Māori Tourism sector through supporting businesses, events and investing in international relationships.	\$15 million over 2 years ( <i>Invite letter contains a note that this initiative needs to be developed alongside MBIE-tourism and a strong case will be needed given recent CRRF increases within tourism and agency capacity constraints to deliver.</i> )
[33]		
<b>Māori Health</b>		
[33]		
<b>Māori Housing</b>		
[33]		

[33]		
<b>Reforming the Justice Sector</b>		
<b>Police</b>	Te Pae Oranga - this is a Māori led justice sector initiative which provide a rehabilitative-focused alternative to the Court system for low-level offending.	\$49 million over four years
<b>Corrections</b>	Māori Pathways in women's prison.	\$10 million over three years.
<b>Te Reo and Tikanga Māori</b>		
<b>Māori Development</b> <i>Minister for Māori Development</i>	Supporting the Māori media sector.	[33]
<b>Strengthening the Māori Crown Relationship across Government and upholding Treaty commitments</b>		
[33]		

[33]



## Annex C: Invited initiatives in other portfolios with potential to contribute to Māori Wellbeing

Areas that have the potential to contribute to Māori Wellbeing	Portfolio	Initiative Description
<b>Employment</b>	<b>Social Development and Employment</b> <i>Minister for Social Development and Employment</i>	<ul style="list-style-type: none"> <li>• COVID-19 Demand Employment Services</li> <li>• Improving Childcare Assistance</li> </ul>
<b>Child Wellbeing</b>	<b>Oranga Tamariki</b> <i>Minister for Children</i>	<ul style="list-style-type: none"> <li>• Funding to support Oranga Tamariki to change the way it works with Māori</li> </ul>
	<b>Social Development and Employment</b> <i>Minister for Social Development and Employment</i>	<ul style="list-style-type: none"> <li>• Ensuring Continued Availability of Out of School Care and Recreation Services [33]</li> <li>• Continuing the KickStart Breakfast Programme to Respond to Increased Demand</li> </ul>
<b>Welfare System</b>	<b>Social Development and Employment</b> <i>Minister for Social Development and Employment</i>	<ul style="list-style-type: none"> <li>• Main Benefit Increase and complementary changes</li> <li>• [33]</li> <li>• Continuation of Kāinga Whānau Ora</li> </ul>
<b>Education</b>	<b>Education</b> <i>Minister of Education</i>	<ul style="list-style-type: none"> <li>• [33]</li> </ul>
	<b>Social Development and Employment</b> <i>Minister for Social Development and Employment</i>	<ul style="list-style-type: none"> <li>• Reinstating the Training Incentive Allowance</li> </ul>
<b>Environmental Protection</b>	<b>Biosecurity</b> <i>Minister of Agriculture, Biosecurity, and Rural Communities</i>	<ul style="list-style-type: none"> <li>• Implement Pest Management Plan to combat Kauri Dieback</li> </ul>