

The Treasury

Budget 2021 Information Release

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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
- [40] Not in scope
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Treasury Report: Budget 2021 March Bilateral: Pacific Peoples

Date:	11 March 2021	Report No:	T2021/555
		File Number:	DH-43-1

Action sought

	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Note the contents of this report	15 March 2021 4:15pm
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

Treasury Report: Budget 2021 March Bilateral: Pacific Peoples

Executive Summary

You have a meeting with the Minister for Pacific Peoples on 15 March to discuss Budget 2021 initiatives that target or impact Pacific people.

[33] in operating funding that targets Pacific people has been included in Treasury's draft Budget package or has been proposed for funding through the COVID-19 Response and Recovery Fund.

The following initiatives that we understand are priorities for Minister Sio have been recommended for funding.

- Supporting Economic Development for Pacific Communities (Supported in full).
- Expanding Tupu Aotearoa to Support Pacific Peoples into Employment, Training and Education Opportunities (Supported scaled).

The following initiatives that we understand are priorities for Minister Sio have not been included in the draft Budget package.

- Establish the Pacific Wellbeing Strategy to Lift Pacific Wellbeing and Aspirations.

[33]

- Supporting Pacific Bilingual/Immersion Education in Schooling.

Approximately **\$7.7 billion** in operating funding and **\$3.2 billion** in capital funding in the draft Budget package has been identified as potentially supporting improved outcomes for Pacific people. You may wish to discuss the implications of this further with the Minister and encourage him to collaborate with the portfolio Ministers of areas where there is a high level of spend.

Recommended Action

We recommend that you **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 March Bilateral: Pacific Peoples

Background

1. You previously met with the Minister for Pacific Peoples on 26 January 2021 to discuss investment targeted towards Pacific communities.
2. At the meeting, Minister Sio outlined his priorities as follows:
 - Securing outyears funding for the [33] and Tupu Aotearoa initiatives. These initiatives are aimed [33] and supporting Pacific people to enter into education, training and employment opportunities.
 - Funding the cost pressure for Pacific Economic Development.
 - Securing funding for the Pacific Wellbeing Strategy.

All these initiatives come under Vote Pacific Peoples.

3. A general theme that emerged from the meeting was that improved coordination across different government agencies is needed. You and the Minister agreed that more granular information on Pacific investment across government is needed.
4. You queried progress on initiatives funded from the COVID-19 Response and Recovery Fund (CRRF). You were particularly interested in the progress of the Pacific Education initiatives and asked the Minister for Pacific Peoples to follow up with the Minister of Education on how these initiatives were progressing.

Initiatives targeted at Pacific people

5. There were 9 initiatives submitted (worth [33] in operating funding) that we have identified as targeting Pacific Peoples.
6. One initiative targeting Pacific people from Vote Health has been included in the draft package, with total funding of [33]. In addition, two cost pressure initiatives worth \$46.5 million have been recommended for funding through the COVID-19 Response and Recovery Fund (CRRF)¹. This totals [33] in recommended investment. Annex Two contains more details on these initiatives.
7. Due to pressure on Budget allowances, two of the three initiatives recommended for funding are cost pressures². All [33] initiatives that have been excluded from the draft package are manifesto commitments.
8. A common theme across the initiatives excluded from the draft package has been a lower level of urgency. Additionally, some of the initiatives not supported by Vote teams were assessed as having low levels of implementation readiness.

¹ These initiatives are 'Supporting Economic Development for Pacific Communities' and 'Expanding Tupu Aotearoa to Support Pacific Peoples into Employment, Training and Education Opportunities'. Both initiatives are from Vote Pacific Peoples.

² Note that the initiative 'Expanding Tupu Aotearoa to Support Pacific Peoples into Employment, Training and Education Opportunities' contains elements of both a cost pressure and a manifesto commitment.

9. If you wanted to increase the amount of investment targeted towards Pacific people, there are two initiatives which were supported at scaled amounts by Vote teams, but are currently excluded from the draft package. These initiatives are:
- Establish the Pacific Wellbeing Strategy to Lift Pacific Wellbeing and Aspirations (Vote Pacific Peoples).
 - Supporting Pacific Bilingual/Immersion Education in Schooling (Vote Education).
- The total funding recommended by Vote teams for these initiatives is [33] in operating funding and \$0.64 million in capital funding.
10. Alternatively, you could scale up an initiative currently in the draft package. For the initiative 'Achieving Smokefree 2025', the Vote team supported [33] above what is included in the draft package.
11. As you are aware however, the draft Budget package is currently very oversubscribed and is likely to require further scaling. Adding initiatives would exacerbate these pressures.

Initiatives impacting Pacific people

12. We have identified 61 initiatives worth approximately **\$7.7 billion** in operating funding and **\$3.2 billion** in capital funding that have the potential to have a disproportionate impact on Pacific people, although they are not specifically targeted to them. These initiatives cover a wide variety of portfolios. The large figure reflects that we have cast a relatively wide net to identify initiatives.
13. This is not a definitive list as distributional analysis is still under development and initiatives have been identified based on the information currently available to Treasury as at 9 March. We would expect the proportion of funding that reaches Pacific communities to be lower. Table 1 outlines substantive areas of investment across portfolios.
14. The areas with the highest levels of spend that impacts Pacific people could be areas for the Minister to focus collaborative efforts on. As Minister Sio is already an Associate Minister for Health and Education, you may wish to encourage him to work more closely across the Housing and Social Development portfolios.

Table 1: Initiatives in draft package that potentially have a positive impact on Pacific people

<i>Vote</i>	<i>Number of Initiatives</i>	<i>Operating funding (\$ mil)</i>	<i>Capital funding (\$ mil)</i>
Social Development	11	4377.762	5
Housing and Urban Development	4	1061.685	3000.464
Health	15	740.345	37.752
Education (incl. Tertiary Education)	10	573.091	132.804
Prime Minister and Cabinet	2	378.132	1.463
Business, Science and Innovation	2	138.152	0
Other	17	444.872	27.255
Total	61	7714.039	3204.738

Pacific Education CRRF Spend

15. At the previous bilateral, you expressed concern over the progress of CRRF funded Pacific Education initiatives. We have received an update from Ministry of Education (MoE) officials on the progress of these initiatives.
16. Two funds (the Pacific Education Support Fund and the Pacific Education Innovation fund) comprise 85% of the funding that was allocated through CRRF in 2020/21 for Pacific Education initiatives. MoE officials have informed us that 90-99% of the funds have been allocated. Funding agreements are expected to be finalised by the end of March.
17. Given this progress, we are now more confident that this funding will be spent.

Information request on Pacific spending

18. On 17 February, the Minister for Pacific Peoples sent a letter outlining the Pacific Wellbeing Approach. In the letter, he asked you to direct Treasury officials to provide the Ministry for Pacific Peoples (MPP) with Pacific spend across government, line of sight over OBU/MBU transfers and all Budget 2021 bid templates that have a Pacific component.
19. The full request is difficult to accommodate as in many instances, Treasury does not hold the required information and it would require further resource to create the requested information. However, we are working with MPP at the officials level to better understand what can be done feasibly, and assist where possible.

Pacific Housing

20. Through the CRRF, \$41.3 million was placed into contingency for four initiatives related to Pacific Housing. \$20 million still remains in contingency for initiatives to support Pacific Community Housing Providers to build affordable houses and to explore regional migration opportunities for Pacific people.

[33]

Annex One: Talking Points

- There is considerable pressure on the Budget Allowances this year.
- Treasury has prepared a draft package as a starting point for discussion, but due to the level of cost pressures in the system, I expect we will not be able to make as much progress as we may have liked on manifesto commitments.
- We may still need to make further trade-offs.
- [33] in targeted Pacific investment has been included in either the draft Budget package or recommended for funding through the CRRF. This covers the following initiatives:
 - Supporting Economic Development for Pacific Communities (Vote Pacific Peoples).
 - Expanding Tupu Aotearoa to Support Pacific Peoples into Employment, Training and Education Opportunities (Vote Pacific Peoples).
 - Achieving Smokefree 2025 (Vote Health).
- Given pressures on allowances, it will be difficult to accommodate further manifesto commitments. However, if you were to include another initiative in the package, which one would be your highest priority?
- In order to accommodate that high priority initiative, what would you take out of the current draft package?
- What wider areas do you believe there will need to be a focus on to have the greatest impact on Pacific wellbeing?

Annex Two: Initiatives targeting Pacific people

Initiatives in draft package or recommended for funding through CRRF									
Status	Portfolio	Title	Description	Cost Pressure or Manifesto Commitment?	Funding sought by agency		Funding included in package		Treasury comment
					Opex total (\$m)	Capex total (\$m)	Opex total (\$m)	Capex total (\$m)	
In draft package	Health	Achieving Smokefree 2025*	This initiative aims to achieve Smokefree Aotearoa 2025. It will directly tackle current inequities by focusing on better support for Māori and Pacific whānau to be smokefree and ensuring more children and young people never start smoking.	Manifesto Commitment	[33]			-	This manifesto commitment is time-sensitive as, without significant investment now, New Zealand will not achieve the Smokefree 2025 targets. Note that the Vote team supported [33] opex total, so this initiative could be scaled up further.
Funded through CRRF	Pacific Peoples	Supporting Economic Development for Pacific Communities	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.	Cost Pressure	16.2	-	16.2	-	This is a cost pressure driven by an increase in demand for business support services. As some of this increase can be attributed to the economic challenges brought on by COVID, we recommend it is funded from the CRRF.
	Pacific Peoples	Expanding Tupu Aotearoa to Support Pacific Peoples into Employment, Training and Education Opportunities	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. MPP are seeking funding to address an immediate demand pressure and extend time-limited funding that was provided through the CRRF.	Cost Pressure and Manifesto Commitment	[33]		30.3		We support a scaled amount that will address the demand pressure and provide funding for outyears to give certainty to providers MPP have contracts with. However, we believe MPP's monitoring and evaluation framework for this initiative needs to be refreshed. As increased unemployment due to COVID has been one of the drivers of increased demand, we recommend this is funded from the CRRF.

*Initiative not lead by the Minister for Pacific Peoples

Initiatives outside draft package									
Status	Portfolio	Title	Description	Cost Pressure or Manifesto Commitment?	Funding sought by agency		Funding supported by Vote team		Treasury comment
					Opex total (\$m)	Capex total (\$m)	Opex total (\$m)	Capex total (\$m)	
Supported by Vote team but not in draft package	Pacific Peoples	Establish the Pacific Wellbeing Strategy to Lift Pacific Wellbeing and Aspirations	The outputs of this initiative are: -Supporting the Lalanga Fou Deputy Chief Executive Governance Group. -Developing Pacific capability across government. -Developing a set of Pacific wellbeing indicators that are used across government. [33]	Manifesto Commitment	[33]	-	[33]	-	This was excluded from the draft package as it did not meet the urgency threshold. However, investment in this initiative could improve coordination of Pacific investment across government. The Vote team has supported a scaled amount to complete the work that was signalled to Cabinet in November 2019. [33]
	Education	Supporting Pacific Bilingual/Immersion Education in Schooling	This initiative supports Pacific learners to learn in cultural and linguistic supportive environments by [33] in Pacific bilingual and immersion units in schools to meet persistent operating and resourcing needs.	Manifesto Commitment	20.22	0.64	12.4	0.64	This was excluded as there was only a moderate alignment with the manifesto and no urgency. However, the Vote team has supported the operational grant and curriculum resources components of this initiative as it would bring funding for Pacific bilingual/immersion education in-line with Māori bilingual/immersion education. Pacific bilingual/immersion education currently receives no additional support from government.
Not supported by Vote team	[33]								
	Health	Ola Manuia: Pacific Health and Well-being Action Plan 2020-2025 implementation plan and activities	This initiative seeks funding to support Pacific health providers to implement Ola Manuia, invest in technologies which improve health system access for Pacific peoples, and invest in Pacific health research.	Manifesto commitment	[33]	-	-	-	This initiative only moderately aligns with government priorities and has not been sufficiently developed to assure value for money or implementation readiness. A well-constructed future initiative to support the Ola Manuia Action Plan could support the health and wellbeing of Pacific communities.
	Education	Deliver sustained Professional Learning and Development to embed Tapasa	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.	Manifesto commitment	12.21	0.032	-	-	There is only a moderate alignment with the manifesto and low levels of urgency. Additionally, there will likely be delivery risks in implementing this initiative.
[33]									