

The Treasury

Budget 2022 Information Release

August 2022

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- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
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- [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
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- [36] 9(2)(h) - to maintain legal professional privilege
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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] Out of Scope
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2022 Budget Package: Vote Internal Affairs (Technical Initiatives)

Appropriation Administrator: Department of Internal Affairs

It is recommended that the relevant Appropriation Minister and the Minister of Finance¹ jointly:

1 **note** that Cabinet has approved the Budget initiative(s) for the above Vote for inclusion in the 2022 Budget package, as detailed in the summary table(s) below:

Summary of technical initiative(s) agreed by Cabinet:

Operating Initiative(s) (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
14386	Common Process Model - Continuing to Deliver the Programme	-	-	-	-	-
14387	Developing a Digital Strategy for Aotearoa	-	-	-	-	-
14373	Lake Taupō – Crown Assets Operating and Capital Maintenance	-	-	-	-	-
14374	Ministry for Ethnic Communities – Capital Transfer to deliver the Customer Relationship Management system in 2022/23	-	-	-	-	-
14371	New Zealand Libraries Partnership Programme - Expense Transfer	(1.250)	1.250	-	-	-
14375	Realignment of Funding based on Provision of Services	-	-	-	-	-
14331	Retrospective and Current Year Adjustment - Derecognising Intangible Assets (Software as a Service)	12.852	-	-	-	-
Total Operating		11.602	1.250	-	-	-

Capital Initiative(s) (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
14373	Lake Taupō – Crown Assets Operating and Capital Maintenance	-	-	-	-	-

¹ Or, in the case of initiative 14331, the Associate Minister of Finance (Hon Dr Megan Woods) on behalf of the Minister of Finance for the appropriation changes for which Hon Grant Robertson is the appropriation Minister as Minister of Racing.

14374	Ministry for Ethnic Communities – Capital Transfer to deliver the Customer Relationship Management system in 2022/23	(0.500)	0.500	-	-	-
14331	Retrospective and Current Year Adjustment - Derecognising Intangible Assets (Software as a Service)	(12.852)				
Total Capital		(13.352)	0.500	-	-	-

2 **note** that Cabinet has:

- i. **authorised** the relevant Appropriation Minister and the Minister of Finance (Joint Ministers) jointly to agree to the changes to appropriations (including establishment of new appropriations if necessary) and/or capital injections and related recommendations necessary to give effect to the initiative(s) included in the 2022 Budget package for the above Vote, as detailed in the summary table(s) above;
- ii. **authorised** Joint Ministers jointly to agree that the proposed changes to appropriations and/or capital injections for 2021/22 approved by Joint Ministers as authorised above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- iii. **agreed** that expenses or capital expenditure against appropriations and capital injection authorisations set out in the 2022/23 Estimates and being sought in the Appropriation (2022/23 Estimates) Bill may be met from Imprest Supply until that Bill is enacted and comes into force;
- iv. **authorised** Joint Ministers to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2021/22 Supplementary Estimates, the 2022/23 Estimates and the fiscal forecasts;
- v. **authorised** the chief executives of departments that monitor Crown entities directly affected by Budget decisions taken by Cabinet or taken by Joint Ministers as authorised by Cabinet 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 and/or Statement of Performance Expectations;
- vi. **noted** that all communications relating to the 2022 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;

3 **agree** to establish new appropriations where required to implement the initiative(s) included in the summary table(s) above, as detailed in the attached initiative document(s);

4 **approve** changes to appropriations and/or the capital injections to the administering department (where applicable) to implement the initiative(s) included in the summary table(s) above, as set out in the attached initiative document(s);

- 5 **approve** the additional recommendation(s) to give effect to the initiative(s), as set out in the attached initiative document(s);
- 6 **agree** that the proposed change(s) to appropriations and/or capital injections for 2021/22 detailed in the attached initiative document(s) be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase(s) be met from Imprest Supply;

Vote: Internal Affairs

Appropriation Administrator: Department of Internal Affairs

Title: Common Process Model - Continuing to Deliver the Programme

Description: This initiative will increase operating funding for the Common Process Model (CPM) by \$1.546 million in 2021/22 and \$1.792 million in 2022/23 funded by contributions from agencies. This will enable the continued operation of the unit delivering the CPM which assists 49 agencies deliver back-office transformation programmes with a standardised back office process architecture set.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	-	-	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	1.546	1.792	-	-	-
Total	1.546	1.792	-	-	-

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Government Digital Services (MCA)					
<i>Departmental Output Expenses:</i>					
System Capabilities, Services and Platforms (funded by revenue Dept)	1.546	1.792	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Government Digital Services (MCA)	1.546	1.792	-	-	-
Total Operating	1.546	1.792	-	-	-
Total Capital	-	-	-	-	-

Additional Recommendations

- 7 **note** that if the full forecasted revenue other is not received, the Department of Internal Affairs (DIA) will reduce its expenses on CPM by a commensurate amount to ensure that no revenue Crown is applied for this purpose;

Vote: Internal Affairs

Appropriation Administrator: Department of Internal Affairs

Title: Developing a Digital Strategy for Aotearoa

Description: This initiative will increase operating funding by \$0.365 million in 2021/22. This will support the development of a strategy to progress towards a digital Aotearoa, improve coordination across government agencies of existing digital-related work and help to form connections and a cohesive narrative around this collective work.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	-	-	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	0.365	-	-	-	-
Total	0.365	-	-	-	-

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Government Digital Services (MCA)					
<i>Departmental Output Expenses:</i>					
Government Digital Strategy, System Investment and Leadership (funded by revenue Dept)	0.365	-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Government Digital Services (MCA)	0.365	-	-	-	-
Total Operating	0.365	-	-	-	-
Total Capital	-	-	-	-	-

Vote: Internal Affairs

Appropriation Administrator: Department of Internal Affairs

Title: Lake Taupō – Crown Assets Operating and Capital Maintenance

Description: This initiative provides for an In-Principle Expense Transfer up to a maximum of \$0.350 million and an In-Principle Capital Transfer up to a maximum of \$0.100 million from 2021/22 to 2022/23. These transfers are required to provide funding to undertake current and future maintenance and capital requirements at Lake Taupō.

Additional Recommendations

- 8 **agree** to an In-Principle Expense Transfer of up to \$0.350 million from 2021/22 to 2022/23 for the Crown-owned Assets at Lake Taupō - Maintenance Costs category within the Local Government Administration MCA to provide sufficient funding for future maintenance requirements at Lake Taupō;
- 9 **agree** to an In-Principle Capital Transfer of up to \$0.100 million from 2021/22 to 2022/23 for the Capital Investments - Lake Taupō category within the Local Government Administration MCA to provide sufficient funding to complete current and future capital investment activities at Lake Taupō;
- 10 **authorise** joint Ministers to determine the final amounts to be transferred, following completion of the DIA's 2021/22 audited financial statements, with no impact on the operating balance and net core Crown debt across the forecast period;

Vote: Internal Affairs

Appropriation Administrator: Department of Internal Affairs

Title: Ministry for Ethnic Communities – Capital Transfer to deliver the Customer Relationship Management system in 2022/23

Description: This initiative will enable a capital transfer of \$0.500 million from 2021/22 to 2022/23 to enable the implementation of a Customer Relationship Management system in 2022/23.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	-	-	-	-	-
Net Core Crown Debt Impact Only	(0.500)	0.500	-	-	-
No Impact	-	-	-	-	-
Total	(0.500)	0.500	-	-	-

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Capital Injections:					
Department of Internal Affairs - Capital Injection	(0.500)	0.500	-	-	-
Total Operating	-	-	-	-	-
Total Capital	(0.500)	0.500	-	-	-

Vote: Internal Affairs

Appropriation Administrator: Department of Internal Affairs

Title: New Zealand Libraries Partnership Programme - Expense Transfer

Description: As part of the COVID 19: Response and Recovery Fund, funding was provided for the New Zealand Libraries Partnership Programme (Programme) to support librarians and library services in New Zealand and to support community recovery.

This initiative provides for an expense transfer of \$1.25 million from 2021/22 to 2022/23 for the Programme, reflecting delayed delivery due to the impact of COVID-19 lockdowns.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	(1.250)	1.250	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	(1.250)	1.250	-	-	-

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Multi-Category Expenses and Capital Expenditure:					
National Archival and Library Services (MCA)					
<i>Departmental Output Expenses:</i>					
Knowledge and Information Services (funded by revenue Crown)	(1.250)	1.250	-	-	-
Total Multi-Category Expenses and Capital Expenditure: National Archival and Library Services (MCA)	(1.250)	1.250	-	-	-
Total Operating	(1.250)	1.250	-	-	-
Total Capital	-	-	-	-	-

Vote: Internal Affairs

Appropriation Administrator: Department of Internal Affairs

Title: Realignment of Funding based on Provision of Services

Description: This initiative provides for fiscally neutral adjustments between departmental appropriations (funded by revenue Crown) based on the provision of services across three appropriations within Vote Internal Affairs in 2021/22 only.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	-	-	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	-	-	-	-

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Community Development and Funding Schemes (MCA)					
<i>Departmental Output Expenses:</i>					
Administration of Grants (funded by revenue Crown)	(0.085)	-	-	-	-
Community Development and Engagement Advice (funded by revenue Crown)	0.235	-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Community Development and Funding Schemes (MCA)	0.150	-	-	-	-
National Archival and Library Services (MCA)					
<i>Departmental Output Expenses:</i>					
Knowledge and Information Services (funded by revenue Crown)	(0.150)	-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: National Archival and Library Services (MCA)	(0.150)	-	-	-	-
Total Operating	-	-	-	-	-
Total Capital	-	-	-	-	-

Vote: Internal Affairs

Appropriation Administrator: Department of Internal Affairs

Title: Retrospective and Current Year Adjustment - Derecognising Intangible Assets (Software as a Service)

Description: A change in the accounting treatment means certain implementation costs associated with Software as a Service (SaaS) arrangements that have been capitalised or planned to be capitalised and reported as an intangible asset now need to be written-off the balance sheet as an operating expense.

A retrospective balance sheet adjustment of \$16.378 million will result in a non-cash expense and does not impact on funding.

A one-off capital to operating swap of \$12.852 million is also sought to manage the impacts of Software as a service policy change on current impacted SaaS arrangements in the 2021/22 year. The capital to operating swap is fiscally neutral.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	12.852	-	-	-	-
Net Core Crown Debt Impact Only	(12.852)	-	-	-	-
No Impact	16.378	-	-	-	-
Total	16.378	-	-	-	-

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Departmental Output Expenses:					
Local Government Policy and Related Services (funded by revenue Crown)	0.356	-	-	-	-
Local Government Policy and Related Services	0.375	-	-	-	-
Capital Injections:					
Department of Internal Affairs - Capital Injection	(12.852)	-	-	-	-
Multi-Category Expenses and Capital Expenditure:					
Civic Information Services (MCA)					
<i>Departmental Output Expenses:</i>					

Managing and Accessing Identity Information (funded by revenue Crown)	4.044	-	-	-	-
Managing and Accessing Identity Information	7.248	-	-	-	-
Publishing Civic Information (funded by revenue Crown)	0.033	-	-	-	-
Publishing Civic Information	0.035	-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Civic Information Services (MCA)	11.360	-	-	-	-
Community Development and Funding Schemes (MCA)					
<i>Departmental Output Expenses:</i>					
Administration of Grants (funded by revenue Crown)	0.299	-	-	-	-
Administration of Grants	0.314	-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Community Development and Funding Schemes (MCA)	0.613	-	-	-	-
Government Digital Services (MCA)					
<i>Departmental Output Expenses:</i>					
Government Chief Privacy Officer (funded by revenue Crown)	0.035	-	-	-	-
Government Chief Privacy Officer	0.037	-	-	-	-
Government Digital Strategy, System Investment and Leadership (funded by revenue Crown)	0.241	-	-	-	-
Government Digital Strategy, System Investment and Leadership	0.256	-	-	-	-
System Capabilities, Services and Platforms (funded by revenue Crown)	0.432	-	-	-	-
System Capabilities, Services and Platforms	0.458	-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Government Digital Services (MCA)	1.459	-	-	-	-
Local Government Administration (MCA)					
<i>Departmental Output Expenses:</i>					
Local Government Services (funded by revenue Crown)	0.096	-	-	-	-
Local Government Services	0.101	-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Local Government Administration (MCA)	0.197	-	-	-	-
National Archival and Library Services (MCA)					
<i>Departmental Output Expenses:</i>					

Knowledge and Information Services (funded by revenue Crown)	2.733	-	-	-	-
Knowledge and Information Services	2.874	-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: National Archival and Library Services (MCA)	5.607	-	-	-	-
Policy and Related Services (MCA)					
<i>Departmental Output Expenses:</i>					
Crown Entity Monitoring (funded by revenue Crown)	0.025	-	-	-	-
Crown Entity Monitoring	0.026	-	-	-	-
Policy and Related Services - Community and Voluntary Sector (funded by revenue Crown)	0.058	-	-	-	-
Policy and Related Services - Community and Voluntary Sector	0.061	-	-	-	-
Policy and Related Services – Digital Economy and Communications (funded by revenue Crown)	0.095	-	-	-	-
Policy and Related Services – Digital Economy and Communications	0.100	-	-	-	-
Policy and Related Services – Internal Affairs (funded by revenue Crown)	0.300	-	-	-	-
Policy and Related Services – Internal Affairs	0.316	-	-	-	-
Policy and Related Services – Ministerial Services (funded by revenue Crown)	0.015	-	-	-	-
Policy and Related Services – Ministerial Services	0.016	-	-	-	-
Policy and Related Services – Racing (funded by revenue Crown)	0.032	-	-	-	-
Policy and Related Services – Racing	0.033	-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Policy and Related Services (MCA)	1.077	-	-	-	-
Regulatory Services (MCA)					
<i>Departmental Output Expenses:</i>					
Charities Regulation (funded by revenue Crown)	0.253	-	-	-	-
Charities Regulation	0.266	-	-	-	-
Regulatory Services	1.295	-	-	-	-

(funded by revenue Crown)					
Regulatory Services	1.605	-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Regulatory Services (MCA)	3.419	-	-	-	-
Services Supporting the Executive (MCA)					
<i>Departmental Output Expenses:</i>					
Coordination of Official Visits and Events (funded by revenue Crown)	0.098	-	-	-	-
Coordination of Official Visits and Events	0.103	-	-	-	-
Support Services to Members of the Executive (funded by revenue Crown)	1.178	-	-	-	-
Support Services to Members of the Executive	0.866	-	-	-	-
VIP Transport Services (funded by revenue Crown)	0.343	-	-	-	-
VIP Transport Services	0.361	-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Services Supporting the Executive (MCA)	2.949	-	-	-	-
Support for Statutory and Other Bodies (MCA)					
<i>Departmental Output Expenses:</i>					
Commissions of Inquiry and Similar Bodies (funded by revenue Crown)	0.039	-	-	-	-
Commissions of Inquiry and Similar Bodies	0.041	-	-	-	-
Statutory Body Support - Gambling Commission (funded by revenue Crown)	0.014	-	-	-	-
Statutory Body Support - Gambling Commission	0.014	-	-	-	-
Statutory Body Support - Local Government Commission (funded by revenue Crown)	0.032	-	-	-	-
Statutory Body Support - Local Government Commission	0.034	-	-	-	-
Support for Grant Funding Bodies – Community and Voluntary Sector (funded by revenue Crown)	0.011	-	-	-	-
Support for Grant Funding Bodies – Community and Voluntary Sector	0.011	-	-	-	-
Support for Grant Funding Bodies – Internal Affairs (funded by revenue Crown)	0.467	-	-	-	-

Support for Grant Funding Bodies – Internal Affairs	0.492	-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Support for Statutory and Other Bodies (MCA)	1.155	-	-	-	-
Supporting Ethnic Communities (MCA)					
<i>Departmental Output Expenses:</i>					
Advisory and Information Services to assist Ethnic Communities (funded by revenue Crown)	0.259	-	-	-	-
Advisory and Information Services to assist Ethnic Communities	0.263	-	-	-	-
Policy and Related Services - Diversity, Inclusion and Ethnic Communities (funded by revenue Crown)	0.069	-	-	-	-
Policy and Related Services - Diversity, Inclusion and Ethnic Communities	0.072	-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Supporting Ethnic Communities (MCA)	0.663	-	-	-	-
Total Operating	29.230	-	-	-	-
Total Capital	(12.852)	-	-	-	-

Additional Recommendations

- 11 **note** that there has been a recent change in the accounting treatment for Software as a Service (SaaS) arrangements which will be applicable for financial reporting in the 2021/22 fiscal year;
- 12 **note** that the change in the accounting treatment for SaaS arrangements will require a retrospective adjustment to prior year financial information;
- 13 **note** that to adopt the accounting policy change is a current year decision and that an appropriation is required for a retrospective adjustment that results in the write-off of an intangible asset from a department's balance sheet at 30 June 2021; and
- 14 **note** that the retrospective adjustment is a non-cash expense and does not impact on funding.