

# The Treasury

## Budget 2018 Information Release

### Release Document August 2018

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|      |  |              |
|------|--|--------------|
| [1]  | to prevent prejudice to the security or defence of New Zealand or the international relations of the government  | 6(a)         |
| [2]  | to avoid prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government   | 6(b)(i)      |
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| [29] | to avoid prejudice to the substantial economic interests of New Zealand  | 9(2)(d)      |
| [31] | to maintain the current constitutional conventions protecting collective and individual ministerial responsibility   | 9(2)(f)(ii)  |
| [33] | to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials  | 9(2)(f)(iv)  |
| [34] | to maintain the effective conduct of public affairs through the free and frank expression of opinions  | 9(2)(g)(i)   |
| [36] | to maintain legal professional privilege   | 9(2)(h)      |
| [37] | to enable the Crown to carry out commercial activities without disadvantages or prejudice  | 9(2)(i)      |
| [38] | to enable the Crown to negotiate without disadvantage or prejudice   | 9(2)(j)      |
| [39] | to prevent the disclosure of official information for improper gain or improper advantage  | 9(2)(k)      |
| [40] | not in scope   |              |
| [41] | that the making available of the information requested would be contrary to the provisions of a specified enactment  | 18(c)(i)     |
| [42] | information is already publicly available or will be publicly available soon   | 18(d)        |

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.

## ANNEX ONE

## FINAL BUDGET 2018 PACKAGE FOR CONSIDERATION AT BUDGET MINISTERS 4 - 3 APRIL 2018

| Capital and Operating Expenditure              |              | Final Package |             |
|--|--------------|---------------|-------------|
| Portfolio                                      | Avg Opex p/a | Total Opex    | Total Capex |
| ACC  | 1.883        | 7.533         | -           |
| Agriculture                                    | 10.518       | 42.071        | -           |
| Arts, Culture and Heritage                     | 8.422        | 33.686        | 3.000       |
| Biosecurity                                    | 2.325        | 9.300         | -           |
| Broadcasting, Communications and Digital Media | 5.020        | 20.080        | -           |
| Child Poverty Reduction                        | 1.986        | 7.942         | -           |
| Children                                       | 97.055       | 388.218       | -           |
| Civil Defence                                  | 1.325        | 5.300         | -           |
| Climate Change                                 | 9.769        | 39.075        | 100.150     |
| Commerce and Consumer Affairs                  | 2.152        | 8.606         | -           |
| Conservation                                   | 45.405       | 181.620       | -           |
| Corrections                                    | 132.527      | 530.111       | 228.400     |
| Courts   | 27.250       | 109.000       | 1.470       |
| Crown/Maori Relations                          | 0.763        | 3.050         | -           |
| Customs  | 9.484        | 37.934        | 3.906       |
| Defence  | 84.705       | 338.818       | 41.311      |
| Disability Issues                              | 0.081        | 0.325         | -           |
| Earthquake Commission                          | 0.810        | 3.238         | 0.100       |
| Economic Development                           | 3.209        | 12.837        | -           |
| Education                                      | [38]         |               |             |
| Energy and Resources                           | 35.625       | 142.500       | -           |
| Environment                                    | 3.193        | 12.770        | -           |
| Fisheries                                      | 1.935        | 7.738         | -           |
| Foreign Affairs                                | 222.958      | 891.833       | 40.281      |
| Forestry                                       | [33]         |               | -           |
| Greater Christchurch Regeneration              | [33]         |               |             |
| Health   | [38]         |               |             |
| Housing and Urban Development                  | 122.931      | 491.721       | 369.351     |
| Immigration                                    | 2.976        | 11.901        | 20.202      |
| Internal Affairs                               | 8.053        | 32.210        | 0.906       |
| Justice  | 21.521       | 86.085        | -           |
| [33]   |              |               |             |
| Maori Development                              | -            | -             | -           |
| Police   | 145.500      | 582.000       | 17.800      |
| Regional Economic Development                  | 100.501      | 402.003       | 187.005     |
| Research, Science and Innovation               | 274.433      | 1,097.730     | 11.925      |
| Revenue  | 7.825        | 31.300        | -           |
| Social Development                             | 54.147       | 216.585       | 18.296      |
| Speaker of the House                           | 0.703        | 2.810         | (2.810)     |
| State Services                                 | 8.004        | 32.019        | 31.230      |
| Statistics                                     | 5.044        | 20.177        | -           |
| Transport                                      | 0.393        | 1.570         | 185.000     |
| Treaty of Waitangi Negotiations                | 3.451        | 13.805        | -           |
| Veterans                                       | 1.563        | 6.250         | -           |
| Women  | 0.075        | 0.300         | -           |
| Workplace Relations and Safety                 | 3.283        | 13.132        | -           |
| Youth  | 1.000        | 4.000         | -           |
| Pre-commitments                                | 67.361       | 269.442       | 902.139     |
| Reprioritisation                               | (169.809)    | (679.236)     | (2.500)     |
| Revenue and savings initiatives                | (191.456)    | (765.824)     | -           |
| Between Budget Contingency                     | 50.000       | 200.000       | -           |
| <b>TOTAL</b>                                   | [38]         |               |             |

FINAL PACKAGE BY PORTFOLIO

| No.   | Type of Initiative | Portfolio                                      | Title  | Description of original initiative   | Avg Opex p/a  | Total Opex    | Total Capex  | Treasury comment  |
|---|--------------------|--|--|--|---------------|---------------|--------------|---|
| 10139   | Cost pressure      | ACC  | Cost Pressure Funding for the Sexual Abuse Assessment and Treatment Services                                       | This funding will address cost pressures from increased demand, the need to make services accessible across the regions, service shortcomings for particular clients e.g. paediatric, and workforce pressures. Sexual Abuse Assessment and Treatment Service (SAATS) is available for all victims of sexual abuse or assault. It delivers acute and non-acute medical treatment, forensic services and referrals and is important for individuals who suffer assault or abuse to help prevent long term effects, ongoing distress and wellbeing issues.            | 1.883         | 7.533         | -            | Significant volume increases, services will be impacted without cost pressure funding. High value initiative. Scaled funding supports Minister of Health and Police cost pressures only. Priority for Ministers Little and Sepuloni as part of an overall family violence package across agencies.  |
| <b>Total ACC</b>  |                    |  |  |  | <b>1.883</b>  | <b>7.533</b>  | <b>-</b>     |   |
| 10196   | Cost pressure      | Agriculture                                    | Infrastructure – MPI's ICT and Property  | This funding will pay for two years of price and demand increases for property and Information and Communications Technology (ICT) costs. Included in the request are increased costs for MPI's head office as a result of the Wellington Accommodation Project Tranche 2 realignment.   | 2.512         | 10.048        | -            | Without this funding, MPI may struggle to fund this maintenance without funding being provided. MPI will also struggle to meet lease and depreciation costs associated with its regional offices. MPI has already offered up significant amounts of funding to the centre as part of this Budget's reprioritisation exercise (\$95.3m reprioritisation v \$44.5m cost pressures). Because of this, MPI is constrained in its ability to meet this cost pressures through internal reprioritisation.   |
| 10198   | Cost pressure      | Agriculture                                    | Delivering on demand   | This funding will address cost pressures in fisheries management and cost recovery. MPI seeks funding to extend the timeframe for implementing digital monitoring, and increase capacity to engage with and support stakeholders through implementation. Resources are sought to clear a backlog of approvals, ensure statutory processing times are met and support implementation of customary fishing regulations. MPI also seeks funding for the recently established Cost Recovery Directorate.   | 1.000         | 4.000         | -            | Without this funding, for the fisheries applications portion of the bid (\$1.046m), processing times will continue to deteriorate, and the backlog of applications will persist. This also exposes MPI to the risk of legal challenges. If the cost recovery (\$2.36m) portion of the bid is not funded, MPI will have to either reduce its staffing of the Cost Recovery Directorate or reduce costs elsewhere. Given the significant revenue MPI gathers from cost recovery, it is not clear which choice it would make. MPI has already offered up significant amounts of funding to the centre as part of this Budget's reprioritisation exercise (\$95.3m reprioritisation v \$44.5m cost pressures). Because of this, MPI is constrained in its ability to meet this cost pressures through internal reprioritisation.  |
| 10197   | Cost pressure      | Agriculture                                    | Personnel and other inflationary pressures   | This funding will allow MPI to meet wage growth and other historical cost pressures previously funded through efficiency savings and reprioritisation with the Vote.   | 7.006         | 28.023        | -            | Without this funding, MPI will have to reduce its FTEs, and given that each FTE is funded partially by cost recovered fee, this would mean a significant reduction in FTE (approximately 120-150 FTE in Crown funded areas from 1 July 2018). MPI may also have to stop offering performance based remuneration (up to 1% of salary), which would harm its ability to attract and maintain skilled staff. MPI has already offered up significant amounts of funding to the centre as part of this Budget's reprioritisation exercise (\$95.3m reprioritisation v \$44.5m cost pressures). Because of this, MPI is constrained in its ability to meet this cost pressures through internal reprioritisation.   |
| <b>Total Agriculture</b>                                    |                    |  |  |  | <b>10.518</b> | <b>42.071</b> | <b>-</b>     |   |
| 10200   | Cost pressure      | Arts, Culture and Heritage                     | Improving social wellbeing: A fit-for-purpose Ministry for Culture and Heritage                                    | This funding will be used to build capability within the Ministry for Culture and Heritage so that it can support the Government to build national identity, improve access and participation in cultural activities, and grow careers across the creative economy. New Government initiatives will include developing a non-commercial public digital media service, reviewing institutional and funding arrangements for the arts, creating a long-term strategy for the screen industry, growing the creative economy, and further work on heritage protection. | 5.884         | 23.536        | -            | Without this funding MCH will have to significantly reduce the scope of its operations [34] and take a much more limited role in providing cultural sector leadership. There are opportunities to scale this initiative, as around half of funding sought is to allow MCH to deliver on its BAU and half is so that it can deliver on the Government's priorities. Note that his initiative has recently been amended to include \$0.246 million of operating funding for 2017/18 in relation to the costs of running the WWI programme office. This funding was lost due to the Ministry unexpectedly needing to recognise a large expense in the 2016/17 year.  |
| 10201   | Cost pressure      | Arts, Culture and Heritage                     | Detailed Business Case for a National Military Heritage Centre and extension of the Dominion Museum Building lease | This funding will allow for a detailed business case to be developed to identify options for communicating national military heritage, including the option of a national military heritage centre in the Dominion Museum Building. A two year lease extension of the Dominion Museum Building will allow the Great War Exhibition to continue while the business case is completed. Exit costs of \$3m capex associated with the current lease also require funding, regardless of whether the lease is extended or the DBC proceeds.                             | 0.225         | 0.900         | 3.000        | Treasury assesses the Detailed Business Case work as low value for money. The lease extension represents good value for money even if the DBC does not proceed so Treasury supports \$0.9m opex for the lease extension, noting that joint ministers have an existing authority to draw down up to \$0.660m for this purpose. The Treasury also supports the \$3m capex for exit costs, as these are unavoidable. This is highlighted red as the \$3m of exit costs will be required regardless of whether the DBC is funded or the lease is extended. The Associate Minister for Arts, Culture, and Heritage is shortly taking a paper to Cabinet that takes Cabinet through a number of issues related to the Great War Exhibition, and notes that there may be future costs associated with Government's obligation to "make good" the Dominion Museum Building when the lease ends. |
| 10202   | Cost pressure      | Arts, Culture and Heritage                     | World War One Centenary Programme – Commemorating Armistice Day 2018   | This funding will enable the delivery of a contemporary Armistice commemoration at the Pukeahu National War Memorial Park. Through a programme of activities on 11/11/18 we will seek to engage a broad spectrum of New Zealanders, including those who are generally not engaged in the Ministry's commemoration programme and focus on the themes of peace, national identity and hope for the future, echoing the themes celebrated 100 years ago at the end of the First World War.  | 0.100         | 0.400         | -            | Without this funding MCH will only be able to hold a private celebration for around 100 people, which may have reputational risk for Ministers in not meeting public expectations.  |
| 10203   | Cost pressure      | Arts, Culture and Heritage                     | Heritage New Zealand Pouhere Taonga - Meeting increased demand   | This funding will enable Heritage New Zealand to implement the recommendations of the recent review that required it to transition to more strategic delivery to maintain and improve heritage outcomes in the face of increasing demand for its services nationally.  | 1.563         | 6.250         | -            | [34]  |
| 10204   | Cost pressure      | Arts, Culture and Heritage                     | New Zealand Music Export and Development – Increasing Support  | This funding will significantly increase support available for NZ musicians to tour internationally through the Outward Sound programme, increase NZ music exports, grow the presence of New Zealand music on the world stage, build internationally connected and capable music businesses; and grow opportunities for young people to gain skills in the music sector.   | 0.650         | 2.600         | -            | Not a cost pressure but has merit and is a Minister priority. Implementation ready and costings are accurate.   |
| <b>Total Arts, Culture and Heritage</b>                     |                    |  |  |  | <b>8.422</b>  | <b>33.686</b> | <b>3.000</b> |   |
| 10380   | Manifesto          | Biosecurity                                    | Strengthening the Biosecurity System   | This initiative will increase and improve the off-shore management of risks relating to imports through resourcing faster reviews of Import Health Standards and more assurance of offshore pathways. This will deliver better biosecurity protection for New Zealand. The funding will also support the select committee inquiry into biosecurity, and provide for a review of the Biosecurity Act 1993 to support future developments in the biosecurity system.   | 2.325         | 9.300         | -            | Minister priority. This initiative is also outlined in the Confidence and Supply agreement. The scaled option has accurate costings and is implementation ready. This scaled option supports funding provided in Budget 2017, and increases it to the level Treasury supported in 2017.   |
| <b>Total Biosecurity</b>                                    |                    |  |  |  | <b>2.325</b>  | <b>9.300</b>  | <b>-</b>     |   |
| 10120   | Cost pressure      | Broadcasting, Communications and Digital Media | Responding to Funding Pressures and Technological Disruption - Communications                                      | The funding will ensure that the communications component of the portfolio is adequately resourced to deliver on the Government's communications policy, infrastructure, and digital economy priorities.   | 1.550         | 6.200         | -            | The total funding sought through this initiative has reduced to 1.55m per annum as a result of the Weathertight reprioritisation. The Weathertight reprioritisation will be evenly spread across all components of this bid. Without funding, critical regulatory stewardship of communications will continue. However there will be a reduction to current activities including digital economy work, monitoring of the rollout of broadband and mobile programmes, monitoring and improvements to the 111 system (critical lifeline service), deaf relay services and telecommunications resilience work. It is unclear to what extent each of these activities would reduce in light of the Weathertight reprioritisation.   |
| 10121   | Cost pressure      | Broadcasting, Communications and Digital Media | CERT NZ Funding (Risk Mitigation)  | This initiative will address cost pressures facing CERT NZ, to ensure it is funded to meet existing costs and can fulfil its mandated functions  | 0.970         | 3.880         | -            | Without this funding, there may be significant risks to CERT NZ's effectiveness and reputation. Headcount would be reduced leading to a reduction in international engagement (required for NZ to access cyber threat information and best practice) and a reduction in advice, engagement and awareness output needed to support incident response. [33]   |
| 10369   | Manifesto          | Broadcasting, Communications and Digital Media | Public media – supporting an informed democracy  | This funding will support and enhance the contribution that public media makes to national identity and an informed democracy. It will provide sustainable, long-term funding for public media so that New Zealanders can access quality content and independent investigative journalism. Funding for New Zealand on Air will be increased, and Radio NZ will be expanded into a full public media service that includes a free to air and non-commercial television service.   | 2.500         | 10.000        | -            | Minister's priority - Not a manifesto commitment but referenced in Fiscal Plan. Not implementation ready. One-off amount of \$10 million operating in 2018/19 recommended to be set aside in a tagged contingency to implement any preliminary recommendations from the Ministerial Advisory Group on public broadcasting, if the Minister of Finance and Minister of Broadcasting, Communications and Digital Media are satisfied they represent a robust case for investment.   |
| <b>Total Broadcasting, Communications and Digital Media</b> |                    |  |  |  | <b>5.020</b>  | <b>20.080</b> | <b>-</b>     |   |

|  |               |                               |  |  |               |                |                |   |
|--|---------------|-------------------------------|--|--|---------------|----------------|----------------|---|
| 10286                                      | Manifesto     | Child Poverty Reduction       | Child Poverty Unit   | This funding will provide for the establishment and operation of a Child Poverty Unit to support the Minister for Child Poverty Reduction to implement the requirements set out in the Child Poverty Reduction Act   | 1.986         | 7.942          | -              | High priority, mentioned in agreements and Speech from the Throne. Initiative is implementation ready.  |
| <b>Total Child Poverty Reduction</b>       |               |                               |  |  | <b>1.986</b>  | <b>7.942</b>   | <b>-</b>       |   |
| 10327                                      | Cost pressure | Children                      | ICT cost pressure for Oranga Tamariki – Ministry for Children                                | This bid covers the costs of remediating the technology that underpins our national contact centre to ensure we do not lose any notifications of concern and shifting to resilient “infrastructure as a service” for our central case management system – CYRAS. It also includes ongoing operating costs for the new online practise centre and database of caregivers.   | 6.010         | 24.040         | -              | Without this funding there are significant service delivery risks. OT is operating in an ageing and low-capability ICT environment, and supported amount is an 11% increase to the agency’s current ICT budget. [33]  |
| 10179                                      | Cost pressure | Children                      | Including 17 year olds and Managing Remand Pressures in the Youth Justice System             | This Budget bid responds to the 2017 Oranga Tamariki Act changes to include 17 year olds in the YJ system. Operational funding for Oranga Tamariki will provide 1,600+ FGCs; sustain/develop community alternatives to remand (80 beds); sustain 10 bed unit at Te Puna Wai and the transfer of existing programme funding from Justice. [33]<br>For the Ministry of Justice, operational costs cover additional procedural costs of the Youth Court.  | 34.884        | 139.537        | -              | Without this funding, OT will not be able to deliver on the Legislative requirement to include 17 year olds in the Youth Justice system from 1 July 2019. Lower funding in the 18/19 year to build the required capacity. Recommended amount supports core costs of 17 year olds being managed in the youth justice system. [33]  |
| 10229                                      | Cost pressure | Children                      | Clothing Allowance for Children Supported by Orphan’s Benefit or Unsupported Child’s Benefit | This funding will provide a Clothing Allowance for children on Orphan’s Benefit or Unsupported Child’s Benefit (OB/UCB), paid at the same rate as the clothing allowance provided for children in foster care. This Clothing Allowance was legislated for in the Social Security (Clothing Allowances for Orphans and Unsupported Children) Amendment Act 2015, which takes effect on 1 July 2018.   | 26.230        | 104.919        | -              | Without this funding, the clothing allowance would not take effect from 1 July 2018 as legislated for in the Social Security Amendment Act 2015.  |
| 10170                                      | Cost pressure | Children                      | Business as usual pressures for Oranga Tamariki - Minister for Children                      | This funding will provide for increasing costs associated with current services due to increasing client demand and inflationary pressures, and address increased remuneration costs.  | 29.381        | 117.522        | -              | Without this funding there are high service delivery risks. Support funding for all projected out-of-home placement numbers for 2018/19, plus shortfall unfunded in 2017/18. Support remuneration commitments and anticipated agreements falling in the 2018/19 year only. [33]   |
| 10171                                      | Cost pressure | Children                      | Increasing Participation in Family Group Conferences   | [33]<br>It will [33] enable OT to fund specialised roles (in-house to improve the FGC process via whanau searching, hui-a-whanau, [33]   | 0.550         | 2.200          | -              | [33] seeks to continue existing short-term Whanau searching and hui-a-whanau coordinator positions targeted to the needs of Tamariki Māori for 21 Oranga Tamariki sites. There is no specific legislative requirement for this service however Treasury supports continuing existing provision for one year to build an evidence base. [33] provides for [33] only for one year.  |
| <b>Total Children</b>                      |               |                               |  |  | <b>97.055</b> | <b>388.218</b> | <b>-</b>       |   |
| 10160                                      | Cost pressure | Civil Defence                 | Additional Crown Support for Kaikoura Recovery from the November 2016 Earthquake             | Additional Crown support to address additional Kaikoura District Council’s earthquake recovery funding needs including two-thirds of the costs associated with retreating from or remediating natural hazards involving life risks (rockfalls) or severe land damage; shortfalls in funding to repair three waters assets, local roads and the harbour; and an integrated sports, community and cultural area/hub.   | 1.325         | 5.300          | -              | Not a cost pressure - but has risk and is a Minister priority. The highest-priority areas of funding requested total \$7.8 million (comprising: retreat or remediation due to rock fall intolerable life risks \$4 million; three waters shortfall \$2.2 million; harbour shortfall \$0.3 million; and a late proposal to support Kaikoura District Council to develop and implement a financial sustainability strategy \$1.3 million). The Council could reasonably contribute \$2.5 million towards these costs through taking on additional debt, leaving a \$5.3 million contribution requirement from central government.   |
| <b>Total Civil Defence</b>                 |               |                               |  |  | <b>1.325</b>  | <b>5.300</b>   | <b>-</b>       |   |
| 10199                                      | Cost pressure | Climate Change                | Building environmental integrity in cooperative approaches                                   | New Zealand needs an effective international climate change regime to mitigate global emissions and the impacts of climate change. Therefore New Zealand has a strategic interest and has taken a leadership role in ensuring that the international carbon markets (developed under the Paris Agreement) have environmental integrity. We also need to develop high integrity options for New Zealand, should governments choose to (or need to) supplement domestic action with international reductions in the future.                                      | 0.742         | 2.968          | -              | Zealand could potentially use to help meet its carbon targets). While the work is discretionary, we consider it to be a high priority; access to international carbon markets may ultimately prove necessary and this work is required to gain that access. We note that there is momentum behind this work – talks are underway with potential partner countries – so if funding is not provided (and the work ceases) this momentum will be lost. If funding were subsequently provided for this project in later budgets, it could take several years to build back up to where we are now.  |
| 10254                                      | Manifesto     | Climate Change                | Green Investment Fund  | This funding will enable the design and establishment of the Green Investment Fund, as well as provide the necessary capital with which the entity will invest. The purpose of the Green Investment Fund (GIF) is to invest in assets that reduce carbon emissions, and do so in a manner that both mobilises additional private capital, and allows the fund to be commercially independent.  | 6.250         | 25.000         | 100.000        | This initiative is outlined in the Confidence and Supply Agreement. It is not realistically scalable or deferrable, as this would delay the establishment of, and the ongoing operation of, the proposed fund. Ministers have also discussed the initiative and agreed that any operational funding to support the fund is over and above the \$100 million capital. It is also likely that the operating component (\$35 million over seven years) will be repaid in the medium to long term through a special dividend to the Crown. Treasury supports the initiative’s request to be funded through a tagged contingency.  |
| 10374                                      | Manifesto     | Climate Change                | Establishment of an independent Climate Change Commission                                    | This initiative will establish an independent Climate Change Commission to create enduring institutional arrangements for climate change policy. It will also build the Commission’s evidence base through the development of a baseline national climate change risk assessment. The final scope, powers and functions of the Commission will be determined through the legislative process for the Zero Carbon Bill, following Ministerial and public consultation in 2018.  | 0.552         | 2.207          | 0.150          | Minister priority. It is outlined in all Government agreements. The Vote team support funding for the risk assessment modelling and the establishment costs for the commission.   |
| 10601                                      | Manifesto     | Climate Change                | Climate Directorate Capability   | This funding will provide additional resources needed to deliver on the Government’s commitments to address climate change.  | 2.225         | 8.900          | -              | New initiative Scaled Support - note the bid has been assessed in a compressed timeframe. The Ministry is under pressure to deliver in several priority areas for this Government (climate change, urban planning, and water quality). To date, it has managed these pressures by surging resources into its Climate Directorate. This is not a tenable long-term solution, as it means the Ministry has not been able to devote sufficient resources in its other areas of focus (including the priority areas of water and urban planning). Not providing this funding would put delivering on the Government’s environmental ambitions at risk. Even though this is a late bid, we have supported on-going funding (rather than 1 year of funding with the expectation that the Ministry would put in a subsequent bid in Budget 2019). This is for two reasons. First, we consider that the Government’s increased demands for policy on environmental matters will not taper; there will be an on-going need for increased capability in the Ministry. Second, the Ministry argues that on-going funding allows them to offer permanent positions, making it easier to attract high-quality staff. |
| <b>Total Climate Change</b>                |               |                               |  |  | <b>9.769</b>  | <b>39.075</b>  | <b>100.150</b> |   |
| 10137                                      | Cost pressure | Commerce and Consumer Affairs | General Markets cost pressure budget bid to reduce consumer harm                             | This funding will increase the Commission’s work in the consumer credit sector to help tackle more of the consumer harm being reported and observed. The Commission will manage the material increase in the scale and complexity of non-discretionary merger clearance and authorisation applications. Additional funding for major litigation is also required to manage the litigation activity that will come from the increased investigation and enforcement activity that will result from the above combined with cost increases from legal providers. | 1.427         | 5.706          | -              | Without this funding, the Commission would be unable to comply with legislation which the current Government has recently enforced - the Commerce (Criminalisation of Cartels) Amendment Bill. This results in an additional cost of \$950k (which is reflected in the budget bid), made up of \$500k for additional litigation funding to cover prosecution costs, and \$450k to cover investigative and related operational costs. - The remainder of the bid is cost pressures relating to non-discretionary activities (such as merger analysis) undertaken by the Commerce Commission. If this was not funded, we would likely see a reduction in quality of these activities, seen through either less thorough analysis, or longer timelines for resolution.   |
| 10109                                      | Cost pressure | Commerce and Consumer Affairs | Management and Disposal of Criminal Assets   | This funding is to provide for the increased number of assets seized through criminal activities or used in the commission for serious crime that MBIE is required to manage over a 1-3 year period until the asset is sold as prescribed by the Criminal Proceeds (Recovery) Act 2009. The costs include staff resources to manage and dispose of assets, collection of assets and storing of assets in a secure and safe warehouse facility.   | 0.725         | 2.900          | -              | Without this funding, MBIE will lose the value of the assets that they are managing (high value assets). - Treasury supports this initiative, however an alternative funding arrangement is possible. This would require Cabinet authorising to the Minister of Finance and the Minister of Commerce and Consumer Affairs, to jointly approve changes to the Commerce and Consumer Affairs: Official Assignee Functions appropriation, to fund the difference between costs and recoveries, from Proceeds of Crime Revenue. Allowing appropriation changes would reduce the net funds payable to the Consolidated Fund to fund activities under the Methamphetamine Action Plan.. It is estimated that Proceeds of Crime funds that will be paid to the Consolidated Fund will be \$30 million in 2018/19 and outyears.   |
| <b>Total Commerce and Consumer Affairs</b> |               |                               |  |  | <b>2.152</b>  | <b>8.606</b>   | <b>-</b>       |   |

|                                    |               |                       |   |   |                |                |              |   |
|------------------------------------|---------------|-----------------------|---|---|----------------|----------------|--------------|---|
| 10362                              | Manifesto     | Conservation          | Managing visitor impacts  | This funding will enable DOC to implement strategies and operational systems to protect biodiversity while managing the effects of increasing numbers of visitors to public conservation land. It will do this by increasing DOC's capacity in visitor strategy and system performance, and service design and planning. There is also an aspiration to generate cost recovery from international visitors to ensure the cost of managing tourism isn't subsidised from existing biodiversity funding.  | 1.375          | 5.500          | -            | For the scaled component, this initiative is a high priority - it is outlined in the Confidence and Supply Agreement, is a Government priority, is in line with strategic direction, and implementation ready for 2018/19.  |
| 10363                              | Manifesto     | Conservation          | Strengthening DOC's organisational capability and capacity                                      | This funding will ensure DOC is at the centre of New Zealand's conservation system, by increasing organisational development, human resources and policy capability, enhancing staff recruitment and retention, and ensuring assets are safe and fit for purpose.   | 4.060          | 16.240         | -            | For the scaled component, this initiative is a high priority - it is in the Confidence and Supply Agreement, is a Government priority, is in line with DOC's strategic direction, and the health and safety component is critical. If the Government wishes to effectively increase DOC's capabilities, it needs to have the right policy foundation in place first. This initiative provides that.   |
| 10370                              | Manifesto     | Conservation          | Enhancing biodiversity by controlling and eradicating predators                                 | This funding will protect ecosystems from significant detrimental transformation, protect and increase biodiversity on offshore islands, and develop more effective and efficient predator control methods. It will do this by applying sustained predator control to an additional 1.63 million ha of public conservation land, funding research into new methods of predator control, and removing predators from 24 offshore islands.  | 20.000         | 80.000         | -            | Minister priority. This initiative is outlined in the Confidence and Supply Agreement and would have a high impact on overall biodiversity objectives. The initiative is investment ready for 2018/19   |
| 10375                              | Manifesto     | Conservation          | Enhancing biodiversity by supporting community conservation                                     | This funding will enable the protection and restoration of land and freshwater ecosystems, by the community and regardless of tenure. It will also deliver improved health and wellbeing outcomes for New Zealanders. This will be achieved by increasing support funds for the community, improving DOC stakeholder and volunteer management systems, strengthening capacity for RMA advocacy and science system influence, creating a roadmap to protect the iconic landscape of the Mackenzie Basin, and establish a regional conservation wellbeing initiative. | 0.970          | 3.880          | -            | This initiative relates to the Confidence and Supply agreement. The scaled support option only supports the Mackenzie Basin component. We consider this component implementation ready.   |
| N/A                                | Manifesto     | Conservation          | Tagged contingency  | Tagged contingency to increase the amount of funding to address biodiversity issues. This contingency could be used to fund a mix of items across the predator, pest, freshwater, and threatened species bids.  | 19.000         | 76.000         | -            | This \$76 million total tagged contingency has been included to reflect an increase in the level of Conservation funding requested. The tagged contingency could be used to fund a mix of items across the predator, pest, freshwater, and threatened species bids. In order to access the tagged contingency, we recommend an updated Biodiversity Strategy be developed for approval, along with a Better Business Case. We recommend the phasing of the tagged contingency be determined when conditions have been met.  |
| <b>Total Conservation</b>          |               |                       |   |   | <b>45.405</b>  | <b>181.620</b> | <b>-</b>     |   |
| 10251                              | Cost pressure | Corrections           | Holidays Act Compliance   | This funding will enable the Department of Corrections to remediate the impact of inconsistencies with the Holidays Act.  | 4.000          | 16.000         | -            | Without this funding, there is a risk Corrections will be unappropriated. Costs are not yet confirmed and in range of \$16-49 million one-off. Costs need to be recognised and funded once confirmed. The draft package reflects the minimum costs required given the uncertainty, however there is a risk further funding may be required.   |
| 10222                              | Cost pressure | Corrections           | Offenders in the community - maintaining public safety  | This funding will enable the Department of Correction to continue to maintain public safety by increasing the level of resources and interventions available to safely manage and improve outcomes for the growing volumes and complexity of offenders serving sentences and orders in the community; and to continue to support the Judiciary and New Zealand Parole Board to make informed risk-based sentencing and parole decisions.  | 31.980         | 127.920        | -            | Volumes on community sentences increasing. Not funding risks poorer supervision of people on community sentences, and more incidents, which could undermine efforts to reduce prison population.  |
| 10410                              | Manifesto     | Corrections           | Targeted Interventions - Enhanced housing and support service for people managed by Corrections | This funding will provide a range of housing and support services for 630 people per year who might otherwise be in prison due to their identified housing need and other varied and complex needs. Flexible, individualised services will reduce service users' risk of re-offending by supporting them to, for example, address the underlying causes of their offending, continue or start training or employment, establish and maintain whanau and community relationships, and find long-term stable housing.   | 14.401         | 57.606         | -            | Out of scope, but good alignment with objective of reducing prison population. Housing initiatives are most likely to have a material impact, but could struggle to procure the housing in the current market, or could risk displacing others in need of housing. Initiative has been scaled by 50% on this basis. Can contribute to additional public housing places target. Housing initiative high priority for Minister Davis.   |
| 10221                              | Cost Pressure | Corrections           | Prisoner volumes - responding to growth   | This funding will enable the Department of Corrections to meet the costs of managing a growing prison population including ongoing funding for additional capacity in the prison network and to maintain the safety and security of the prison network.   | 82.146         | 328.585        | [38]         | Out of scope, but good alignment with objective of reducing prison population. Housing initiatives are most likely to have a material impact, but could struggle to procure the housing in the current market, or could risk displacing others in need of housing. Initiative has been scaled by 50% on this basis. Can contribute to additional public housing places target. Housing initiative high priority for Minister Davis.   |
| <b>Total Corrections</b>           |               |                       |   |   | <b>132.527</b> | <b>530.111</b> |              |   |
| 10145                              | Cost pressure | Courts                | Non-Departmental Courts And Coroner Related Cost Pressures                                      | This is a volume and price driven cost pressure bid to meet increased service and supply pressures and ensure that services are delivered as required by legislation. This funding will ensure that the delivery of non-departmental courts and coronial services continue without breaching the appropriation, and ensures that access to justice is upheld to maintain a fair society.  | 25.750         | 103.000        | -            | Without this funding, there are risks MoJ will go unappropriated. The court ordered reports and services are required by legislation. Demand is projected based on past trends. If coronial services weren't funded, could be risks to continuation of services. Funding has been scaled to remove CPI adjustment.  |
| 10297                              | Manifesto     | Courts                | Canterbury Earthquakes Insurance Tribunal   | This funding will enable the establishment and operation of a tribunal to resolve unsettled residential insurance disputes arising from the Canterbury earthquakes of 2010 and 2011. It will provide an active, individually case managed resolution process for claimants and their insurers, and include access to funded mediation to help narrow or resolve issues in dispute.  | 1.500          | 6.000          | 1.470        | Ministerial Priority. Funding is provided for 2018/19 only to commence work on the tribunal to help resolve unsettled and reopened claims.  |
| <b>Total Courts</b>                |               |                       |   |   | <b>27.250</b>  | <b>109.000</b> | <b>1.470</b> |   |
| 10258                              | Manifesto     | Crown/Maori Relations | Delivery of the Crown/Maori Relations Ministerial portfolio responsibilities                    | This bid seeks funding to support the newly developed Crown/Maori Relations portfolio. The Minister for Crown/Maori Relations has expressed support for key projects to be undertaken in the 2018/2019 budget year as part of this portfolio  | 0.763          | 3.050          | -            | Key priority for Minister Little. Funding would enable backfilling of current resource seconded from Treaty settlements work. If not funded, current secondments could continue, but could be impacts on pace of Treaty work  |
| <b>Total Crown/Maori Relations</b> |               |                       |   |   | <b>0.763</b>   | <b>3.050</b>   |              |   |
| 10355                              | Manifesto     | Customs               | Strategic Disruption of Drug Smuggling Networks   | Each year, the use of illicit drugs costs New Zealand \$1.8 billion in social harm and government interventions. New Zealand families, whanau and communities suffer the majority of the social harm, particularly caused by methamphetamine. This initiative will reduce these costs and prevent harm by proactively disrupting smuggling activity offshore, strengthening the security of supply chains and targeting the cross-border flow of criminal proceeds.   | 9.271          | 37.084         | 3.906        | Minister priority and outlined in Coalition Agreement, implementation ready, strong costings and strategic alignment. At minimum package funding: The do-minimum capital funding for this bid is \$3.906m with a corresponding reduction in operation funding from \$3.457m to \$37.084m over the forecast period. This approach retains most of the important components at a lower level so that key benefits can be delivered but at a lower scale. However, scaling at this level will significantly reduce the value for money of this bid, which is otherwise very high at full funding or only light scaling (= capital: \$4.752; operating: \$41.902m over the forecast period).  |
| 10356                              | Manifesto     | Customs               | Facilitating market access for New Zealand exports  | This initiative seeks to progress the Labour Party manifesto commitment to support our exporters to add value to exports, a position that aligns with the post-election Coalition and Confidence and Supply Agreements with support parties. The initiative will support trade commitments by reducing Customs-related disruption at the United Kingdom border post-Brexit, mitigate non-tariff barriers in China and speed up trans-Tasman trade.  | 0.213          | 0.850          | -            | Minister priority -and referenced in coalition agreement. The scaled option is implementation ready and strategically aligned. Treasury supports Component 2 of this bid that aims to trial Secure Trade and Postal Green Lanes with Australia to streamline trans-Tasman trade (\$0.850 million single-year funding). The Minister's priority explicitly covers an additional component (Component 1) of this bid, which is a London post designed to manage Brexit 2019 and mitigate risks associated with export delays. Funding sought for Component 2 includes \$0.925 million for a time-limited period of 4 years (total 3.7 million over the forecast period), but this is not supported by the Treasury because of unclear intervention logic and value for money. |
| <b>Total Customs</b>               |               |                       |   |   | <b>9.484</b>   | <b>37.934</b>  | <b>3.906</b> |   |

|                                    |               |                       |  |  |               |                |               |  |
|------------------------------------|---------------|-----------------------|--|--|---------------|----------------|---------------|--|
| 10162                              | Cost pressure | Defence               | Defence White Paper 2016 (DWP 2016) - Contingent Operating funding for supporting the introduction of new capabilities | This funding provides for the operating expenditure required to operate new and upgraded capabilities identified at the Defence White Paper 2016 needed to deliver Defence policy and meet New Zealand's national security interests but contingent on approval by Cabinet or Joint Ministers to June 2019.  | 3.400         | 13.600         | -             | [33]   |
| 10164                              | Cost pressure | Defence               | Defence White Paper 2016 (DWP 2016) - Defence Estate Regeneration Programme Plan Tranche One - Capital funding         | The purpose of this initiative is to progress completion of the first tranche of investment under the Defence Estate Regeneration Programme Plan with the objective of producing a safe, modernised, fit-for-purpose Defence Estate. An updated Defence Estate will enable the delivery of the Defence policy, in line with Defence White Paper 2016.  | -             | -              | 41.311        | [33]   |
| 10163                              | Cost pressure | Defence               | Defence White Paper 2016 (DWP 2016) - Operating Funding  | This funding provides for the operation of the capability requirements identified at the Defence White Paper 2016 needed to deliver defence policy and meet New Zealand's national security interests.   | 81.030        | 324.118        | -             | Minister priority - Without the Vote team scaled funding, the NZDF would likely have to reduce outputs, or slow down new recruitment. [33]   |
| 10256                              | Manifesto     | Defence               | Grant Payments for Non-Government Organisations  | This funding will provide on-going financial assistance to both the Royal New Zealand Returned and Services' Association and the No Duff Charitable Trust in their support work for veterans. This includes linking veterans with those who can provide them with services, including emergency support, advocacy, mentoring, and access to a strong regional network of people who share similar experiences to veterans.   | 0.275         | 1.100          | -             | [33]   |
| <b>Total Defence</b>               |               |                       |  |  | <b>84.705</b> | <b>338.818</b> | <b>41.311</b> |  |
| 10208                              | Cost pressure | Disability Issues     | Office for Disability Issues (ODI) Cost Pressure   | [33]<br>It includes funding<br>Robert Martin's representation on the UN Convention Disability Committee through to 2020/21.  | 0.081         | 0.325          | -             | [33]   |
| <b>Total Disability Issues</b>     |               |                       |  |  | <b>0.081</b>  | <b>0.325</b>   | <b>-</b>      |  |
| 10597                              | Manifesto     | Earthquake Commission | Inquiry into EQC   | This funding will resource the proposed Public Inquiry into EQC  | 0.810         | 3.238          | 0.100         | This late bid was not included in either the Speech from the Throne, the Coalition Agreement, or the Confidence and Supply Agreement, and so is out of scope for Budget 18. If Ministers consider this a priority, then Treasury recommends funding at the full amount in Budget 18 (i.e., not later), on the basis that the findings will usefully inform legislative reviews currently underway. |
| <b>Total Earthquake Commission</b> |               |                       |  |  | <b>0.810</b>  | <b>3.238</b>   | <b>0.100</b>  |  |
| 10114                              | Cost pressure | Economic Development  | Payroll Remediation Costs  | This funding will be used to address the incorrect calculation of holiday pay to staff. The total funding requested represents outstanding remediation payments to current and former MBIE staff (over 9000 staff) who were not paid compliantly with the legislation of the Holidays Act 2003. As this liability relates to historic payments relating back to August 2008 (over 9 years at the time of writing) this cost pressure cannot be funded from within existing 2017/18 baselines.  | 1.750         | 7.000          | -             | This has been revised down from a total of \$12 million to a total of \$7 million since BM2. Without this funding, there are high risks of legislation breach, as MBIE is under an enforceable undertaking to address the incorrect calculation of holiday pay to staff. There is also a reputational risk to the Government of not funding this initiative.                                       |
| 10269                              | Manifesto     | Economic Development  | Implementation of e-Invoicing in New Zealand   | This funding delivers an interoperable e-Invoicing framework, allowing businesses in NZ to digitally transact across the entire procure-to-pay lifecycle using their NZBN. E-Invoicing alone results in an estimated 80% productivity gain. Using the Australian framework delivers interoperability with Trans-Tasman and international businesses. The benefits to the New Zealand economy are up to \$1.8b per annum, with e-Invoicing alone offering conservative benefits of \$500m per annum.  | 1.459         | 5.837          | -             | Minister priority - this Initiative relates to the business community priority, has merit and a high return on investment. It is also a Minister priority for Ministers Parker and Nash. We recommend that this is funded in full for Budget 2018.   |
| <b>Total Economic Development</b>  |               |                       |  |  | <b>3.209</b>  | <b>12.837</b>  | <b>-</b>      |  |
| 10087                              | Cost pressure | Education             | March Baseline Update and October Baseline Update Forecast Changes 2017  | This funding is for the impact of forecast changes in the March Baseline Update and October Baseline Update 2017. This is primarily related to increased school operations funding, increased teacher salaries and early childhood education volume growth.  | 246.077       | 984.308        | -             | Without this funding, Education would not be able to meet volume and price pressures. The funding is driven by legislation and current economic settings and is non-discretionary. This includes both volume (additional teachers and ECE subsidies) and price elements (teacher progression and changes in distribution of types of ECE centres)  |
| 10098                              | Cost pressure | Education             | Ongoing Resourcing Scheme  | This additional funding will address demand pressures in the Ongoing Resourcing Scheme (ORS), which provides resourcing and support to students with the highest and most complex additional learning support needs until they leave school. ORS is a demand driven model; all students who are assessed and verified as meeting the ORS criteria receive specialist support (such as speech language therapy or occupational therapy), specialist teacher time, teacher aide support and a consumables grant.   | 33.368        | 133.471        | 0.218         | Without this funding, there is a risk of reduced services with likely impacts on inclusion and participation. Funding reflects entitlement for eligible learners under current policy settings. [33]   |
| 10101                              | Cost pressure | Education             | Voluntary Bonding Scheme   | The Voluntary Bonding Scheme (VBS) aids the recruitment and retention of beginning teachers into Decile 1 and highly isolated schools, enabling principals to employ the teaching staff needed to deliver the New Zealand curriculum. Recent media coverage of the VBS has resulted in an increase in the number of applications, and a corresponding increase in the number of teachers accepted into the VBS.  | 1.594         | 6.376          | -             | [36]<br>Full costs of 100% uptake highly unlikely. Scaling based on 55% uptake, up from 20% in 2016/17 and around 40% in 2017/18 following significant media coverage.   |
| 10091                              | Cost pressure | Education             | [38]   |  |               |                |               |  |
| 10298                              | Manifesto     | Education             | Education Portfolio Work Programme   | This funding is to support a coherent package of work that aims to create buy-in and facilitate discussion and action on new and innovative directions for the education system. The package includes a number of strategies, regional follow-up hui and the formation of advisory groups for a number of work streams.  | 2.383         | 9.533          | -             | 30 year education strategy high priority for Government and mentioned in Coalition Agreement. Summits and reviews will require extensive collaboration with key stakeholders, which cannot be funded from baselines in the context of other departmental cost pressures. BAU reviews excluded from scaled option. Recommend to commence work in Budget 2018. Priority for Minister Hipkins.        |
| 10306                              | Manifesto     | Education             | Te Ahu O Te Reo Maori  | This funding will provide for a programme designed to lift the overall capability across the system for delivering quality te reo Maori provision.   | 3.114         | 12.455         | -             | Specifically mentioned in Speech from the Throne. Implementation ready for pilot rather than large scale roll out. Priority for Minister Davis and Hipkins.  |
| 10095                              | Cost pressure | Education             | Early Intervention Services  | Demand for the Early Intervention service has risen and there is a waitlist of 2,800 children at June 2017. Increasing funding for this service will enable the Ministry of Education to meet demand by recruiting additional Early Intervention staff; increasing the number of contracted places from Early Intervention providers; and increasing the number of study awards. This will significantly reduce waiting lists for Early Intervention, improving children's education and life outcomes, with education, justice, health and welfare savings. | 5.384         | 21.537         | 0.272         | Risk of increased waitlists and/or decline in service quality. [33]<br>Further volume pressures deferred subject to Learning Support review.   |
| 10096                              | Cost pressure | Education             | Sensory Schools and New Zealand Sign Language  | This funding addresses cost pressures to allow children and young people who are deaf, hard of hearing, blind, deafblind or have low vision to continue to access specialist services and achieve in education through sensory schools and related services. It will grow the workforce to ensure there are teachers and other professionals with the specialist skills required. This funding will also promote the participation, achievement and wellbeing of deaf and hard of hearing children and young people by supporting New Zealand Sign Language. | 7.550         | 30.200         | -             | Risk of declining service levels from volume growth and reputational risk from failure to support access for deaf learners and staff under Human Rights Act. Scales to continue previously time-limited funding and meet anticipated 2018/19 demand only. Further volume pressures deferred subject to Learning Support review.  |
| 10100                              | Cost pressure | Education             | English For Speakers Of Other Languages (Schooling)  | This additional funding addresses the cost pressures faced in the English for Speakers of Other Languages programme. This programme funds schools to teach migrant background students English and help them access the curriculum.  | 8.622         | 34.486         | -             | Funding time limited in Budget 2017 for consideration through immigration fee and levy review, but timing of fundamental review unclear and volume pressures significant. Risk of reduced service quality with significant impact on educational outcomes.   |
| 10099                              | Cost pressure | Education             | Teacher Aide Funding Rates   | This funding will address a cost pressure for schools by increasing the Ministry's teacher aide hourly funding contribution closer to the rate schools are actually paying. The Ministry funds schools to provide teacher aide support for identified students through a number of existing initiatives including In-Class Support, School High Health Needs Fund, Ongoing Resourcing Scheme, Language and Learning Intervention and the Behaviour Service. It is also likely to increase the actual number of hours of support that students receive.       | [33]          |                | -             | Risk that some schools are feeling general cost pressures more than average, and reducing service quality. This initiative more targeted than overall cost adjustment to operational grant, but no control over outputs purchased by schools with the funding. Scaled funding reflects phasing of funding rates to \$20 in the final year of forecast period.                                      |
| 10292                              | Manifesto     | Education             | A Progress Approach Across the Schooling System  | This funding will be used to work with experts, the sector and other stakeholders (including students, parents, whanau and iwi) to develop a new approach to assessment and reporting on progress and achievement, beginning in 2018.  | 1.500         | 6.000          | -             | Specifically mentioned in Speech from the Throne, [33]   |
| 10308                              | Manifesto     | Education             | Teacher Supply Response Package  | This funding will be used to implement a targeted, multi-channelled response package to ease short to medium term pressure on teacher supply.  | 4.992         | 19.966         | -             | Specifically mentioned in the Speech from the Throne. Education workforce strategy underway - consider further investment following completion of strategy.  |

|                                   |               |                      |   |   |               |                |          |  |
|-----------------------------------|---------------|----------------------|---|---|---------------|----------------|----------|--|
| 10097                             | Cost pressure | Education            | Te Kahu Toi Intensive Wraparound Service                            | This funding will increase the number of students receiving specialist support through the Intensive Wraparound Service (IWS). IWS is provided to students who have behavioural, social and/or learning needs that are highly complex and challenging (and may have associated intellectual difficulties) and require support at school, at home and in the community.  | 1.198         | 4.792          | 0.060    | Scaled funding for an additional <sup>™</sup> students would expand service to unmet demand [33]<br>Promising evidence of effectiveness especially for māori, and some risk of poorer outcomes and costs for highest needs down the track.   |
| 10304                             | Manifesto     | Education            | School Leavers' Toolkit   | This funding will support the development of the School Leavers' Toolkit (the Toolkit). The Toolkit will equip school leavers with the practical skills, knowledge, and capabilities they need for adult life. The funding will allow the Ministry of Education to consult on, design, develop and deliver new initiatives and pilot projects to build an effective Toolkit, and identify potential investments to support implementation.  | 0.425         | 1.700          | -        | Mentioned in speech from the throne, but further work required to determine what will be delivered and demand for this from schools. Elements already on NZ Curriculum. If priority, \$1.7m in 2018/19 only would progress the initiative for Budget 19. Priority for Minister Hipkins.  |
| 10305                             | Manifesto     | Education            | Strengthening Equity And Lifting Achievement For Maori Students     | This funding will support the schooling sector to ensure Maori students achieve as Maori in culturally appropriate English medium settings. It will do this by fostering quality responsive and relational teaching and learning, productive partnerships with whanau, iwi and Maori communities and effective use of student data and evidence of what works. It will draw on what we have learned from Te Kotahitanga and subsequent programmes and will be a co-constructed 'approach' that can be targeted and tailored for diverse school settings.  | 0.250         | 1.000          | -        | Mentioned in Coalition Agreement. However further policy work required as unclear what is being delivered. \$1 million in 2018/19 only would help support further policy work. Consider through Budget 2019.   |
| 10090                             | Cost pressure | Education            | Cost Adjustment For Schools' Operational Grant                      | This initiative will increase operational grant funding for state and state-integrated school from the beginning of the 2019 school year to help schools manage increasing costs including the costs of staff employed through schools' operational grant funding, and maintain quality to meet the needs of all their students.  | 18.656        | 74.623         | -        | Priority for Minister Hipkins. Scaled based on 1.6% increase to rates. Deferral would have limited service implications as there is no clear evidence of a system wide cost pressure or reduced service quality. Teacher aide funding rates initiative is a better targeted increase to operations grants for schools with more high needs students. Scalable if priority.   |
| 10088                             | Cost pressure | Education            | Cost Adjustment For Early Childhood Education                       | This initiative will increase funding by CPI for the 20 Hours ECE subsidy and the ECE subsidy (for under twos and over twos) to help ECE services and kohanga reo manage increasing costs of provision and maintain quality and affordability for parents and families.   | [33]          |                | -        | Priority for Minister Hipkins. Scaled based on 1.6% increase to rates. Deferral would have limited service implications as there is no clear evidence of a system wide cost pressure faced by centres or families. No clear targeted option, scalable if priority.   |
| 10086                             | Cost pressure | Education            | [37]  |   |               |                |          |  |
| 10307                             | Manifesto     | Education            | Te Kawa Matakura [37]   | This funding will fulfil Government commitments to develop a programme and qualification for secondary students who exhibit excellence in te ao Maori.  | 0.705         | 2.820          | -        | Out of scope, but has merit. If priority, Treasury would support \$2.82 million over three years to fund initial tranche of 3 wānanga.   |
| 10094                             | Cost pressure | Education            |   |   |               |                |          |  |
| 10102                             | Cost Pressure | Education            | School Growth Package   | This initiative delivers roll growth classrooms, school expansions, new schools, new property for existing kura, a character school, and existing special education schools, non-teaching space funding, land reimbursements and funding for land in advance in response to population growth and demographic changes across the schooling network.   | 11.685        | 46.738         | 332.362  | Support scaled. Without this funding, MoE will be constrained in their ability to plan and contract for new schools and expansions to accommodate growth. While this initiative can be further scaled, deferral of significant funding would run the risk of falling behind demand growth, exacerbating capacity issues which could negatively impact outcomes. Deferred components will likely return for funding along with additional budget pressures in Budget 2019.  |
| 10104                             | Cost Pressure | Education            | Supporting Infrastructure Service Delivery                          | The funding will cover a growing shortfall in Education Infrastructure Service departmental operating expenditure due to declining baselines (excluding PPP), non-discretionary cost increases and greater service requirements.  | 2.150         | 8.600          | -        | [33]   |
| 10295                             | Manifesto     | Education            | Christchurch Schools Rebuild [37]                                   | This provides a capital funding contribution to the Christchurch Schools Rebuild Programme. The programme is a ten year programme and is currently in its fifth year. Once complete, the programme will have constructed 13 new schools; rebuilt 10 schools on their existing sites; fully redevelop 34 schools; and redevelop 58 schools over 10 years.  | 4.026         | 16.104         | 62.000   | Out of scope, however has merit. At the near-final package level, \$227m more would be needed to meet the \$1.37b. MoE seeks CSR funding when they are ready to undertake further development. Funding sought is for two years; the funding in the draft package is just for one year.   |
| 10083                             | Cost pressure | Education            |   |   |               |                |          |  |
| 10463                             | Cost pressure | Education            | Tertiary Education Annual Maximum Fee Movement                      | This initiative provides funding to maintain the current 2 percent Annual Maximum Fee Movement (AMFM) policy for 2019 and beyond. The AMFM restricts the extent to which providers can increase fees, and impacts on borrowing through the Student Loan Scheme. An AMFM rate higher than inflation creates a cost pressure. The costing will be revised in early 2018.  | 1.995         | 7.978          | 15.561   | This initiative will not count against operating and capital allowances. The increase in student loan borrowing as a result of increased fees is fiscally neutral as it is assumed to be repaid within a 10 year period.   |
| <b>Total Education</b>            |               |                      |   |   | [33]          |                |          | <b>394.912</b>   |
| 10276                             | Manifesto     | Energy and Resources | Implementation of grant scheme for insulation and heating retrofits | This funding will enable the provision of grants for insulation and heating retrofits to improve the thermal performance of New Zealand's housing stock and achieve improved health outcomes.   | 35.625        | 142.500        | -        | Minister priority, outlined in the Speech from the Throne, is aligned with Government priorities, and is implementation ready. The scaled support option supports grants for low income and poor health owner occupiers. This component presents good value for money: it is unlikely this group will insulate in the absence of a grant scheme. If this initiative is not funded, there is a risk that community-focused insulation service providers may exit the market, and private third party funding may be directed away from supporting insulation [33]   |
| <b>Total Energy and Resources</b> |               |                      |   |   | <b>35.625</b> | <b>142.500</b> | <b>-</b> |  |
| 10190                             | Cost pressure | Environment          | Environmental Protection Authority's core statutory functions       | The ongoing funding will enable the EPA to continue to properly manage the environmental effects of activities in NZ's Exclusive Economic Zone and continental shelf (EEZ). The additional funding will cover expanded activities related to managing the effects of hazardous substances on people and the environment. It will enable the EPA to achieve more effective outcomes by strengthening re-assessment, monitoring/enforcement activities and community engagement.  | 2.000         | 8.000          | -        | Without this funding, EPA would be unable to absorb the reduction in baseline without significantly reducing current services. Supported funding totals 1/6 of EPA's overall funding/revenue.  |
| 10372                             | Manifesto     | Environment          | Resource Management Act Enforcement oversight unit                  | This budget initiative would establish an enforcement oversight unit to improve the consistency, effectiveness and transparency of council enforcement decisions. The unit would sit either within the Ministry for the Environment or the Environmental Protection Authority.  | 0.768         | 3.070          | -        | Minister priority. This initiative is also outlined in the Confidence and Supply Agreement. For the scaled option, this would be a high priority - it is implementation ready and has clear costings.  |
| 10600                             | Manifesto     | Environment          | All of Government Response to PFAS contamination                    | This funding will enable the Ministry for the Environment to lead the next, national and All of Government, phase of the investigation into sites contaminated with Per and poly-Fluorinated Alkyl Substances (PFAS), involving consideration of high risk sites that exist within New Zealand, including non NZDF sites.   | 0.425         | 1.700          | -        | New initiative. Scaled support. Note the bid has been assessed in a compressed timeframe. This issue relates to the use of fire-fighting foams containing the chemical PFAS (which were used in areas with petroleum fire risks, such as airports and ports). PFAS contamination is a significant issue – to date the Government's work has focused on its use on New Zealand Defence Force sites, but it will have also been used at other sites around New Zealand. Given the potential risks associated with PFAS contamination, this work (to identify sites at a high risk of contamination, and work with local councils and land owners to engage in testing and mitigation work) is important. |
| <b>Total Environment</b>          |               |                      |   |   | <b>3.193</b>  | <b>12.770</b>  | <b>-</b> |  |
| 10378                             | Manifesto     | Fisheries            | Modernising the Fisheries System                                    | This initiative will drive a reset of the fisheries system, building on previous work, through:<br><ul style="list-style-type: none"> <li>Undertaking an independent review of the fisheries management system</li> <li>Modernising fisheries monitoring and compliance functions to realise the full benefits from digital monitoring</li> <li>Supporting small scale fishers to develop innovative gear technology</li> <li>Strengthening participation of recreational fishers by moving towards establishing mandated, accountable representation</li> <li>Providing assistance to facilitate the transition to digital monitoring</li> </ul> | 1.935         | 7.738          | -        | Minister priority. The supported initiatives (holding a review of the fisheries management system and increasing the resourcing of Fisheries New Zealand) support the Confidence and Supply Agreement objectives of safeguarding marine ecosystems and promoting abundant fisheries; however, they are not specifically mentioned in any of the manifesto documents. Supported funding comprises: \$0.56m on average for reviewing the fisheries management system and a net \$1.375m on average for increasing resourcing of Fisheries New Zealand.   |
| <b>Total Fisheries</b>            |               |                      |   |   | <b>1.935</b>  | <b>7.738</b>   | <b>-</b> |  |

|  |               |                                   |   |  |                |                |                |   |
|--|---------------|-----------------------------------|---|--|----------------|----------------|----------------|---|
| 10212  | Cost pressure | Foreign Affairs                   | APEC21 Programme – Operations and Hosting   | This funding will enable the planning and delivery of the operations and hosting elements of the year-long Asia-Pacific Economic Cooperation (APEC) 2021 mega-event. Two additional initiatives are planned for subsequent Budgets that cover security costs (Budget 2019) and policy and leveraging costs (Budget 2020)   | 46.175         | 184.700        | -              | Without this funding, there would be significant implications, as New Zealand has committed to hosting APEC21. There are options around the level of funding provided as a contingency. This funding has been reduced to reflect the removal of \$15 million of the contingency.  |
| 10235  | Cost pressure | Foreign Affairs                   | Increasing our aid to tackle the biggest global and regional challenges of our time | This funding will significantly increase New Zealand's overseas aid, especially to the Pacific, and put our aid budget on a path towards the international target of 0.7% of Gross National Income. New funding will allow New Zealand to help address significant unmet financial needs for major global and regional challenges such as (i) the effects of climate change; (ii) increasing regional and global humanitarian need; (iii) financing gaps in the multilateral system; and (iii) the social and environmental constraints to sustainable development | 147.250        | 588.999        | -              | Minister priority. The Treasury supports an initial boost in ODA to 0.27% of GNI in 2018/19, and a subsequent increase to reach 0.29% by the end of the triennium. This option has been discussed with Ministers.   |
| 10249  | Cost pressure | Foreign Affairs                   | Response to Foreign and Trade Policy Challenges - Capital Cost Pressures            | Meet cost pressures including Health and Safety, Protected Security Requirements, modernising information management and communication systems and aged infrastructure offshore.   | 8.728          | 34.912         | 35.500         | The Treasury supports the Health & Safety, and Protective Security Requirements components as these are most urgent and implementation ready. We recommend deferring unfunded property costs and the modernising ICT capability component.  |
| 10246  | Cost pressure | Foreign Affairs                   | Response to Foreign and Trade Policy Challenges - Cost Pressures                    | Meet inflationary cost pressures   | 13.256         | 53.022         | -              | The Treasury supports funding 60% of the forecast deficit. Funding at this level will still require MFAT to find efficiency savings.  |
| 10247  | Cost pressure | Foreign Affairs                   | Response to Foreign and Trade Policy Challenges - Capability                        | Sustain a career Foreign Service onshore and offshore.   | 7.550          | 30.200         | -              | The Treasury supports funding [38] and a small uplift of 12 additional FTE.   |
| 10248  | Cost pressure | Foreign Affairs                   | Response to Foreign and Trade Policy Challenges - New Embassy in Stockholm, Sweden  | Establish an embassy in Stockholm, Sweden  | -              | -              | 4.781          | The Treasury supports funding only the capital component of this initiative, and expect MFAT to reprioritise operating funding to fully fund this initiative.   |
| <b>Total Foreign Affairs</b>                   |               |                                   |   |  | <b>222.958</b> | <b>891.833</b> | <b>40.281</b>  |   |
| 10438  | Manifesto     | Forestry                          | Establishing the Foundation for One Billion Trees                                   | This funding will support delivery of the Government's One Billion Trees Programme that is not funded through the PGF. It provides a work programme and policy development; establishes a Ministerial Advisory Forum for Forestry; and includes a contingency to establish the New Zealand Forestry Service, which will play a key role in programme delivery.   | [33]           | -              | -              | Updated initiative and a Minister priority. Strong Government commitment. Three components of the One Billion Trees programme have been agreed by joint Ministers to be funded through the PGF (22 March). The Vote team supports one component to be included in the draft package for Budget 2018 - for a scaled version of the work programme (4 FTE, not 7 FTE), as this will support the success of the programme, and the PGF is not designed to fund policy work. This scaled option excludes funding for the Forestry Service, which can be deferred until costings and decisions are finalised, and also excludes funding for a Ministerial advisory group, as it is not clear why this is required. The current draft package includes full funding for the Ministerial Advisory Group and the policy/work programme. |
| <b>Total Forestry</b>                          |               |                                   |   |  |                |                |                |   |
| 10253  | Manifesto     | Greater Christchurch Regeneration | Christchurch Regeneration Acceleration Facility                                     | The facility will enable the Crown to contribute towards development initiatives for the Residential Red Zone and/or a Multi-Use Arena (stadium). The facility may also assist with gaps in the horizontal infrastructure programme. Funding allocation decisions will be made following the development of satisfactory business cases and set prioritisation criteria being met. Approved projects may be funded in conjunction with or through partnership arrangements between the Crown or Crown-owned entities and the Christchurch City Council.            | 0.375          | 1.500          | 298.500        | Out of scope. Priority initiative for Minister Woods. The Vote team supports the initiative subject to business case approval, given its criticality to the Crown and Council achieving a desired Global Settlement in calendar 2018. Initiative is not realistically scalable as this was the amount promised during the election campaign, and a lower amount would risk loss of good will for the Crown. An alternative to immediate investment may be to treat the Crown contribution as operating rather than capital (i.e. as a conditional grant towards the costs of qualifying regeneration projects rather than a Crown investment in Christchurch assets). Recommend setting aside the capital in a tagged contingency.  |
| 10422  | Cost pressure | Greater Christchurch Regeneration | [33]  |  |                |                |                |   |
| <b>Total Greater Christchurch Regeneration</b> |               |                                   |   |  | <b>1.875</b>   | <b>7.500</b>   | <b>358.500</b> |   |
| 10175  | Cost pressure | Health                            | District Health Boards - Additional Support   | This funding will be provided to District Health Boards (DHBs) to meet additional costs they face in delivering health services. These costs are driven by changes in the populations they serve, wage costs, and inflation. DHBs support all New Zealanders through services such as: hospital care, mental health support, medicines, primary health care, and support for older people.   | 549.000        | 2,196.000      | -              | Without this funding, DHB's will not be able to continue providing core services. There is very little discretion around this given population growth and already significant DHB deficits. There are significant risks with scaling DHB cost pressures given the financial pressure they are under and the sector deficit position deteriorating. The DHB allocation in Budget 2017 was \$439 million. Current scaling assumes a 0.25% efficiency dividend.  |
| 10485  | Cost pressure | Health                            | Provision for Additional Deficit Support for District Health Boards                 | This funding will increase the provision for deficit support to District Health Boards (DHBs). The increase will provide appropriate cash support to DHBs that need it.  | -              | -              | 100.000        | Without this funding, there is a risk DHBs will be unable to pay wages and bills which may result in service cuts and failure. This is driven by a number of DHBs are currently operating in overdraft and not having sufficient working capital to continue operations with this support.  |
| 10183  | Cost pressure | Health                            | Meeting Air Ambulance Service Cost Pressures  | This funding will provide for volume, personnel and price driven cost pressures for the national Air Ambulance Service. Funding pressures result from increased demand, and from supply-side cost pressures resulting from new safety requirements and rising capital costs  | 20.725         | 82.900         | -              | Without this funding, contracts with 11 trusts expire on 31 October 2018. If funding is not provided it is unlikely contracts can be renewed under current conditions and this will create safety, legal and financial risks as well as service gaps in key areas.  |
| 10390  | Cost pressure | Health                            | [38]  |  |                |                |                |   |
| 10177  | Cost pressure | Health                            | Disability Support Services – Additional Support                                    | This funding will provide for price and volume pressures in response to increased demand on Disability Support Services.   | 54.950         | 219.800        | -              | Funding sought reflects both price and volume driven costs for disability support. If funding is not provided, MoH will need to make some difficult trade-offs for certain components of disability support.  |
| 10180  | Cost pressure | Health                            | National Maternity Services – Additional Support                                    | This funding will provide for the estimated growth in primary maternity claims (driven by increased births and an increase in the number of women using primary community maternity services), increased service delivery costs, and an additional contribution to workforce pressures ('Lead Maternity Carers').  | 28.150         | 112.600        | -              | If unfunded, increases risk of loss of current workforce, increased rates of in-utero harm and adverse health events, and increasing inequity across service access and health outcomes. There is also a risk that legal proceeding will be reinstated if the Ministry of Health does not fulfil its commitment to support current Lead Maternity Carers. Scaling reflects not funding the workforce development component (\$1.28 p.a.) and volume growth related to ultrasounds, and includes funding for price and remaining volume pressures.   |
| 10403  | Cost pressure | Health                            | National Bowel Screening Programme Implementation Year 2                            | This funding will enable the National Bowel Screening Programme to operate in five more DHB regions (currently the programme operates in five DHB regions). This initiative will fund operating costs for the five DHBs (e.g. diagnostic and surveillance colonoscopies) as well as the costs of servicing this additional population for the National Coordination Centre, laboratory testing, and bowel screening regional centres.  | 16.771         | 67.085         | -              | There is a reputational risk to the Government if this cost pressure is not funded as the roll-out will be delayed. There are likely to be negative outcomes for eligible individuals who would have been able to access screening if the programme had been rolled out as signalled.   |
| 10381  | Manifesto     | Health                            | Free Health Check for SuperGold Card Holders  | This funding will provide one free health check per year for all SuperGold card holders (approximately 720,000 New Zealanders).  | 0.250          | 1.000          | -              | Specifically mentioned in Coalition Agreement. Further implementation work required. Fund one year development costs only.  |
| 10387  | Manifesto     | Health                            | Integrated Therapies Pilot for 18-25 Year Olds                                      | This funding will establish a pilot programme to develop integrated therapies for young adults aged 18-25.   | 2.623          | 10.490         | -              | Mentioned in Confidence and Supply. Scaled funding only supports workforce development components as these are critical to building market capacity.  |
| 10377  | Manifesto     | Health                            | Very Low Cost General Practitioner Visits for Community Services Card Holders       | This funding will reduce General Practitioner fees for approximately 540,000 low income New Zealanders by:<br>• giving all Community Services Card holders access to the same low fees as Very Low Cost Access practices charge, and<br>• extending the Community Services Card to all Housing New Zealand tenants and New Zealanders that receive an accommodation supplement or income-related rent subsidy.   | 96.274         | 385.095        | -              | Not mentioned in agreements or Speech from the Throne, however Labour Fiscal Plan commitment. Recommended funding in draft package reflects a 1 October 2018 start date. Priority for Minister Clark.   |
| 10383  | Manifesto     | Health                            | Extending Zero Fees Doctors' Visits to Under 14s                                    | This funding will provide free visits to a General Practice, after-hours visits and prescriptions for children under the age of 14 (approximately 56,000 more New Zealanders).   | 5.706          | 22.822         | -              | Specifically mentioned in Coalition Agreement. Implementation ready however reflects significant investment when primary care review is underway.   |
| 10386  | Manifesto     | Health                            | Expansion of School Based Health Services   | This funding will expand School Based Health Services to all public secondary schools (currently only delivered in decile 1-3 schools), giving approximately 200,000 more students access to a health professional in their school. All School Based Health Services will be required to provide a health, disability and development check for all Year 9 students.   | 1.960          | 7.840          | -              | Mentioned in Coalition Agreement, however mental health inquiry underway. Recommended scaled funding reflects expansion to the Gisborne and Northland region. Scaled costs are based on assumptions around the number of secondary schools in deciles 4-9 in these areas and 2015 roll growth data.   |
| 10184  | Cost pressure | Health                            | Contributing to the Electives Health Target   | [33]   | 31.500         | 126.000        | -              | Support scaled. This includes funding for bariatric surgeries, additional orthopaedics and general surgeries, reinstating reprioritised funding and meeting cost pressures.   |
| 10178  | Cost pressure | Health                            | Primary Health Care – Additional Support  | This funding will provide for cost increases and estimated growth of people enrolled in a Primary Health Organisation including increased growth in targeted primary care programmes that provide affordable access for low income New Zealanders.   | 4.190          | 16.760         | -              | Fund pressures associated with population growth and price growth only. Consider further investments following primary care review.   |

|  |               |                               |   |   |                |                |                |  |
|--|---------------|-------------------------------|---|---|----------------|----------------|----------------|--|
| 10193                                      | Cost Pressure | Health                        | District Health Boards Capital Investment   | This funding will support a wide range of District Health Board Capital Investments to expand service capacity and replace sub-standard facilities, and in the process improve patient experience and outcomes. The majority of this funding (which excludes the Dunedin Hospital redevelopment), is for Northern region projects to address the need for additional capacity or to fix problems with sub-standard facilities and infrastructure.   | -              | -              | 750.000        | Without this funding there would be Health and Safety (seismic, leaky buildings), and System Failure risk (e.g. failure of infrastructure such as lifts, energy, IT systems) for DHBs.   |
| 10399                                      | Manifesto     | Health                        | Progressing Dunedin Hospital Redevelopment  | This funding will be used to develop an Implementation Business Case (including project costs such as project management, resource consents and design) for redeveloping Dunedin Hospital.  | -              | -              | [36]           | Out of scope. Support in full. [36] for design costs of Dunedin hospital. Defer funding decisions until the completion of the detailed business case.  |
| <b>Total Health</b>                        |               |                               |   |   | <b>[38]</b>    | <b>[38]</b>    |                |  |
| 10219                                      | Cost pressure | Housing and Urban Development | Capital Investment in Tamaki Redevelopment Company (TRC)  | This funding will enable TRC to deliver ~700 new, warm, dry, healthy state houses and ~1,400 affordable and private market houses in Tamaki over the next six years. As well as improving the quality of Tamaki's state housing stock and delivering a range of new houses to the Auckland market, the Tamaki regeneration programme is driving improved health, educational and employment outcomes for Tamaki residents through social and economic regeneration activities that are leveraged off the housing redevelopment programme.                 | -              | -              | 300.000        | Without this funding, risks relate to TRC losing the momentum it has established over the past few years, and its supply links in the Housing market. The lowest amount that the Crown can realistically contribute is \$200 million, which would enable TRC to meet its current obligations. However, this bare minimum level of new capital would risk (i) a restriction in the supply of housing in Auckland (ii) TRC losing its housing redevelopment programme momentum and market supply links built up over recent years, and (iii) TRC being unable to meet upcoming requirements of healthy homes legislation. This initiative has a strong alignment with Government priorities for Budget 2018 (both Budget Minister priorities and BPS priorities) which relate to Housing. [33] |
| 10110                                      | Cost pressure | Housing and Urban Development | Residential Tenancy and Unit Titles Services Funding  | This funding will ensure:<br>• there is an effective and stable funding model for the Residential Tenancy and Unit Titles Services<br>• continuation of services that empower voluntary compliance and self-resolution and, where that fails, provide the protection of regulatory intervention, and<br>• development of a business case to replace ageing critical systems.  | 8.394          | 33.576         | -              | Without this funding, there will be flow on implications to the work on the Healthy Homes Bill. The work related to the Healthy Homes Guarantee Act assumes this is funded in order to implement the work related to the Healthy Homes changes. It is well aligned with Minister priorities, MBIE would not be able to fund from baselines, and the service/operational impact would be felt in 2018/19.   |
| 10266                                      | Manifesto     | Housing and Urban Development | Healthy Homes Guarantee Act Implementation  | This funding will be used for information campaigns, advice and support to landlords and tenants, compliance monitoring, investigation and enforcement, to support the effective implementation of the Healthy Homes Guarantee Act 2017. It will also be used to collect baseline housing quality data before the implementation of the Act for future monitoring and evaluation and to assist with developing a Tier 1 housing quality statistic.  | 3.660          | 14.641         | 0.500          | In Speech from the Throne, aligns with Housing priorities, implementation ready for 1 July, costs are justified, and is aligned with strategic direction of the sector. It also has strong alignment with the implementation of the grant scheme and heating retrofits. The initiative is also required to ensure that the Healthy Homes legislation is effectively implemented.   |
| 10209                                      | Cost pressure | Housing and Urban Development | Frontline Housing Resources   | This funding will ensure MSD has appropriate frontline resource levels to continue to respond to the projected increase in demand for emergency and public housing.   | 7.500          | 30.000         | -              | Without this funding, 102 FTEs will not be able to continue providing front line services to assess transitional and public housing applications. FTE funding was time limited and ends in this financial year. [33]   |
| 10211                                      | Cost pressure | Housing and Urban Development | Public and Transitional Housing Supply  | This funding will cover the gap between the current appropriation and the sum of the projected costs of the current public housing baseline and pipeline, from both Housing New Zealand Corporation and community housing providers. This funding will also cover the costs of the transitional housing shortfall to the current target of 2,155 and the associated shortfall in the operating costs (accommodation and support services costs) to operate the transitional housing places.   | 25.254         | 101.014        | 68.851         | Funding in draft package reflects transitional housing cost pressure only. Public housing component has been combined with initiative 10421 below. Operating and capital funding will support the Government to meet the 2,155 target for transitional housing.  |
| 10213                                      | Cost pressure | Housing and Urban Development | Housing First – Funding to Resource the Current Programme   | This funding will ensure the Housing First pilot in Auckland and the recent expansion of the pilot to the rest of New Zealand are appropriately funded. The funding being sought under this bid will be spent on the support services components of Housing First.  | 5.134          | 20.535         | -              | Implication of not funding this is that the current programmes may have to be scaled back and not be delivered effectively to test and outcomes and build an evidence base   |
| 10214                                      | Cost pressure | Housing and Urban Development | Community Group Housing (CGH) Market Rent Top Up  | This funding will enable Housing New Zealand to receive market rent, following the annual market rent assessment of all CGH properties. This is a placeholder bid as the required information will not be available until January 2018.   | 3.431          | 13.724         | -              | Based on update QV data, the market rent for the CGH portfolio is higher than what was forecast in the Crown appropriation [33]. Recommended funding provides a top-up to HNZC to ensure they continue to receive market rent for these properties which house vulnerable people with special needs.   |
| 10331                                      | Manifesto     | Housing and Urban Development | Further Expansion of Housing First  | This funding will provide public housing places and housing in the private market to people who are chronically homeless or homeless with multiple and complex needs, together with support services, through a Housing First approach. It will also fund a sector organisation to support standardisation of the programme across New Zealand, and support emerging research and evaluation questions to be addressed, so that MSD can continue to build the evidence base on the effectiveness of the Housing First programme in a New Zealand context. | 10.964         | 43.854         | -              | Although not explicitly mentioned in agreements, contributes directly to homelessness priority and is implementation ready given existing pilots. Can be deferred to Budget 2019 given pilots are already underway and there may be limited market capacity to respond to all initiatives related to increasing supply in Budget 2018.   |
| 10421                                      | Manifesto     | Housing and Urban Development | Additional Public Housing   | [33]  | [33], [37]     |                |                | Mentioned in Speech from the Throne, however existing commitment is to 1,000 net additional increase per annum. Draft package reflects a net additional 1,500 places per annum starting from a baseline of zero additional places. These are Treasury costings based on updated information from MSD but still need to be verified with MSD. Priority for Minister Twyford.  |
| <b>Total Housing and Urban Development</b> |               |                               |   |   | <b>122.931</b> | <b>491.721</b> | <b>369.351</b> |  |
| 10134                                      | Cost pressure | Immigration                   | Addressing the cost pressure in the Immigration System – Primarily Visa Services Processing Third Party               | This bid allows INZ to realise the benefits from transformation to realign and consolidate visa processing activities. This includes additional operational, property and implementation costs and savings benefits.  | 0.408          | 1.632          | 12.532         | Without this funding, MBIE would be required to back out of accommodation contracts and halt/reverse announced redundancies. Primarily related to organisational change that is mid-flight (reducing global footprint, shifting to specialised operational hubs in NZ). Capital investment required to fund operating changes to enable planned/promised operating savings.  |
| 10122                                      | Cost pressure | Immigration                   | Addressing the Cost Pressure in the Immigration System – Support for Refugees   | This funding will address cost pressures in the Refugee and Protection Unit arising from:<br>• processing an increasing number of claims for asylum and protection<br>• housing supply shortage and increased complexities in finding affordable private accommodation in communities for the incoming quota refugees.  | 1.027          | 4.107          | -              | Timely resolution of asylum seeker claims avoids downstream costs. Constraints on housing refugees places existing quota at risk, with larger risks if doubling the quota is prioritised.  |
| 10273                                      | Cost pressure | Immigration                   | Address cost pressures in the Refugee and Protection Unit arising from depreciation on the new Mangere Refugee Centre | This funding will provide capital funding for two new accommodation blocks at MRRC to directly support the commitment in Labour's Fiscal Plan to increase the Refugee Quota to 1,500 per annum, and associated depreciation costs, capital charge and operational costs to support the ongoing operation of MRRC resulting from the construction of the two new accommodation blocks  | 1.541          | 6.162          | 7.670          | Priority for Minister Lees-Galloway. Not a Manifesto, but mandatory investment for doubling the size of the refugee quota. Building needs to be completed in 2018 calendar year, in order to facilitate a 1500 quota in the year ending June 2020. Mainstream service costs for doubling the quota would be considered separately.   |
| <b>Total Immigration</b>                   |               |                               |   |   | <b>2.976</b>   | <b>11.901</b>  | <b>20.202</b>  |  |
| 10239                                      | Cost pressure | Internal Affairs              | 2017 Change of Executive  | Funding is being sought to meet the actual costs incurred in managing the transition to a new Executive following the 2017 General Election, including closing 28 offices and establishing 31 new offices. These costs are associated with ensuring incoming Ministers have full access to the staff, resources and support to which they are entitled, as quickly as possible, to enable them to perform their duties as Members of the Executive and deliver on the Government's priorities   | 2.903          | 11.610         | 0.906          | Without this funding the Department will have to make trade-offs in stopping other services, as the work is non-discretionary because of legislative entitlements and receives no baseline funding.  |
| 10237                                      | Cost pressure | Internal Affairs              | Investment in Central / Local Government Partnerships   | [33], [37]  | 0.750          | 3.000          | -              | [33] At the second workstream meeting Minister Mahuta requested that the Three Waters component of this initiative be funded [33]  |
| 10408                                      | Manifesto     | Internal Affairs              | Transforming Government through Digital and Data Initiatives (System Initiative)                                      | This funding will support a programme of system-wide digital and data initiatives, led by the Government Chief Digital Officer and Government Chief Data Steward that will enable government, business and New Zealanders to better operate in an ever increasingly digitally enabled world. These initiatives support and enable agencies to effectively meet key Fiscal Plan, Coalition and Confidence and Supply Agreement commitments including a more open government, strengthened democracy, public participation and improved service provision.  | 4.400          | 17.600         | -              | Not a manifesto commitment but has merit. If Ministers choose to consider this as part of Budget 2018, the Treasury Vote team have recommended funding some elements of the bid through Budget 2018 and deferring decisions on the remainder to Budget 2019 to allow alignment with an overarching data and digital strategy that will be developed by MBIE and the GCDO with support from the Chief Technology Officer.   |
| <b>Total Internal Affairs</b>              |               |                               |   |   | <b>8.053</b>   | <b>32.210</b>  | <b>0.906</b>   |  |

|   |               |                                  |   |  |                |                  |                |  |
|---|---------------|----------------------------------|---|--|----------------|------------------|----------------|--|
| 10157   | Cost pressure | Justice                          | Whanau Protect - National Home Safety Service   | This funding will ensure the continuation of a service that helps high-risk victims of family violence wanting to leave a violent relationship. The service reduces future victimisation and minimises social disruption by allowing victims to safely remain in their own homes by providing practical assistance by way of monitored alarms and security upgrades. Four years of funding will help improve home safety for a total of 9888 people including children, so that they are kept safe from victimisation and further harm.                            | 1.917          | 7.668            | -              | Without this funding, the service would need to stop. Although it was a pilot, it was rolled out nationally in March 2016, however funding was not provided in outyears.   |
| 10147   | Cost pressure | Justice                          | Funding for the 2020 Electoral Cycle.   | This funding will be used to meet core operating costs involved in the administration of the New Zealand parliamentary electoral system through to 2020/21. This includes administration of compliance with electoral laws, maintenance of the rolls, enrolment campaigns to be run ahead of Local Authority and General Elections, and conduct of the 2020 General Election.  | 1.512          | 6.049            | -              | There is a funding shortfall for the 2020 electoral cycle. Could fund first year only and defer future years to Budget 19, when review of last election will be complete.  |
| 10156   | Cost pressure | Justice                          | Victim Support Services and Financial Grants to Victims of Crime – Cost Pressures                                 | This funding will ensure that victims of crime and trauma across New Zealand have access to crisis response and long-term social support services, and financial assistance to help meet costs incurred by being a victim of crime, including participation in the criminal justice system.  | 3.367          | 13.467           | -              | Increasing family violence incidents putting pressure on victim support services which are demand driven.  |
| 10158   | Cost pressure | Justice                          | Independent Police Conduct Authority (IPCA) Budget Bid 2018   | This funding will provide personnel and infrastructural resources that are essential to support the current and future operations and strategic direction of the IPCA. The efficient management, investigation and resolution of complaints against Police will increase public confidence in the role and independence of the Authority and have direct impact on public confidence in New Zealand Police.  | 0.666          | 2.665            | -              | IPCA facing higher volumes of complaints, upward pressure from Police numbers. Not funding would mean fewer complaints investigated or delays in investigating. Scaled funding does not fund the \$75K non-cost pressure component and aligns with scaling of police manifesto initiative.   |
| 10143   | Cost pressure | Justice                          | Managing Ministry of Justice Cost Pressures: Rising costs of ICT / Property / Wages                               | This initiative increases baseline funding across the Ministry of Justice to address the rising costs of providing Justice services. The funding will address historic underinvestment in property and ICT assets, and ensure Ministry employee wage costs can be met without impacts on service delivery.   | 13.014         | 52.056           | -              | Without this additional funding, the Ministry will have to discontinue or scale down the operation and investments to stay within the existing baselines. Scaled to defer discretionary ICT components.  |
| 10262   | Manifesto     | Justice                          | Stabilising funding for Community Law Centres   | This funding will provide a wage and general inflation based increase for community law centres across New Zealand to stabilise staffing and current services pending the outcome of the review of the current funding model.  | 0.545          | 2.180            | -              | Mentioned in Coalition Agreement. Could defer. Deferring would allow upcoming reviews of the the CLC operating funding model and access to justice to inform a Budget 19 bid.  |
| 10382   | Manifesto     | Justice                          | Family and Sexual Violence Central Agent  | [33]   | 0.500          | 2.000            | -              | Priority for Ministers Little and Sepuloni as part of overall family violence package. Support need for ongoing central leadership. Would support effective implementation of other family violence bids. Work currently underway to determine most appropriate functions and form and resourcing required, so not yet investment ready. If Ministers wish to support, suggest contingency   |
| <b>Total Justice</b>                          |               |                                  |   |  | <b>21.521</b>  | <b>86.085</b>    | <b>-</b>       |  |
|   | [33]          |                                  |   |  |                |                  |                |  |
| 10423   |               |                                  |   |  |                |                  |                |  |
| <b>Total Land Information</b>                 |               |                                  |   |  | <b>-</b>       | <b>-</b>         | <b>-</b>       |  |
| N/A   | Manifesto     | Maori Development                | NEETs Contingency   | This contingency will support NEETs (in particular young Maori) in meaningful education or employment, and increase the reach of Māori warden's to deliver local initiatives to improve outcomes for Māori youth and whānau.   | 2.500          | 10.000           |                | As discussed with the Minister of Finance on 28 March.   |
| 10457   | Manifesto     | Maori Development                | Whenua Maori reforms  | [33]   | 0.576          | 2.304            | -              | Priority for Minister Mahuta for Budget 2018. Recommend setting aside tagged contingency of \$2.304 million in 18/19. This will be funded from reprioritisation within Vote Maori Development.   |
| <b>Total Maori Development</b>                |               |                                  |   |  | <b>-</b>       | <b>-</b>         | <b>-</b>       |  |
|   |               |                                  | [38]  |  |                |                  |                |  |
| 10217   | Cost pressure | Police                           |   |  |                |                  |                |  |
| 10324   | Manifesto     | Police                           | Striving Towards 1800 New Police  | This funding will enable New Zealand Police to implement the 2017 Coalition agreement goal agreed between the New Zealand Labour Party and New Zealand First, to "Strive towards adding 1800 new Police officers over three years and commit to a serious focus on combatting organised crime and drugs."  | 74.700         | 298.800          | 17.800         | Specifically mentioned in Coalition Agreement. [33]  |
| 10216   | Cost Pressure | Police                           | Radio Assurance & Programme Management - Next Generation Radio Network (NG-RN)                                    | Police (as Lead agency) on behalf of the Emergency Services sector (Police, FENZ, St John and Wellington Free Ambulance) seek budget in 2018 for continuation of the NG-RN programme activities and assurance of existing radio networks.  | 4.350          | 17.400           | -              | Priority for Minister Nash.  |
| <b>Total Police</b>                           |               |                                  |   |  | <b>145.500</b> | <b>582.000</b>   | <b>17.800</b>  | Without this funding there is an operational risk for Police, St John Ambulance, and Fire that their communication equipment will fail. \$13.4m of this funding mitigates the risk until the shift to a digital network is progressed which the remaining \$4m is for.   |
| 10265   | Manifesto     | Regional Economic Development    | Provincial Growth Fund  | This funding is to support the Provincial Growth Fund (the Fund), a \$1 billion per annum investment, for three years, in regional economic development. The Fund is aimed at investing in regional New Zealand to ensure that all regions have the potential to attract investment, raise incomes and increase employment opportunities.  | 100.501        | 402.003          | 187.005        | This initiative is highlighted in more detail in the Provincial Growth Fund box at the bottom of this annex, to highlight that it will receive \$1 billion for Year One of the Fund. The PGF is outlined in Coalition Agreement, aligns with regional and wealth creation priorities, is implementation ready for Budget 2018 and the initiative is aligned with strategic direction of the sector. Cabinet has agreed to the funding of the PGF in two papers so far. The draft package funding amounts, combined with repurposed and pre-committed funding, amount to \$1 billion for the PGF in Budget 2018.  |
| <b>Total Regional Economic Development</b>    |               |                                  |   |  | <b>100.501</b> | <b>402.003</b>   | <b>187.005</b> |  |
| 10118   | Manifesto     | Research, Science and Innovation | Measurement Standards Laboratory (MSL) Funding  | Capacity bid to enable MSL to continue to operate, and provide services to enable trade of New Zealand goods, support R&D and growth of NZ industry.Ⓜ  | 2.083          | 8.330            | 9.925          | Without this funding, there are risks around capability erosion. MSL is facing a deficit of around 1.3 million as of 18/19 which will have flow on effects for capability to provide a national measurement system. Providing a national measurement standard is a statutory requirement on the Minister of Research, Science and Innovation under the Measurement Standards Act 1992. This is an international obligation. The majority of operating expenditure for this initiative is necessary to fund staff replacement, and the operating funding is for staffing requirements.  |
| 10278   | Manifesto     | Research, Science and Innovation | Research and Development Tax Credit   | This funding responds to an R&D tax credit (tax credit) being introduced and available for businesses within the 2018/19 financial year. The tax credit aims to provide a stable and predictable mechanism to increase business expenditure on R&D (BERD). The funding for implementation will cover the costs associated with the implementation of the tax credit  | 256.075        | 1,024.300        | -              | Minister priority - relates to the Coalition Agreement and relates to government priorities for Budget 2018. This initiative is required to be funded in 2018/19 if the policy is implemented in April 2019. It is also likely to be a requirement if the Government is to achieve its R&D goal of R&D spending being 2% of GDP in 10 years. Note that the actual numbers may change as the design of the Tax Credit and how it impacts the current Growth Grant scheme are finalised.   |
| 10282   | Manifesto     | Research, Science and Innovation | Enabling science cooperation with Singapore   | New funding will support delivery of a new bilateral 'Enhanced Partnership' currently being negotiated with Singapore, leveraging Singapore's strengths in data and bio-processing. The funding will establish a new data science platform and enable joint New Zealand-Singapore research in data science. Funding will also create a "future foods" collaborative research programme to develop food products from novel sources that will meet future demand for healthy, nutritious, affordable and environmentally sustainable diets.                         | 14.250         | 57.000           | -              | Relates to Coalition Agreement, good alignment with strategic direction and government priorities - could be implemented in 2018/19. Recommend funding in a contingency as negotiations are still being finalised with Singapore   |
| 10275   | Manifesto     | Research, Science and Innovation | Developing a Fit for Purpose Research Information Infrastructure: The National Research Information System (NRIS) | This funding delivers underpinning data infrastructure - the National Research Information System - to ensure growing public investment in research, science and innovation (RS&I) generates maximum benefits to New Zealand. Major data gaps exist for RS&I funding and expenditure, activities, outputs, people, skills and outcomes. These gaps impose ongoing costs. With NRIS, information will be more accurate, reliable, accessible and timely. This will help close these gaps and improve the effectiveness, transparency and value of RS&I investment.Ⓜ | 2.025          | 8.100            | 2.000          | Relates to Coalition Agreement - the supported component is implementation ready and is aligned to priorities. The NRIS will provide a better understanding of the current public expenditure on Research, Science and Innovation, helping to inform investment decisions and evaluation. Although this funding will not contribute directly to the Coalition Agreement (to work towards increasing R&D expenditure to 2% of GDP over 10 years) it will help inform decisions around this target. Without funding there are risks that this initiative will lose traction from agencies. This could lead to higher future costs to make an increased amount of data and updated I.T systems compatible. We support this initiative in full but have presented a scaled option as it has been indicated that funding can be provided through baselines. |
| <b>Total Research, Science and Innovation</b> |               |                                  |   |  | <b>274.433</b> | <b>1,097.730</b> | <b>11.925</b>  |  |

|  |               |                                 |   |   |               |                |                |   |
|--|---------------|---------------------------------|---|---|---------------|----------------|----------------|---|
| 10255  | Manifesto     | Revenue                         | Tax compliance activity - funding to collect additional revenue   | This funding will enable Inland Revenue to increase activity targeting non-compliant customers to generate additional assessed revenue in the areas of outstanding returns. Inland Revenue will also identify legislative opportunities to increase compliance primarily in the areas of third party reporting and withholding tax.   | 6.625         | 26.500         | -              | Supported by Minister Sepuloni - Broadly referenced in the Coalition agreement when it refers to "increased penalties for corporate fraud and tax evasion". Overlap with Business Transformation and difficult to allocate benefits to the specific initiatives. If this policy were to progress, recommend scaling the hidden economy [41] as these overlap with Business Transformation. These initiatives are mostly scaled up from existing activities, however there is uncertainty of IR's ability to effectively deliver these initiatives while implementing BT, including a new organisational structure.  |
| 10495  | Manifesto     | Revenue                         | Bloodstock tax deductions - supporting the New Zealand Racing Industry                                      | This funding will provide for additional tax related deductions by bloodstock breeding business investors in stand-out yearlings bought with an intention to breed. The overarching objective of this initiative is to contribute towards the development of the New Zealand racing industry.   | 1.200         | 4.800          | -              | Minister's priority - aligned with Coalition agreement to 'Support New Zealand First's Racing Policy'. We understand this is a matter of urgency for the Minister of Racing. Further consultation is required with the industry to finalise policy settings.  |
| <b>Total Revenue</b>                         |               |                                 |   |   | <b>7.825</b>  | <b>31.300</b>  | <b>-</b>       |   |
| 10205  | Cost pressure | Social Development              | Improving the Resilience of Business Critical Systems   | This funding will improve the Ministry's critical systems resilience enabling a return to normal operations for critical business functions within 4 hours of a Disaster Recovery event. This funding will complete the Resilience project in 2019.   | 8.813         | 35.251         | 17.296         | Not a cost pressure but involves risk and is a key Minister priority. Ministers should consider whether the risk currently being managed is acceptable or whether funding should be agreed to in Budget 2018. Ministers should note that work on this project is already underway as part of the broader Availability & Resilience project approved by the previous government. A decision not to invest would involve disbanding the project team, and writing-off some of the resilience work already completed. The Treasury considers that the minimum scaling option (17.296 capital, 8.813 average per annum operating) offers good value for money. This scaling option would ensure normal operations resume within four hours for Work & Income clients (excluding students) where a magnitude 7 earthquake (centred near Wellington) disrupts the Trentham-based data centre. |
| 10458  | Cost pressure | Social Development              | Benefits for Recent Migrants – Maintaining Access   | This funding will rescind the previous decision to extend the minimum residency period for accessing a main benefit from two to three years and to align the residency requirements for partners of beneficiaries with single applicants.   | 1.051         | 4.204          | -              | Costs associated with reversing the delayed decision by previous Government to increase the minimum residency requirements for recent migrants from two to three years. Savings from this initiative were banked for Budget 2017. Reflecting costs for first year only as subject to welfare review.  |
| 10412  | Manifesto     | Social Development              | Overhaul of the Welfare System: Expert Welfare Advisory Group   | This funding will allow for the continuation of an external expert welfare advisory group to provide the government with independent advice on a future welfare system that can better support the needs of all New Zealanders. [33]  | 0.381         | 1.525          | -              | Specifically mentioned in Confidence and Supply agreement. Implementation ready if funded. Part funded by MSD, some additional resourcing required in 2018 to deliver the review to begin implementing in 2019. Minister Sepuloni has signalled a further \$1 million contingency should the EAG operate beyond November 2018.  |
| 10165  | Cost pressure | Social Development              | Stabilising and Strengthening the Delivery of Family Violence Services                                      | This initiative provides additional funding to stabilise and strengthen the delivery of Ministry of Social Development-funded family violence services for victims, perpetrators and their families. Funding will gradually be increased to stabilise services, enable providers to meet increased demand, and maintain the provision of quality services. It will also strengthen overall service delivery through a comprehensive work programme of service development and evaluation. | 19.039        | 76.157         | -              | Increasing demand putting pressure on the implementation of core family violence services, with trade-offs being made around coverage and quality of services. Scaled funding supports \$3.66m across the forecast period for stabilising component to strengthen service development and conduct evaluation to strengthen services overall across the full pipeline. Priority for Minister Little and Sepuloni.  |
| 10207  | Cost pressure | Social Development              | Remuneration Cost Pressures   | This funding will provide for on-going remuneration cost pressures associated with progression and wage increases for all eligible MSD staff. The funding requested is for the expected cost of 2018/19 increases over the four year period only and does not account for remuneration increases from 2019/20 onwards.  | 12.490        | 49.960         | -              | MSD has continually absorbed personnel pressures, however no longer sustainable. [38]   |
| 10338  | Manifesto     | Social Development              | Expanding the Limited Service Volunteer Programme   | This funding will deliver the Government's commitment to expand the Limited Service Volunteer Programme (LSV) by 800 places. LSV is a six week residential motivational programme delivered by the New Zealand Defence Force (NZDF) with funding and support from the Ministry of Social Development (MSD) and the NZ Police. The programme seeks to improve the discipline, confidence and work-readiness of young people aged 18-25 who are unemployed.                                 | 6.695         | 26.779         | 1.000          | [34]  |
| 10329  | Manifesto     | Social Development              | Improving the portability of superannuation to the Cook Islands, Niue and Tokelau                           | This funding will allow for the amendment of the portability rules for NZS to the Cook Islands, Niue and Tokelau.   | 3.257         | 13.029         | -              | Out of scope however priority for Prime Minister and Minister of Foreign Affairs. Has been publically announced therefore non-negotiable. Support policy intent, implementation relies on legislative change.   |
| 10461  | Manifesto     | Social Development              | KickStart/KidsCan   | This funding continues the KickStart (\$1.2 million) and KidsCan (\$0.350 million) programmes. These programmes alleviate child material hardships to a large number of children. These programmes involve two separate partnerships and provide food, clothing, shoes, health products and other material assistance to vulnerable children.   | 0.388         | 1.550          | -              | Priority for Prime Minister, Minister Sepuloni. Note only one year funding to enable MSD to review contracts after the transfer from Vote Oranga Tamariki to Vote Social Development to ensure appropriate contractual arrangements to support outcomes for the target population.  |
| 10167  | Cost pressure | Social Development              | Interim Frontline Security Measures for MSD   | The funding will maintain a national security guard workforce to prevent and manage security incidents in our frontline service centres as a continued interim measure until the long term physical security requirements are finalised and implemented through the Future State Physical Security Environment (FSPSE) project.   | 2.033         | 8.130          | -              | Priority for Minister Sepuloni. Support scaled, MSD to fund remainder within baselines. Review of MSD's long-term security needs has been pending and was required when additional year of funding was provided in Budget 2017. Expect to see outcome of review before further funding decisions are taken in Budget 2019.  |
| <b>Total Social Development</b>              |               |                                 |   |   | <b>54.147</b> | <b>216.585</b> | <b>18.296</b>  |   |
| 10245  | Cost pressure | Speaker of the House            | Parliamentary Accommodation   | This funding will meet cost pressures in relation to Bowen House. [33]  | 0.703         | 2.810          | (2.810)        | Without this funding, Bowen House would not be Health and Safety compliant nor maintained to an acceptable working standard. It is proposed that unutilised funding from the Parliamentary Accommodation Strategy appropriation be assigned to these cost pressures. This proposal is fiscally neutral over the forecast horizon.   |
| <b>Total Speaker of the House</b>            |               |                                 |   |   | <b>0.703</b>  | <b>2.810</b>   | <b>(2.810)</b> |   |
| 10138  | Cost pressure | State Services                  |   |   |               |                |                |   |
| <b>Total State Services</b>                  |               |                                 |   |   | <b>8.004</b>  | <b>32.019</b>  | <b>31.230</b>  |   |
| 10323  | Manifesto     | Statistics                      | Improving the Measurement of Child Poverty in New Zealand   | The funding will increase the sample size of the Household Economic Survey, and fund investigation into improvements in data methodology and integration, to allow more precise measures of child poverty in New Zealand.   | 5.044         | 20.177         | -              | High priority and mentioned in Speech from the Throne. Statistics has already commenced preliminary work from baselines to ensure initiative is implementation ready for 1 July 2018. Scale to 15,000 survey respondents rather than 20,000.  |
| <b>Total Statistics</b>                      |               |                                 |   |   | <b>5.044</b>  | <b>20.177</b>  | <b>-</b>       |   |
| 10243  | Cost Pressure | Transport                       | Hazardous Substances and New Organisms (HSNO) Funding   | Secure funding to support the CAA's widened responsibilities under the HSNO Amendment Act 2015 to include the discharge of hazardous substances from an aircraft.   | 0.268         | 1.070          | -              | Without this funding the CAA will not be able to meet its widened responsibilities under the amended HSNO Act that involved required work previously funded by local authorities.   |
| 10227  | Cost Pressure | Transport                       | Funding for Civil Aviation Authority activity for innovation and economic growth                            | This funding will enable the CAA to employ the aviation professionals required to meet the technical and regulatory challenges associated with facilitating innovation within the New Zealand aviation sector.  | 0.125         | 0.500          | -              | Without this funding the CAA will not be able to meet increased demand for bespoke aviation certification that cannot be charged until after the work has been completed. This will be addressed through the entity's next regular funding review. Initiative has been amended to provide funding for only two years, with ongoing expenditure funded through CAA levies  |
| 10341  | Manifesto     | Transport                       | Funding certainty for KiwiRail's capital requirements   | This funding will support KiwiRail's capital requirements for the national rail network.  | -             | -              | 185.000        | [33]  |
| <b>Total Transport</b>                       |               |                                 |   |   | <b>0.393</b>  | <b>1.570</b>   | <b>185.000</b> |   |
| 10150  | Cost pressure | Treaty of Waitangi Negotiations | Treaty of Waitangi Settlements: Relativity Mechanism Dispute Resolution                                     | This funding will enable the Crown to participate in the resolution of disputes arising from the Relativity Mechanisms included in the historical Treaty settlements with Waikato-Tainui and Ngai Tahu.   | 0.575         | 2.300          | -              | Minister's priority - without the Vote team scaled funding, OTS would have to reprioritise resources and thus risk slowing the Treaty settlement process, which could lead to litigation and potential damage to the Crown-Maori relationship.  |
| 10142  | Cost pressure | Treaty of Waitangi Negotiations | Implementation of the MACA(Takutai Moana) Act 2011 and contributions toward determining customary interests | The funding will provide for the investigation of increased volumes of applications for customary rights under the Marine and Coastal Area (Takutai Moana) Act 2011; and provides payment associated with implementing Foreshore and Seabed Deeds of Agreement.   | 2.876         | 11.505         | -              | Minister priority - without the Vote team scaled funding, OTS would have to reprioritise resources and thus risk slowing the Treaty settlement process - putting in jeopardy the Crown-Maori relationship.  |
| <b>Total Treaty of Waitangi Negotiations</b> |               |                                 |   |   | <b>3.451</b>  | <b>13.805</b>  | <b>-</b>       |   |

|   |               |                                |   |   |              |               |          |   |
|---|---------------|--------------------------------|---|---|--------------|---------------|----------|---|
| 10140                                       | Cost pressure | Veterans                       | Repatriation of the Remains of Service Personnel and Dependents                               | This initiative reflects the forecast cost during FY18/19 to repatriate service personnel and dependants buried in Malaysia and Singapore since 1 January 1955 and explore options to repatriate those interred in other countries.   | 1.563        | 6.250         | -        | As extensive planning has already been undertaken and an offer of repatriation has been made to families, not funding would lead to significant reputational impacts for Ministers. There is a narrow window for the repatriation due to weather and religious considerations. Deferring until 2019 would likely lead to an increase in time and resources to complete the repatriation, with associated cost implication and reputational impacts. Note that this has already been agreed as a pre-commitment by SWC on 21 March, still to be considered by Cabinet. |
| <b>Total Veterans</b>                       |               |                                |   |   | <b>1.563</b> | <b>6.250</b>  | <b>-</b> |   |
| 10445                                       | Manifesto     | Women                          | Suffrage 125 commemoration programme  | This funding will support the 125th Anniversary of women's suffrage (1893) a Tier 1 (major) commemoration for New Zealand during 2018 and 2019.   | 0.075        | 0.300         | -        | Not a manifesto commitment but is a priority of the Minister. VA scaled amount of \$0.300 million (total opex) would have merit in bringing funding in line with Treaty of Waitangi celebration in 2015. A decline in funding for this initiative, when compared to other Tier 1 commemorations, may have negative implications for the Government and the perception of its investment in improved outcomes for New Zealand women and girls.   |
| <b>Total Women</b>                          |               |                                |   |   | <b>0.075</b> | <b>0.300</b>  | <b>-</b> |   |
| 10112                                       | Cost pressure | Workplace Relations and Safety | Addressing cost pressures in the Employment Relations – Employment Standards System           | This funding will address cost pressures (for 2018/19 only) in the Employment Relations Services appropriation, which supports frontline employment services including the Labour Inspectorate and employment mediation. The cost pressures relate mainly to depreciation, salary costs, and unavoidable costs (such as legal and quality management costs) incurred by the Inspectorate as part of its focus on "serious and systemic" breaches, which has necessitated more complex and in-depth investigations.  | 0.358        | 1.432         | -        | Without cost pressure funding there is a risk of disruptions to enforcement of employment standards through reduced service levels. Reduced service size is inconsistent with Ministerial priority to double size of Labour Inspectorate.   |
| 10267                                       | Manifesto     | Workplace Relations and Safety | Increasing the size and capability of Employment Services (including the Labour Inspectorate) | This funding will provide foundational capability for Employment Services, including a number of new labour inspectors, to begin (but not complete) the proposed lift in capability and capacity over the next three years. The Labour-NZ First Coalition Agreement commits to "serious action on migrant exploitation", and expanding the Labour Inspectorate (and related services) is seen as a key way to achieve this. A subsequent bid is planned for Budget 2019 to complete the proposed expansion of the Inspectorate and related employment services. | 2.925        | 11.700        | -        | Not specifically mentioned, but contributes to the Coalition Agreement Manifesto to address Migrant Exploitation, and consistent with Ministerial priority to double the size of the Labour Inspectorate. In addition, if increased compliance and investigations activities are funded, there will be a complementary demand for Labour Inspectorate resources, reflecting a joined-up approach. Draft package scaled to 6 inspectors.   |
| <b>Total Workplace Relations and Safety</b> |               |                                |   |   | <b>3.283</b> | <b>13.132</b> | <b>-</b> |   |
| 10459                                       | Manifesto     | Youth                          | Youth Health and Wellbeing Survey (YHWS)  | This funding will collect data that has been identified by a range of government agencies as necessary to inform key policy programmes and service delivery for young people.   | 1.000        | 4.000         | -        | Support. RFP has been sent out for this survey already. There is some merit in this survey as the data being relied on for policy affecting youth is from 2012 and the data is fragmented and not covering all areas that affect youth health and wellbeing.  |
| <b>Total Youth</b>                          |               |                                |   |   | <b>1.000</b> | <b>4.000</b>  | <b>-</b> |   |