



BUDGET
2020

WELLBEING BUDGET 2020

REBUILDING TOGETHER

14 May 2020

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New Zealand Government



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GUIDE TO THE BUDGET DOCUMENTS

A number of documents are released on Budget day. The purpose of these documents is to provide information about the Government's fiscal intentions for the year ahead and the wider fiscal and economic picture. The documents released on Budget day are as follows:

Wellbeing Budget 2020: Rebuilding Together

The *Wellbeing Budget* is the main source of Budget information. It sets out the Government's priorities for the Budget, the approach taken to develop it, and a summary of all initiatives included in Budget 2020. It also contains reports on fiscal strategy and child poverty, as required under the Public Finance Act 1989. These outline respectively the Government's short-term fiscal intentions and long-term fiscal objectives, and how the Government is progressing towards its child poverty targets. The Summary of Budget Initiatives document is incorporated as an annex.

Budget Speech

The *Budget Speech* is the Budget Statement the Minister of Finance delivers at the start of Parliament's Budget debate. The Budget Statement generally focuses on the overall fiscal and economic position, the Government's policy priorities and how those priorities will be funded.

Budget Economic and Fiscal Update

The *Update* includes the Treasury's economic forecasts and the forecast financial statements of the Government incorporating the financial implications of Government decisions and other information relevant to the fiscal and economic outlook. The *Update* also discusses key risks to the economic and fiscal forecasts.

The Estimates of Appropriations

The *Estimates* outline, for the financial year about to start (the Budget year), expenses and capital expenditure the Government plans to incur on specified areas within each Vote, and capital injections it plans to make to individual departments. The *Estimates* are organised into 10 sector volumes, with each Vote allocated to one sector. Supporting information in the *Estimates* summarises the new policy initiatives and trend information for each Vote and provides information on what is intended to be achieved with each appropriation in a Vote and how performance against each appropriation will be assessed and reported on after the end of the Budget year.

Also released on Budget day:

The Supplementary Estimates of Appropriations

The *Supplementary Estimates* outline the additional expenses, capital expenditure and capital injections to departments required for the financial year about to end. Supporting information for each Vote provides reasons for the changes to appropriations during the year, related changes in performance information and full performance information for new appropriations.

To download these documents and explore additional interactive content visit www.budget.govt.nz



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FROM THE PRIME MINISTER

Wellbeing Budget 2020: Rebuilding Together has been prepared and delivered under circumstances that were unimaginable just months ago. The usual Budget preparation and negotiation process was put aside when COVID-19 arrived in New Zealand and we began again.



We began again knowing that we had to lead New Zealand's people and economy through this crisis.

We began again knowing that the global economy was suffering and that New Zealand would be affected in ways beyond our control.

We began again knowing that we had to meet the immediate needs of New Zealanders while also underpinning an ongoing economic recovery.

We began again knowing that we had the chance to reset some things and embrace any opportunity, albeit uninvited and unwelcome, offered to us by the disruption to business-as-usual that COVID-19 caused.

And that is what Budget 2020 delivers.

It ensures that our schools and hospitals will receive ongoing investment so they can provide for our families and whānau. That our vital infrastructure projects will continue in a way that reduces our carbon footprint. That we continue to invest in mental health to support our people.

On our health response, we went hard and early to fight COVID-19 and that success has opened up economic opportunities. Now, it's time to get the economy moving again both domestically and internationally to make the most of the head start New Zealand has with its recovery.

This Budget shows how we are positioning New Zealand for an economic recovery that will make New Zealand the best place it can be to live, study and work.

All of this work has been done through a wellbeing lens that considers the needs of New Zealand's people and environment alongside our economy. That process, started in the 2019 Wellbeing Budget, is non-negotiable. It encapsulates our approach to every decision we make and every action we take, be it on an everyday basis or, like this, in times of crisis.

Our focus on the things we know matter – our people, our jobs, our education, our health, our environment – has not dimmed, it has grown. The process for the Budget may have changed, but these things are now more important than ever.

So now we begin our rebuild, together.

RT HON JACINDA ARDERN
Prime Minister of New Zealand

FROM THE MINISTER OF FINANCE

Wellbeing Budget 2020: Rebuilding Together is being presented in unprecedented and uncertain times. It represents an important moment in our response to, and recovery from, the COVID-19 pandemic.

While the full impact on New Zealand's society and economy from COVID-19 will only become clear over the coming months, this Budget takes important steps to face a 1-in-100 year health and economic challenge.

We are continuing the focus on New Zealanders' wellbeing as reflected in Budget 2019. Our first Wellbeing Budget embedded wellbeing into the way we work, made meaningful progress towards breaking down agency silos and balanced the needs of present generations, while also addressing New Zealand's long-term challenges.

However, achieving genuine and enduring change will take time, which is why the Government has committed to taking a wellbeing approach to Budget 2020 and beyond.

New Zealand's ability to respond strongly to COVID-19 has highlighted the importance of investing in, and maintaining, core government services that support all New Zealanders' lives and wellbeing. Accordingly, the Budget 2020 package focuses on support for public services and key infrastructure. This builds on the record investment made in the past two years, rebuilding services after a decade of underfunding. It remains critical we maintain the vital public services New Zealand needs to overcome COVID-19.

This investment will complement and support our targeted COVID-19 response, recovery and rebuilding measures. The \$50 billion COVID-19 Response and Recovery Fund (CRRF), established through the Budget, will be used to continue our support for households and businesses and begin the work to help support our society and economy to rebuild.

New Zealand's fiscal position was strong going into the COVID-19 pandemic. We delivered on our fiscal strategy to reduce net core Crown debt below 20 per cent of gross domestic product (GDP) and achieved \$13 billion of operating surpluses in our first two years in office.

This strong fiscal position means we are well placed to make important investments to cushion the blow of COVID-19 on the economy and on the wellbeing of New Zealanders.

Running operating deficits and allowing net core Crown debt to increase is a necessary and responsible move as we fight the virus, reduce the impact on businesses and workers, and position ourselves for the recovery.

The Coalition Government remains committed to the principles of responsible fiscal management, including in our COVID-19 response and recovery.

We said at the start of the COVID-19 pandemic that we would do everything we could to protect our people and our economy, and we are doing that. But we could not have done it without the support and buy-in of New Zealanders. Budget 2020 represents a continuation of our focus on New Zealand's wellbeing, and I am proud to present it.



HON GRANT ROBERTSON
Minister of Finance



BUDGET 2020 AND THE WELLBEING APPROACH



BUDGET 2020 AND THE WELLBEING APPROACH

This Government is committed to putting the wellbeing of current and future generations of New Zealanders at the heart of everything we do.

In 2019, we delivered our first Wellbeing Budget. This marked an important milestone in the Government's programme of change and introduced new ways of making Budget decisions based on what matters to New Zealanders.

Budget 2019 invested in a package of initiatives that were developed across agencies, drawing on sector expertise and using a broad set of indicators to measure progress in a number of areas and, as well as investing in critical services and infrastructure, focused investment around the five Budget Priorities.

It represented a critical first step for embedding wellbeing into the way we work, made meaningful progress towards breaking down agency silos and balanced the needs of present generations, at the same time as considering the long-term impacts for future generations.

Achieving genuine and enduring change in the way Budgets and policies are developed takes time. We know that we cannot meaningfully address long-term problems like child poverty, inequality and climate change through a single Budget. This is why the Government committed to taking a wellbeing approach to Budget 2020 and beyond to build on the successes of our first Wellbeing Budget.

With the outbreak of COVID-19, New Zealand now faces a 1-in-100 year health and economic challenge. The pandemic continues to evolve, and it has already caused enormous social and economic disruption. It has required agility on the part of New Zealanders, the Government included.

We have quickly reoriented the Budget 2020 package to focus on maintaining critical support for existing public services and supporting key infrastructure investments. This has meant putting 'on ice' new initiatives under priority spending areas that were announced in the Budget Policy Statement. We may well return to these projects, but for now our focus is on our response, recovery and rebuild from COVID-19.

Despite record investment over the past two years, core public services were already facing rising demand and prices prior to COVID-19 owing to previous underfunding. These pressures have only increased, so it remains critical we address them to maintain the vital public services New Zealand needs to overcome COVID-19. This investment will complement and support our targeted COVID-19 response and recovery measures.

Budget 2020 provides almost \$5.6 billion for the health sector, so it can respond to the pandemic while maintaining the sustainable delivery of existing services. This investment includes \$3.9 billion of operating funding for the 20 District Health Boards (DHBs) across New Zealand. This represents the largest ever annual investment in our DHBs and will ensure they can continue providing essential health services for our growing and changing population.

Budget 2020 also invests \$1.6 billion in both government and non-government social services, which will support New Zealanders' education, employment and housing outcomes. This includes providing \$183 million for Family Violence Services. This is the largest funding boost for these service providers in over a decade. It will enable these providers to recruit and develop highly capable staff and respond to the demands they are facing, provide support to safe houses, resource crisis response services for victims of family violence and those experiencing elder abuse and support treatment and help for family violence perpetrators. It also builds on the \$311 million we invested in Budget 2019 to increase family and sexual violence prevention, grow essential workforces and build effective responses to violence in every community.

This year we have not included a Wellbeing Outlook, as we did last year. This is because our primary focus is our response to the rapidly changing economic impacts of COVID-19 and its immediate impacts on wellbeing. We will be able to provide the Outlook when circumstances become more stable, enabling more accurate measurement and analysis.

The Government remains committed to its wellbeing agenda. While the Budget initiatives presented today are different to the second Wellbeing Budget we had planned, the aims behind them remain the same: prioritising the wellbeing of current and future generations of New Zealanders.

The Government's Response to COVID-19

The COVID-19 pandemic continues to evolve, but it has already caused enormous social and economic disruption across the country and around the world. Since the outbreak, the Government has implemented a range of response and recovery measures, which focus on supporting the health sector, cushioning the blow to our economy, protecting jobs and ensuring affected New Zealanders receive the financial and social assistance required to get through this extraordinary period.

We took bold and decisive action early as we saw the pandemic take hold overseas. We did this to protect our people, their jobs, and our economy. The moves we made were swift, but carefully considered – and our strong fiscal position set us up well.

On 17 March we announced a \$12.1 billion package to support New Zealanders, including the Wage Subsidy Scheme which, as at 4 May, has helped 1.7 million employees and paid out \$10.6 billion; a \$2.8 billion income support package for our most vulnerable, including a permanent \$25 per week benefit increase and a doubling of the Winter Energy Payment for 2020; and an initial \$500 million boost for health services.

We have also introduced two schemes to provide direct financial support to businesses: the Business Finance Guarantee Scheme and the Small Business Cashflow Scheme. The Business Finance Guarantee Scheme provides short-term credit to cushion the financial stress on solvent small and medium-sized businesses affected by the COVID-19 crisis. The scheme provides up to \$500,000 per loan and applies to businesses with a turnover up to \$80 million per annum. This scheme will offer up to \$6.25 billion in loans to New Zealand businesses.

The Small Business Cashflow Scheme provides low-cost loans to small businesses impacted by the COVID-19 crisis to support their immediate cashflow needs and help them meet fixed costs. The scheme will provide loans to eligible businesses of \$10,000 plus an additional \$1,800 per equivalent full time employee. Loans will be interest free if they are paid back within a year. The interest rate will be 3 per cent for a maximum term of five years. Repayments are not required for the first two years.

COVID-19 Response and Recovery Fund

The Budget formally establishes a \$50 billion COVID-19 Response and Recovery Fund (CRRF). This fund builds on the \$12.1 billion package outlined above to progress further measures and address COVID-19 related spending. As at 20 April we have already committed \$10.7 billion through the CRRF, including:

- \$6.9 billion to extend the Wage Subsidy Scheme beyond the initial funding announced on 17 March
- a Business Tax Relief Package of \$1.9 billion
- \$186 million across the education sector, to support distance learning and help students continue their studies during lockdown, and
- a number of other packages to support the short-term response of the health, aviation and social sectors.

Work is under way to progress further initiatives and packages through the fund to provide additional support to those who have been most affected by COVID-19. This includes boosting job creation through support for infrastructure, conservation, employment schemes and skills training. It also focuses on vulnerable populations across New Zealand and industries and sectors that have lost their funding base as a result of COVID-19, such as arts, sport, racing and domestic tourism. In line with our commitment to put the wellbeing of New Zealanders at the heart of everything we do, the Government continues to apply a wellbeing lens and framework when assessing spending proposals submitted to the CRRF. The first tranche of these packages will be announced alongside the Budget. Further announcements will be made over the coming weeks and months as we kickstart the economy and rebuild with a focus on a better New Zealand.

Additionally, the core of our Budget package complements our response to, and recovery from, COVID-19. The package provides more than \$3 billion in operating funding per year to ensure core government services can continue to support New Zealanders through this extraordinary time.

Budget 2020 Highlights

- **\$50 billion** to establish the COVID-19 Response and Recovery Fund
- **\$3.9 billion** to ensure all DHBs continue to meet the needs of their populations
- **\$1.1 billion** capital invested in improving transport across New Zealand, including replacing ageing ferries and locomotives
- **\$414.2 million** for the Early Learning Sector, including funding subsidies, pay increases for educators, additional support for home-based educators and investment in playcentre sustainability
- **\$246.1 million** investment in community services, including a significant funding boost for family violence service providers
- **\$193.5 million** to support farmers through the eradication of *Mycoplasma Bovis*
- **\$47.8 million** to replace ageing communications capabilities for Police, Fire and Ambulance to support healthier, safer and more connected communities

WELLBEING BUDGET – REBUILDING TOGETHER



WELLBEING BUDGET – REBUILDING TOGETHER

The COVID-19 pandemic has presented New Zealand with an unprecedented health, social and economic challenge. The Coalition Government moved quickly to protect the health of New Zealanders. We have also already announced significant response measures to cushion the blow to the economy, our people, and our jobs.

The Budget 2020 package complements our response to COVID-19. The core of the Budget presented here today is focused on meeting cost pressures and supporting our public services to fight, and rebuild from, COVID-19. The COVID-19 Response and Recovery Fund (CRRF) established in this Budget will support an ongoing programme of initiatives, both in the Budget and beyond.

Despite record investment in recent years, COVID-19 places further pressure on infrastructure and services that were already strained. We will continue to respond to the immediate crisis and begin planning the rebuild together. An essential starting point for protecting New Zealanders' wellbeing is ensuring that core services and infrastructure receive the investment required to meet our growing needs. Accordingly, the Budget 2020 package has been reoriented to focus on maintaining that critical support, and supporting key infrastructure investments.

The Wellbeing Budget: Rebuilding Together package invests more than \$3 billion in operating funding per year to ensure that government services continue to support New Zealanders through this extraordinary time. It provides \$5.6 billion for the health sector, so it can respond to the pandemic while maintaining the sustainable delivery of existing services. It also invests \$1.6 billion across the forecast period in both government and non-government social services, which will support New Zealanders' education, employment and housing outcomes.

While Budget 2020 does not include packages of initiatives oriented around each of the five Budget Priorities (as with Budget 2019 and announced in the Budget Policy Statement 2020), the investment announced today fundamentally underpins progress towards those objectives, and a continued focus on these priorities will be essential to making the enduring, intergenerational change that this Government is committed to achieving. In addition to investing in initiatives in line with Budget Priorities once circumstances permit, the Government will also continue to consider the effect that all our COVID-19 response and recovery measures will have more broadly on our ambitious programme of change.

Health (\$5.6 billion operating total and \$755 million total capital)

Investment in the health sector has never been more critical. To ensure the sector is able to respond to the pandemic while maintaining the sustainable delivery of existing services, Budget 2020 invests significantly in areas that we know will make a difference to the wellbeing of New Zealanders.

Key initiatives in this area (which will also continue to receive further investment through the CRRF) include:

- **District Health Board (DHB) Additional Support** (\$3.9 billion operating total). This represents the largest ever annual investment in DHBs. This initiative provides funding to the 20 DHBs across New Zealand, so they can continue providing essential health services for New Zealand's growing and changing population.
- **Maintaining and Increasing the Combined Pharmaceutical Budget** (\$160 million operating total). This investment provides funding for more medicines through an increase to the Combined Pharmaceutical Budget (the DHB medicines budget managed by PHARMAC). It extends the existing agreed 2020/21 funding level into the future and provides funding to increase the amount of publicly funded medicines available.
- **Supporting Disabled New Zealanders to Live Good Lives** (\$832.5 million operating total). This initiative provides security of funding for services to people with long-term physical, intellectual and/or sensory impairment. It is a direct response to increased demand on Disability Support Services (DSS).
- **Continuing Funding for Maternity Services, and Enabling the Implementation of the Maternity Action Plan** (\$177 million operating total). This investment addresses cost and volume pressures for primary community maternity services to enable ongoing access to free maternity services for New Zealand women, and sets aside funding to begin the implementation of the Maternity Action Plan, which will contribute to improved health outcomes for whānau, better equity of access to responsive services and a stabilised system-wide maternity workforce.
- **Increased Capital Investment for DHBs** (\$750 million total capital). This builds on the record capital investment over the previous two Budgets (\$750 million through Budget 2018 and \$1.7 billion through Budget 2019, plus \$1.4 billion announced for the redevelopment of the Dunedin Hospital), providing a pool of funding that will be used for priority capital projects within the health sector. The funding will support the delivery of safe and appropriate healthcare by providing facilities, infrastructure and technology that can appropriately meet current and future demand.

Social Sector (\$665.3 million operating total and \$87.2 million total capital)

As we emerge from the COVID-19 pandemic, our people and our communities will need assistance as the country returns to a normal way of life. We know that return may be harder for some communities than for others. Budget 2020 provides substantial investment in both government and non-government social services to support New Zealanders' employment, housing and broader life outcomes. It includes investment in initiatives to grow strong and resilient communities. It also supports vulnerable and marginalised populations, with a particular focus on the elderly, people with disabilities and victims of domestic violence.

Key initiatives in this area include:

- **Community Services: Family Violence Services** (\$183 million operating total). This package will deliver the largest funding boost for family violence service providers in over a decade so they can recruit and develop highly capable staff and respond to the demand they are facing. This package funds crisis response services for victims of family violence and provides support services for those experiencing elder abuse, and treatment and help for family violence perpetrators. Funding is also provided for refuge safe houses.
- **Community Services: Keeping Community-Based Services Open for Disabled People** (\$43.3 million operating total). This funding enables community-based service providers funded by the Ministry of Social Development to support disabled people to participate in, and contribute to, their wider community. Services include participation in vocational and community-based day programmes. The approach is based on the Enabling Good Lives principles, which aim to enhance the mana and quality of life of disabled people.
- **Community Services: Improving Access to Support Services for Communities in Regional New Zealand** (\$19.8 million operating total). This funding will provide increased accessibility for rural communities to both government and non-government services based on the Heartland Model. Rural community services are often the only way for clients in geographically isolated areas to access a broad range of support. The Heartland Services and Information and Advisory Service offers a valuable contribution to rural communities. This funding will focus on strengthening, enhancing and expanding these services to better support those in rural regions by increasing community cohesion and reducing social isolation.

Education (\$813.6 million operating total and \$115.1 million total capital)

New Zealand's education system is internationally high-performing and our total public expenditure on education is one of the highest in the Organisation for Economic Co-operation and Development (OECD). However, we know there are opportunities to better serve students and parents living in poverty and from diverse backgrounds, including Māori and Pacific students, students with disabilities and students who come from refugee and migrant backgrounds. The Budget package provides substantial universal support to students across all levels of education, while also targeting investment in areas that we know will benefit students who need it the most.

Key initiatives in this area include:

- **Funding for the Education Sector** (\$375.1 million operating total). Budget 2020 includes funding for Early Childhood Education (ECE) subsidies, Schools Operations Grants, Trades Academies and Tertiary Education subsidies. This will enable education providers to maintain existing levels of quality in the face of rising costs.
- **Learning Support** (\$79.7 million operating total). This package includes funding to maintain learning support service delivery for a broad range of services, which face increasing price and demand pressures. The package also provides funding for English for Speakers of Other Languages teaching staff and delivers funding for the School High Health Needs Fund (SHHNF) which offers teachers' aide support for students with high health needs.
- **School Property Investment** (\$119.5 million operating total and \$115.4 million total capital). This package includes four initiatives that will help expand, maintain and enhance the quality of the School Property portfolio in Public, and Private Partnership schools. While students' physical learning environment does not determine their success, it provides the necessary foundations in which quality teaching and learning can occur.
- **Early Learning Education Package** (\$291.6 million operating total). In addition to providing funding across all levels of the education sector, Budget 2020 also funds an early learning package. This provides for a 3.5 per cent increase to qualified and certificated ECE teachers' pay, ongoing funding for Kōhanga Reo to meet staffing cost pressures and additional support for home-based educators to transition to a minimum Level 4 ECE qualification. This package also invests in playcentre sustainability and funds the Early Childhood Education Provider Assessment Group so that it can continue its role maintaining regulatory stewardship.

Primary Industries (\$443.7 million operating total and \$42.5 million total capital)

New Zealand's primary industries play a critical role in growing our economy. As we move into the post-COVID-19 economic recovery, our primary sector is more important than ever. Budget 2020 invests in initiatives that will ensure our primary industries are supported and sustainable now and into the future. Funding will support our primary industries to continue their existing scope of operations, rebuild essential infrastructure and prevent or mitigate the impacts of biosecurity threats.

Key initiatives in this area include:

- **Continuation of the Mycoplasma Bovis Eradication Programme** (\$193.5 million operating total). This initiative provides funding to support operational activities, including surveillance, tracking, movement controls and culling infected animals and also contributes to compensation costs for farmers, primarily associated with the loss of stock and milk production.
- **Continuing the Ministry for Primary Industries' (MPI's) Current Scope of Operations** (\$126.1 million operating total). This initiative provides funding to address price pressures to ensure that MPI is able to deliver its wide scope of activities across agriculture, biosecurity, forestry, fisheries and food safety.
- **Rebuilding Forestry Emissions Trading Scheme (ETS) Infrastructure to Meet Demand and Support the Transition to the Low Emissions Economy** (\$43.4 million operating total and \$36.2 million total capital). This initiative provides funding to enable the implementation of new business processes for the Forestry ETS administration and implements the reforms set out in the Climate Change Response (Emissions Trading Reform) Bill. It will contribute to New Zealand's broader efforts to decrease national emissions.

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Justice Sector (\$606.1 million operating total and \$169.7 million total capital)

Budget 2020 provides funding to support a safe and equitable justice sector. It invests in community safety through maintaining infrastructure for courts, technology, inflationary pressures and investment in organisational change. It also provides funding to enable continued access to justice services, such as funding for legal aid, community law centres and the Canterbury Earthquakes Insurance Tribunal. Additionally, it provides funding for critical Crown entities, including ongoing operational funding for the newly established Criminal Cases Review Commission.

Key initiatives in this area include:

- **Next Generation Critical Communications** (\$47.8 million operating total). This initiative will invest in replacing communications capabilities for Police, Fire and Ambulance to support healthier, safer and more connected communities.
- **Justice Property Health and Safety Remediation** (\$36.9 million operating total and \$163.5 million total capital). The initiative will invest in upgrading court buildings around New Zealand to meet health and safety requirements and improve the experience of attending court, including for victims.
- **Maintaining a Safe Prison Network** (\$110.4 million operating total). This initiative provides funding to address operational cost and inflationary pressures and will fund training for Corrections staff working in prisons. This will support the safety and security of both staff and prisoners.

Defence and Foreign Affairs (\$927.7 million operating total and \$942.5 million total capital)

The Budget 2020 package includes \$666.3 million operating total for the Defence portfolio to fund critical pressures facing the sector. This funding will support investment in areas like information and communications technology (ICT) and Defence estate infrastructure. It will also enhance military capability to support the delivery of Government defence and security policy priorities, which play a vital role in supporting essential New Zealand Defence Force (NZDF) and Government activities.

The package also includes \$55.6 million for New Zealand to provide further Official Development Assistance (ODA), bringing New Zealand's overall ODA spending to almost 0.3 per cent of forecast Gross National Income.

Key initiatives in this area include:

- **Defence Capability Plan 2019 – Contingent Funding to Support the Introduction of New Capabilities** (\$898 million total capital). This is contingent funding towards the replacement of the NZDF's ageing C-130H Hercules fleet with newer C-130J Super Hercules aircraft (the preferred option at this stage).
- **Delivering on the Strategic Defence Policy Statement 2018** (\$666.3 million operating total). This initiative provides funding to meet government policy and capability priorities, such as regenerating the ageing Defence estate, and information and communications technology.
- **Official Development Assistance** (\$55.6 million operating total). This initiative provides further Official Development Assistance (ODA) to Fiji, Vanuatu, Solomon Islands and Timor-Leste. This assistance will be used to support human rights and effective governance, gender equality and women's empowerment and child and youth wellbeing in these countries.

Transport (\$222.9 million operating total and \$1.1 billion total capital)

Budget 2020 builds on the \$6.8 billion investment made through the New Zealand Upgrade Programme and includes \$197.1 million operating total and \$1.1 billion total capital to improve transport across the country. This investment will enhance the resiliency and reliability of national rail and ferry networks and, over time, contribute to efforts to reduce our carbon footprint through decreasing emissions.

- **Future of Rail – Investment to Enable Rail Activities to be Funded Under the Land Transport Management Act** (\$148.2 million operating total). This initiative provides Crown funding for the National Land Transport Fund (NLTF) to support integration of below rail network investment into the National Land Transport Programme. This initiative will support the NLTF funding ongoing maintenance and renewal of the rail network
- **Future of Rail – New Interisland Ferry Assets to Support a Resilient and Reliable Rail Freight System** (\$399.5 million total capital). This initiative provides funding to replace the ageing Interislander ferry assets to provide a secure and resilient, economic and social transport link between the North and South Islands.
- **Future of Rail – Rolling Stock Investment to Support a Resilient and Reliable Railway** (\$421.7 million total capital). This initiative provides funding for long-term investment to replace ageing locomotives and upgrade KiwiRail's mechanical maintenance facilities. It also funds the European Train Control System (ETCS) for Auckland, which will provide safer and more reliable services on the Auckland metropolitan rail network.

Arts and Culture (\$246.8 million operating total and \$37.5 million total capital)

Budget 2020 reaffirms this Government's commitment to supporting arts and culture in New Zealand, ensuring that funding is available to preserve our nation's taonga (treasure), celebrate its diversity and history and promote creativity. The package provides support for the local film industry and culturally significant historical collections, as well as ensuring the accessibility of public media platforms to diverse audiences, such as New Zealanders with hearing impairments and those from our Pacific communities.

Key initiatives in this area include:

- **Saving the Crown's Audio-visual Collections** (\$5.3 million operating total and \$26.6 million total capital). The Crown's audio-visual heritage content, including a diverse range of broadcast news, documentaries, films, music and oral histories, is stored in at-risk formats. The collection captures the issues and experiences of New Zealanders through the decades, unique cultural events and defining moments in our nation's history. This initiative provides funding to ensure the preservation of this taonga for future generations.
- **Sustaining Crucial Public Media Platforms** (\$25 million operating total). This initiative provides funding to support the work of public media platforms that deliver content to under-served audiences. This funding will support the sustainability of the Pacific Media Network (PMN), disability media (captioning and audio descriptions) and community access radio stations, helping ensure that all New Zealanders have access to vital media content.
- **Heritage New Zealand Pouhere Taonga Cost Pressure** (\$6.0 million operating total). This initiative provides funding to adapt and open the Kate Sheppard House as a heritage and public education space. Funding provided by this initiative will also help ease financial pressures arising from increased insurance, information technology (IT), property management, accommodation and staffing costs.
- **Tāhuhu: New Archives New Zealand Facility and Design of National Library Alterations and New Regional Shared Repository** (\$46.6 million operating total and \$146.0 million total capital). This initiative provides funding for the construction and ongoing costs for a new Archives New Zealand facility, initial work to link this facility to the National Library of New Zealand, land purchase and design for a new shared repository for heritage materials. Tāhuhu (Preserving the Nation's Memory) will ensure the appropriate management of our physical documentary heritage and taonga by the National Library of New Zealand and Archives New Zealand and future proof the delivery of services.

CHILD POVERTY REPORT



CHILD POVERTY REPORT

Child Poverty and Budget 2020

Background

This is the second report on child poverty to be released with the Budget. It provides the first indication of progress on the measured rates of child poverty since the Government's targets were gazetted, based on the 2018/19 Household Economic Survey.

It also comes at a time when we are facing a challenge that will affect every part of our economy and the livelihoods of many New Zealanders. Despite the significant and far-reaching challenges facing the economy as a result of COVID-19, the Government remains committed to reducing child poverty and improving child wellbeing. Our early actions to respond to COVID-19, and investment in Budget 2020, build on our past investments to reduce child poverty through the Families Package and Budgets 2018 and 2019 (further detail on past investment can be found in Appendix B).

It is still too early to know what the precise impact of COVID-19 will be on our economy, and on measured rates of child poverty. The loss of jobs and incomes will have knock-on impacts for households trying to pay their rents and meet every day needs. For some, the pressures are new, and may not have been experienced before. Fundamentally, what we do know is that investing in our children and their wellbeing will have significant long-term benefits for our economy and broader society, long after COVID-19 has passed.

How do we measure child poverty?

The Child Poverty Reduction Act 2018 (the Act) specifies ten distinct measures of child poverty, including measures related to income and material hardship. Given the complexity of the issue it is important that these measures are considered together – no single measure tells us the complete story of child poverty on its own. Positive movement on all these measures means real progress for our children.

Budget child poverty reporting requirements

The Child Poverty Reduction Act 2018 amended the Public Finance Act 1989, introducing section 15EA that requires the supporting information for the main Appropriation Bill (the Budget) to include a report on child poverty. The report must:

- discuss any progress made, in the most recent completed financial year, in reducing child poverty consistent with the targets under the Child Poverty Reduction Act 2018; and
- indicate whether and, if so, to what extent, measures in or related to that Bill will affect child poverty.

The most recently completed financial year is 2018/19, which is also the first year of reporting on the targets under the Child Poverty Reduction Act 2018. This report addresses paragraph (a) by providing a high-level view of recent trends up to and including 2018/19, before discussing the expected impact of Budget 2020 to address paragraph (b).

There are three primary measures of child poverty for which data is available, and six supplementary measures. Two of these primary measures are income measures (one moving-line measure, with the poverty threshold taken the year the data is gathered; and one fixed-line measure, with the poverty threshold fixed to 2017/18). The third is a non-income measure and relates to material hardship. Persistent poverty is the fourth primary measure, targets for which are required for and after the financial year commencing on 1 July 2025.

Table 1 – The primary measures of child poverty

	Low income, before housing costs – moving-line measure (BHC50)*	Low income, after housing costs – fixed-line measure (AHC50)	Material hardship
What are we measuring?	A measure of the number of children in households with much lower incomes than a typical household.	A measure of the number of children in households with incomes much lower than a typical 2018 household, after they pay for housing costs.	A measure of access to the essential items for living.
How do we measure it?	The threshold line is 50 per cent of the median household income in the year measured.	The threshold line is 50 per cent of the median income in 2017/18, after housing costs are removed.	The threshold line is a lack of six or more out of the 17 items in the material deprivation index. ¹
What does it tell us?	How households with low incomes are doing relative to other households.	How households with low incomes are doing relative to previous years. How much housing costs impact the money available for other budget items.	Directly measures living standards and households going without the basics. Picks up the impact of the level of income and other resources, the costs of housing and other essentials and other social and personal factors.

* BHC50 = before housing costs, 50 per cent of the median

** AHC50 = after housing costs, 50 per cent of the median

Understanding our progress towards reducing child poverty each year relies on good quality data. In Budget 2018 we invested \$25.7 million to improve the measurement of child poverty in New Zealand. This funding has allowed Stats NZ to survey more people through the Household Economic Survey (HES) and make a number of other improvements to its data and methods. The 2018/19 HES was the first year these improvements were implemented, and the impact can be seen in the most recent child poverty release by Stats NZ, including greater precision around the number of children in poverty on the different measures, and the ability to report on rates of child poverty by ethnic groups and regions.

¹ Items include a meal with meat, fish or chicken (or vegetarian equivalent) at least each second day; two pairs of shoes in good condition; suitable clothes for special occasions; home contents insurance; the ability to give presents to family or friends on birthdays, Christmas, etc; going without fresh fruit or vegetables; buying cheaper cuts of meat or less meat than desired; putting off visits to the doctor; putting off visits to the dentist; doing without or cutting back on trips to the shops or other local places; putting up with feeling cold; delaying replacing or repairing broken appliances; feeling limited by available money; being able to pay for an unexpected and unavoidable expense of \$500 within a month without borrowing; inability to pay electricity, gas, rates or water bills on time; inability to pay for car insurance, registration or warrant of fitness on time; and borrowing from friends or family to meet everyday living costs.

As a consequence of COVID-19, Stats NZ ceased face-to-face statistical data collection across a range of surveys, including the Household Economic Survey (HES) for 2019/20. Stats NZ is working through the implications of this for child poverty reporting, and whether there are any implications for the next scheduled reporting on the rates of child poverty in early 2021, as well as for rates in subsequent years.

The Act requires the Government Statistician to report on persistent child poverty, including developing a definition and setting targets, from the 2025/26 financial year. In Budget 2020, we have set aside \$22.1 million over the forecast period for Stats NZ to develop and implement a child poverty persistence measure.

What are the child poverty reduction targets?

The Act requires the Government to set three-year and ten-year reduction targets on the three primary measures. These targets are set out in the table below.

Table 2 – Child poverty reduction targets (% of children)

Primary measure	Baseline rate (2017/18)	3-year target rate (2020/21)	10-year target rate (2027/28)
BHC50 moving line	16.5%	10.5%	5%
AHC50 fixed line	22.8%	18.8%	10%
Material hardship	13.3%	10.3%	6%

The percentage number in each line in the table above shows the percentage of children in New Zealand living in poverty at the baseline year (2017/18) and at the three-year and 10-year target years.

What were the trends in child poverty prior to COVID-19?

On 25 February 2020, the Government Statistician published the first report of progress against the child poverty targets set under the Act. This was also the first release that had the potential to show an initial impact from the Government's Families Package on child poverty rates.

Reporting timeframes meant that the impact of the Families Package was only partially shown. The bulk of the Families Package was implemented in April and July 2018. While the rates covered annual household incomes for households interviewed from mid-2018 to mid-2019, the income period they were asked about was for the 12 months prior to the date each household was interviewed (going back to mid-2017 for some households).

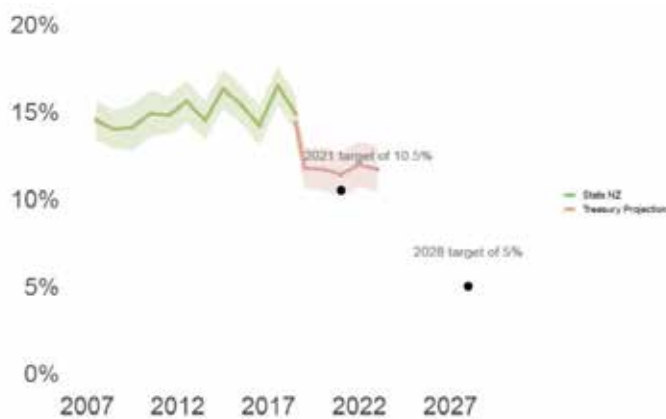
Of the nine different poverty measures reported, seven showed decreases from the previous year's baseline rates. Rates for the three primary measures in Stats NZ's report are presented in Figures 1, 2 and 3 (the green line on page 20 and 21).

Table 3 – 2018/19 rates of child poverty for the three primary measures

Primary measure	2017/18 baseline	2018/19 rate
On the BHC50 measure	16.5% of children (183,400 children)	14.9% of children (168,500 children)
On the AHC50 measure	22.8% of children (253,800 children)	20.8% of children (235,400 children)
On the material hardship measure	13.3% of children (147,600 children)	13.4% of children (151,700 children)

The graphs also show the Treasury's modelled estimates of changes from the Families Package and Budget 2019 at the time the Stats NZ figures were released (in February 2020).² It is not possible to model the projected impact on the material hardship measure. This modelling was based on the economic forecast at the time, so does not include the social and economic impact of the COVID-19 pandemic, nor the measures we have announced in response. Because the economic and social context has changed significantly in recent months, these projections now no longer apply, however they do indicate that the Government was broadly on track to meet the three-year targets on the two primary measures of low income.

Figure 1 – Children in households below the moving-line BHC poverty threshold

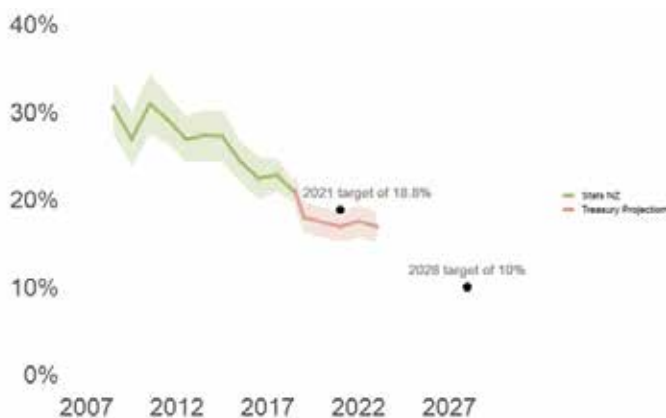


Modelling projected impact

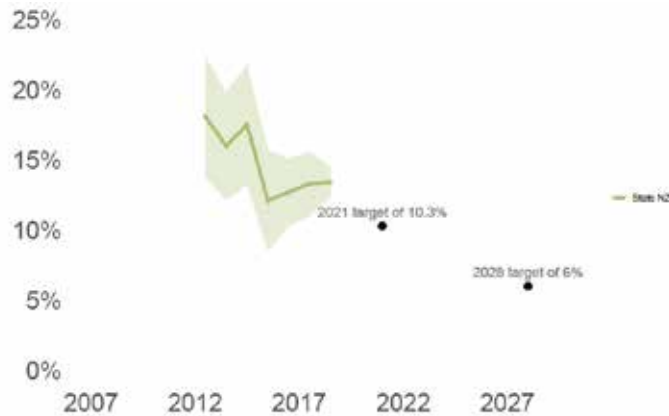
Modelling is only available for the income measures and is not available on the material hardship measure.

This modelling is a projection only and the impacts of these initiatives are best expressed as a range, based on a 95 per cent margin of error. This range accounts for survey variability but not deviation from current economic forecasts.

Figure 2 – Children in households below the fixed-line AHC poverty threshold



² For all charts above, access to the data used in this study was provided by Stats NZ under the conditions of the security and confidentiality provisions of the Statistics Act 1975. The results presented labelled as Treasury Projections are the work of the Treasury, not Stats NZ.

Figure 3 – Children in households experiencing material hardship

What is the impact of COVID-19?

It is too soon to estimate precisely what COVID-19 will mean for all the child poverty measures and targets. An economic downturn can mean different things for different measures, and the results can sometimes be counter-intuitive. The three primary measures specified in the Act cover three different aspects of poverty, and together give a good high-level summary of what is happening in households with children.

Rates on measures of low income with a fixed threshold are expected to increase, as reduced employment and earnings flows through to reduced household incomes for households currently above the poverty lines.

On moving line measures of low income, rates can have more muted increases, show no increase at all, or even sometimes show a small fall, if median incomes fall faster than low incomes. This is because the poverty threshold is set each year in relation to the median, which means that reported rates are influenced by both changes at the middle of the income distribution as well as the bottom.

On measures of material hardship, rates are expected to rise sharply, as previous New Zealand experience suggests that these rates are particularly sensitive to economic changes. For example, rates rose strongly in New Zealand during and after the Global Financial Crisis (GFC), and then over the next few years fell back to their pre-GFC rates.

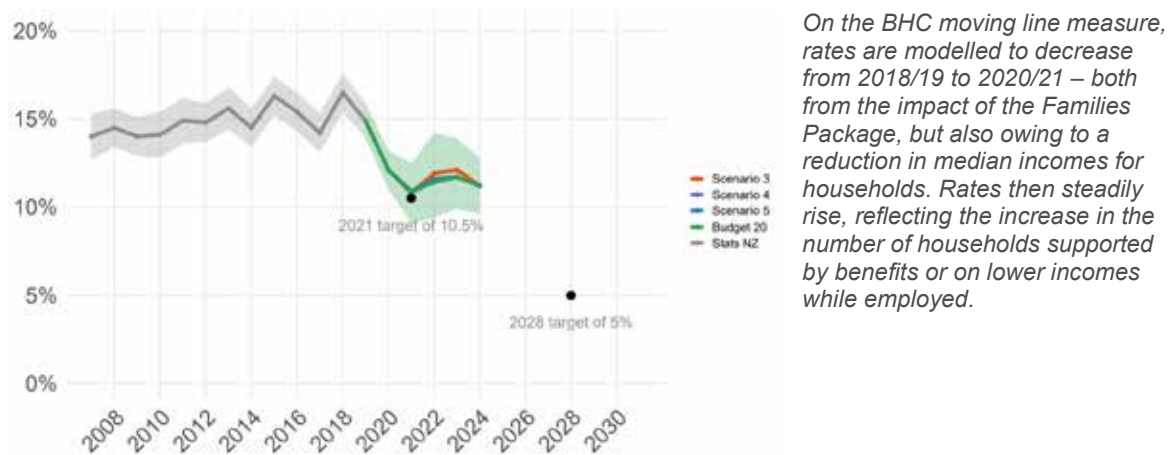
Possible scenarios for child poverty

For this report, the Treasury has undertaken modelling of possible trends in child poverty.³

A strong note of caution is required in relation to the detailed findings of this modelling. It is significantly harder than usual to estimate future child poverty levels due to both the uncertainty of economic forecasts and also the availability of survey data that reflects the current situation. Officials' view is that if anything the modelling results are more likely to underestimate the likely increases in poverty rates over the coming years.

Modelling on each primary measure is set out opposite. Note that the modelled reductions for the changes between the 2019 and 2020 years reflect changes in incomes from the 2018/19 to 2019/20 tax years.⁴

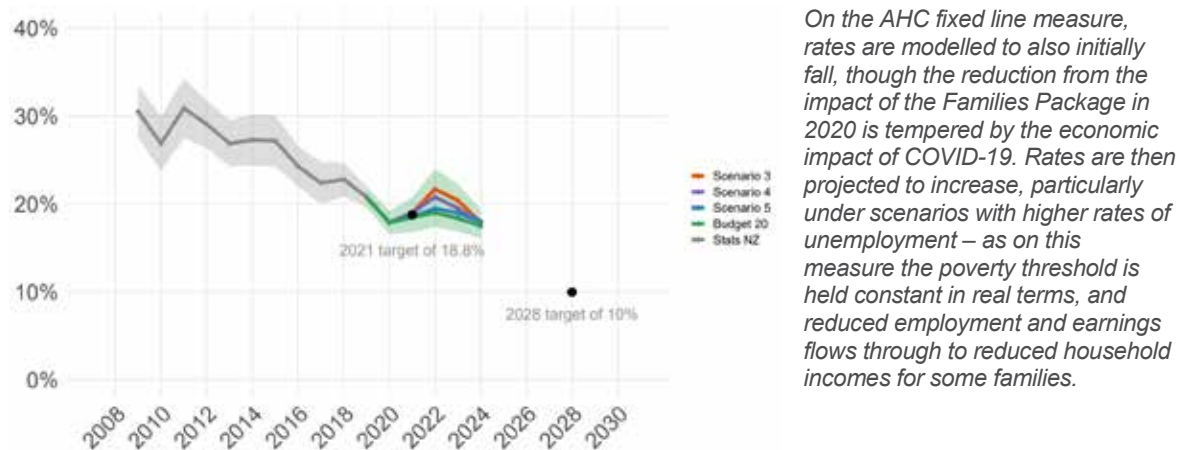
Figure 4 – Children in households below the BHC poverty threshold (proportion of children %)



³ These show modelled estimates based on the BEFU forecast available at the end of March (the green "Budget 2020" line), as well as other projections based on the different economic scenarios published by the Treasury in early April. These scenarios show the impact of different levels of increase in the number of people supported by Jobseeker Support, and are intended for illustrative purposes – to show the sensitivity of the modelling to different economic outcomes. While the scenarios are unlikely to play out precisely as forecast, they are useful to show how the poverty measures could respond to different levels of unemployment. To make the charts readable, only three of the five scenarios were included. The modelled trends are consistent with the patterns outlined above. Relative low-income rates of poverty fall initially, reflecting the impact of the Families Package on incomes prior to COVID-19, and the impact of the falling median once the impact of the COVID-19 crisis takes effect. The fixed line rate of poverty also falls initially, though the impact of the Families Package is more tempered by the impact of COVID-19 on incomes. The rates on both measures then rise, with the rise stronger for the fixed line measure than for the moving line measure.

⁴ There are important differences between TAWA modelling and Stats NZ's reporting on rates under the Child Poverty Reduction Act 2018. The TAWA modelling estimates rates of poverty on incomes within a given tax year, whereas Stats NZ's reporting measures annual incomes through a survey carried out over a June financial year. In the graphs above, rates for the target year (2020/21) are based on modelled incomes for the 2020/21 tax year, whereas Stats NZ's reporting on that year will include household incomes from the previous 12 months for each household interviewed from July 2020 to June 2021. This means that some of the income in the Stats NZ data will go back as far as mid-2019. This difference is likely to impact some of the detail, but does not compromise the account given above.

Figure 5 – Children in households below the fixed line AHC poverty threshold (proportion of children %)



On the AHC fixed line measure, rates are modelled to also initially fall, though the reduction from the impact of the Families Package in 2020 is tempered by the economic impact of COVID-19. Rates are then projected to increase, particularly under scenarios with higher rates of unemployment – as on this measure the poverty threshold is held constant in real terms, and reduced employment and earnings flows through to reduced household incomes for some families.

While the expected trajectory for material hardship cannot be modelled, this is the measure that has been most sensitive to changes in economic conditions in the past, and which is most likely to show the largest rise in the coming years.

How is the Government responding?

Since coming into office, the Government has implemented a number of policies to reduce child poverty. Some of these initiatives were designed to directly help children living in poverty by putting more money in the pockets of parents or caregivers. Others had a more indirect impact and were designed to ease the financial pressures faced by families – such as changes to health, housing and education settings.

Were it not for these changes, low-income households would have been under even greater pressure from COVID-19. Its impact has also been significantly reduced by the immediate actions the Government has since taken in response, including the investment in Budget 2020, which will act to keep many families in work, and mitigate the impact on low-income households. At the end of March 2020 the Government announced support for businesses and workers affected by COVID-19 to help keep people in the labour market, so that as many New Zealanders as possible could continue to provide for their families and contribute to their local communities. We established a Wage Subsidy Scheme for affected businesses in all sectors and regions, leave and self-isolation support, and funding to support worker redeployment and training. This will help to keep people attached to their workplaces, or in training to smooth the return to work. We also delivered on our commitment to increase the minimum hourly wage to \$18.90, which took effect on 1 April.

The Government has taken immediate action to support families with children, including:

- Changes to income support settings to help beneficiaries and the most vulnerable, including permanently increasing benefits and, for this year, doubling the Winter Energy Payment.
- Changes to support businesses to retain workers, including a comprehensive wage subsidy and a leave scheme for essential workers.
- Changes to support people to remain safe and well in their homes, including a mortgage holiday, 6-month freeze on rents, protection from evictions, and increased support for social services.
- A range of other changes to support the economy, ease the pressures faced by families, and support child wellbeing.

Further detail is outlined in Appendix A.

We have also:

- provided income support for those families who were out-of-work or in vulnerable circumstances, including an increase to main benefits by \$25 per week from 1 April
- doubled the rate of the Winter Energy Payment for 2020
- removed the need to satisfy the hours test for the In Work Tax Credit from 1 July 2020 (where people needed to work a set number of hours each week to receive the credit)
- introduced an immediate rent freeze and made change to ensure tenancies will not be terminated during the lock-down period
- worked with the major retail banks on mortgage deferrals for homeowners.

The Ministry of Social Development (MSD) has also temporarily removed benefit income stand-downs, and made changes to assist people to remain at home to reduce the risk of community transmission and ease uncertainty for its clients.

Income support policies will be supported by active labour market policies and identifying opportunities for re-training and re-deployment. The Government will be considering options for expanding active labour market policies to transition unemployed people back into the labour market where possible, and ensure that those who continue to be unemployed do not move further away from the labour market.

A list of the COVID-19 response measures and Budget 2020 initiatives that may affect child poverty is attached at Appendix A.

There are also likely to be additional initiatives that may have a positive impact on child poverty that are funded through the COVID-19 Relief and Recovery Fund (CRRF) as the Government continues to support low-income households. These are not included in the main Appropriation Bill for Budget 2020, so have not been included in the body of this report.

These changes build on our investments since we formed our Coalition Government (see Appendix B for details).

What will we be doing next?

Budget 2020 comes at an unprecedented time in New Zealand's economic and social history. Our Government took swift and decisive action early as we saw the COVID-19 pandemic take hold overseas. We moved quickly to cushion the blow and protect New Zealanders' jobs and the domestic economy from the virus, including investment to support our most vulnerable people.

Despite all the challenges we face, we remain committed to our long term objectives of reducing child poverty and improving child wellbeing. Our longer-term work programmes are now even more important – including the overhaul of the welfare system, implementing our Employment Strategy, improving access to affordable housing, and addressing inequities in health and education outcomes.

The immediate actions we have taken in response to COVID-19, and our investment in Budget 2020, will have significantly reduced the impact of the virus on households, including those on the lowest incomes. We will be able to observe the initial impact of the COVID-19 crisis and our response in our future reporting on child poverty.

Appendix A: COVID-19 and Budget 2020 policy responses that may impact child poverty

Changes to income support settings to help beneficiaries and the most vulnerable

- Increasing main benefits by \$25 per week from 1 April 2020. This increase, combined with the planned adjustment from the Budget 2019 indexation change, means that most rates will increase by around \$30 – \$35 per week.
- Doubling the rate of Winter Energy Payment for 2020 only from 1 May. This payment gives beneficiaries and superannuitants \$40.91 per week (for singles) and \$63.64 per week (for couples or people with dependants).
- Removing the need to satisfy the hours test for the In Work Tax Credit from 1 July 2020. Working families with children who are not receiving a main benefit and have some level of employment income each week will still receive the payment even if their hours are highly variable or have significantly reduced.

Total investment of \$2.8 billion for the changes to main benefits and the Winter Energy Payment. The change to the In Work Tax Credit is expected to cost an additional \$128 million over four years.

Changes to support businesses to retain workers

- Implementing the employer Wage Subsidy Scheme to support businesses to retain staff during the COVID-19 crisis and associated public health measures, where some businesses will need to shut down. The scheme supports employers and their staff to maintain an employment connection and ensure an income for affected employees, even if the employee is unable to actually work any hours.
- Introducing the COVID-19 Leave Scheme Payment to support essential workers. The scheme subsidises eligible businesses, and allows them to pay those workers who need to take leave owing to the COVID-19 Public Health guidance. The scheme offers the same rates as the Wage Subsidy Scheme of \$585.80 per week for full-time workers and \$350.00 per week for part-time workers.

Total investment of \$12 billion for the Wage Subsidy Scheme and \$226.9 million for the Essential Worker Leave Scheme.

Changes to support people to remain safe and well in their homes

- Protection for renters and tenants by providing a 6-month freeze on residential rent increases and increased protection from having tenancies terminated.
 - Introducing mortgage repayment referrals to all residential mortgages for up to 6 months for customers financially affected by COVID-19.
 - A \$27 million package is being provided to social sector services and community groups to ensure they can continue to provide essential support to communities as individuals stay at home to stop the spread of COVID-19. The package supports services that ensure people have access to the food and other goods they need to survive; provide a place for people to live; support disabled people to maintain critical wellbeing; and keep families safe from harm and offer crisis support.
 - A further \$30 million support package to bolster the delivery of food and welfare assistance (including emergency accommodation) by local authorities and Civil Defence Emergency Management Groups to those who need it the most as New Zealand fights COVID-19.
-

Other changes implemented by this Government in response to COVID-19 to support the economy

- Developing a plan to support Māori communities and businesses in the face of COVID-19. This includes a whole of government approach to providing health, social and economic support tailored to meet the specific needs of Māori. This includes:
 - a Whānau Māori Community and Marae package reprioritising \$10 million from the Māori Development vote to support community outreach
 - a Māori Health and Whānau Ora response with \$30 million targeted directly to Māori Health services and \$15 million to Whānau Ora commissioning agencies
 - supporting Māori businesses and engaging with Māori with \$1 million of funding to enable a needs assessment for Māori businesses, and providing \$470,000 in grants to iwi to support them in their responses to the pandemic.
 - Launching a Business Finance Guarantee Scheme for small and medium sized businesses, to protect jobs and support the economy. Under the scheme, businesses with annual revenue up to \$80 million can apply to their banks for loans up to \$500,000 for up to 3 years. The scheme will offer up to \$6.25 billion in loans to New Zealand businesses.
 - Introducing a range of business cash flow and tax measures, including:
 - increasing the provisional tax threshold from \$2,500 to \$5,000 (which means payment can be deferred until 7 February) from 2020/2021
 - increasing the small asset depreciation threshold from \$500 to \$1,000 – and to \$5,000 for the 2020/21 tax year (which means low-value assets can be written off and offset against income)
 - allowing depreciation on commercial and industrial buildings from 2020/2021.
 - Providing emergency funding to enable distance learning for early childhood education and schooling (\$87.8 million over 2 years).
-

Policy changes intended to impact child poverty and child wellbeing

Investment designed to ease the pressures faced by families

In **Budget 2020** we are:

- increasing funding for free maternity services to New Zealand women (\$57 million over 4 years)
 - continuing to support the sustainability of WellChild Tamariki Ora service providers to deliver child health services including immunisations, health checks and other essential services (\$71.2 million over 4 years)
 - improving and increasing funding for a core service provided by MSD to improve financial capability and resilience of vulnerable people (\$9.7 million total)
 - improving and increasing funding for Out of School Care and Recreation Services (OSCAR) to allow parents to gain and maintain meaningful employment or undertake further education and training, while supporting children's wellbeing and educational attainment (\$9.6 million total over 4 years)
 - providing additional funding to Community Law Centres to ensure access to legal services (\$7.7 million over 4 years)
 - providing additional funding to the Commerce Commission. As the market and competition regulator, it is tasked with ensuring markets are competitive which has a flow on impact to costs of living for families of children living in poverty (\$41.8 million over 4 years).
-

Investment designed to impact child wellbeing

In **Budget 2020** we are:

- increasing funding for NGO service providers that deliver essential services critical to the running of Oranga Tamariki (\$57.7 million over 4 years)
- providing additional funding to meet the needs of children in care to ensure children in State care can thrive (\$70.7 million over 4 years)
- increasing funding to improve community services in rural and provincial communities provided by MSD to ensure access to a broad range of government and non-government services (\$19.8 million over 4 years)
- providing additional funding to reduce waitlists for family violence perpetrators to access specialist services, including services by Māori with Māori. The services provide advocacy, one-on-one and group support, non-violence programmes and some counselling services for perpetrators of family violence (\$183 million over 4 years)
- increasing funding for the Independent Children's Monitor (ICM) which monitors the system of State care and ensures that the ICM has sufficient resources to perform this vital function and that children in State care are supported to reach their potential and thrive (\$31.5 million over 4 years)

- increasing funding for the Office of the Children’s Commissioner to ensure it has the resources to maintain a child-centred approach and promote decisions that are in the best interests of children (\$4 million over 4 years)
 - providing additional funding to ensure that Kōhanga Reo continues to be a viable ECE option for Māori whānau. Increased funding for Kōhanga Reo staff aligns with evidence advising Government support of Māori education initiatives will help reduce child poverty (\$93.4 million over 4 years)
 - establishing a Pre-Trial Service under the Hōkai Rangi strategy, which will provide early support to reduce the number of people entering or remaining in custody. The service will also target positive flow on effects by supporting enduring and meaningful relationships between parents and their children (by providing tools to maintain in contact while they are in custody, or keeping suitable individuals out of custody) and by maximising positive outcomes for those involved in the service (\$47.5 million over 4 years).
-

Appendix B: Past investments designed to reduce child poverty

Directly impacts the incomes of parents of children in poverty

- **The Families Package**, implemented from July 2018:
 - increased the Family Tax Credit
 - increased the Accommodation Supplement
 - introduced the Winter Energy payment for those on a main benefit and people who receive Superannuation or a Veteran's Pension
 - introduced the Best Start payment for all families in the first year, followed by two more years of support for middle- and low-income families.

The package will increase the incomes of around 384,000 low to middle-income families with children, on average, \$75 a week once it is fully rolled out.

Total investment of \$5.5 billion over four years

- **Budget 2019 income support** included further changes to income support settings that will impact child poverty, including:
 - the indexation of all main benefits to average wage growth
 - increasing the amount that beneficiaries can earn before their benefit reduces
 - removing the section 192 sanction of the Social Security Act 2018 (formerly section 70A of the Social Security Act 1964).

MSD modelling indicates that approximately 146,000 families with 269,000 children will benefit from this investment.

Total investment of \$535.1 million over four years

Other changes designed to ease the pressures faced by families

In **Budget 2018** we:

- expanded school-based health services in deciles 1-4 schools, and free and low-cost doctors' visits for children under the age of 14
- expanded Housing First, public housing and transitional housing
- began improving the affordability and availability of housing through KiwiBuild
- continued funding KickStart and KidsCan
- provided a clothing allowance for children whose caregivers receive an Orphan's Benefit or Unsupported Child's Benefit.

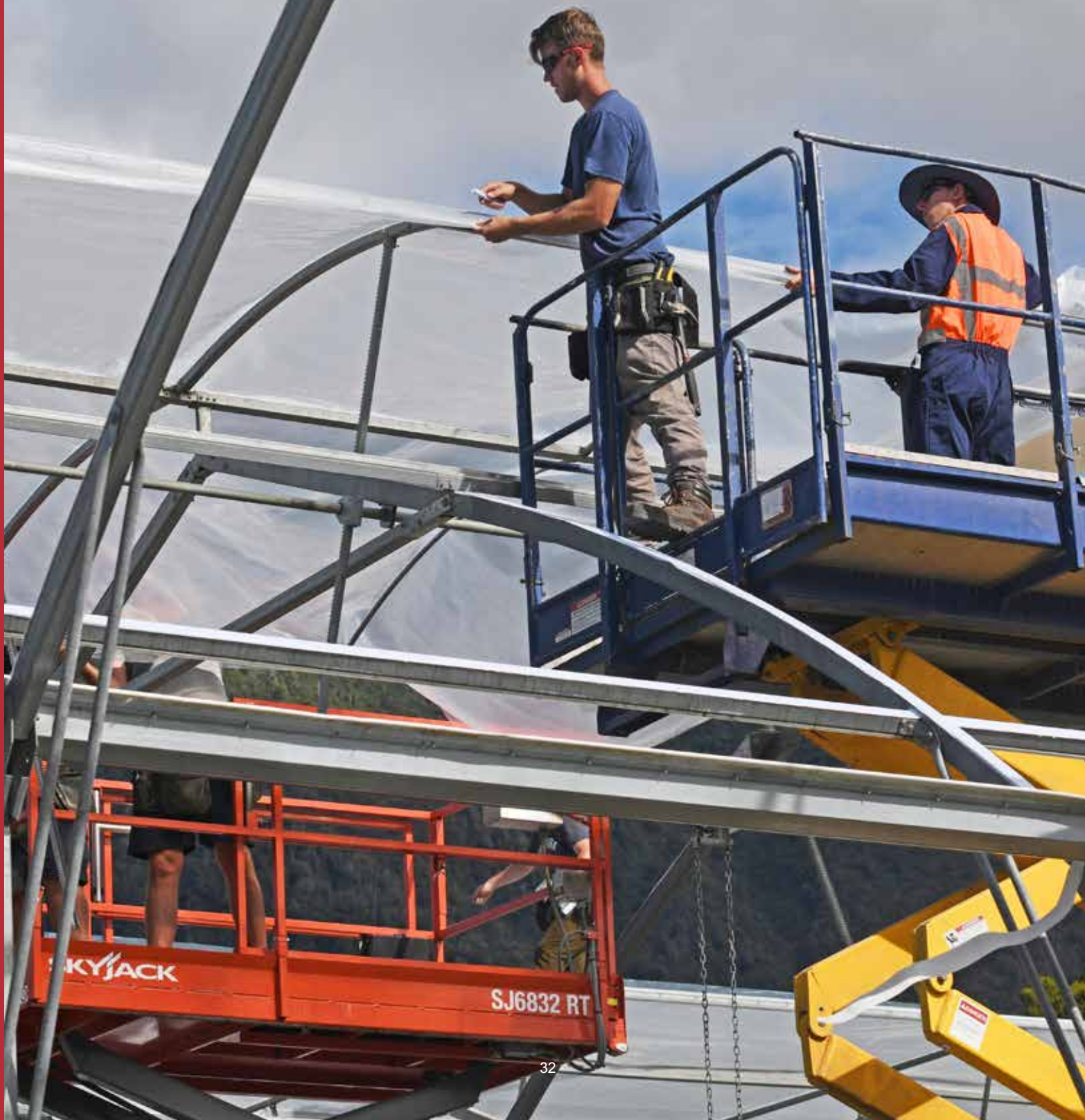
In **Budget 2019** we:

- helped parents with education costs by providing increased funding for deciles 1-7 schools that agree not to request donations for parents, and removed National Certificate of Educational Achievement (NCEA) fees
 - further expanded school-based health services in deciles 1-5 schools
 - continued funding for KickStart and KidsCan
 - worked to tackle homelessness, including through further investment in transitional housing and Housing First
 - supported increasing incomes through meeting minimum wage obligations
 - supported people into sustainable employment through increasing the capacity of MSD's frontline workforce.
-

Other changes implemented by this Government include:

- improving pay and conditions, including regular increases in the minimum wage
 - improving employment opportunities and outcomes
 - improving the quality of housing and conditions for renters by implementing the Healthy Homes Guarantee Act 2017 and through changes to the Residential Tenancies Act 1986
 - reviewing the price of electricity for households and investigating whether the prices paid are fair, efficient and equitable
 - reducing problem debt, by introducing legislative measures to stop predatory lending.
-

THE FISCAL STRATEGY



THE FISCAL STRATEGY

The economic outlook

Economic growth in New Zealand was robust prior to COVID-19

Prior to the COVID-19 pandemic, real GDP growth in the year to December 2019 was higher than many of our international peers (Figure 6). Unemployment was at historically low levels and inflation was within the target range.

New Zealand's fiscal position was strong. This Coalition Government delivered on its plan to reduce net core Crown debt below 20 per cent of GDP and achieved \$12.9 billion of OBEGAL⁵ surpluses in our first two years in office.

This strong fiscal position means we are well placed to use the Crown's balance sheet to cushion the blow of COVID-19 on the economy and support the wellbeing of New Zealanders.

This chapter meets the requirement for the Government to report on its fiscal strategy alongside the Budget as set out in sections 26I-26L of the Public Finance Act 1989 (PFA).

This Coalition Government published a Wellbeing Outlook as part of our first Wellbeing Budget last year.

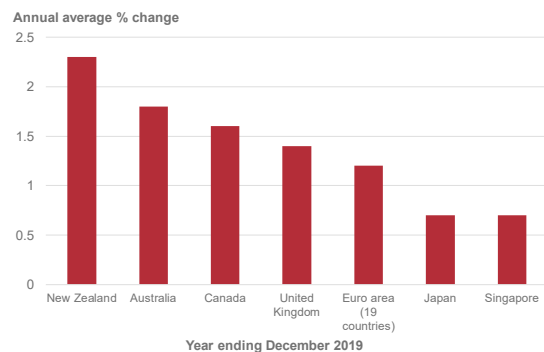
The Public Finance (Wellbeing) Amendment Bill is currently at the Second Reading phase of the legislative process and is scheduled to pass later this year.

Once this bill has passed, future Fiscal Strategy reports will need to explain how the Government's wellbeing objectives have guided its Budget and fiscal decisions.

The global COVID-19 pandemic has placed extreme stress on the global economy

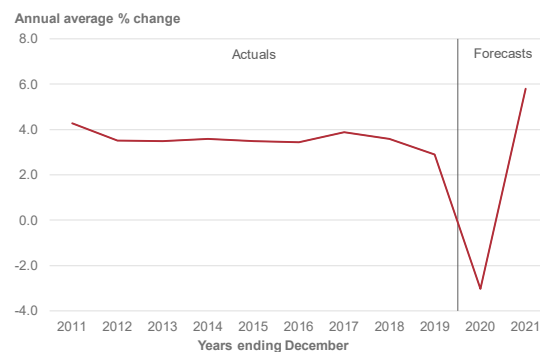
With the outbreak of COVID-19 almost all advanced countries are facing a public health and economic challenge. While the crisis continues to unfold, the COVID-19 pandemic has already had a widespread, global impact, with countries grappling with the economic implications and the steps needed to contain the virus. The International Monetary Fund (IMF) expects a decline in global economic activity not seen in peacetime since the Great Depression of the 1930s, with annual global growth expected to fall to -3.0 per cent in 2020 (Figure 7).

Figure 6 – Real GDP growth compared to other advanced economies



Source: The Treasury, Haver, Stats NZ

Figure 7 – Global growth



Source: IMF World Economic Outlook (April 2020)

⁵ Operating balance before gains and losses.

The Coalition Government acted swiftly to contain the virus and cushion the economic blow to New Zealanders. However, the impact on parts of the domestic economy has already been severe. Early indicators such as the number of daily arrivals of non-New Zealand passport holders have fallen to near zero as New Zealand closed its borders to limit the spread of COVID-19 (Figure 8).

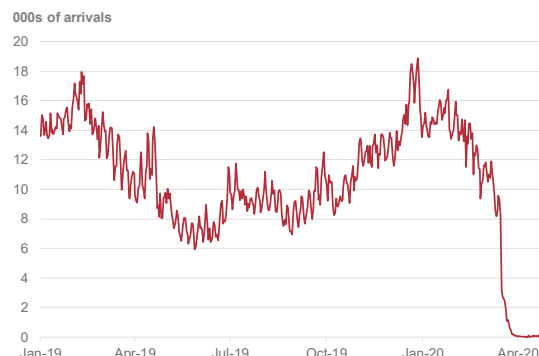
The COVID-19 pandemic will have a substantial impact on growth and unemployment

The Treasury's 2020 *Budget Economic and Fiscal Update (Budget Update)* forecasts and alternative scenarios indicate there will be a sharp fall in economic activity and a substantial rise in unemployment. This is driven by the important public health steps required to save lives by stamping out COVID-19, the total stop in international tourism activity, the reduction in global demand and lower business and consumer confidence.

New Zealand's real GDP growth rate is forecast to decline from 2.8 per cent in the year ending June 2019 to -4.6 per cent in the year ending June 2020, driven by an expected quarterly decline in GDP of over 20 per cent in the June 2020 quarter. Annual real GDP growth is forecast to become positive from the year ending June 2022 (Figure 9). Unemployment is forecast to increase significantly, peaking at 9.8 per cent in the September 2020 quarter before recovering thereafter (Figure 10).

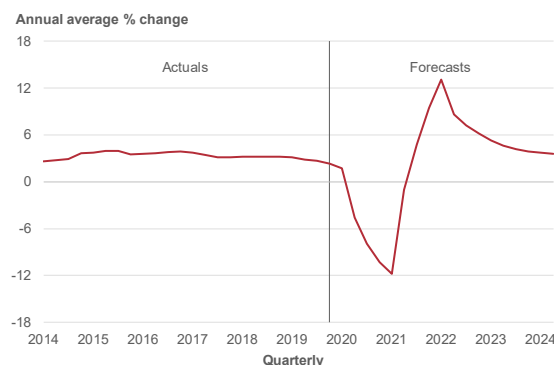
The Treasury's economic forecasts were finalised on 17 April and incorporate only \$35 billion of discretionary fiscal support, compared to the full \$62.1 billion of COVID-19 fiscal support included in the fiscal forecasts, which were finalised on 23 April. The economic outlook chapter of the Treasury's 2020 *Budget Update* considers how the economic outlook may change when the full amount of COVID-19 support is incorporated.

Figure 8 – Daily arrivals of non-New Zealand passport holders



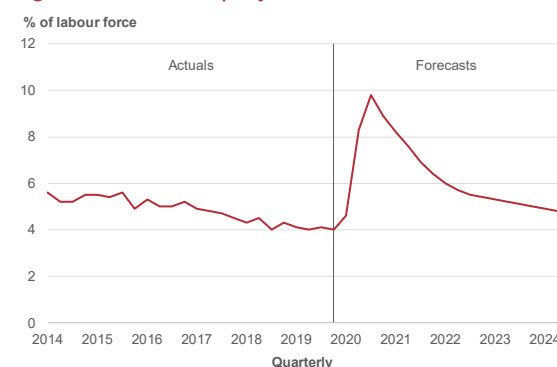
Source: New Zealand Customs Service, Stats NZ

Figure 9 – Real GDP growth⁶



Source: The Treasury, Stats NZ

Figure 10 – Unemployment rate⁶



Source: The Treasury, Stats NZ

⁶ Based on the Treasury's main forecast as finalised on 17 April 2020. This forecast includes \$35 billion of fiscal support and does not include the impact of the full \$62.1 billion of COVID-19 fiscal support.

The unfolding nature of the crisis and the challenges in predicting the depth and duration of the COVID-19 pandemic means that the economic outlook is highly uncertain and forecasts will change as more information comes to light. The forecasts should therefore be read in conjunction with the alternative scenarios in the 2020 *Budget Update*.

Our fiscal approach

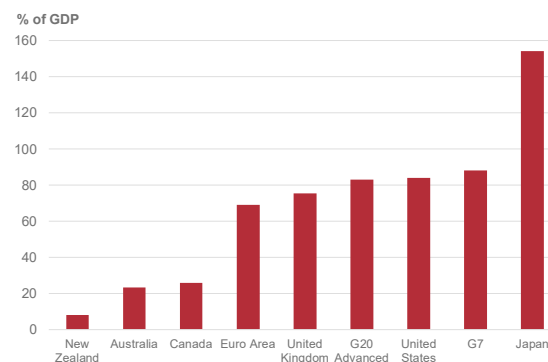
This Government's prudent fiscal management since taking office has provided us with a strong balance sheet to respond to the challenges of COVID-19

When the Coalition Government came into office, the Budget Responsibility Rules formed the basis of our fiscal strategy. Before the onset of the COVID-19 pandemic we had met these rules, delivering large surpluses, maintaining core Crown expenses around their historical average and reducing net core Crown debt below 20 per cent of GDP within a year of taking office.

Following the reduction of net core Crown debt to 19 per cent in 2019, we adopted a new objective of maintaining net core Crown debt within a range of 15 to 25 per cent of GDP subject to any significant shocks to the economy. The Treasury's *Half Year Economic and Fiscal Update* in December 2019, before the impact of COVID-19, showed the Government was on track to meet this objective for the foreseeable future.

Maintaining debt at low and prudent levels has allowed us to build a strong fiscal position, with debt lower than nearly all other advanced economies (Figure 11). Most importantly, it has improved our resilience and allowed us to build a buffer to manage unforeseen shocks like the one we face now.

Figure 11 – General government net debt compared to other advanced countries in 2019 (IMF definition)⁷



Source: IMF Fiscal Monitor (April 2020)

Now is the time to use our strong fiscal position to respond to COVID-19

Given the severe global impact of COVID-19, an unprecedented public health and economic response will continue to be required from the Government. We need to use our strong fiscal position to support New Zealand through this pandemic, particularly given the limited space available for further monetary policy responses.

Since the outbreak, the Government has made \$62.1 billion available to support the COVID-19 response and recovery, including an initial \$12.1 billion Economic Response Package which we announced on 17 March. This included \$500 million of investment into the public health response, wage subsidies for all affected businesses, a \$2.8 billion income support package for our most vulnerable, \$2.8 billion in business tax changes and a \$6.25 billion Business Finance Guarantee Scheme. This is on top of the \$12 billion of infrastructure investment that the Government announced on 29 January 2020 through the New Zealand Upgrade Programme.

⁷ The IMF's definition of general government net debt is different to the Treasury's measure of net core Crown debt. New Zealand's net core Crown debt was 19 per cent in 2018/19.

While the measures taken so far have been critical in fighting the virus and cushioning the blow for New Zealanders through the immediate onset of the crisis, the effects of COVID-19 will continue to be far-reaching.

Our response and recovery efforts must therefore also be far-reaching. To support those efforts, as part of Budget 2020, the Government has established a \$50 billion COVID-19 Response and Recovery Fund (CRRF). Building on the \$12.1 billion Economic Response Package, as at 20 April, \$10.7 billion of the CRRF had been committed with the first wave of the Government's response focused on supporting businesses and households. The \$50 billion package will lead our response, kickstarting the recovery and supporting New Zealanders' wellbeing. All support under the CRRF will be aligned to our plan to respond to the COVID-19 pandemic:

1. **Fighting the Virus and Cushioning the Blow** – acting swiftly to contain the virus and avoid the extreme human and economic costs of an uncontrolled outbreak.
2. **Kickstarting the Recovery** – continuing to support households and businesses and preparing to kickstart the economy in the medium term.
3. **Resetting and Rebuilding** – taking the opportunity to reset our economy, address longstanding challenges and chart a course to return to a more sustainable fiscal position.

Spending will be reprioritised to respond to COVID-19 and support the subsequent recovery

The COVID-19 response has shown how important it is to maintain strong public services that are able to support all New Zealanders through challenges, disruptions and crises. The Budget 2020 package complements our \$62.1 billion of available support in response to the COVID-19 pandemic and kickstarting the recovery. It invests more than \$3 billion in operating funding per year to ensure core government services continue to support New Zealanders through this extraordinary time. It provides \$1.4 billion per year in additional support for the health sector so that it can respond to the pandemic while maintaining the sustainable delivery of existing services. It also invests \$500 million per year in additional support for both government and non-government social services, which will support New Zealanders' education, employment and housing outcomes.

We know that to overcome this 1-in-100 year health and economic challenge, it is now more critical than ever to prioritise investment in areas we know will make a real difference to the wellbeing of our people and communities. While the Budget package presented today is different to the Wellbeing Budget planned pre-COVID-19, our wellbeing approach remains embedded in this Budget package and its aim continues to be improving the wellbeing of current and future generations of all New Zealanders.

Our key priorities for the core Budget 2020 package include:

- Health – investing in our health sector to ensure that it is able to respond to the pandemic while maintaining the sustainable delivery of existing services.
- Social Sector – with initiatives aimed at growing strong and resilient communities and supporting vulnerable and marginalised populations.
- Education and Skills – providing support to students across all levels of education, while also targeting investment in areas that will benefit students who need it the most, including students with disabilities and those with English as a second language.

- Primary Industries – investing in initiatives that will ensure our primary industries are supported and sustainable now and into the future to support the economy and the environment.
- Justice – supporting a safe and equitable justice sector and continuing our work to reduce crime over the medium and long term.
- Arts and Culture – preserving our nation's taonga, promoting creativity and celebrating New Zealand's diversity and history.
- Defence and Foreign Affairs – enhancing defence estate infrastructure and military capability to support delivery of the Government's defence, security and peacekeeping policy priorities.
- Transport – enhancing the resilience and reliability of our transport network and over time, contributing to efforts to reduce our carbon footprint.

Table 4 – Budget Allowances

\$ billions	Budget 2020	Budget 2021	Budget 2022	Budget 2023
Operating allowances at 2020 <i>Budget Policy Statement</i> (per year)	3.0	2.4	2.4	2.6
Operating allowances at Budget 2020 (per year)	3.3	2.4	2.4	2.6
Multi-year capital allowance at 2020 <i>Budget Policy Statement</i>	← 8.4 →			
Remaining multi-year capital allowance after Budget 2020	← 4.8 →			

Source: The Treasury

We have kept operating allowances broadly unchanged compared to the 2020 *Budget Policy Statement*, with a slight increase in operating allowances in this Budget to \$3.3 billion (Table 4). With the introduction of the CRRF, Budget 2020 spending has been reoriented to address cost pressures, rather than new initiatives. Our response to the COVID-19 pandemic remains ongoing and at a later stage we may need to adjust future allowances as the fiscal position becomes clearer.

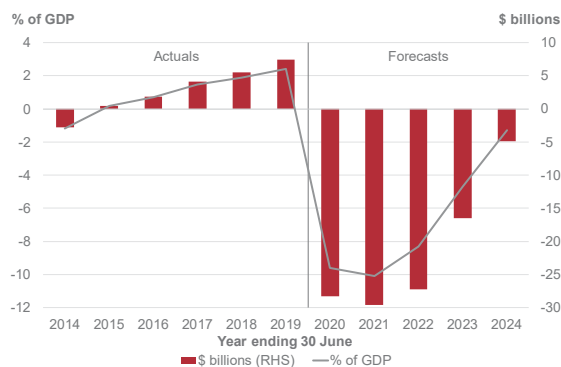
The Government will continue to use the fiscal management approach of fixed nominal baselines combined with Budget allowances to control expenditure. Managing within allowances will require active management of cost pressures. As the economy starts to recover from COVID-19 and the fiscal position becomes clearer, future operating allowances may be adjusted.

We are using our strong fiscal position to respond to COVID-19...

Running operating deficits (Figure 12) and allowing net core Crown debt to increase in the short term (Figure 13) is necessary as we fight the virus, cushion the impact on businesses and workers and position ourselves for the recovery. New Zealand will be able to do so while continuing to maintain one of the strongest fiscal positions held by an advanced economy, owing to the strong starting position before the onset of the COVID-19 pandemic.

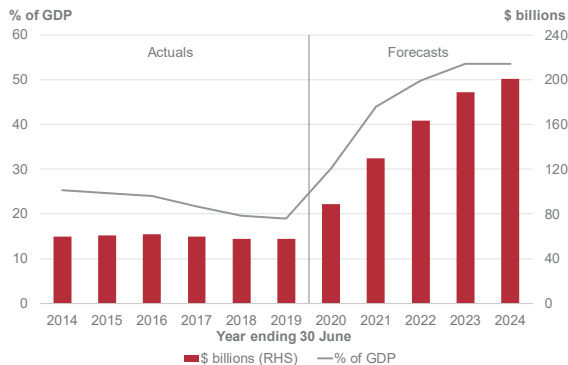
Our new short-term fiscal intentions (page 40) detail how we intend to use fiscal policy over the next three years to support our response to COVID-19.

Figure 12 – Total Crown OBEGAL



Source: The Treasury

Figure 13 – Net core Crown debt



Source: The Treasury

Table 5 – Summary of the Treasury's fiscal forecasts

Year ending 30 June	2019 Actual	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast
\$ billions						
Core Crown revenue	93.5	89.5	87.0	94.6	104.0	109.9
Core Crown expenses	87.0	114.0	113.5	119.8	118.6	113.0
Total Crown OBEGAL	7.4	-28.3	-29.6	-27.2	-16.5	-4.9
Core Crown residual cash	-0.7	-32.0	-43.3	-35.2	-26.9	-13.5
Net core Crown debt	57.7	88.9	129.5	163.6	188.7	200.8
Net worth attributable to the Crown	136.7	100.1	71.0	47.0	34.2	33.4
% of GDP						
Core Crown revenue	30.8	30.4	29.6	28.8	29.5	29.4
Core Crown expenses	28.7	38.7	38.6	36.5	33.7	30.2
Total Crown OBEGAL	2.4	-9.6	-10.1	-8.3	-4.7	-1.3
Core Crown residual cash	-0.2	-10.9	-14.7	-10.7	-7.6	-3.6
Net core Crown debt	19.0	30.2	44.0	49.8	53.6	53.6
Net worth attributable to the Crown	45.1	34.0	24.1	14.3	9.7	8.9

Source: The Treasury

...and continue to be mindful of future generations and the long-term challenges facing New Zealand

Our strong fiscal response in the short term will support the economy recovering to a position where stimulus can be reduced and the Government can return to a more sustainable fiscal position. In responding to the immediate shock and managing the recovery, we are carefully prioritising how we use the fiscal headroom available before the onset of the pandemic.

Over the long run, we intend to return to an operating surplus and maintain net debt at prudent levels, while supporting New Zealanders' wellbeing. Doing so will ensure that we retain a strong underlying structural fiscal position that supports long-run fiscal sustainability. Our long-term fiscal objectives on page 42, covering at least the next ten years, describe our approach to long-term fiscal sustainability.

The timeframe and path for meeting our long-term objectives may change as the economy recovers from COVID-19

The long-term fiscal projections on page 47 set out one possible scenario for returning to an operating surplus within the projection period. As the wider economic picture develops and the full impact of the COVID-19 pandemic becomes clearer, this path will almost certainly change.

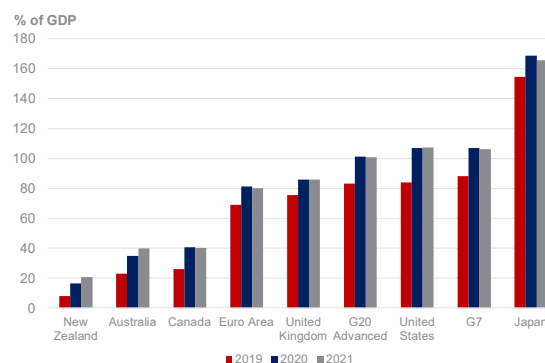
However, these initial projections make clear that the return to surplus will be a long-term objective and that responsible fiscal policy during this time means remaining supportive of the economy for some time to come. New Zealand's future level of debt may be higher than the previous target range of 15 to 25 per cent of GDP, however, our debt levels will continue to remain prudent and will continue to remain well below the average for other advanced countries (Figure 14).

There is uncertainty around the level at which net core Crown debt will be stabilised. However, given the severe effects of the pandemic so far, with debt rising rapidly in almost every other advanced economy, what can be considered a prudent level of debt will change – domestically and globally.

A prudent level of debt is one that is sustainable; provides a buffer against other future shocks; maintains investors' confidence in the Government; and ensures that tax rates are fair. Recent action by central banks, both here and across the world, in reducing interest rates to historic lows and purchasing government debt at an unprecedented scale have reduced the cost of debt servicing, thereby increasing the level of government debt that can be sustainably supported.

However, the significant impact of COVID-19 will have changed both the costs and the benefits of higher debt levels. We will continue to support intergenerational wellbeing by striking a balance between supporting the economy against the impacts of COVID-19 in the short term and managing the debt burden placed on future generations.

Figure 14 – Forecast general government net debt compared to other advanced countries (IMF definition)⁸



Source: IMF Fiscal Monitor (April 2020)

⁸ The IMF's forecasts are based on data available up to 8 April. The forecast will therefore not include fiscal policy announced by other countries since 8 April and do not include the impact of the full \$62.1 billion of COVID-19 fiscal support included in the Budget fiscal forecasts. The IMF's definition of general government net debt is also different to the Treasury's measure of net core Crown debt. New Zealand's net core Crown debt was 19 per cent in 2018/19.

Short-term fiscal intentions and long-term fiscal objectives

The new short-term intentions reflect the need for further fiscal expansion

Table 6 – Short-term fiscal intentions for the next three years

<i>Fiscal Strategy 2020</i>	<i>Budget Policy Statement 2020</i>
<p>Debt</p> <p>Our intention is to allow the level of net core Crown debt to rise in the short term to fight COVID-19, cushion its impact and position New Zealand for recovery.</p> <p>Net core Crown debt (excluding NZS Fund and advances) is forecast to be 30.2 per cent of GDP in 2019/20, 49.8 per cent of GDP in 2021/22 and 53.6 per cent of GDP in 2023/24.</p> <p>Gross sovereign-issued debt (including Reserve Bank settlement cash and Reserve Bank bills) is forecast to be 74.0 per cent of GDP in 2023/24.</p> <p>This assumes a new multi-year capital allowance of \$8.4 billion for Budget 2020 and the next three Budgets.</p>	<p>Debt</p> <p>Our intention is to reduce the level of net core Crown debt to 20 per cent of GDP within five years of taking office (subject to any significant shocks in the economy). We will continue to maintain debt at prudent levels (a range of 15-25 per cent of GDP).</p> <p>Gross sovereign-issued debt (including Reserve Bank settlement cash and Reserve Bank bills) is forecast to be 28.2 per cent of GDP in 2023/24.</p> <p>Net core Crown debt (excluding NZS Fund and advances) is forecast to be 19.6 per cent of GDP in 2019/20, 21.5 per cent of GDP in 2021/22 and 19.6 per cent of GDP in 2023/24.</p> <p>This assumes a new capital allocation of \$8.0 billion in the 2019/20 financial year and a multi-year capital allowance of \$8.4 billion for Budget 2020 and the next three Budgets.</p>
<p>Operating balance</p> <p>Our intention is to run operating deficits in the short term to fight COVID-19, cushion its impact and position New Zealand for recovery. We can do this because of our strong starting position and low net core Crown debt going into this pandemic.</p> <p>The operating balance (before gains and losses) is forecast to be -9.6 per cent of GDP in 2019/20, improving to -1.3 per cent of GDP in 2023/24.</p>	<p>Operating balance</p> <p>Our intention is to deliver operating surpluses (before gains and losses) to ensure net debt falls to 20 per cent of GDP within five years of taking office and to maintain it at prudent levels thereafter (a range of 15-25 per cent of GDP).</p> <p>The operating balance (before gains and losses) is forecast to be -0.3 per cent of GDP in 2019/20, increasing to 1.5 per cent of GDP in 2023/24. This is consistent with the long-term objective for the operating balance.</p> <p>The operating balance is forecast to be 2.8 per cent of GDP in 2023/24.</p>
<p>Expenses</p> <p>Our intention is to ensure expenses are consistent with the operating balance objective.</p> <p>Core Crown expenses are forecast to fall from 38.7 per cent of GDP in 2019/20 to 30.2 per cent of GDP in 2023/24.</p> <p>Total Crown expenses are forecast to be 38.1 per cent of GDP in 2023/24.</p> <p>This assumes new operating allowances of \$3.3 billion per year in Budget 2020, \$2.4 billion per year in Budget 2021, \$2.4 billion per year in Budget 2022 and \$2.6 billion per year in Budget 2023.</p>	<p>Expenses</p> <p>Our intention is to ensure expenses are consistent with the operating balance objective.</p> <p>Core Crown expenses are forecast to fall from 29.3 per cent of GDP in 2019/20 to 28.1 per cent of GDP in 2023/24.</p> <p>Total Crown expenses are forecast to be 35.9 per cent of GDP in 2023/24.</p> <p>This assumes new operating allowances of \$3.0 billion per year in Budget 2020, \$2.4 billion per year in Budget 2021, \$2.4 billion per year in Budget 2022 and \$2.6 billion per year in Budget 2023.</p>

<i>Fiscal Strategy 2020</i>	<i>Budget Policy Statement 2020</i>
<p>Revenue</p> <p>Our intention is to ensure revenue is consistent with the operating balance objective.</p> <p>Total Crown revenues are forecast to be 36.9 per cent of GDP in 2023/24.</p> <p>Core Crown revenues are forecast to be 29.4 per cent of GDP in 2023/24.</p> <p>Core Crown tax revenues are forecast to be 27.3 per cent of GDP in 2023/24.</p>	<p>Revenue</p> <p>Our intention is to ensure sufficient revenue to meet the operating balance objective.</p> <p>Total Crown revenues are forecast to be 37.6 per cent of GDP in 2023/24.</p> <p>Core Crown revenues are forecast to be 30.2 per cent of GDP in 2023/24.</p> <p>Core Crown tax revenues are forecast to be 28.4 per cent of GDP in 2023/24.</p>
<p>Net worth</p> <p>Our intention is to use the Crown's net worth to fight COVID-19, cushion its impact and position New Zealand for recovery. Significant risks will be transferred onto the Crown's balance sheet through the response period.</p> <p>Total net worth attributable to the Crown is forecast to be 8.9 per cent of GDP in 2023/24.</p> <p>Total Crown net worth is forecast to be 10.3 per cent of GDP in 2023/24.</p>	<p>Net worth</p> <p>Our intention is to increase net worth consistent with the operating balance objective.</p> <p>Total net worth attributable to the Crown is forecast to be 43.5 per cent of GDP in 2023/24.</p> <p>Total Crown net worth is forecast to be 44.9 per cent of GDP in 2023/24.</p>

As set out above, our updated short-term intentions recognise the need for a period of further fiscal expansion in cushioning the impact of COVID-19 and supporting the recovery, particularly given the limited space available for monetary policy to respond.

The change in the intentions highlights that we will run operating deficits, both now and – as shown in the projections – for several years to come. We have adapted our short-term intentions and long-term objectives since the 2020 *Budget Policy Statement* (set out in Table 6 and 7) and approach to the principles of responsible fiscal management outlined in the Public Finance Act 1989 (PFA) to help us face a global pandemic, the scale and length of which remains highly uncertain and unlike anything experienced in modern times.

Our short-term intentions remain consistent with our long-term objectives and the principles of responsible fiscal management, with the exception of the operating balance intention. Across the forecast period the Government is forecast to be running operating deficits but these will reverse out to an operating surplus by the end of the projection period. However, future surpluses may not be larger than the deficits needed in the short term to manage this shock. This will be rectified as the need for higher levels of Crown expenditure declines as the immediate impact of COVID-19 passes and the need for fiscal support reduces.

The intentions are consistent with the 2020 *Budget Update* forecasts showing net debt and OBEGAL deficits rising in the near-term and lower net worth.

The Government remains committed to the principles of responsible fiscal management, including in our COVID-19 response and recovery strategy. Over time we intend to return to surplus and maintain debt at prudent levels. Our short-term intentions will be updated as our understanding of the economic impacts of COVID-19 change and the economy begins to recover.

The long-term fiscal objectives have changed in light of COVID-19

We have also updated our long-term objectives in light of COVID-19. The fiscal projections on page 47 reflect our best view as to what moving towards these objectives will look like at this stage.

Table 7 – Long-term fiscal objectives for at least the next ten years

Fiscal Strategy 2020	Budget Policy Statement 2020
Debt Maintain total debt at prudent levels. The Government will stabilise and then reduce net core Crown debt to prudent levels over the long term (subject to any significant shocks) and beyond. Prudent levels of net core Crown debt are those that are within sustainable limits and provide a buffer for future shocks.	Debt Maintain total debt at prudent levels. The Government will reduce the level of net core Crown debt to 20 per cent of GDP within five years of taking office and maintain it at prudent levels thereafter. Prudent levels of net core Crown debt are within a range of 15 to 25 per cent of GDP (subject to any significant shocks to the economy).
Operating balance The Government will return the operating balance (before gains and losses) to surplus over the long term and maintain an operating balance consistent with the debt objective thereafter.	Operating balance The Government will deliver a sustainable operating surplus across an economic cycle.
Operating expenses The Government will ensure operating expenses support a responsible and proportionate role for the Government in maintaining a productive, sustainable and inclusive economy, consistent with the debt and operating balance objectives.	Operating expenses The Government will maintain its expenditure to within the recent historical range of spending as a ratio of GDP. The Government will take a prudent approach to ensure expenditure is phased, controlled and directed to maximise its benefits, in particular prioritising investments to address the long-term financial and sustainability challenges facing New Zealand.
Operating revenues The Government will ensure a progressive taxation system that is fair, balanced and promotes the long-term sustainability and productivity of the economy, consistent with the debt and operating balance objectives.	Operating revenues The Government will ensure a progressive taxation system that is fair, balanced, and promotes the long-term sustainability and productivity of the economy.
Net worth The Government will use the Crown's net worth to maintain a productive, sustainable and inclusive economy, consistent with the debt and operating balance objectives.	Net worth The Government will strengthen net worth consistent with the debt and operating balance objectives.

The long-term objectives are consistent with the principles of responsible fiscal management outlined in the PFA. That is, they aim to:

- maintain total debt at prudent levels and achieve and maintain levels of total net worth so as to provide a buffer against adverse economic shocks
- ensure that, on average, total operating expenses do not exceed total operating revenues

- have regard to efficiency and fairness, including the predictability and stability of tax rates
- take into account the impact of fiscal policy on monetary policy
- prudently manage the fiscal risks facing government
- have regard for present and future generations
- ensure the Crown's resources are managed effectively and efficiently.

The long-term objectives for debt, operating balance, expenses and net worth have changed since the 2020 *Budget Policy Statement* to reflect a change in the domestic and global economic environment and our fiscal response to COVID-19. These long-term objectives will be updated and refined as the economic and fiscal picture becomes clearer over time.

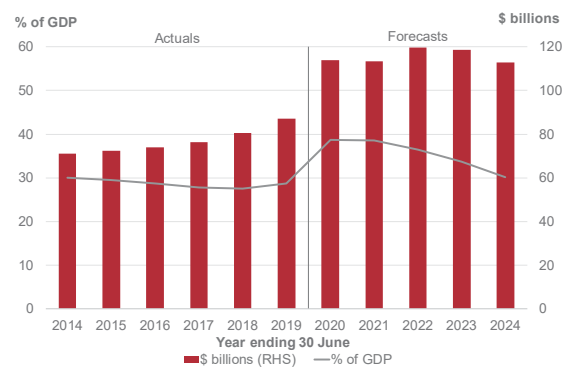
Managing revenues and expenses

Significantly higher government expenditure will help cushion the impact of COVID-19

Expenses are expected to peak in 2020 at 38.7 per cent of GDP, before reducing to 30.2 per cent of GDP at the end of the forecast period. Core Crown expenses are expected to average 35.5 per cent of GDP over the forecast period (Figure 15).

The increase in government spending reflects our response to the health and economic impact of COVID-19. The increase in expenditure is driven by a mix of temporary and permanent measures including direct policy responses to COVID-19 (such as the Wage Subsidy Scheme) and higher welfare expenses.

Figure 15 – Core Crown expenses



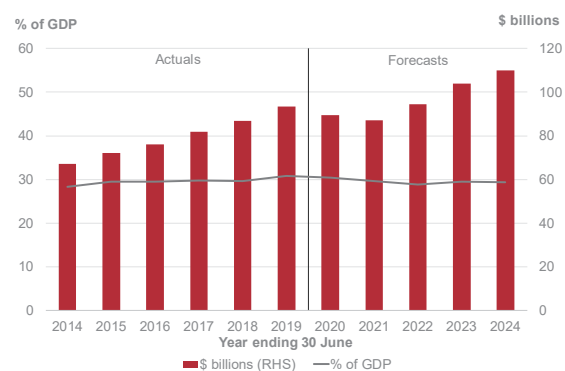
Source: The Treasury

Tax revenue is expected to fall as a result of the weaker economy

Core Crown revenue is expected to decline from 30.8 per cent of GDP in 2018/19 to 28.8 per cent of GDP by 2021/22. This is then expected to pick up from 2022/23 onwards, reaching 29.4 per cent of GDP by 2023/24 (Figure 16).

The forecast decline in core Crown revenue in dollar terms is driven by the negative impacts of COVID-19 on the economy, with weaker economic activity expected to reduce incomes and profits. This lowers future inflation, which decreases the size of the tax base relative to previous forecasts. The Government's tax policy changes to support businesses affected by COVID-19 are also expected to have a limited impact on tax revenues.

Figure 16 – Core Crown revenue



Source: The Treasury

A fair, balanced and progressive tax system will promote the long-term productivity and sustainability of the economy

The primary function of the tax system is to raise revenue to fund government expenditure. It should do this in a way that supports this Government's overall economic and fiscal objectives. Our long-term objectives for the tax system are as follows:

- A system that is efficient, fair, simple, coherent and collects the tax that is due, on time and in full.
- A progressive tax and transfer system for individuals and families.
- A system that promotes the long-term sustainability and productivity of the economy.
- A system that supports a sustainable revenue base to fund government operating expenditure.
- A system that treats all income and assets in a fair, balanced and efficient manner.

The Government remains committed to these objectives. We support a sustainable broad-base low-rate framework for the tax system. This ensures that taxes are fair and efficient and that they do not impede economic growth. It also helps keep compliance costs low and minimises opportunities for avoidance and evasion.

At the same time it is important that people and businesses pay their fair share of tax. This includes multinational companies and those in the digital services field. As part of these efforts the Government will continue to participate in multilateral negotiations, convened by the OECD, on the future of the international tax framework.

The Government also aims to continue improving public confidence in the tax system and Inland Revenue. With this in mind the Government will ensure that tax policy development continues to be inclusive, consultative and transparent. We will also continue the modernisation and simplification of New Zealand's tax system through Inland Revenue's Business Transformation programme.

The key priority for tax policy at present is to support the COVID-19 response

The tax system has a key role to play in supporting the Government's COVID-19 response and recovery efforts.

In the short run the tax system must help to cushion the impact of COVID-19 on the economy. It is critical to ensure that the tax and welfare systems work together appropriately to deliver income support to affected businesses and workers. The Government is also taking policy and administrative measures to increase cashflow and reduce compliance pressures on businesses.

Tax policy will help position the economy for recovery by supporting investment and job creation. The Government has already announced business tax changes that will promote investment, reduce compliance costs and support cashflow.

These measures include:

- The reinstatement of depreciation deductions for commercial and industrial buildings.
- An increase in the threshold for provisional tax.

- An increase in the threshold for writing off low-value assets.
- A time-limited discretion for the Commissioner of Inland Revenue to remit use of money interest (interest charged on the amount a taxpayer owes) if a taxpayer is unable to pay on time due to the impacts of COVID-19.

Managing our assets and liabilities

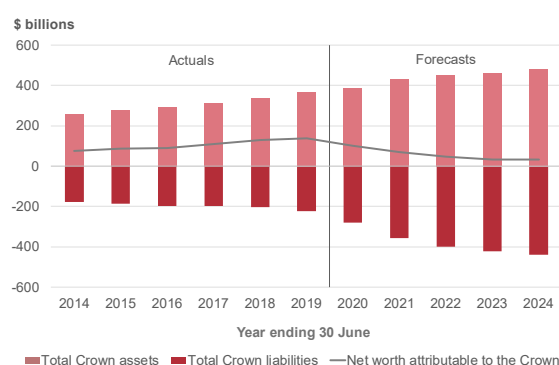
Net worth will help cushion the impact of COVID-19

The most recent year-end results show the Crown owned \$364.6 billion of assets and had \$221.6 billion of liabilities as at 30 June 2019. The difference between these numbers represents the Crown's total net worth.

COVID-19 and our response to it will have a substantial impact on the Crown's total net worth attributable to the Crown. This is expected to decline across the forecast period in both dollar terms and as a per cent of GDP, falling to 8.9 per cent of GDP by 2023/24.

This is driven by an increase in total Crown liabilities owing to increased borrowing to fund our response and recovery efforts. As stated in our long-term fiscal objectives, the Government intends to return to surplus and maintain debt at prudent levels over the long run, while supporting New Zealanders' wellbeing. Returning to surplus will support rebuilding of the Crown's net worth and resilience against future shocks.

Figure 17 – Assets, liabilities and net worth



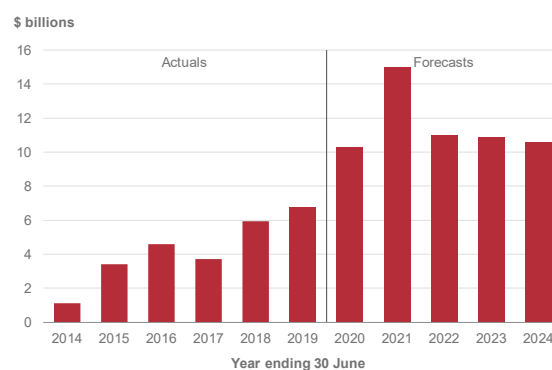
Source: The Treasury

Our investments will improve the wellbeing of New Zealanders

Budget 2020 will invest \$3.6 billion of the multi-year capital allowance, in addition to the \$10.4 billion allocated in Budget 2019 and the \$8 billion already committed through the New Zealand Upgrade Programme. The New Zealand Upgrade Programme added \$4 billion to the multi-year capital allowance and as a result \$4.8 billion remains to fund future infrastructure projects.

This investment commitment will support the economy and help to build a pipeline of infrastructure projects to kickstart the recovery from COVID-19. This pipeline will give some certainty for the construction sector, enabling it to better prepare and invest in the capacity and capability needed to deliver projects on time and on budget.

Figure 18 – Net capital spending



Source: The Treasury

We will continue to ensure that capital investment projects are delivered on time and provide the best possible benefit to New Zealanders.

Our liabilities will rise to fund the COVID-19 response

Our response to COVID-19 and the deterioration in forecast tax revenue have led to an increase in funding requirements.

By June 2024, gross sovereign issued debt (GSID), which mostly consists of New Zealand Government Bonds (NZGBs), is expected to be \$276.8 billion (74 per cent of GDP), compared to 2019 *Half Year Update* forecasts of \$109.6 billion (28.2 per cent of GDP). Due to the immediate nature of the fiscal response the increase in GSID is heavily weighted towards the early part of the forecast period, with an increase of \$112.7 billion by 2020/21.

In March the Reserve Bank implemented a Large Scale Asset Purchase (LSAP) programme of NZGBs, expanding the programme to include Local Government Funding Agency (LGFA) debt in April. Up to \$30 billion of NZGBs and \$3 billion of LGFA debt will be purchased in the secondary market over the next 12 months. This provides additional monetary stimulus and support to the NZGB and LGFA debt markets, which helps mitigate the negative financial and economic implications of the COVID-19 pandemic.

The Government has provided an indemnity to cover losses the Reserve Bank may incur as a result of operating the LSAP programme.

Contributions to the New Zealand Superannuation (NZS) Fund

The Government has made regular contributions to the NZS Fund after restarting contributions in 2017/18. These contributions are projected to increase the size of the NZS Fund to \$60.4 billion by 2023/24 and will help the NZS Fund achieve its primary role of smoothing the cost of superannuation payments in the face of demographic pressures, easing the burden on future generations of taxpayers to meet the increased costs of New Zealand Superannuation.

The impact of COVID-19 on GDP means that the contributions prescribed by the legislative formula have decreased. However, due to the importance of investing now to help future generations with the cost of New Zealand Superannuation, the Government will at this stage maintain its actual contributions at the levels set out in the 2020 *Budget Policy Statement*. Table 8 shows the Government will contribute \$10.4 billion to the NZS Fund in total over the next five years.

There is significant uncertainty in the forecast economic data used to calculate the contributions and the Government will have the opportunity to review its contributions to the NZS Fund at the 2021 *Budget Policy Statement*.

Table 8 – Contributions to the NZS Fund

Year ending 30 June \$ billions	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast
NZS Fund contributions – <i>prescribed by formula</i>	1.5	0.4	1.6	2.2	2.4
NZS Fund contributions – <i>2020 Budget Update</i>	1.5	2.1	2.4	2.0	2.3

Source: The Treasury

Fiscal projections and assumptions

The fiscal projections in Table 9 show the Government is expected to meet its long-term objectives. These projections are based on a set of modelling assumptions that are outlined on the Treasury website at: <https://treasury.govt.nz/information-and-services/financial-management-and-advice/fiscal-strategy/fiscal-strategy-model>

The key assumptions in the projections are:

- Non-welfare spending growth is largely determined by operating allowances, which are assumed to be \$2.1 billion in Budget 2024, growing at 2.0 per cent per year for subsequent Budgets.
- Capital allowances are assumed to be \$3.0 billion in Budget 2024, growing at 2.0 per cent per year for subsequent Budgets.
- The long-term core Crown tax-to-GDP ratio is assumed to be 28.3 per cent.
- Several economic variables that were impacted by the COVID-19 pandemic, such as the unemployment rate, are projected to transition back to long run stable assumptions over the early years of the projection period. Once this transition has happened the economy is assumed to grow at trend growth rates with no economic cycles in the projections.

The main changes to fiscal projections since the 2019 *Fiscal Strategy* are:

- Changes in the economic and fiscal forecasts, largely due to the impacts of and response to COVID-19, which affect the starting point for the projections.
- Changes in the Government's fiscal strategy in response to the COVID-19 pandemic.
- Changes in the level and growth rate of operating and capital allowances, to ensure consistency with the updated long-term objectives.

Table 9 – Summary of fiscal projections

Year ending 30 June	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	...	2034
% of GDP	Forecasts					Projections							
Core Crown revenue	30.4	29.6	28.8	29.5	29.4	29.9	30.2	30.4	30.6	30.7	30.8	...	31.0
Core Crown expenses	38.7	38.6	36.5	33.7	30.2	30.0	29.9	29.9	29.9	30.0	30.0	...	30.0
Total Crown revenue	38.9	37.4	36.9	37.3	36.9	37.6	38.0	38.2	38.4	38.5	38.6	...	38.8
Total Crown expenses	48.5	47.4	45.1	41.8	38.1	38.2	38.1	38.1	38.2	38.3	38.4	...	38.5
Total Crown OBEGAL	-9.6	-10.1	-8.3	-4.7	-1.3	-0.7	-0.2	-0.1	0.1	0.1	0.1	...	0.2
Total Crown operating balance ¹	-12.6	-10.0	-7.4	-3.7	-0.3	0.4	0.8	1.0	1.2	1.3	1.3	...	1.5
Gross sovereign-issued debt	45.6	69.2	74.3	74.4	74.0	73.9	73.4	72.6	71.5	70.3	68.9	...	63.2
Net core Crown debt ²	30.2	44.0	49.8	53.6	53.6	53.2	52.3	51.3	50.1	48.8	47.5	...	42.0
Total Crown net worth	36.0	26.0	16.0	11.2	10.3	10.2	10.5	11.1	11.8	12.6	13.4	...	16.8
Net worth attributable to the Crown	34.0	24.1	14.3	9.7	8.9	8.8	9.2	9.7	10.5	11.3	12.2	...	15.6

Notes

1 Excludes minority interests

2 Excludes the NZS Fund and advances

Source: The Treasury

ANNEX – BUDGET INITIATIVES

Budget 2020 New Initiatives by Vote

Table 10 groups Budget 2020 new initiatives by Vote. This section is particularly useful if you want to find the total new expenditure for each Vote funded through Budget 2020, such as Health or Education. If you are looking for the total Vote expenditure, see the relevant Estimates of Appropriations for 2020/21. In addition to the initiatives outlined here, please refer to the media releases detailing expenditure from within the COVID-19 Response and Recovery Fund.

Table 10 – Total net expenditure by Vote

	Operating (\$m)					(\$m)	
	2019/20	2020/21	2021/22	2022/23	2023/24	Total operating over forecast period ⁹	Total capital over 10 years ¹⁰
New spending by vote							
Agriculture, Biosecurity, Fisheries and Food Safety	1.000	245.891	47.151	46.410	46.625	387.077	42.492
Arts, Culture and Heritage	15.000	57.278	9.054	9.076	9.097	99.505	28.377
Attorney-General	-	4.140	4.140	4.140	4.140	16.560	-
Building and Construction	-	0.123	0.095	0.032	-	0.250	-
Business, Science and Innovation	-	219.683	81.343	101.023	46.458	448.507	68.993
Communications Security and Intelligence	-	18.655	21.472	29.875	30.182	100.184	-
Conservation	-	3.382	6.670	6.538	8.839	25.429	9.526
Corrections	2.000	90.300	52.400	54.500	56.200	255.400	2.100
Courts	6.344	20.582	14.139	27.747	24.572	93.384	-
Defence	-	1.041	1.760	2.181	2.623	7.605	-
Defence Force	1.000	152.997	199.236	234.756	276.757	864.746	897.604
Education	7.000	167.042	198.773	211.489	229.292	813.596	115.062
Environment	-	4.900	4.900	4.400	4.400	18.600	1.900
Finance	-	2.780	2.821	2.699	1.965	10.265	51.685
Foreign Affairs and Trade	-	57.189	2.000	3.800	7.200	70.189	47.825
Forestry	-	14.237	14.410	14.965	12.984	56.596	-
Health	138.000	1397.747	1370.743	1371.002	1371.274	5648.766	755.050
Housing and Urban Development	2.500	35.950	38.800	48.950	59.200	185.400	-

⁹ The forecast period for operating funding covers 2019/20 to 2023/24.

¹⁰ The 10-year period for capital funding covers 2019/20 to 2028/29.

WELLBEING BUDGET 2020: REBUILDING TOGETHER

	Operating (\$m)					(\$m)	
	2019/20	2020/21	2021/22	2022/23	2023/24	<i>Total operating over forecast period⁹</i>	<i>Total capital over 10 years¹⁰</i>
Internal Affairs	4.845	22.295	23.762	23.715	26.903	101.520	155.174
Justice	44.947	68.032	15.905	19.125	32.365	180.374	165.854
Labour Market	6.075	19.448	25.546	25.201	24.072	100.342	0.500
Lands	-	3.687	8.162	8.212	5.154	25.215	3.750
Māori Development	-	7.250	4.104	2.032	2.032	15.418	0.186
Oranga Tamariki	-	65.765	60.510	52.516	57.123	235.914	26.665
Parliamentary Service	32.339	8.107	5.089	5.789	9.559	60.883	12.736
Police	-	4.779	15.365	15.504	14.545	50.193	-
Prime Minister and Cabinet	10.100	1.000	2.000	2.000	2.000	17.100	-
Regional Economic Development	-	143.242	143.242	143.242	143.242	572.968	-
Revenue	-	7.000	16.000	24.000	33.000	80.000	-
Security Intelligence	-	13.158	10.340	11.479	11.493	46.470	-
Serious Fraud	-	2.320	2.376	2.435	2.522	9.653	0.126
Social Development	0.524	58.122	103.361	116.127	131.163	409.297	66.702
State Services	-	-	-	2.000	2.000	4.000	-
Statistics	-	2.260	5.790	89.200	6.250	103.500	13.420
Tertiary Education	-	20.420	40.563	40.563	40.280	141.826	-
Transport	3.000	40.190	10.872	159.257	9.539	222.858	1,091.317
Treaty Negotiations	15.000	11.477	8.770	3.772	3.774	42.793	-
Women	-	0.500	0.750	1.000	1.000	3.250	-
Unallocated contingencies	63.152	294.830	433.211	452.471	438.361	1,682.025	76.790
TOTAL	352.826	3,287.799	3,005.625	3,373.223	3,188.185	13,207.658	3,633.834

Detailed breakdown of initiatives by Vote

This section provides the titles, descriptions and funding amounts of each initiative, organised by Vote. In each case it also includes a reference to the volume of the 2020/21 Estimates of Appropriations in which additional information on each Vote can be found.

How to read the tables in the Annex

This section outlines the key components included for each initiative.

The Estimates of Appropriations provide information to Parliament on the expenses and capital expenditure the Government plans to incur for the upcoming financial year. The Estimates are organised into 10 volumes which can be referred to for supporting information on the Vote.

Related appropriations are grouped within 'Votes' (eg, Vote Health includes all health-related appropriations administered by the Ministry of Health).

Capital funding over 10 years (\$m)

Initiative Title		Annual operating funding (\$m)					Capital funding over 10 years (\$m)
Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol. 1	Vote Name 1	-	10.000	10.000	10.000	10.000	5.000
Vol. 2	Vote Name 2	-	10.000	10.000	10.000	10.000	5.000
Vol. 2	Vote Name 2	-	(5.000)	(5.000)	(5.000)	(5.000)	-

Brackets indicate negative numbers, which reflects a reduction in expenditure or an increase in revenue.

Agriculture, Biosecurity, Fisheries and Food Safety

Additional Funding for the Agriculture Production Statistics Programme

This initiative will purchase a further year's collection of agricultural statistics from Statistics New Zealand, which the Ministry for Primary Industries (MPI) uses to inform decisions on trade negotiations, policy development and economic forecasting. The statistics also help MPI meet its international reporting requirements on greenhouse gas emissions and inform planning decisions regarding New Zealand land.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.9	Agriculture, Biosecurity, Fisheries and Food Safety	-	1.240	-	-	-	0.306

Enabling Access to the Outdoors for Active Transport and Recreation

This initiative enables the New Zealand Walking Access Commission to continue to create new public access to the outdoors for New Zealanders and visitors and to maintain existing access. It will do this through continuing regional projects that identify access needs in partnership with local authorities, iwi and community groups; providing small grant funding to community groups to create, maintain and improve public access; managing the internationally significant Te Araroa trail from Cape Reinga to Bluff; and providing digital services for the public to find access.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.9	Agriculture, Biosecurity, Fisheries and Food Safety	-	1.772	1.807	-	-	-

Enabling the Continuation of the Mycoplasma Bovis Eradication Programme

This initiative will continue the Government's biosecurity response effort to eradicate Mycoplasma bovis. It will fund operational activities, including surveillance, tracking, movement controls and culling infected animals. The funding will also contribute to the legal liability for compensation costs, primarily associated with the loss of stock and milk production.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.9	Agriculture, Biosecurity, Fisheries and Food Safety	-	193.500	-	-	-	-

Fisheries Observer Programme Collective Agreement

This initiative will enable the Ministry for Primary Industries (MPI) to address remuneration and employment relations matters for Fisheries Observers by meeting a new Collective Agreement that increases personnel costs and aims to increase staff retention and service quality.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.9	Agriculture, Biosecurity, Fisheries and Food Safety	-	2.000	2.200	2.400	2.600	-

Funding for Maintaining Compliance in the National Animal Identification and Tracing Scheme

This initiative will enable the Ministry for Primary Industries (MPI) to continue its enforcement of the National Animal Identification and Tracing (NAIT) Act 2012, by maintaining existing analytical capability to support the current workforce of compliance officers; and maintain legal, management, analytical and coordination capabilities. The initiative aims to achieve greater levels of legislative compliance to ensure the national animal tracing system is reliable and to assist with the efforts to eradicate Mycoplasma bovis.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.9	Agriculture, Biosecurity, Fisheries and Food Safety	-	5.629	-	-	-	-

Global Research Alliance: Continuing New Zealand's International Leadership to Reduce Agricultural Emissions

This initiative continues New Zealand's support for the Global Research Alliance (GRA) on Agricultural Greenhouse Gases in order to display our global leadership on reducing agricultural emissions. The initiative will fund New Zealand's continued leadership, participation and investment in the GRA, including working with other countries to build capability of researchers, policy makers and farmers; hosting of the GRA Secretariat and Special Representative; leadership of GRA's livestock research group and coordination of relevant GRA networks; and support to enable New Zealand scientists to be involved in multinational projects.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.9	Agriculture, Biosecurity, Fisheries and Food Safety	-	8.500	8.500	8.500	8.500	-

Increase Biosecurity Response Functions to Preserve Primary Industries and Protect our Environment

This initiative will deliver additional specialised resources to improve the delivery of post-border response programmes that serve to protect New Zealand's health, economic, environmental, cultural and social values. The specialist expertise will strengthen the response capability across the organisation, supported through further enhancement of response training. This will also improve the delivery of contracted response services, enable the implementation of timely process and continuous improvement and ensure sufficient scientific expertise is available to support responses and minimise the impact of these responses to the country.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.9	Agriculture, Biosecurity, Fisheries and Food Safety	-	3.276	4.095	5.080	5.080	-

Increasing Capability for Post-Entry Quarantine and Laboratory Services to Enable New Horticulture Markets

This initiative will fund new interim Level 3B Post Entry Quarantine (PEQ) greenhouse units providing secure containment for new imported plant varieties and breeding material that require testing for high-impact pests. This will enable the introduction of imported plant material for the horticulture sector to develop new and innovative high-value crops and cultivars.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.9	Agriculture, Biosecurity, Fisheries and Food Safety	-	0.640	-	-	-	6.249

Maintaining Capacity and Resources to Meet Statutory Obligations Across Food Safety Legislation

This initiative will alleviate increased pressure on the food safety system and address current issues owing to legislative, demographic and market drivers. It will enable the Ministry for Primary Industries (MPI) to deliver critical support to small, medium and rural-based food businesses; promote business participation and growth; address misalignment across critical food legislation; and investigate robust data requirements to inform regulations and set food and health standards.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.9	Agriculture, Biosecurity, Fisheries and Food Safety	-	2.500	-	-	-	-

Strengthening Core Fisheries Services to Meet Increased Demand

This initiative increases engagement of fisheries regulatory services with Tangata Whenua in response to Treaty settlements and local demand for customary regulations. This will enable better coordination with regional councils to address community concerns regarding local declines in coastal fisheries and marine health. The initiative will also create a faster permitting process for fisheries and aquaculture approvals to enable sector innovation, reduce delays, clear a growing backlog and meet statutory timeframes.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.9	Agriculture, Biosecurity, Fisheries and Food Safety	-	1.152	1.170	1.051	1.066	-

Arts, Culture and Heritage

Heritage EQUIP – Continuation of Funding

This initiative provides funding to continue the Heritage EQUIP programme, which supports seismic strengthening of privately owned heritage buildings, particularly in regional New Zealand. The funding will enable more grants in response to increased demand arising from compliance with earthquake-prone buildings' regulatory requirements.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Arts, Culture and Heritage	-	3.120	-	-	-	-

Heritage New Zealand Pouhere Taonga Cost Pressure

This initiative will adapt and open Kate Sheppard House as a heritage and public education space and help ease financial pressures arising from significantly increased costs for insurance, information technology systems, property management, accommodation and staffing.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Arts, Culture and Heritage	-	1.500	1.500	1.500	1.500	-

Meet Demand for the New Zealand Screen Production Grant

This initiative will meet increased demand from eligible New Zealand productions, in line with the demand-driven New Zealand Screen Production Grant – New Zealand. Together with the New Zealand Screen Production Grant – International (for which MBIE is responsible), these grants promote industry development and cultural benefits for New Zealand.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Arts, Culture and Heritage	15.000	45.000	-	-	-	-

Saving the Crown's Audio-Visual Collections

This initiative ensures audio-visual heritage content owned by the Crown and stored in at-risk formats is preserved for future generations. Without digital preservation, over 95 per cent of at-risk content, including the Television New Zealand Archive, will be lost in less than a decade. Protected by the Public Records Act 2005 and National Library of New Zealand Act 2003, this taonga includes a diverse range of broadcast news and current affairs, documentaries, TV series, along with films, music, oral histories and live recordings of community events.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Arts, Culture and Heritage	-	1.283	1.304	1.326	1.347	26.577
Vol.5	Internal Affairs	-	0.738	1.024	1.335	1.647	6.318

Seismic Upgrade and Refurbishment of Turnbull House

This initiative will fund a business case for the seismic upgrade and refurbishment of the Category 1 listed Turnbull House as a visitor attraction and function centre or office accommodation. Legislation requires that Wellington City Council serves a notice for its demolition in February 2023 if seismic strengthening does not go ahead.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Arts, Culture and Heritage	-	0.125	-	-	-	-

Supporting New Zealand Symphony Orchestra Delivery

This initiative supports the delivery of the New Zealand Symphony Orchestra through strengthening its balance sheet.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Arts, Culture and Heritage	-	-	-	-	-	1.800

Sustaining Crucial Public Media Platforms

This initiative provides funding to alleviate financial pressures on crucial public media platforms that deliver vital content to under-served audiences. The platforms include the Pacific Media Network (PMN), disability media (captioning and audio description) and community access radio stations.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Arts, Culture and Heritage	-	6.250	6.250	6.250	6.250	-

Attorney-General

Crown Prosecution Services – Sustainable Funding

This initiative will allow Crown Law to meet increases in demand for Crown prosecution services and maintain the quality and consistency of Crown prosecutions undertaken by the Crown Solicitor network. This will contribute to improved criminal justice outcomes, by ensuring those that cause harm are held to account and by increasing trust in the criminal justice system.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Attorney-General	-	4.140	4.140	4.140	4.140	-

Business, Science and Innovation

Building and Maintaining Consumer Confidence in the New Financial Adviser Regime and Financial Markets

This initiative will provide additional baseline funding for the Financial Markets Authority (FMA). The implementation of the supervision of a new financial advice regime requires funding to ensure that it is effective and meets policy objectives. The FMA faces cost pressures related to the follow-up work to the conduct and culture review of banks and life insurers. There is also an increased expectation of the FMA to identify and address issues across the financial market sector, following the Australian Royal Commission and the conduct and culture review undertaken by the FMA and the Reserve Bank of New Zealand.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Business, Science and Innovation	-	1.304	1.304	1.304	1.304	3.800

Expanding the Impact of Vision Mātauranga

This initiative expands the impact of Vision Mātauranga through investment that attracts and grows Māori talent in the Research, Science and Innovation System (the system); enables Māori to better navigate and participate in the system; and funds Māori-led research, science and innovation. This initiative is fully offset by reprioritisation within baselines.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Business, Science and Innovation	-	-	-	-	-	-

Finance Management Information System Renewal

This initiative provides funding for an upgrade to the Ministry of Business, Innovation and Employment's (MBIE's) Financial Management Information System (FMIS). This will ensure that MBIE can implement e-Invoicing and other cloud-based services, which will enable faster invoice payment times and provide multi-device flexibility to back-office functions that align with common all-of-government processes.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
N/A	Not yet appropriated	-	0.368	0.288	0.096	-	-
Vol.1	Building and Construction	-	0.123	0.095	0.032	-	-
Vol.2	Labour Market	-	1.742	1.357	0.449	-	-

Introducing a Monitoring and Enforcement Regime for Engine Fuels

This initiative provides funding to enable the implementation of a monitoring and enforcement regime for the engine fuels market. This will promote competition in fuel markets for the long-term benefit of end users of engine fuel products.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Business, Science and Innovation	-	0.500	-	-	-	-

Maintaining Credible Deterrence of Misconduct In Financial Markets Through an Increase to the Financial Markets Authority's Litigation Fund

This initiative will provide additional funding for the Financial Markets Authority's (FMA's) Litigation Fund. As there is a new regulatory regime for financial advisors coming into force in June 2020, there will be an increased demand on the Litigation Fund owing to a larger licensed advisor sector. Furthermore, the costs of undertaking litigation and legal fees have risen, while technology has made proceedings more complex and increased data management costs. Adequate resources are required to provide credible deterrence and for the FMA to fulfil legislative responsibilities and increased expectations.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Business, Science and Innovation	-	3.000	3.000	3.000	3.000	-

Maintaining the Emergency Caller Location Information (ECLI) Service

This initiative provides funding for the Emergency Caller Location Information (ECLI) service, which enables emergency call-takers to receive automatically generated geographical information about the location of a 111 caller from any mobile phone. ECLI is an integral part of New Zealand's emergency services system, leading to faster emergency call handling and response times through better incident information.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Business, Science and Innovation	-	12.390	-	-	-	2.800

Nationally Significant Collections and Databases

This initiative responds to increased pressures on Nationally Significant Collections and Databases (NSCDs) owing to greater demand for services and price increases owing to inflation, changing technology and increased pressure on infrastructure as collections and datasets grow. The additional funding will ensure sustained access to NSCDs to support excellent and impactful research. It will also support existing NSCDs to continue to provide the current level of service, while MBIE completes policy work to determine whether the existing cohort funded through NSCDs is the most appropriate for the current research environment.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Business, Science and Innovation	-	3.000	3.000	3.000	3.000	-

Ongoing Operation of the New Zealand Screen Production Grant – International

This initiative provides funding for the ongoing operation of the New Zealand Screen Production Grant – International. This grant is a rebate on expenditure undertaken in New Zealand, subject to specific criteria. The fiscal cost of the grant fluctuates in response to the level of international screen production activity. Growing global demand for screen content, coupled with the favourable reputation as a screen production destination, is leading to rising levels of production activity in New Zealand. The current level of funding has proven to be insufficient to meet this growth in activity. This initiative will provide additional funding to cover the anticipated call on the grant in the final year of the Multi-Year Appropriation.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Business, Science and Innovation	6.000	140.000	-	-	-	-

Property Functional Leadership

This initiative will provide additional resourcing for the Government Property Group. The scale of projects and opportunities across the government property portfolio, both in the major cities and regions, is driving the need for effective portfolio management and governance, supported by quality information, greater assurance that projects are being managed appropriately and the development of greater capability across the government property system.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Business, Science and Innovation	-	3.447	3.447	3.447	3.447	-

Provincial Growth Fund: Investment in Skills and Infrastructure

This initiative funds priority investments to support regional economic development, taking a 'hub and spoke' investment approach. The 'hub' investment will address the remedial infrastructure and skills needs of the regions. Other investments can be seen as 'spokes' that are enabled by these fundamental investments in infrastructure and skills. Priority areas for investment are employment, skills and capability; digital connectivity; water storage; and land transport.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol. 1	Business, Science and Innovation	-	143.242	143.242	143.242	143.242	-

Strengthening the Impact of the Commerce Commission

This initiative provides additional baseline funding for the Commerce Commission (the Commission). The rapid expansion in the Commission's regulatory responsibilities has coincided with increased demand and changing Government expectations, culminating in cost pressures that cannot be met within existing baselines. Through a mix of Crown funding and industry levies, this initiative will strengthen the Commission's ability to: support the wellbeing of all New Zealanders during and in the recovery following the COVID-19 pandemic; rebuild the economy over the longer term; deliver additional market studies; better understand and influence consumer outcomes; remain active as an enforcer; increase confidence in markets; and ensure that the Commission remains sustainable and resilient.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Business, Science and Innovation	-	7.034	9.774	11.126	13.907	-

Support for Decarbonisation in the State Sector Through Funding assistance to Deliver Low Emissions Energy Investments

This initiative delivers funding and implementation assistance to enable agencies in the State sector, including hospitals and schools, to deliver low emissions investments without the need to divert existing funding from core service delivery.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Business, Science and Innovation	-	3.840	4.330	5.150	6.800	-
Vol. 2	Education	1.325	1.752	2.944	3.861	-	-

Sustaining Core Scientific Research Capability for Specific Strategic Science Investment Fund Platforms

This initiative increases Strategic Science Investment Fund Platforms programme funding for Crown research institutes (CRIs) with the most pressing cost pressures, ensuring New Zealand retains the scientific expertise and capability needed to address key economic, social and environmental challenges facing the country. The long-term funding for CRIs has remained constant for 13 years. The declining value of funding in real terms has created significant financial pressure on institutes and, in some cases, threatened the sustainability of essential scientific services and expertise. This initiative is partially offset by reprioritisation within baselines.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Business, Science and Innovation	-	15.000	15.000	15.000	15.000	-

The Institute of Environmental Science and Research Kenepuru Property Redevelopment

This initiative provides funding to the Institute of Environmental Science And Research to support the redevelopment of its facilities at its Kenepuru Science Centre (KSC) in Wellington. These facilities are a mix of laboratories, research support spaces and office accommodation. Health, forensics, environmental, data science and commercial functions are conducted at the KSC.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
N/A	Not yet appropriated	-	-	-	-	-	25.000

Transitional Funding for the Continued Provision of Mail Services from New Zealand Post

This initiative supports New Zealand Post to maintain the social benefits associated with mail services, such as connectivity and civic engagement and to address a revenue gap so that New Zealand Post's postal delivery service obligations may be maintained. Funding is over a transitional period of three years to allow users and senders more time to manage a transition away from mail reliance.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Business, Science and Innovation	-	29.800	41.200	58.900	-	-

Communications Security and Intelligence

Government Communications Security Bureau – Cost Pressures

This initiative funds the cost pressures of the Government Communications Security Bureau.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Communications Security and Intelligence	-	11.313	11.162	12.554	12.725	-

Government Communications Security Bureau – New Initiatives

This initiative funds new capabilities within the Government Communications Security Bureau.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Communications Security and Intelligence	-	7.342	10.310	17.321	17.457	-

Conservation

Implementing Ngāi Tai Supreme Court Decisions

This initiative provides funding to implement the decisions of the Supreme Court in the Ngāi Tai Kī Tāmaki Tribal Trust v Minister of Conservation case. These decisions create additional costs on the policy, operations and regulatory arms of the Department of Conservation.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.3	Conservation	-	1.367	1.556	1.355	3.624	-

Implementing Remuneration Cost Pressures

This initiative provides funding to cover pressures that have arisen from the result of pay bargaining negotiations and annual performance reviews.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.3	Conservation	-	3.800	3.800	3.800	3.800	-

Southern South Island Flood Recovery

This initiative will provide funding to rebuild Southern South Island infrastructure that was damaged following an extreme weather event in February 2020.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
N/A	Not yet appropriated	-	1.163	0.919	1.048	1.080	9.526

Corrections

High Impact Innovation Programme – Continued Innovation Across the Justice Sector

This initiative continues to fund the High Impact Innovation Programme (the Programme) for a further 12 months. The Programme provides solutions with alternative pathways through the justice sector that enhance wellbeing by improving public safety and enhancing civic engagement and confidence in a safe and effective justice system. It improves social connections and strengthens cultural identity through addressing the over-representation of Māori and Pacific peoples in the justice system.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Corrections	-	5.300	-	-	-	-

Hōkai Rangi – Pre-Trial Service – Providing Early Support to Reduce the Number of People Entering (or Remaining in) Custody

This initiative will provide people remanded in custody (or at risk of being remanded) greater opportunities to achieve positive change earlier in their justice system journey, reducing additional harm and return to custody. This initiative aims to provide a reduction in the use of remand in custody, improving public safety and justice and social results for those moving through the system.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Corrections	-	7.700	11.300	13.400	15.100	2.100

Infrastructure Resilience

This initiative will ensure the Department of Corrections has a sustainable infrastructure base to maintain safety and effectiveness and to ensure the reliability and business continuity of core services. It supports core non-discretionary cost pressures in facility maintenance, utilities and digital infrastructure, as well as addressing depreciation impacts of asset revaluations.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Corrections	2.000	46.800	8.800	8.800	8.800	-

Maintaining a Safe Prison Network

This initiative aims to maintain the core safety and effectiveness settings of the prison network to deliver a base level of reliability and business continuity. This includes ongoing operational and personnel cost pressures and training for frontline staff.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Corrections	-	27.000	27.800	27.800	27.800	-

Maintaining Safe Community Services

This initiative provides safe and effective alternatives to imprisonment through community-based sentences and orders by funding cost pressures, including increased use of electronic monitoring and responding to rent increases for Community Corrections sites.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Corrections	-	3.500	4.500	4.500	4.500	-

Courts

Addressing the Depreciation Impacts of Property Revaluations

This initiative provides funding for increases in depreciation caused by 2018/19 market revaluations of certain property assets. The funding will be utilised to maintain the condition of these assets.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Courts	8.000	8.080	8.080	8.080	8.080	-

Innovative Courthouse in Tauranga – Preliminary Work

This initiative will fund preliminary work to establish an innovative courthouse in Tauranga. The discovery phase will provide an opportunity for iwi and community groups to design a courthouse that will transform the way justice services are delivered. This initiative represents initial operating costs associated with the capital expenditure announced as part of the New Zealand Upgrade Programme.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Courts	2.344	1.744	-	-	-	-

Innovative Tauranga Courthouse

This initiative will fund operating costs to build and implement the innovative courthouse in Tauranga, as well as providing ongoing depreciation and capital charge operating costs for the courthouse. The operating costs for the preliminary work and the capital investment for this initiative were previously announced by the Minister of Justice.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
N/A	Not yet appropriated	-	-	-	13.602	13.602	-

Ongoing Funding for the Operation of the Canterbury Earthquakes Insurance Tribunal

This initiative continues funding for a tribunal to resolve the remaining Canterbury earthquakes insurance claims more quickly, fairly and efficiently. In August 2018, Cabinet agreed to establish the Canterbury Earthquakes Insurance Tribunal (the Tribunal) to resolve insurance disputes, providing an alternative pathway for claimants, the Earthquake Commission and insurers. Funding for the Tribunal was provided through Budget 2018 and Budget 2019. This initiative is for the operation of the Tribunal for the remainder of its existence.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Courts	-	-	3.268	3.226	-	-

Defence

Ministry of Defence Policy Demand

This initiative will allow the Ministry to meet additional policy demand in a changing strategic climate and support increased international defence engagement.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.4	Defence	-	0.130	0.369	0.369	0.369	-

Ministry of Defence Portfolio Management

This initiative, through the enhancement of systems and processes, will improve the portfolio efficiency and risk management of major capability projects.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.4	Defence	-	0.575	0.715	0.715	0.715	-

Ministry of Defence Price Related Cost Pressures

This initiative will address cost pressures driven by market inflation to ensure timely and successful delivery of the Ministry's outputs.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.4	Defence	-	0.336	0.676	1.097	1.539	-

Defence Force

Defence Capability Plan 2019 – Contingent Funding to Support the Introduction of New Capabilities

This initiative will provide the capital and operating funding required to support the Defence Capability Plan projects, scheduled for approval to April 2021. The release of the funding is contingent on approval, including by Cabinet, of individual business cases. A key component of this investment is the replacement of the NZDF's C-130H Hercules fleet.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
N/A	Not yet appropriated	1.000	9.731	31.056	55.518	90.928	898.00

Delivering on the Strategic Defence Policy Statement 2018

This initiative will provide funding to support the delivery of the Strategic Defence Policy Statement 2018, by providing for military outputs at the levels required to meet Government policy and capability priorities, as well as prioritising investment in foundational enablers such as information and communications technology and the Defence estate.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.4	Defence Force	-	141.466	165.380	176.438	183.029	-

Security Capability Programme

This initiative will provide funding for improvements to the New Zealand Defence Force's security capability, in line with the Protective Security Requirements expected of a government agency and the obligations to our international partners.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.4	Defence Force	-	1.800	2.800	2.800	2.800	-

Education

Adjusting Learning Support Funding

This initiative will provide funding to maintain support to the 20-25 per cent of children in early childhood education and schooling who require additional support to fulfil their learning potential. Currently only some targeted learning supports are adjusted for population growth. As student numbers grow and their needs change, this means that the real value of funding decreases. This initiative maintains the value of learning support funding by adjusting it for changes in total student numbers.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Education	-	4.543	5.516	7.997	20.803	-

Associated Operating Costs of the Education Components of the Capital Investment Package

This funding covers the overhead costs of the School Investment Package.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Education	1.000	2.000	-	-	-	-

Christchurch Schools' Rebuild Programme

This initiative will provide one year's funding for the Christchurch Schools' Rebuild (CSR) programme. In 2013 Cabinet approved \$1.137 billion to rebuild the network of Christchurch schools following the 2011 and 2012 earthquakes, funded from a mix of Ministry of Education baselines and capital injection funding. In 2018, a mid-point review identified that additional funding would be required above the \$1.137 billion to complete the programme. Funding to complete the CSR programme will be sought through future budgets.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Education	-	3.690	7.370	7.370	7.370	91.420

Continuing the Early Childhood Education Provider Assessment Group

This initiative will provide funding to continue the Early Childhood Education (ECE) Provider Assessment Group (PAG). PAG provides stewardship of the ECE sector and ensures that public funds are used appropriately. PAG uses data and evidence to identify ECE services at risk of providing poor outcomes and proactively investigates ECE providers with indicators of financial difficulty or mismanagement, including detecting and addressing fraud.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Education	-	1.924	1.949	1.974	2.000	-

Cost Adjustment for Early Childhood Education Subsidies

This initiative will provide funding for a cost adjustment of 1.6 per cent for the Early Childhood Education (ECE) Subsidy for under twos, ECE Subsidy for twos and overs, 20 Hours ECE, Equity Funding (all components) and Targeted Funding for Disadvantage, with effect from 1 January 2021. These subsidies enable early childhood education service providers to deliver quality ECE for the children in their care. The cost adjustment would enable providers to maintain existing levels of quality ECE in the face of rising costs.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Education	-	16.044	34.088	35.549	36.970	-

Cost Adjustment for Schools' Operational Grant

This initiative will provide funding for a cost adjustment of 1.6 per cent for schools' operational grant funding, including base funding for Te Aho o Te Kura Pounamu (Te Kura), with effect from 1 January 2021. This is core resourcing to support teaching and learning and the maintenance of the Crown's investment in school property. This initiative seeks to ensure schools can maintain current service levels in the face of rising cost pressures. It also includes some additional resourcing for heat, light and water on top of the 1.6 per cent increase. All students at all State and State-integrated schools will benefit from this increase.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Education	-	17.732	29.064	29.114	29.295	-

Cost Adjustment for Secondary-Tertiary Programmes (Trades Academies)

This initiative will provide funding for a cost adjustment of 1.6 per cent to baseline funding for secondary-tertiary programmes (Trades Academy) funding. A cost adjustment will help schools and tertiary education organisations (TEOs) maintain the quality of tuition and training, as well as meet other core costs associated with running programmes. This will be done by increasing the General Teaching and Learning and the Trade Top-up components of the Trades Academy funding model and will also be used to meet transport costs.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Education	-	0.895	1.790	1.790	1.790	-

English for Speakers of Other Languages

This initiative will provide an increased amount of funding of 12.19 per cent for each English for Speakers of Other Languages (ESOL) student and address the cost pressures that schools are encountering. Over the last six years, additional funding for ESOL has addressed volume increases with no rate increases since 2010. With increases in salaries and rates in the past five years ESOL funding is not meeting schools' rising costs for quality provision.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Education	-	4.962	5.244	5.510	5.510	-

Home-Based Early Childhood Education: Support for Educators to Become Qualified

This initiative will provide funding to enable the existing educator workforce to transition to a minimum Level 4 Early Childhood Education (ECE) qualification. This includes funding for visiting teachers to support the educator workforce as they complete the Level 4 ECE qualification. Home-based ECE services on the quality funding rate will receive a 3.8 per cent rate increase. Funding will also enable changes to Ministry of Education IT systems, so that the Ministry can collect information on visiting teachers, educators and homes.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Education	-	4.786	7.131	11.341	12.892	0.665

Improving Teacher Pay in Education and Care Services

This initiative will provide funding to improve pay for qualified and certificated teachers in education and care services. Improving pay rates will increase teacher wellbeing, improve retention, make studying to become a qualified Early Childhood Education (ECE) teacher more attractive and promote more consistent quality education and care.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Education	-	35.038	36.878	38.706	40.502	-

Managing Growth at Public Private Partnership Schools

This initiative will provide funding for growth at four Public Private Partnership (PPP) schools, as forecast in the National Education Growth Plan. The schools are Wakatipu High School, Rolleston College, Hobsonville Point Primary and Te Ao Mārama. This funding will expand the schools' capacity by a total of 1,810 student spaces. This initiative will provide 10 years capital and ongoing operating funding to support these expansions. Funding covers the cost of designing, building, financing and maintaining the expansions.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Education	-	6.280	8.452	8.392	8.369	23.336

Ministry of Education Payroll: Holidays Act Assessment Work

This initiative will provide funding to identify, assess and find solutions for areas of non-compliance with the Holidays Act 2003 for the Ministry of Education's departmental payroll. Current Ministry of Education payroll practices are not compliant with the Holidays Act 2003.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Education	0.200	1.200	0.600	-	-	-

Pay Equity

This initiative will provide funding for pay equity claims lodged by the New Zealand Educational Institute (NZEI) and Post Primary Teachers' Association (PPTA) on behalf of staff and teachers employed by boards of trustees, which seek to remove gender-based undervaluation in the schooling system. The Ministry of Education is legally required to consider these claims and negotiate and recommend settlements on behalf of the Crown. Funding is sought for the next four years to continue to assess and negotiate settlement of four claims in progress (Teachers' Aides, Administration and Support Staff, Kaiarahi and the PPTA non-contact time claim for part time secondary teachers, progressed through the Employment Court), a fifth claim lodged but not yet progressed (Te Kura) and three additional claims expected in the next few years.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Education	-	3.403	-	-	-	-

School High Health Needs Fund

This initiative will provide additional funding for the School High Health Needs Fund (SHHNF). SHHNF provides teachers' aide support for students with high health needs who need care and supervision for more than six weeks so they can attend school safely. Since 2014 the number of students supported through the SHHNF has grown by an average of 16.3 per cent each year. This initiative ensures that funding will be sufficient to meet demand.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Education	1.600	3.138	5.021	4.948	4.948	-

School Investment Package

This initiative will provide funding to cover the capital charge and depreciation costs required to implement the School Investment Package (SIP). The SIP was announced by Government on 1 December 2019 and allocated approximately \$400 million capital funding to improve the condition of school property for around 2,050 schools across New Zealand.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Education	0.850	9.780	25.930	34.000	34.000	-

Schools Payroll Strategy and Compliance

This initiative will provide funding for the development of a programme of work to ensure that the Schools Payroll Service continues to be compliant with legislation and employment agreements. It also covers the next phase of school payroll strategy development, including developing and assessing potential future options for school payroll delivery.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Education	-	2.000	-	-	-	-

Supporting Kōhanga Reo Cost Pressures

This initiative will provide funding for staffing cost pressures for kōhanga reo, in the context of helping to respond to, and resolve, the Wai 2336 kōhanga reo claim findings. In 2019/20 only one year of additional funding (\$21.5 million) was provided. The additional funding is now disbursed to kōhanga reo via increased funded child hour rates for the Early Childhood Education (ECE) subsidy and 20 Hours ECE subsidy.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Education	-	22.555	23.118	23.626	24.071	-

Supporting Playcentre Sustainability

This initiative will provide funding for playcentres to support their financial sustainability.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Education	-	0.762	0.768	0.771	0.772	-

Supporting the Education Infrastructure Service

This initiative will provide one year's funding to boost Education Infrastructure Service's (EIS's) departmental operating budget (excluding capital charge, depreciation and Public-Private Partnership schools). This is owing to an increase in the cost of managing a growing school property portfolio and the reduction of available revenue. Funding will enable EIS to maintain progress for its various work programmes and accelerate the Ministry's pipeline of capital spend and service delivery to schools, without compromising crucial services such as rationalisation and personnel (including frontline staff, who provide valuable support and advice to schools).

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Education	-	15.000	-	-	-	-

Supporting the Teaching Council of Aotearoa New Zealand to Transition to an Annual Practising Certificate Fee

This initiative will provide funding to make up the difference in the Teaching Council of Aotearoa New Zealand's income over two years to enable it to transition to an annual practising certificate fee. The transition to an annual practising certificate fee is expected to mitigate the financial burden on teachers of the Council's increased practising certificate fee; teachers will now pay an annual amount of approximately \$157.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Education	-	11.000	5.500	-	-	-

Environment

Continuing the Environmental Management of the Exclusive Economic Zone & Continental Shelf (EEZ)

This initiative will enable the Environmental Protection Authority to continue to carry out its core environmental management functions that are not cost-recoverable under the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012 (EEZ Act).

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.3	Environment	-	3.900	3.900	3.400	3.400	-

Enabling the Environmental Protection Authority to Upgrade New Zealand Emissions Trading Register

This initiative will enable the Environmental Protection Authority to implement necessary changes to the New Zealand Emissions Trading Register required by legislation.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.3	Environment	-	-	-	-	-	1.900

Expanding the Environmental Protection Authority's Chemical Reassessment Programme

This initiative will expand the Environmental Protection Authority's (EPA) chemical reassessment programme. The funding will enable the EPA to respond to emerging issues and/or carry out additional reassessments. These reassessments will enable the EPA to meet its responsibilities under the Hazardous Substances and Organisms Act 1996 (HSNO Act) to protect the environment and the health and safety of New Zealanders by preventing or managing the adverse effects of hazardous substances.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.3	Environment	-	1.000	1.000	1.000	1.000	-

Finance

Delivering New Zealand's Contribution to the World Bank Capital Increase Package

This initiative supports subscription to the shares in the International Bank of Reconstruction and Development allocated to New Zealand by the recent World Bank capital increase package. The World Bank capital increase package is one of a broader suite of initiatives to strengthen the balance sheet of the world's largest development bank in support of the United Nations' Sustainable Development Goals by 2030.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Finance	-	-	-	-	-	41.600

The Treasury's Response to COVID-19

This initiative ensures that the Treasury is adequately resourced to provide key economic advice in response to COVID-19.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Finance	-	2.780	2.821	2.699	1.965	-

Foreign Affairs and Trade

Official Development Assistance

This initiative provides further Official Development Assistance (ODA) to Fiji, Vanuatu, Solomon Islands and Timor-Leste. This assistance will be used to support human rights and effective governance, gender equality and women's empowerment and child and youth wellbeing in these countries. This adds to existing Vote Foreign Affairs (previously Vote Official Development Assistance) funding for ODA of \$812.181 million in 2020/21 and \$908.735 million, \$951.268 million and \$955.014 million in 2021/22, 2022/23 and 2023/24 respectively, of which 60% goes to the Pacific.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.4	Foreign Affairs and Trade	-	55.589	-	-	-	-

Pacific Property

This initiative provides funding to enable the Ministry of Foreign Affairs and Trade to provide and maintain a safe, secure and fit-for-purpose property portfolio in the Pacific. This is essential to delivering the Ministry's diplomatic objectives in the region.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.4	Foreign Affairs and Trade	-	1.600	2.000	3.800	7.200	-

Forestry

Continuing the Ministry for Primary Industries' Current Scope of Operations

This initiative provides funding for the Ministry for Primary Industries (MPI) to continue its current scope and level of operations. This includes addressing price and inflationary pressures, such as salary and wage increases arising from recent renegotiation of MPI's collective employment agreements.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.9	Forestry	-	2.770	3.487	3.487	3.487	-
Vol.9	Agriculture, Biosecurity, Fisheries and Food Safety	-	24.682	29.379	29.379	29.379	-

Rebuilding Forestry Emissions Trading Scheme Infrastructure to Meet Increasing Demand and New Requirements

This initiative enables the implementation of new business processes and supporting infrastructure to address current issues with Forestry Emissions Trading Scheme administration and to cost-effectively implement the reforms set out in the Climate Change Response (Emissions Trading Reform) Bill.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.9	Forestry	-	11.467	-	-	-	-
Vol.9	Agriculture, Biosecurity, Fisheries and Food Safety	-	-	-	-	-	11.495
N/A	Not yet appropriated	-	-	10.923	11.478	9.497	24.748

Health

Building Capability in Health Research and Innovation – Contingency

This initiative funds innovative clinical research of benefit to the health sector.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
N/A	Not yet appropriated	-	4.000	-	-	-	-

Cancer Control Agency

This initiative provides funding for the Cancer Control Agency (The Agency) to strengthen national governance and leadership and provide oversight for cancer control in New Zealand. The Agency will take a whole of systems focus on preventing and managing cancer and will oversee system-wide prioritisation and coordination of cancer care in New Zealand.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.6	Health	-	7.669	7.669	7.669	7.669	-

Continuing Section 88 Primary Maternity Funding to Enable Ongoing Access to Free Maternity Services for New Zealand Women

This initiative provides funding to address cost and volume pressures for primary community maternity services and other services funded through the Section 88 Notice to continue business as usual activities. This funding will help attract, retain and engage the primary community maternity workforce while further work is undertaken in relation to the Ministry of Health/College of Midwives' settlement (December 2018).

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.6	Health	-	16.500	13.500	13.500	13.500	-

District Health Boards – Additional Support

This initiative improves, promotes and protects the health of New Zealanders by providing funding to maintain DHB services, such as hospital care, mental health support, primary health care and support for older people. This funding will enable DHBs to continue providing health services for New Zealand's growing and changing population in the face of price and wage inflation.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.6	Health	-	980.000	980.000	980.000	980.000	-

District Health Boards – Capital Investment

This initiative provides a pool of funding that will be used for priority capital projects within the health sector. The funding will support the delivery of safe and appropriate healthcare by providing facilities, infrastructure and technology that can appropriately meet current and future demand.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.6	Health	-	-	-	-	-	750.000

Emergency Road Ambulance Services – Maintaining Viable Services

This initiative provides funding for changes to New Zealand's 24/7 emergency road ambulance services to ensure the viability of these services. The funding will be used to implement additional roles to support services to respond to immediately life-threatening incidents.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.6	Health	-	2.801	5.117	5.376	5.648	-
Vol.2	Labour Market	-	1.717	3.137	3.296	3.463	-

Enhancing the Ministry of Health's Capacity and Capability to Lead and Support the Health and Disability System

This initiative provides funding to support the Ministry of Health to have the right resources (tools, systems and people) to fulfil its roles and responsibilities as kaitiaki and steward of the health and disability system.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.6	Health	10.000	18.000	18.000	18.000	18.000	-

Funding the Impact of Expected Minimum Wage Increases for the Cost of In-Between Travel

This initiative meets obligations under the Home and Community Support (Payment for Travel Between Clients) Settlement Act 2016 to ensure care and support workers are fairly recompensed for the travel time involved in completing their roles. This funding will enable travel time for home and community support workers to be paid at the new minimum wage.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.6	Health	-	5.666	5.666	5.666	5.666	-

Investment to Increase Access to Medicines

This initiative provides funding to increase the Combined Pharmaceutical Budget in 2019/20 and 2020/21. This funding was announced in September 2019 and will give PHARMAC additional scope to invest in more new medicines and improve the health outcomes of New Zealanders.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.6	Health	-	30.000	-	-	-	-

Maintaining Access to Breast Screening for Women Aged 45 to 69

This initiative will address price and volume pressures faced by the National Breast Screening Programme, enabling additional women aged 45 to 69 to access breast screening services and to be screened on time. This will increase the number of women who have their breast cancer detected at an early stage when it can be more easily treated.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.6	Health	-	2.022	2.022	2.022	2.022	-

Maintaining and Increasing the Combined Pharmaceutical Budget

This initiative provides funding for more medicines through an increase to the Combined Pharmaceutical Budget, which is the DHBs' medicines budget managed by PHARMAC. This initiative maintains the budget by extending the existing agreed 2020/21 funding level into the future and further increases the budget to increase the amount of publicly funded medicines available. This will improve patients' access to well-evidenced medicinal treatments and improve health outcomes.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.6	Health	-	10.000	50.000	50.000	50.000	-

Maternity Action Plan – Tagged Contingency

This initiative provides funding to begin the implementation of the Maternity Action Plan. The funding will allow work on quality, safety and equity initiatives, as well as an ongoing contribution to business costs for community midwives. These actions will contribute to improved health outcomes for whānau, better equity of access to responsive services and a stabilised system-wide maternity workforce.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
N/A	Not yet appropriated	-	30.000	30.000	30.000	30.000	-

National Storage Facilities – Replacement and Relocation

This initiative provides funding for the replacement of the current National Storage facilities so materials can be held safely and securely.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.6	Health	-	0.686	0.390	0.390	0.390	5.050

Planned Care – Maintaining Services for New Zealanders at Increased Pricing Levels

This initiative provides funding to maintain Planned Care Interventions delivered by District Health Boards at increased pricing levels for 2020/21. Planned Care surgical interventions from inpatient, outpatient and community settings can help address a range of conditions, from cancer and heart failure, through to loss of sight or functional movement.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.6	Health	-	15.350	15.350	15.350	15.350	-

Planned Care Interventions – Improving access

This initiative provides funding to support the delivery of additional Planned Care Interventions to improve access to Planned Care in line with population growth and ageing.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.6	Health	-	16.000	16.000	16.000	16.000	-

Primary Care – Maintaining Access to Primary Health Services for New Zealanders

This initiative provides funding for the estimated growth in the number of people enrolled in Primary Health Organisations, including increased growth in targeted primary care programmes that provide affordable access for low-income New Zealanders (for example, Zero Fees for Under 14s and the Very Low Cost Access scheme). This will contribute to addressing inequitable access to primary care by retaining reduced patient co-payments for high-needs populations.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.6	Health	-	23.910	23.910	23.910	23.910	-

Strengthening the Immunisation System and Funding the Response to the Measles Outbreak

This initiative provides funding for the additional costs of the response to the measles outbreak and funds the delivery of a measles immunisation campaign to increase immunisation rates and change the National Immunisation Schedule to bring forward the age of initial vaccination.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.6	Health	20.000	20.000	-	-	-	-

Supporting Disabled New Zealanders to Live Good Lives

This initiative will maintain services for people with long-term physical, intellectual and/or sensory impairment who require ongoing support, by funding price and volume pressures in response to increased demand on Disability Support Services (DSS). These services help disabled people live with the same dignity expected to be available to all New Zealanders.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.6	Health	104.000	182.200	182.200	182.200	182.200	-

Supporting the Continued Delivery of Emergency Ambulance Services

This initiative provides funding for price and volume pressures in emergency ambulance services (road ambulance and ambulance communications centres). This will support emergency ambulance services to maintain their existing capacity and performance levels.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.6	Health	-	3.952	3.952	3.952	3.952	-

Sustaining Access to Hospice Specialist Palliative Care

This initiative provides funding to support sustainable access to Hospice Specialist Palliative Care in response to increasing price and volume pressures.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.6	Health	-	5.000	5.000	5.000	5.000	-

Transforming the Cross-Government Disability Support System

This initiative provides funding to continue three trials of a transformed disability support system that are under way in New Zealand. Evaluation of these trials and the evidence gained from them will allow Cabinet to make informed decisions on the future direction of the disability support system.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.6	Health	-	12.070	-	-	-	-

Well Child Tamariki Ora – Maintaining Universal Health Service for Children and their Families From Birth to Five Years

This initiative provides funding to meet price and volume pressures facing providers of the Well Child Tamariki Ora (WCTO) programme, including Plunket, District Health Boards and B4 School Check providers. This will support providers to deliver sustainable and equitable services to improve child wellbeing.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.6	Health	4.000	16.790	16.790	16.790	16.790	-

Housing and Urban Development

Operating Funding for the Ministry of Housing and Urban Development

This initiative provides funding for the Ministry of Housing and Urban Development to successfully deliver programmes that address the Government's housing and urban development priorities.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Housing and Urban Development	-	25.450	24.800	24.950	25.200	-

Progressive Home Ownership Implementation: Delivering on the Government Build Programme

This initiative is to fund the operation of the Progressive Home Ownership scheme that will provide access to home ownership to improve the wellbeing of target households in terms of meeting their housing needs and will have flow-on benefits such as improved security of housing tenure, access to building household wealth and housing-related health and social outcomes.

The scheme will incorporate targeted programmes focused on Māori outcomes, including but not limited to, a whānau Māori pilot programme, supported by a partnership approach with Māori housing services providers to build urban papakāinga on general title land to complement Te Ara Mauwhare trials on Māori land.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Housing and Urban Development	2.500	10.500	14.000	24.000	34.000	-

Internal Affairs

2020 General Election – Transition Support for the Executive

This initiative provides funding to manage the transition of incoming and outgoing Ministers and their staff, following the 2020 General Election. This will ensure that Ministers and their staff quickly become operational, following the 2020 General Election, and can begin delivering on their portfolio and executive responsibilities.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Internal Affairs	1.000	2.876	0.755	0.751	0.705	0.200

Continuing the Provision of Smart Start and Integrated Services

This initiative supports the continuation of the Smart Start programme for a further 12 months. Smart Start gives people online access to increasingly integrated government information, support and services related to each phase of pregnancy right through to early childhood development.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Internal Affairs	-	2.500	-	-	-	6.084

Crown-Owned Properties – Capital Works

This initiative provides funding to undertake structural and remedial work required for two Crown-owned properties (Premier House and Cottage; and a residence in Bolton Street, Wellington). This will contribute to meeting obligations under building, tenancy and health and safety regulations, codes and standards.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Internal Affairs	-	0.150	0.050	0.050	0.050	0.267

Ensuring the Ongoing Financial Viability of the Chatham Islands Council

This initiative provides funding to support the Chatham Islands Council. This will assist the Chatham Islands Council to maintain its operations so it can continue to deliver the infrastructure and regulatory processes that are required by law of all local authorities in New Zealand.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Internal Affairs	-	0.570	1.149	1.167	0.997	-

Financial Viability of the Office of Film and Literature Classification and Support to the Film and Video Labelling Body

This initiative provides funding to ensure the ongoing financial viability of the Office of Film and Literature Classification to administer its statutory functions and responsibilities and provides support to the Film and Video Labelling Body, which rates unrestricted material and issues labels. This will contribute to maintaining the classification regime, which assists in protecting New Zealanders from harmful or objectionable content while balancing freedom of expression.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Internal Affairs	-	1.096	0.741	0.773	0.850	-

Maintaining Regional Presence to Support Ethnic Communities in Christchurch

This initiative provides funding to the Office of Ethnic Communities to maintain its regional presence in Christchurch for a further year. This will provide support for ethnic communities in Christchurch and assist in social inclusion.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Internal Affairs	-	0.630	-	-	-	-

Meeting Core Statutory Responsibilities: Archives New Zealand and National Library of New Zealand

This initiative provides funding to maintain public access to archival and library records, audit and monitoring of public agencies' record-keeping and preservation and storage of physical and digital records. This will address cost pressures in Archives New Zealand and the National Library of New Zealand, maintain core services so that citizens can access publications and public records and avert statutory failure.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Internal Affairs	-	6.017	5.438	5.578	5.999	1.690

Office of Film and Literature Classification – Development and Initial Delivery of Self-classification Online Tool

This initiative provides funding to the Office of Film and Literature Classification to support the development and initial delivery of an online rating tool for the self-classification of Commercial Video on-Demand content before it is made available by providers to New Zealand audiences. This will contribute to consistent classification of video content and protect people from harmful or objectionable content.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Internal Affairs	-	-	-	-	-	0.600

Tāhuhu: New Archives New Zealand Facility and Design of National Library Alterations and New Regional Shared Repository

This initiative provides funding for the construction and ongoing costs for a new Archives New Zealand facility, initial work to link this facility to the National Library of New Zealand, land purchase and design for a new shared repository for heritage materials. Tāhuhu (Preserving the Nation's Memory) will ensure the appropriate management of our physical documentary heritage and taonga by the National Library of New Zealand and Archives New Zealand and future proof the delivery of services.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
N/A	Not yet appropriated	-	1.232	14.605	14.061	16.655	146.029

Taūmata Arowai – Water Services Regulator: Establishment and Transition Costs

This initiative provides funding to design and build Taūmata Arowai, the new Water Services Regulator to administer and enforce a new drinking water regulatory system. This will contribute toward ensuring New Zealand communities have access to safe drinking water and improve environmental outcomes from New Zealand's wastewater and stormwater systems.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Internal Affairs	2.900	3.000	-	-	-	-

Three Waters Review: Supporting Local Government to Voluntarily Reform Three Waters Service Delivery and Funding Arrangements

This initiative provides funding to support regional groupings of local authorities to investigate and consult on options for new regional/multi-regional water service delivery arrangements that can deliver safer, more affordable and reliable water services to New Zealand communities.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Internal Affairs	0.945	1.320	-	-	-	-

Justice

Community Law Centres – Investment in Case Management and a Clearinghouse

This initiative will provide funding for new and improved community legal services, which will address unmet legal needs and improve access to justice for vulnerable New Zealanders. This initiative will allow for a case management system for all 24 Community Law Centres and a pro-bono clearinghouse. By addressing legal problems early, community law services remove life stressors, alleviate financial concerns, improve wellbeing and provide early intervention benefits.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Justice	-	0.560	0.405	0.405	0.405	-

Delivering the General Election and Referendums in 2020

This initiative will enable the delivery of a well-managed and risk-mitigated General Election in 2020. This includes funding for the Electoral Commission to run the Cannabis referendum. The funding will cover costs relating to enhanced security, personnel, community engagement and other business operating expenditure.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Justice	27.828	12.007	-	-	-	-

Improved Sustainability of Community Law Centres – Personnel Costs

This initiative provides funding to cover the personnel cost pressures in Community Law Centres, to retain qualified lawyers and ensure vulnerable clients receive free access to legal services. This will improve New Zealanders' access to justice and reduce direct social costs.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Justice	-	1.487	1.487	1.487	1.487	-

Independent Police Conduct Authority – Additional Investment

This initiative will provide funding for the Independent Police Conduct Authority (the Authority) to enable it to consider more comments made on Police's 'Expression of Dissatisfaction' online form and through the 'Praise and Complaint' process, which are being notified to the Authority.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Justice	-	0.950	0.950	0.950	0.950	-

Justice Property Health and Safety Remediation

This initiative will invest in upgrading court buildings around New Zealand to improve the experience of attending court, including for victims, participants and employees. It will enable investment in eight of the country's top ten busiest court locations, which require urgent attention to address critical health and safety issues and seismic strengthening work.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
N/A	Not yet appropriated	-	3.500	4.580	7.790	21.020	163.500

Legal Aid – Continuing to Fund Legal Advice and Representation for People Who Need Legal Services

This initiative provides additional funding to cover increasing costs and demand for accessing legal aid. Legal aid is government funding provided to people who need legal help and cannot otherwise afford lawyers. It forms an important part of New Zealand's justice system, as it ensures that people are not denied access to justice based on their financial means.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Justice	10.000	30.889	-	-	-	-

Maintaining Critical Technology to Ensure the Delivery of Justice Services

This initiative provides funding for maintaining the Ministry of Justice's existing ageing technology and to deliver on its newly refreshed Information and Communications Technology (ICT) strategy, both of which are impacted by increases in volume and prices.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Justice	-	1.388	0.533	0.543	0.553	-
Vol.7	Courts	-	7.258	2.791	2.839	2.890	-
Vol.8	Treaty Negotiations	-	0.337	0.130	0.132	0.134	-

Maintaining the Capability of the Office of the Inspector-General of Intelligence and Security

This initiative provides funding for an additional resource that will enable the Office of the Inspector-General of Intelligence and Security to develop capability for its key work priorities.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Justice	-	0.141	0.141	0.141	0.141	-

Operation of the Criminal Cases Review Commission

This initiative provides funding for the establishment and ongoing operation of the Criminal Cases Review Commission (the Commission) – an independent Crown Entity, which investigates and reviews suspected miscarriages of justice and refers appropriate cases back to an Appeal Court. The Commission will undertake the role formerly exercised under the Royal prerogative of mercy by the Governor-General, supported by the Ministry of Justice. It will contribute to the timely review of suspected injustices, follow fair and transparent processes and will reach out to New Zealand's most vulnerable. The independence of the entity will help build public confidence in the justice system.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Justice	1.752	3.987	3.987	3.987	3.987	1.689

Privacy Commissioner – Being an Effective Modern Privacy Regulator

This initiative provides funding for the Privacy Commissioner to take effective action to keep New Zealanders' personal information safe and ensure New Zealand businesses can operate globally with personal data. Funding will enable the Commissioner to meet new policy components of the Privacy Act 2019.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Justice	-	1.116	1.232	1.232	1.232	-

Provision of Effective Victim Services for Victims of the 15 March Terrorist Attacks

This initiative provides funding for Victim Support to support victims of the 15 March Terrorist Attacks. Funding will ensure Victim Support can provide practical, emotional and financial support to over 1,000 victims of the attacks. This will ensure the victims to receive the same level of support that all victims of serious crime in New Zealand receive, while enabling Victim Support to continue delivering services to all victims across New Zealand.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Justice	-	1.000	-	-	-	-

Provision of Public Information for the 2020 Referendums

This initiative will enable the provision of information to the public relating to referendums, including the Cannabis referendum and End of Life Choice Act 2019 referendum. Funding will enable preparation of public information content and ensure the material is accessible. The funding covers costs for the Electoral Commission to run the End of Life Choice referendum and for monitoring, governance and policy resources for the Ministry of Justice.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Justice	5.367	6.379	-	-	-	-

Public Trust – Continuing Fiduciary Services to Vulnerable Clients

This initiative provides funding for the Ministry of Justice to purchase services from Public Trust, to meet its obligations to vulnerable clients referred by the courts under the Protection of Personal and Property Rights Act 1988.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Justice	-	0.990	0.990	0.990	0.990	-

Responding to the 15 March Terror Attacks – Additional Funding

This initiative addresses pressures on the court system resulting from the 15 March Terror Attacks trial. It will cover the costs of fit-out for the accommodation required to move the Public Defence Service out of the Christchurch Justice and Emergency Services Precinct, allowing sufficient space for additional staff. It will help ensure minimal disruption to other scheduled court hearings.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Justice	-	-	-	-	-	0.665

Victims Assistance Scheme

This initiative will ensure the victims of the 15 March Terror Attacks receive the same level of support that all victims of serious crime in New Zealand can expect. It will assist the victims of the Terror Attacks to have the practical and emotional support they need to be able to engage with the justice process without being disadvantaged financially.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
N/A	Not yet appropriated	-	2.038	-	-	-	-

Labour Market

Addressing Cost Pressures in Employment Policy Advice

This initiative provides funding to increase the Ministry of Business, Innovation and Employment's capacity to deliver skills and employment policy advice.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Labour Market	-	0.300	-	-	-	-

Addressing Cost Pressures in the Employment Relations – Employment Standards System

This initiative provides funding to maintain current service levels for frontline employment services including the Labour Inspectorate, employment mediation, information and education and operational support for the Employment Relations Authority.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Labour Market	-	0.907	1.632	1.632	1.632	-
Vol.1	Business, Science and Innovation	-	-	-	-	-	5.504

Complying with Chinese Tax Law for Employees Based in Beijing

This initiative provides funding for Immigration New Zealand to be compliant with Chinese tax law, while continuing to provide the same net salaries to employees in the Beijing office.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Labour Market	1.8	4.7	5.05	5.42	5.8	-
N/A	Fee funding to offset initiative	(1.8)	(4.7)	(5.05)	(5.42)	(5.8)	-

Ensuring the Safety of Staff and Refugees at the Mangere Refugee Resettlement Centre

This initiative provides funding to support security upgrades to the Mangere Refugee Resettlement Centre, following a security assessment highlighting its increased level of risk. This will include increased use of technology, smart design features and additional security staff.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Labour Market	1.000	1.517	1.870	1.870	1.870	-
Vol.1	Business, Science and Innovation	-	-	-	-	-	4.232

Extending the Pilot of the Community Organisation Refugee Sponsorship (CORS) Category

This initiative provides funding to extend the Community Organisation Refugee Sponsorship (CORS) category pilot for a further three years to gather more information on the effectiveness of this method of refugee resettlement at meeting its objectives.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Labour Market	-	0.980	1.033	1.056	-	-
Vol.2	Education	-	0.310	0.354	0.401	-	-
Vol.6	Health	-	-	0.046	0.046	0.046	-
Vol.10	Social Development	-	0.150	0.150	0.150	-	-
Vol.2	Tertiary Education	-	0.283	0.283	0.283	-	-

Implementing the Reforms to the Employer-Assisted Work Visa System

This initiative funds the implementation of the reforms to the Employer-Assisted Temporary Work Visa System. The reforms will ensure work visa settings are flexible to respond to changing regional labour markets, that temporary foreign workers are only recruited for genuine shortages and that there are increased expectations on employers to employ and train more New Zealanders. The funding covers IT and process changes (including engagement with employers and sectors that have a high use of temporary foreign workers).

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Labour Market	5.075	12.285	7.650	7.650	7.650	-
Vol.1	Business, Science and Innovation	-	-	-	-	-	33.443
Vol.10	Social Development	0.045	1.026	1.782	1.782	1.782	6.084

Improving the System for Refugee Family Reunification

This initiative provides funding to review and provide support to the system for refugee family reunification, as per the confidence and supply agreement between the New Zealand Labour Party and the Green Party of Aotearoa New Zealand.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
N/A	Not yet appropriated	-	-	7.157	7.468	7.557	-

Increasing WorkSafe New Zealand Capacity to Support the Kigali Amendment to the Montreal Protocol

This initiative provides funding to enable WorkSafe New Zealand to implement and operate the licensing regime for refrigeration technicians who work on systems using flammable, toxic or high pressure refrigerants.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Labour Market	0.352	0.86	1.167	0.797	0.797	0.500
N/A	<i>Levy funding to offset initiative</i>	(0.176)	(0.41)	(0.255)	(0.07)	(0.07)	-
N/A	<i>Fee funding to offset initiative</i>	(0.176)	(0.445)	(0.912)	(0.727)	(0.727)	-

Responding to Increased Claims for Refugee and Protected Person Status

This initiative provides funding to increase visa processing capacity for refugee and protected person claims in response to a forecast increase in claims.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Labour Market	-	-	1.710	1.780	1.900	-

Lands

Overseas Investment Regime – Phase 2 Implementation

This initiative will fund a number of cost pressures for the Overseas Investment Office (OIO) in operating the Overseas Investment Act 2005. This funding is non-discretionary spending necessary to meet legislative requirements (current or forthcoming) associated with implementing 'Phase 2' of the Overseas Investment Act reforms in a responsible and financially sustainable manner.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.9	Lands	-	-	1.880	1.930	1.980	0.750

Overseas Investment Regime Cost Pressures

This initiative will fund a number of cost pressures for the Overseas Investment Office (OIO) in operating the Overseas Investment Act 2005 – a significant portion is associated with the 'Phase 1' reforms. This funding is non-discretionary spending necessary to meet legislative requirements in a responsible and financially sustainable manner.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.9	Lands	-	1.963	4.558	4.558	1.450	3.000

Protecting Crown-Owned Riverbeds from Pests and Weeds

This initiative will fund cost pressures and enable Land Information New Zealand (LINZ) to adopt a proactive compliance approach to remove pests and weeds from around 104,000 hectares of riverbeds. This land is increasingly threatened by the spread of pests and weeds, which disrupt natural processes, alter landscapes, reduce biodiversity and threaten indigenous species. Additional funding will enable LINZ to manage these pests and weeds to deliver better ecological, cultural and social outcomes in a coordinated and cost-effective way.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.9	Lands	-	1.724	1.724	1.724	1.724	-

Māori Development

Te Whakapakari i te Mahi Aroturuki a Te Puni Kōkiri hei hiki i te Whakatutukinga Mahi a te Rāngai Kāwanatanga mā te Iwi Māori

Strengthening Te Puni Kōkiri Monitoring Function to Lift State Sector Performance for Māori

This initiative provides funding to strengthen the monitoring function within Te Puni Kōkiri, with a focus on ensuring the effectiveness of policies, programmes and services for Māori delivered across the State sector. The investment will support monitoring reviews, regular monitoring and strengthened measurement of Māori wellbeing outcomes and developing tools and technical capability across the State sector that enable the step-change required by the State sector reforms to improve Māori wellbeing.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.8	Māori Development	-	1.357	1.357	1.357	1.357	0.173

Te Whakapakari hanganga mō te whakahaere putanga Whakarauora Reo Māori

Strengthening Infrastructure for Delivering Te Reo Māori Language Revitalisation Outcomes

This initiative provides funding for additional IT support and accommodation for Te Taura Whiri i te Reo Māori to ensure that it can fulfil its responsibilities to coordinate cross-agency implementation of the Maihi Karauna strategy and ensure a secure and effective IT platform.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.8	Māori Development	-	1.146	0.350	0.350	-	-

Te tautoko i Te Tumu Paeroa kia tutuki i ngā kawenga a te Kaitiaki mō ngā kaihiwhi whenua Māori

Supporting Te Tumu Paeroa to Comply with Trustee Obligations for Whenua Māori Beneficiaries

This initiative supports Te Tumu Paeroa, the Māori Trustee, to comply with trustee obligations arising from legislative and regulatory changes in relation to the 1,300 blocks of whenua Māori for which it is responsible. This will support effective management and enhancement of the land blocks, improving outcomes for beneficiaries of these trusts.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.8	Māori Development	-	0.325	0.325	0.325	0.325	-

Wai262 – Te Pae Tawhiti – Te whakatinana i ngā hua o te Mahi Tahi

Wai262 – Te Pae Tawhiti – Realising the Benefits of Partnership

This initiative provides funding to establish and support a joint work programme between Māori and the Crown. This will enable Māori and the Crown to work together to address issues raised through the Wai 262 claim and the Waitangi Tribunal report Ko Aotearoa Tēnei, delivering enduring economic, social, environmental and cultural benefits for Aotearoa New Zealand.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.8	Māori Development	-	4.422	2.072	-	-	0.013

Oranga Tamariki

Ensuring the Provision of Personal Information Under the Privacy Act 1993 and the Management of Claims and Complaints

This initiative aims to meet the responsibility for the settlement of claims relating to events that occurred after 1 April 2017.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Oranga Tamariki	-	0.300	0.300	0.300	0.300	-

Maintaining Current Outcomes for Needs of Children in Oranga Tamariki Care

This initiative aims to maintain current outcomes by continuing to meet the increasing costs of the wide-ranging emotional and physical needs of children in Oranga Tamariki care.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Oranga Tamariki	-	26.606	23.154	10.580	10.376	0.275

Supporting Continued Operations of Oranga Tamariki

This initiative aims to maintain current outcomes, programmes and services provided to children by providing for increasing costs associated with shared services, insurances, office rents and remuneration costs in line with employment agreements. Capital funding will allow for the refurbishment of a number of homes and residences.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Oranga Tamariki	-	23.203	23.856	24.436	25.247	26.390

Supporting Social Service Delivery for Community Services Providers

This initiative aims to sustain the current level of partnered service delivery, addressing both general cost increases and significant personnel cost pressures that are impacting the ability of non-governmental organisation partners to recruit, reward, support and retain their workforces.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Oranga Tamariki	-	9.692	12.000	16.000	20.000	-

Supporting the Compliments, Complaints and Suggestion System

This initiative aims to support Oranga Tamariki's Compliments, Complaints and Suggestions Information Technology system. This system enables those in contact with Oranga Tamariki to give feedback, share insights and raise concerns more easily, leading to improvements in services for children and their caregivers.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Oranga Tamariki	-	-	1.200	1.200	1.200	-

Supporting the Crown Response to the Abuse in Care Inquiry

This initiative aims to ensure that the Crown can engage with the Royal Commission of Inquiry into Historical Abuse in Care in a full, timely and collaborative manner to help the Royal Commission achieve its vision of "Transforming the way we, as a nation, care for children, young people and vulnerable adults in our communities". This will be achieved through providing funding for a cross-agency secretariat to deliver a coordinated Crown approach and legal support for representation and procedural questions.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Oranga Tamariki	-	5.964	-	-	-	-
Vol.5	Internal Affairs	-	2.166	-	-	-	-

Parliamentary Service

53rd Parliament

This initiative will provide funding to meet employee contractual obligations, pay fair salaries and ensure parity between member support staff and political office staff. It also offers members increased flexibility in their staffing mix, as recommended by the 7th Triannual Appropriations Review Committee.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Parliamentary Service	-	4.076	3.638	4.308	8.078	-

Exit of Bowen House for Earthquake Strengthening Works

This initiative will enable the fit-out of Parliament House and the Parliamentary Library to accommodate all Members and Ministers and to resolve Information Systems and Technology (IST) issues relating to the exit of Bowen House.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Parliamentary Service	0.020	0.931	0.931	0.931	0.931	5.504

Future Parliamentary Accommodation

This initiative is intended to progress the design development and consenting process to rebuild the Executive Wing Annex and building a Secure Delivery Building and additional costs relating to the earthquake strengthening of Bowen House.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Parliamentary Service	32.319	-	-	-	-	4.232

Parliamentary Security Review

This initiative will provide funding to ultimately improve the safety and security of all Ministers, Members, staff, contractors, agencies, visitors at Parliament and all electorate and community offices across New Zealand. This includes a significant improvement in people capability and resourcing, plus investment in physical security systems and technology.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Parliamentary Service	-	3.100	0.520	0.550	0.550	3.000

Police

Next Generation Critical Communications (NGCC): Replacing Emergency Services Critical Communications

This initiative establishes a new critical communications system for Emergency Services (Police, Fire and Emergency New Zealand, St John and Wellington Free Ambulance). It will support healthier, safer and more connected communities by replacing existing networks with a modern digital communications capability that is reliable, secure and meets operational needs.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Police	-	4.204	14.790	14.929	13.970	-

Specialist Responses to Strangulation – Addressing Family Violence

This initiative provides non-fatal strangulation forensic services for evidential purposes where non-fatal strangulation has occurred. This will assist with ensuring there is evidential sufficiency to inform prosecutions pursuant to the Solicitor-General's Prosecution Guidelines. It will also enable victims to have access to a highly trained medical practitioner and ensure appropriate referrals are made.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Police	-	0.575	0.575	0.575	0.575	-
Vol.6	Health	-	2.800	2.800	2.800	2.800	-
Vol.7	Justice	-	1.600	1.600	1.600	1.600	-

Prime Minister and Cabinet

Department of the Prime Minister and Cabinet – Corporate Resilience

This initiative will support core corporate functions in the Department of the Prime Minister and Cabinet.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Prime Minister and Cabinet	-	1.000	2.000	2.000	2.000	-

North Island Drought – Financial assistance

This initiative delivers financial support to provide immediate and short-term relief to regions affected by the North Island drought.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Prime Minister and Cabinet	10.100	-	-	-	-	-
Vol.9	Agriculture, Biosecurity, Fisheries and Food Safety	1.000	1.000	-	-	-	-
Vol.10	Social Development	0.157	0.264	-	-	-	-

Revenue

Tax Initiatives to Support the Government's Economic Plan

This initiative increases the incentives for businesses to innovate and invest. It does this by allowing for greater deductibility of feasibility and other non-deductible expenditure, which enables businesses to claim tax deductions for unsuccessful or abandoned assets. This includes deductions that fall under the minimum threshold for small-to-medium enterprises.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Revenue	-	7.000	16.000	24.000	33.000	-

Security Intelligence

New Zealand Security Intelligence Service – Cost Pressures

This initiative funds the cost pressures of the New Zealand Security Intelligence Service.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Security Intelligence	-	6.200	6.350	6.500	6.650	-

New Zealand Security Intelligence Service – New Initiatives

This initiative funds new capabilities within the New Zealand Security Intelligence Service.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Security Intelligence	-	6.958	3.990	4.979	4.843	1.689

Serious Fraud

Protecting New Zealand as a Safe Place to Invest and Do Business

This initiative will allow the Serious Fraud Office to meet existing demand for increasingly complex financial crime investigations, together with building organisational resilience. It will help to alleviate pressures driven by case volume and complexity and enable the agency to continue to provide a lead role in protecting New Zealand's reputation as one of the least corrupt nations in the world and a safe place to invest and do business.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.7	Serious Fraud	-	2.320	2.376	2.435	2.522	0.126

Social Development

Benefits for Recent Migrants – Continuing Current Residency Requirements

This initiative supports recent migrants to access financial support. This will be done by appropriately funding the continuation, under the Social Security Act 2018, of the current minimum residency period for accessing a main benefit of two years and no minimum residency period for partners of beneficiaries.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Social Development	-	3.763	7.682	10.639	10.857	-

Community Services: Ensuring Continued Access to Building Financial Capability Services

This initiative provides support to key groups experiencing, or at risk of experiencing, hardship by strengthening Building Financial Capability (BFC) services. The BFC model is effective at improving the financial capability and resilience of vulnerable people, including Māori and Pacific People, as well as sole parents with children.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Social Development	-	2.425	2.425	2.425	2.425	-

Community Services: Ensuring Continued Access to Response Services for Victims of Elder Abuse

This initiative provides support to victims of elder abuse by strengthening elder abuse response services. These services are delivered predominantly by social workers and nurses who provide advice, support, advocacy, safety planning, goal setting and whānau mediation to people experiencing, or at risk of experiencing, family violence.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Social Development	-	2.500	5.000	7.500	10.000	-

Community Services: Ensuring Continued Access to Specialist Services for Perpetrators of Family Violence

This initiative provides support for perpetrators of family violence by strengthening family violence services (including services by Māori for Māori). This initiative will enable continued access to services, including advocacy, one-on-one and group support, non-violence programmes and counselling to address the behaviour of perpetrators.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Social Development	-	2.500	3.500	5.000	5.000	-

Community Services: Ensuring Continued Access to Specialist Services for Victims of Family Violence

This initiative provides support to victims and survivors of family violence (predominantly women and children), by strengthening refuges and family violence services (including services by Māori for Māori). These services provide advocacy, safe houses, one-on-one and group therapy and family-centred services for victims and survivors of family violence.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Social Development	-	17.000	34.000	42.000	49.000	-

Community Services: Improving Access to Support Services for Communities in Regional New Zealand

This initiative aims to increase access to both government and non-government services in rural communities, based on the Heartlands model, by strengthening and enhancing rural community services. These services are often the only way for clients in geographically isolated areas to access a broad range of support. This initiative will involve working with providers and communities to re-design the service model to ensure rural community services are fit for purpose and meet local needs.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Social Development	-	2.078	3.446	7.122	7.122	-

Community Services: Keeping Community-Based Services Open for Disabled People

This initiative improves support for disabled people by strengthening community-based services. These services, based on the Enabling Good Lives principles, aim to enhance the mana and quality of life of disabled people by supporting them to participate in, and contribute to, the wider community. Services include participation in vocational and community-based day programmes.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Social Development	-	5.166	10.332	11.167	16.635	-

Community Services: Strengthening Capability of Social Sector Providers

This initiative provides additional resourcing for four community sector peak groups and national bodies. These organisations support community sector providers through providing training, quality assurance, capability building activities and the development and dissemination of policies and procedures. They also represent the community sector in their engagement with government agencies.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Social Development	-	0.480	0.480	0.480	0.480	-

Completing Interior Security Fit-Out Programme for the Safety of Clients and Staff

This initiative will enable the completion of the interior security fit-out in the last 55 of the Ministry of Social Development's 122 sites nationwide. The design of the fit-out aims to improve staff and client safety, create more effective engagement opportunities and provide an enhanced client experience at service centres.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Social Development	-	9.612	9.612	9.612	9.612	36.968

Continued Viability of Out of School Care and Recreation Service Providers

This initiative provides funding for providers of Out of School Care and Recreation services. These services allow parents to gain and maintain meaningful employment or undertake further education and training, while supporting children's wellbeing and educational attainment.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Social Development	-	2.400	2.400	2.400	2.400	-

Establishing and Operating the Independent Children's Monitor

This initiative will enable the strengthening of independent oversight of Oranga Tamariki and children's issues, addressing gaps that have been identified in the Review of Independent Oversight of the Oranga Tamariki System and Children's Issues commissioned by Cabinet. It aims to build trust and confidence in State care and ensure children and young people are heard in the development and delivery of services.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Social Development	-	-	10.500	10.500	10.500	0.400

Funding an Extension to the Christchurch Mosques Attack Welfare Programme for 12 months

This initiative extends the Christchurch Mosques Attack Welfare Programme for 12 months. Following the Christchurch Mosque attacks of 15 March 2019, a need was identified for a new welfare programme to ensure that those affected by the attack were able to access financial support, even where their residency status may otherwise make them ineligible for support. Although the number of people accessing the Programme has been declining, approximately 40 people continue to receive support through the Programme.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Social Development	0.095	0.660	-	-	-	-

Reducing Risk of Critical Systems – Critical Service Delivery Systems

This funding is set aside to enable the Ministry of Social Development (MSD) to begin rebuilding its critical income support technology systems and reduce operational risk. This represents an investment towards enabling the transformation of MSD services.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
N/A	Not yet appropriated	-	3.000	2.850	2.850	2.850	11.000

Reducing Risk of Critical Systems – FMIS and Payroll

This funding is set aside to partially address present operational risk in the Ministry of Social Development (MSD) and Oranga Tamariki financial management and payroll systems and represents an investment towards enabling the transformation of MSD services.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
N/A	Not yet appropriated	-	3.298	8.202	1.500	1.500	12.000

Strengthening the Office of the Children's Commissioner

This initiative provides funding for the continuation of services from the Children's Commissioner for its monitoring, reporting and system-level advocacy functions. It also provides for the implementation of a new document management system (enabling more resilient and efficient operations) and improvements to the Children's Commissioner's website and web security.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Social Development	-	1.000	1.000	1.000	1.000	0.250

Temporary Accommodation Assistance (Canterbury Earthquake) and Transitional Assistance Payment for Budget 2019 Income Support Package

This initiative provides funding to preserve the Temporary Accommodation Assistance (Canterbury Earthquake) Programme entitlements for up to 12 months for current recipients and current eligible applicants as at 31 December 2019. This initiative also provides for the implementation of a Transitional Assistance Payment to allow eligible clients to transition to new payment settings as a result of being financially disadvantaged from the Budget 2019 Income Support Package.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Social Development	0.227	0.800	-	-	-	-

State Services

Continuing to Deliver on the State Service Commission's Core Functions, System Leadership and Government Expectations

This initiative provides funding to ensure the State Services Commission is able to continue to deliver on its core functions as established in the State Sector Act 1988 and the Crown Entities Act 2004, its statutory system leadership role as established in the 2013 reforms and current Government expectations of the public service.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	State Services	-	-	-	2.000	2.000	-

Statistics

Delivering New Zealand's Next Census of Population and Dwellings

This initiative provides funding to deliver the next census in 2023 while moving New Zealand a step closer to its long-term goal of a future census based mainly on administrative data. The 2023 Census will provide an accurate picture of everybody in Aotearoa New Zealand, capturing demographics about population structure and rich data about our communities for the long-term benefit of all New Zealanders.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.5	Statistics	-	-	-	49.900	-	11.900
N/A	Not yet appropriated	-	-	-	33.000	-	-

Persistent Child Poverty Measure

This initiative provides funding in a tagged contingency for the development and implementation of a panel survey, which will collect longitudinal data to enable Statistics New Zealand to develop and publish persistent child poverty measures. This is a requirement under the Child Poverty Reduction Act 2018. The Act requires the Government Statistician to define and report on persistent child poverty from the 2025/26 financial year, in addition to cross-sectional child poverty measures that are currently based on an expanded Household Economic Survey (HES) implemented in 2018.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
N/A	Not yet appropriated	-	2.260	5.790	6.300	6.250	1.520

Tertiary Education

Cost Adjustment for Tuition Subsidies

This initiative will provide funding to increase tertiary education tuition and training subsidies to maintain the quality of tuition and training as costs in the tertiary education system (particularly labour costs) increase over time. The increase in per-student subsidies will help ensure delivery by providers remains relevant and responds to students' and employers' needs. The increase strikes a balance between helping providers manage increases in delivery costs but with an expectation that they make effective and efficient investments to maintain quality and sustainability.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.2	Tertiary Education	-	20.137	40.280	40.280	40.280	-

Transport

Civil Aviation Authority's Digital Regulatory Technology Platform Replacement

This initiative provides a loan to replace the Civil Aviation Authority's (CAA's) end-of-life core regulatory technology platform Aviation Safety Management System (ASMS) with a commercial off-the-shelf, regulatory aviation-specific system which will support CAA's ability to effectively discharge its regulatory oversight obligations and manage significant business continuity risks.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Transport	-	-	-	-	-	12.000

Evacuation and Redeployment of Waka Kotahi New Zealand Transport Agency Staff in Palmerston North

This initiative funds the relocation of New Zealand Transport Agency (NZTA) staff from the existing Palmerston North office space, which poses significant risks to staff safety resulting from the low earthquake safety assessment of the building. Funding will support the relocation of 500 NZTA staff into new permanent premises. The costs will be used to meet the lease payments for the property vacated and fit-out costs associated with setting up the new leased premises, for example, installation of telephone systems.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Transport	1.500	1.500	1.500	1.500	-	4.800

Future of Rail – Investment in Improved Resilience and Reliability of Core assets

This initiative provides funding to support investment in the national rail network and supports the ongoing resilience and reliability of the rail network.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Transport	-	-	-	-	-	246.300

Future of Rail – Investment to Enable Rail Activities to be Funded Under the Land Transport Management Act

This initiative provides Crown funding for the National Land Transport Fund (NLTF) to support integration of below rail network investment into the National Land Transport Programme. This initiative will support NLTF to fund ongoing maintenance and renewal of the rail network, in accordance with the legislative changes proposed through the Land Transport (Rail) Legislation Bill (the Bill). Funding for this initiative is contingent on the passing of the Bill.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Transport	-	-	-	148.200	-	-

Future of Rail – New Interisland Ferry Assets to Support a Resilient and Reliable Rail Freight System

This initiative provides funding to replace the ageing Interislander ferry assets to provide a secure and resilient, economic and social transport link between the North and South Islands.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Transport	-	-	-	-	-	400.500

Future of Rail – Rolling Stock Investment to Support a Resilient and Reliable Railway

This initiative provides funding for long-term investment to replace ageing locomotives and upgrades to KiwiRail's mechanical maintenance facilities. It also funds European Train Control System (ETCS) for Auckland, which will provide safer and more reliable services on the Auckland metropolitan rail network.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Transport	-	-	-	-	-	421.300

Governance and Monitoring for the New Zealand Upgrade Programme – Transport

This initiative provides funding to implement the governance and monitoring framework for the transport aspects of the New Zealand Upgrade Programme.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Transport	0.620	2.580	2.440	2.470	2.500	-

Health and Safety at Work Activities – Maritime New Zealand

This initiative provides continued funding to Maritime New Zealand to support its role as the designated regulator for the maritime industry under the Health and Safety at Work Act 2015.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Transport	-	5.240	5.240	5.240	5.240	-

International Membership Charges to Support Safety in Maritime and Aviation

This initiative provides funding to cover the increased cost of New Zealand subscriptions to the International Civil Aviation Organization, the International Maritime Organization and World Meteorological Organization.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Transport	0.120	0.120	0.120	0.120	0.120	-

Joint Venture Airports – the Crown’s Share of Capital Works Costs and Operating Losses as Specified Under the Deeds

This initiative provides funding for increased investment for the five joint-venture airports to ensure that the Crown can continue to meet its legal obligations as a joint venture partner and the airports can continue to comply with Civil Aviation Regulations and maintain safe operations.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Transport	-	-	-	-	-	6.550

KiwiRail – Convert Debt to Equity

This initiative is to convert historical debt to KiwiRail, that matures in 2020/21, of \$174.250 million into equity to KiwiRail Holdings Limited. This will allow KiwiRail to better leverage its balance sheet to finance future capital investment.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Transport	-	-	-	-	-	-

KiwiRail Holidays Act 2003 Remediation

This initiative will allow KiwiRail to remediate its liability to past and present employees regarding non-compliance with the Holidays Act 2003.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Transport	-	29.000	-	-	-	-

Transport Accident Investigation Commission Knowledge Transfer System – Upgrades to Support a More Sustainable Database

This initiative provides funding to replace the Transport Accident Investigation Commission’s critical investigation management system and move to a cloud-based and digital system, IT applications and interface. It also includes funding for a staff member to install and manage the new system and train other staff.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.1	Transport	-	1.750	1.572	1.727	1.679	0.030

Treaty Negotiations

Continue Momentum to Complete Historical Treaty of Waitangi Settlements

This initiative provides funding for increased cost pressures related to litigation in the Waitangi Tribunal and the High Courts, the increase in cases related to Crown forest licensed lands and Section 27B memorialised lands (under the State-Owned Enterprises Act 1992).

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.8	Treaty Negotiations	-	5.000	5.000	-	-	-

Implementation of Marine and Coastal Area Customary Interests

This initiative will enable the Crown to meet its obligations regarding engagement with applicants who are seeking recognition of customary rights under the Marine and Coastal Area (Takutai Moana) Act 2011 and the Ngā Rohe Moana o Ngā Hapū o Ngāti Porou Act 2019.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.8	Treaty Negotiations	-	3.640	3.640	3.640	3.640	-

Relativity Mechanism Dispute Resolution

This initiative 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 Ngāi Tahu.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.8	Treaty Negotiations	-	2.500	-	-	-	-

Specific Redress Arrangements

This initiative will provide funding for Crown contributions to support the delivery of redress arrangements in specific circumstances as determined by the Minister for Treaty of Waitangi Negotiations.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.8	Treaty Negotiations	15.000	-	-	-	-	-

Women

Enabling the Ministry for Women to Deliver on Government Priorities for New Zealand Women

This initiative provides funding to enable the Ministry for Women to deliver on Government priorities for New Zealand women. Funding has tracked lower than inflation over an extended period of time. This funding shortfall places increasing unsustainable pressure on the Ministry's ability to continue delivering quality services. Continuing increases in the cost of delivering policy and advisory services and an increase in volume, have resulted in increasing and unsustainable pressure on the Ministry's baseline.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
Vol.10	Women	-	0.500	0.750	1.000	1.000	-

General

Overspend of the Budget 2019 Between Budget Contingency

Budget 2019 set aside \$39.750 million operating per annum as a Between Budget Contingency for unforeseen events. This contingency was overspent by \$6.992 million which was subsequently charged against the Budget 2020 operating allowance.

Estimates	Vote	2019/20	2020/21	2021/22	2022/23	2023/24	Capital
N/A	N/A	-	1.748	1.748	1.748	1.748	-

GLOSSARY

Consumers Price Index (CPI)

Statistics New Zealand's official index to measure the rate of change in prices of goods and services purchased by households. Core or underlying inflation measures exclude or give little weight to extreme or irregular price movements.

Core Crown

A reporting segment consisting of the Crown, departments, Offices of Parliament, the New Zealand Superannuation (NZS) Fund and the Reserve Bank.

Core Crown expenses

The day-to-day spending (eg, public servants' salaries, welfare benefit payments, finance costs and maintaining national defence etc) that does not build or purchase physical assets by the core Crown. This is an accrual measure of expenses and includes non-cash items, such as depreciation on physical assets.

Core Crown revenue

Consists primarily of tax revenue collected by the Government but also includes investment income, sales of goods and services and other revenue of the core Crown.

Financial assets

Any asset that is cash, an equity instrument of another entity (shares), a contractual right to receive cash or shares (taxes receivable and Accident Compensation Corporation (ACC) levies) or a right to exchange a financial asset or liability on favourable terms (derivatives in gain).

Financial liabilities

Any liability that is a contractual obligation to pay cash (government stock, accounts payable) or a right to exchange a financial asset or liability on unfavourable terms (derivatives in loss).

Fiscal intentions (short term)

Indications of the Government's intentions for operating expenses, operating revenues and the impact of its intentions on the operating balance, debt and net worth over (at least) the next three years. These intentions are required under the Public Finance Act 1989 (PFA).

Fiscal objectives (long term)

The Government's long-term goals for operating expenses, operating revenue, the operating balance, debt and net worth, as required by the PFA. The objectives must be consistent with the defined principles of responsible fiscal management as outlined in the PFA and must cover a period of (at least) 10 years.

Gross debt

Represents debt issued by the sovereign (the core Crown) and includes any government stock held by the NZS Fund, ACC and the Earthquake Commission (EQC) but excludes settlement cash and bank bills.

Gross domestic product (GDP)

A measure of the value-added of all goods and services produced in New Zealand. Changes in GDP measure growth or contraction in economic activity or output. GDP can be measured on either an expenditure or production basis and in either real or nominal terms.

Labour productivity

Output per unit of labour input (where labour inputs might be measured as hours worked or the number of people employed).

Multifactor productivity

Multifactor productivity (MFP) relates a change in output to several types of inputs, typically capital and labour. MFP is often measured residually, as the change in output that cannot be accounted for by the change in combined inputs.

Net core Crown debt

Net core Crown debt provides information about the sustainability of the Government's accounts and is used by some international rating agencies when determining the creditworthiness of a country. It represents gross debt less core Crown financial assets (excluding advances and financial assets held by the NZS Fund).

Net worth

Total assets less total liabilities of all Government reporting entities. The change in net worth in any given forecast year is largely driven by the operating balance and property, plant and equipment revaluations.

Net worth attributable to the Crown

Represents the Crown's share of total assets and liabilities and excludes minority interests' share of those assets and liabilities.

Operating balance

Represents OBEGAL (refer below) plus gains and less losses. The operating balance includes gains and losses not reported directly as a movement against net worth. The impact of gains and losses on the operating balance can be subject to short-term market volatility and revaluations of long-term liabilities.

Operating balance before gains and losses (OBEGAL)

Represents total Crown revenue less total Crown expenses, excluding minority interest share. OBEGAL can provide a more useful measure of underlying stewardship than the operating balance as short-term market fluctuations are not included in the calculation.

Projections

Projections relate to the period beyond the five-year forecast period and are based on long-run economic and fiscal assumptions. For example, the projections assume no economic cycle and constant long-run interest, inflation and unemployment rates.

Year ended

Graphs and tables within this document use different expressions of the timeframe. While some tables may refer to the end of the tax year (31 March), others will refer to the end of the Government's financial year (30 June). For example, unless otherwise stated, references to 2019/20 or 2020 will mean the end of the financial year.