

# The Treasury

## Budget 2020 Information Release

July 2020

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### Cabinet Document Details

Title: **Cabinet Minute CAB-20-MIN-0155.21: 2020 Budget Package: Vote Labour Market**

Date: **6 April 2020**

Creator: Cabinet Office

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- [27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest
- [29] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand

- [31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [36] 9(2)(h) - to maintain legal professional privilege
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [40] not in scope
- [41] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment
- [42] 18(d) - information is already publicly available or will be publicly available soon.

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# Cabinet

## Minute of Decision

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### 2020 Budget Package: Vote Labour Market

On 6 April 2020, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2020 Budget package, as listed in the summary below and detailed in the attached initiative documents;

#### Summary of initiatives included in the attached initiative documents:

##### Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
12118	Addressing Cost Pressures in Employment Policy Advice	-	0.300	-	-	-
11910	Addressing Cost Pressures in the Employment Relations – Employment Standards System	-	0.907	1.632	1.632	1.632
12509	Emergency Road Ambulance Services – Maintaining Viable Services	-	1.717	3.137	3.296	3.463
11800	Ensuring the Safety of Staff and Refugees at the Mangere Refugee Resettlement Centre	1.400	1.517	1.870	1.870	1.870
12318	Extending the Pilot of the Community Organisation Refugee Sponsorship (CORS) Category	-	0.110	0.920	0.920	0.970
12448	Finance Management Information System Renewal	-	1.742	1.357	0.449	-
11852	Increasing WorkSafe New Zealand's Capacity to Support the Kigali Amendment to the Montreal Protocol	0.788	-	-	-	-
11818	Responding to Increased Claims for Refugee and Protected Person Status	-	-	1.710	1.780	1.900
<b>Total Operating</b>		<b>2.188</b>	<b>6.293</b>	<b>10.626</b>	<b>9.947</b>	<b>9.835</b>

**Capital Initiatives (Impact on Debt)**

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
11852	Increasing WorkSafe New Zealand's Capacity to Support the Kigali Amendment to the Montreal Protocol	1.185	0.500	-	-	-
<b>Total Capital</b>		<b>1.185</b>	<b>0.500</b>	-	-	-

- 2 **agreed** to establish new appropriations where required to implement these initiatives, as described in the attached initiative documents;
- 3 **approved** changes to appropriations to implement the initiatives, as set out in the attached initiative documents;
- 4 **approved** the additional recommendations to give effect to the initiatives, as set out in the attached initiative documents;
- 5 **agreed** that the changes to appropriations for 2019/20 above be included in the 2019/20 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 6 **authorised** the Minister of Finance and the Appropriation Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2019/20 Supplementary Estimates, the 2020/21 Estimates and the fiscal forecasts;
- 7 **authorised** the Chief Executives of departments that monitor Crown entities directly affected by decisions in this minute to inform the chair and/or chief executive of a Crown entity, on a budget-in-confidence-until-budget-day basis, of decisions that directly affect that Crown entity for the purpose of planning and preparation of their Statement of Intent;
- 8 **noted** that all communications relating to the 2020 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement must have the written approval of the Minister of Finance and the Office of the Prime Minister;
- 9 **agreed** that the initiatives in the following table be set aside as contingency items and that corresponding funding be charged against the Budget 2020 operating allowance:

**Operating Contingencies**

Initiative Name	\$m – increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Improving the System for Refugee Family Reunification	-	-	7.157	7.468	7.557

[33]

## Improving the System for Refugee Family Reunification

- 10 **noted** that the “Improving the System for Refugee Family Reunification” Contingency is to support increasing the cap on the Refugee Family Support Category from 300 people per year to 600 people per year, increase the settlement support provided to sponsored family members, and conduct an evaluation of settlement outcomes for the sponsored family members of former refugees;
- 11 **noted** that draw down from the “Improving the System for Refugee Family Reunification” Contingency is subject to the Minister of Immigration reporting back to Cabinet on the package of specific policy proposals required to implement this initiative;
- 12 **agreed** that the “Improving the System for Refugee Family Reunification” Contingency will expire on 1 February 2022 unless extended;

[33]

Michael Webster  
Secretary of the Cabinet

## Initiative No: 12118

**Vote:** Labour Market

**Title:** Addressing Cost Pressures in Employment Policy Advice

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

### Appropriation changes

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Operating Balance Impact	-	0.300	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>0.300</b>	-	-	-

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Policy Advice and Related Outputs (MCA)					
<i>Departmental Output Expense:</i>					
Policy Advice and Related Services to Ministers - Employment (funded by revenue Crown)	-	0.300	-	-	-
<b>Total Operating</b>	-	<b>0.300</b>	-	-	-

**Vote:** Labour Market

**Title:** Addressing Cost Pressures in the Employment Relations – Employment Standards System

**Description:** 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.

### Appropriation changes

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Operating Balance Impact	-	0.907	1.632	1.632	1.632
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>0.907</b>	<b>1.632</b>	<b>1.632</b>	<b>1.632</b>

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
<b>Departmental Output Expense:</b>					
Workplace Relations and Safety - Employment Relations Services (funded by revenue Crown)	-	0.907	1.632	1.632	1.632
<b>Total Operating</b>	-	<b>0.907</b>	<b>1.632</b>	<b>1.632</b>	<b>1.632</b>

### Additional recommendation

- 17 **noted** that there is an associated initiative in Vote Business, Science and Innovation (Initiative 12440), which includes the associated capital injection and debt impacts;

**Vote:** Labour Market

**Title:** Emergency Road Ambulance Services – Maintaining Viable Services

**Description:** This initiative will fund 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.

### Appropriation changes

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Operating Balance Impact	-	1.717	3.137	3.296	3.463
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1.717</b>	<b>3.137</b>	<b>3.296</b>	<b>3.463</b>

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
<b>Non-Departmental Output Expense:</b>					
ACC - Rehabilitation Entitlements and Services	-	1.717	3.137	3.296	3.463
<b>Total Operating</b>	<b>-</b>	<b>1.717</b>	<b>3.137</b>	<b>3.296</b>	<b>3.463</b>

### Additional recommendation

18 **noted** that related funding has also been provided through Vote Health (Initiative 12210);

**Vote:** Labour Market

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

**Description:** 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.

### Appropriation changes

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Operating Balance Impact	1.400	1.517	1.870	1.870	1.870
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>1.400</b>	<b>1.517</b>	<b>1.870</b>	<b>1.870</b>	<b>1.870</b>

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Immigration Services (MCA)					
<i>Departmental Output Expense:</i>					
Settlement and Integration of Refugees and Other Migrants (funded by revenue Crown)	1.400	1.517	1.870	1.870	1.870
Total Multi-Category Expenses and Capital Expenditure: Immigration Services (MCA)	1.400	1.517	1.870	1.870	1.870
<b>Total Operating</b>	<b>1.400</b>	<b>1.517</b>	<b>1.870</b>	<b>1.870</b>	<b>1.870</b>

### Additional recommendation

- 19 **noted** that there is an associated initiative in Vote Business, Science and Innovation (Initiative 12441), which includes the associated capital injection and debt impacts;

- Vote:** Labour Market
- Title:** Extending the Pilot of the Community Organisation Refugee Sponsorship (CORS) Category
- Description:** This initiative provides funding to extend the Community Organisation Refugee Sponsorship (CORS) category pilot for a further three years in order to gather more information on the effectiveness of this method of refugee resettlement at meeting its objectives.

### Appropriation changes

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Operating Balance Impact	-	0.110	0.920	0.920	0.970
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>0.110</b>	<b>0.920</b>	<b>0.920</b>	<b>0.970</b>

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Immigration Services (MCA)					
<i>Departmental Output Expense:</i>					
Settlement and Integration of Refugees and Other Migrants (funded by revenue Crown)	-	0.110	0.920	0.920	0.970
<b>Total Operating</b>	-	<b>0.110</b>	<b>0.920</b>	<b>0.920</b>	<b>0.970</b>

### Additional recommendations

- 20 **noted** that the funding for Initiative 12318 is time-limited;
- 21 **noted** that related funding has also been provided through each of Vote Social Development (Initiative 12483), Vote Education (Initiative 12493), Vote Health (Initiative 12494) and Vote Tertiary Education (Initiative 12506);
- 22 **invited** the Minister of Immigration to report back to Cabinet by 30 September 2022 in time to inform decisions about ongoing funding for this initiative in Budget 2023.

## Initiative No: 12448

**Vote:** Labour Market

**Title:** Finance Management Information System Renewal

**Description:** This initiative provides funding to upgrade 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 offerings which will enable faster invoice payment times and provide multi-device flexibility to back office functions that align with common all-of-government processes.

### Appropriation changes

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Operating Balance Impact	-	1.742	1.357	0.449	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>1.742</b>	<b>1.357</b>	<b>0.449</b>	-

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
<b>Departmental Output Expenses:</b>					
Employment - Employment Sector Analysis and Facilitation (funded by revenue Crown)	-	0.013	0.010	0.003	-
Immigration - Regulation of Immigration Advisers (funded by revenue Crown)	-	0.007	0.006	0.002	-
Workplace Relations and Safety - Employment Relations Services (funded by revenue Crown)	-	0.117	0.091	0.030	-
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Immigration Services (MCA) <i>Departmental Output Expenses:</i>					
Assessment and Processing Services (funded by revenue Crown)	-	1.372	1.069	0.354	-
Integrity and Security of the New Zealand Immigration System (funded by revenue Crown)	-	0.160	0.124	0.041	-

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Services for the Attraction of Migrants (funded by revenue Crown)	-	0.002	0.002	0.001	-
Settlement and Integration of Refugees and Other Migrants (funded by revenue Crown)	-	0.040	0.031	0.010	-
<b>Total Multi-Category Expenses and Capital Expenditure: Immigration Services (MCA)</b>	-	<i>1.574</i>	<i>1.226</i>	<i>0.406</i>	-
<b>Policy Advice and Related Outputs (MCA)</b>					
<i>Departmental Output Expenses:</i>					
Policy Advice and Related Services to Ministers - Employment (funded by revenue Crown)	-	0.004	0.003	0.001	-
Policy Advice and Related Services to Ministers - Immigration (funded by revenue Crown)	-	0.009	0.007	0.002	-
Policy Advice and Related Services to Ministers - Workplace Relations and Safety (funded by revenue Crown)	-	0.018	0.014	0.005	-
<b>Total Multi-Category Expenses and Capital Expenditure: Policy Advice and Related Outputs (MCA)</b>	-	<i>0.031</i>	<i>0.024</i>	<i>0.008</i>	-
<b>Total Operating</b>	-	<b>1.742</b>	<b>1.357</b>	<b>0.449</b>	-

### **Additional recommendation**

- 23 **noted** that there are associated initiatives in Vote Business, Science and Innovation (Initiative 11751) and Vote Building and Construction (Initiative 12449), which include the remaining operating funding and associated debt impacts;

**Vote:** Labour Market

**Title:** Increasing WorkSafe New Zealand's Capacity to Support the Kigali Amendment to the Montreal Protocol

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

### Appropriation changes

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Operating Balance Impact	0.788	-	-	-	-
Debt Impact	1.185	0.500	-	-	-
No Impact	0.351	0.860	1.167	0.797	0.797
<b>Total</b>	<b>2.324</b>	<b>1.360</b>	<b>1.167</b>	<b>0.797</b>	<b>0.797</b>

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
<b>Non-Departmental Output Expense:</b> Workplace Relations and Safety - Workplace Health and Safety	0.351	0.860	1.167	0.797	0.797
<b>Non-Departmental Other Expense:</b> Workplace Relations and Safety - Concession Expense for Loans to WorkSafe New Zealand	0.788	-	-	-	-
<b>Non-Departmental Capital Expenditure:</b> Workplace Relations and Safety - Capital for WorkSafe New Zealand	1.185	0.500	-	-	-
<b>Total Operating</b>	<b>1.139</b>	<b>0.860</b>	<b>1.167</b>	<b>0.797</b>	<b>0.797</b>
<b>Total Capital</b>	<b>1.185</b>	<b>0.500</b>	-	-	-

### Additional recommendations

- 20 **noted** that non-departmental output expense appropriation increases above include:
- 20.1 \$2.986 million over five years, and \$0.727 million in out-years, to be funded by third parties through licensing fees;
  - 20.2 \$0.986 million over five years, and \$0.070 million in out-years, to be funded through the Health and Safety at Work Levy;
- 21 **noted** that the expenses outlined above are fiscally neutral, with no Operating Balance impact;

- 22 **noted** that the non-departmental capital expenditure includes:
- 22.1 Capital injections totalling \$0.700 million for the development of IT systems to support administration of licensing regimes, with an associated debt impact charged against the multi-year capital allowance;
  - 22.2 a repayable capital injection (i.e. concessionary loan) of \$0.985 million, repayable within ten years, to cover the anticipated shortfall of the refrigeration licensing memorandum account over the first five year licensing period, with an associated debt impact, but fiscally neutral across ten years, and therefore requiring no charge against the Multi-year capital allowance;
- 23 **directed** the Ministry of Business, Innovation and Employment to prepare and agree a memorandum of understanding (MoU) with WorkSafe New Zealand that specifies the proposed terms of the concessionary loan, including a schedule for repayment within ten years (by 30 June 2029);
- 24 **noted** that under section 65L of the Public Finance Act 1989, the Minister of Finance may lend money to a person or organisation if it appears to the Minister to be necessary or expedient in the public interest to do so;
- 25 **invited** the Minister of Finance to authorise the repayable capital injection, at the request of the Minister for Workplace Relations and Safety, once the MoU described in paragraph 23 above has been agreed;
- 26 **noted** that the concession expense provides for the appropriate accounting treatment of the better-than-market loan agreement between the Ministry of Business, Innovation and Employment and WorkSafe New Zealand, and assumes the MoU agreement and Ministerial authorisation occur in the 2019/20 financial year;
- 27 **agreed** that in the case of a delay in the MoU agreement and/or Ministerial authorisation, the balance of the appropriation as at 30 June 2020 can be transferred to the 2020/21 financial year to ensure that an appropriation is available for the concession expense;
- 28 **authorised** the Minister of Finance and the Minister for Workplace Relations and Safety jointly to agree the final amount to be transferred, following completion of the 2019/20 audited financial statements of the Ministry of Business, Innovation and Employment (or before-hand if necessary), with no impact on the operating balance and/or net core Crown debt across the forecast period.

**Vote:** Labour Market

**Title:** Responding to Increased Claims for Refugee and Protected Person Status

**Description:** This initiative provides funding to increase visa processing capacity for refugee and protected purpose claims in response to a forecast increase in claims from a total of 600 in 2019/2020 to 700 in 2021/2022.

### Appropriation changes

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Operating Balance Impact	-	-	1.710	1.780	1.900
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	-	<b>1.710</b>	<b>1.780</b>	<b>1.900</b>

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Immigration Services (MCA)					
<i>Departmental Output Expense:</i>					
Integrity and Security of the New Zealand Immigration System (funded by revenue Crown)	-	-	1.710	1.780	1.900
<b>Total Operating</b>	-	-	<b>1.710</b>	<b>1.780</b>	<b>1.900</b>