

The Treasury

Budget 2020 Information Release

August 2020

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TE TAI ŌHANGA
THE TREASURY

Budget 2020

Guide for Agencies

24 September 2019

Contents

1	What this guidance covers.....	2
1.1	Key deadlines for Agencies	2
2	Summary of Budget 2020 Strategy Cabinet Paper	2
2.1	Context	2
2.2	Strategy and focus	2
2.3	Allowances	3
2.4	Budget 2020 Priorities	4
2.5	Budget 2020 process flow chart.....	6
3	Budget 2020 process overview	7
3.1	Initiative development.....	7
3.2	Initiative submission	7
3.3	Initiative type and assessment	8
3.4	Package formation	8
4	Budget 2020 initiatives.....	10
4.1	Initiative flow chart.....	11
4.2	Cost pressure initiatives	12
4.3	New spending initiatives.....	12
4.4	Wellbeing analysis.....	13
4.5	Commitment-related initiatives	15
5	Submitting initiatives	15
5.1	Complete the appropriate initiative template.....	15
5.2	Upload initiatives to CFISnet.....	15
5.3	Prepare a submission letter to the Minister of Finance	16
5.4	Late initiatives	17
6	Assessment of initiatives	18
6.1	Initiative assessment	18
6.2	Package development.....	18
6.3	Digital, data and ICT initiatives.....	18
6.4	Capital initiatives.....	19
7	Templates	20
7.1	Template 1: Cost Pressure Submission Letter.....	21
7.2	Template 2: New Spending Submission Letter	22
7.3	Template 3: Late Cost Pressure Initiative Letter	23
7.4	Template 4: Late New Spending Initiative Letter	24
7.5	Annotated Cost Pressure Template	25
7.6	Annotated New Spending Template.....	27
7.7	Example: New Spending Initiative (Priority-aligning)	32
7.8	Example: Cost Pressure Initiative	45

1 What this guidance covers

This guidance provides an overview of the agreed strategy and process for Budget 2020, and contains a step-by-step guide for agencies on how to complete and submit Budget initiatives.

We are currently updating CFISnet to simplify and streamline information collection. Further technical guidance on CFISnet requirements will be released shortly.

You have been invited to information sessions run by the Treasury on Thursday 26 and Friday 27 September to go through key elements of the guidance and answer your questions. You will only need to attend one of these two sessions.

1.1 Key deadlines for Agencies

Date	Item
5pm, 1 Nov 2019	Cost pressure submissions due: <ul style="list-style-type: none">- Initiative templates and further information uploaded to CFISnet- Portfolio Minister's cost pressure letter submitted to the Minister of Finance
5pm, 29 Nov 2019	New spending submissions due <ul style="list-style-type: none">- Initiative templates and further information uploaded to CFISnet- Portfolio Minister's new spending letter submitted to the Minister of Finance

For more information on the Budget process, including the months in which key milestones will take place, please refer to the flowchart at section [2.5](#) below.

2 Summary of Budget 2020 Strategy Cabinet Paper

2.1 Context

On Monday 23 September 2019, Cabinet agreed the Budget 2020 Strategy Cabinet Paper (the Paper). The Paper outlines the key elements of the Budget process for 2020, including the strategy, focus, allowances, and requirements for Ministers and agencies.

2.2 Strategy and focus

Consistent with the Government's commitment to embedding a wellbeing approach into policymaking, Cabinet has confirmed that Budget 2020 will be the Government's second Wellbeing Budget.

To ensure that the second Wellbeing Budget achieves the Government's objectives, Budget 2020 will include a strong focus on:

- working closely across government to co-design initiatives that provide collective solutions for the Government's wellbeing priorities
- making use of the growing amount of evidence and wellbeing data to look beyond fiscal and economic implications, and ground initiative development in an evidence-based approach

- collaborating to prioritise Budget packages that demonstrate clear and compelling opportunities to progress wellbeing outcomes, both in the short term and for future generations and
- maintaining a focus on delivery to ensure expected wellbeing outcomes are realised and progress is measured.

In line with the Strategy, the spending focus for Budget 2020 is threefold:

- to continue delivering initiatives that support the five Budget 2020 Priorities, (Priority-aligning initiatives)
- to ensure that existing services are able to meet demand and/or regulated levels (cost-pressure initiatives), and
- to invest in other new initiatives that will strongly contribute to New Zealanders' wellbeing and support Government commitments ('Other' initiatives - including commitment-related initiatives that are not cost pressures or Priority-aligning).

An overview of the Budget 2020 process can be found in the flow chart in section [2.5](#) below, and the Budget 2020 Process Overview in section [3](#).

2.3 Allowances

The operating allowance for Budget 2020 remains at \$3.0 billion per annum (as set at Budget 2019) and the remaining multi-year capital allowance for Budgets 2020 to 2023 is \$4.4 billion.

A new year of the rolling four-year capital allowance (2023/24) will be included in the forecast period in the *Budget Policy Statement 2020* and the available total will be revised in the *Budget 2020 Policy Statement* later this year.

Initiatives seeking capital funding in Budget 2020 will cover a ten year period, from 2019/20 to 2028/29 (the current fiscal year, plus the next nine fiscal years). The ten-year time horizon more accurately reflects and captures the nature of capital investment. This improves the Government's ability to take a long-term view of capital commitments, and increases transparency by more clearly tracking and reporting the cash impacts of capital initiatives over time.

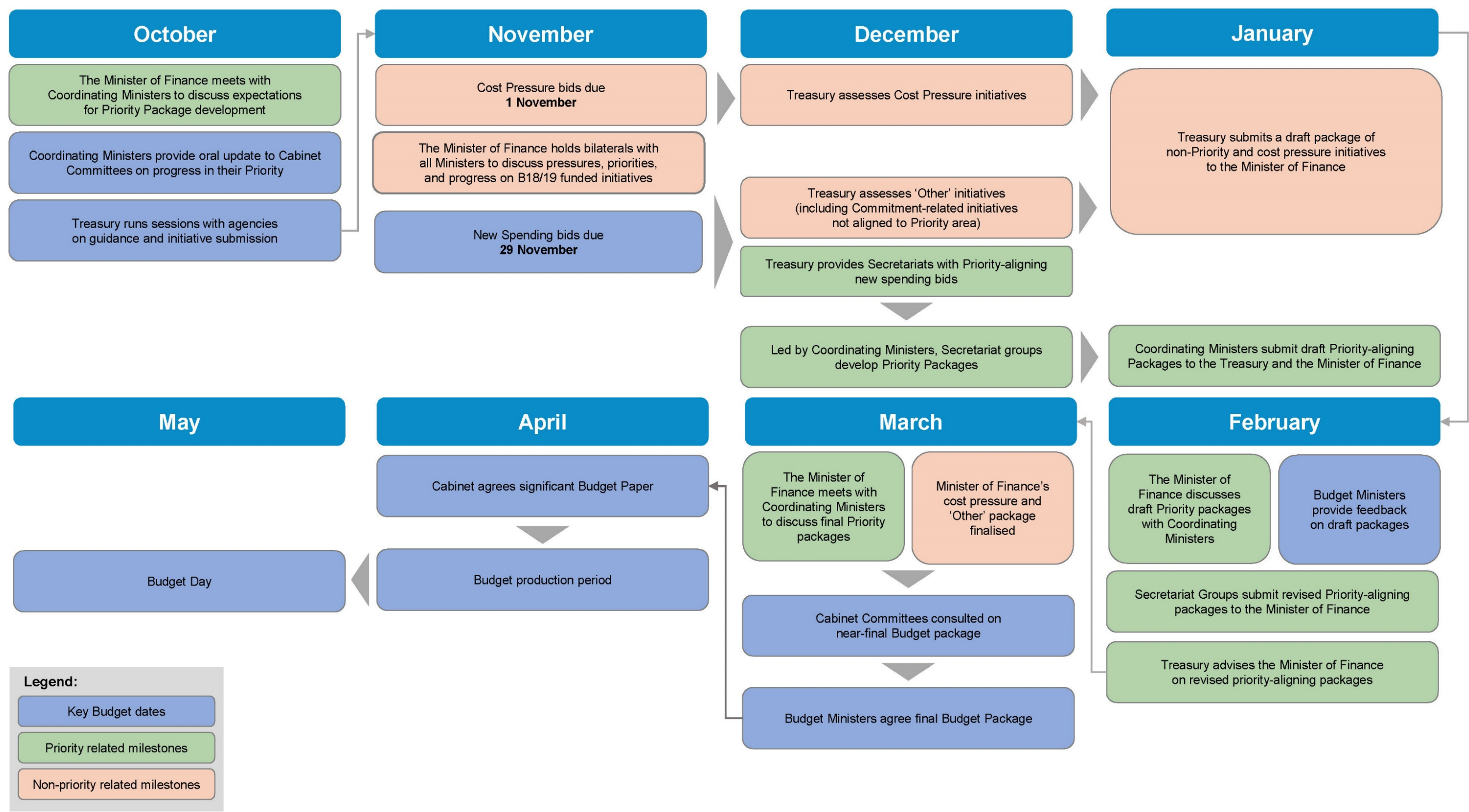
2.4 Budget 2020 Priorities

The Budget 2020 Priorities build on the Budget 2019 Priorities, in order to make long-term and sustainable progress toward these objectives. Wording changes have been made to the overarching priorities to clarify their objectives. Evidence-based sub-priorities have also been developed, in consultation with Senior Officials Groups, external stakeholders, and Chief Science Advisors, to provide greater specificity on key focus areas for achieving the Priorities' objectives.

Budget 2020 Priorities and Sub-Priorities	
Just Transition Supporting New Zealanders in the transition to a climate-resilient, sustainable, and low-emissions economy	Sub-Priority 1: Enable land use to deliver higher value and improved environmental outcomes. <i>The Government wants to ensure that farmers, businesses, and communities are supported to reduce emissions and improve productivity through research, innovation, adopting new technologies, and changing business practices.</i>
	Sub-Priority 2: Promote a sustainable and affordable energy system. <i>Shifting to a sustainable and affordable energy system is an important enabler of a low-emissions economy. This includes reducing barriers and improving incentives for innovative businesses to adopt and develop clean energy solutions.</i>
Future of Work Enabling all New Zealanders to benefit from new technologies and lift productivity through innovation	Sub-Priority 1: Enabling workers to adapt to technological change by continually upskilling, re-skilling, and participating in productive and fair employment. <i>Technological change poses challenges and opportunities for the resilience and adaptability of our workforce's skills and experiences. This suggests that workers will need to continuously refresh their skills to respond to the rapidly changing nature of work. The Government is committed to ensuring that no one is left behind and that workers have the chance to participate in the economy of the future.</i>
	Sub-Priority 2: Supporting businesses by enabling uptake of new technology and improving access to global markets, skills, and infrastructure. <i>Technological change will pose challenges and opportunities for businesses. It will become increasingly important for business to be agile to respond to global trends and be early adopters of technology to remain competitive in a global marketplace.</i>

Budget 2020 Priorities and Sub-Priorities	
Māori and Pacific Lifting Māori and Pacific incomes, skills, and opportunities	Sub-Priority 1: Lifting Māori and Pacific peoples' skills, education, income and employment outcomes <i>Improving education and employment outcomes for Māori and Pacific peoples is critical for lifting wellbeing. This includes enabling improved participation and achievement for learners across all areas of the education system and improving access to skills development, employment, and resilient and well-paying jobs.</i>
	Sub-Priority 2: Improving Māori and Pacific health and housing outcomes through housing quality, affordability, and tenure <i>Improving security of tenure and access to warm and dry homes will have a significant impact on wellbeing. This will involve a focus on improving housing quality for Māori and Pacific peoples as well as increasing the possibility of home ownership for these groups.</i>
Child Wellbeing Reducing child poverty and improving child wellbeing	Sub-Priority 1: Improving housing quality and income levels for low-income families <i>Unsuitable and/or insecure housing and inadequate incomes are significant issues in New Zealand, particularly for households that are disadvantaged in other areas. It contributes to poor health as well as poor child wellbeing outcomes.</i>
	Sub-Priority 2: Prevention and early intervention for children and whānau with the greatest needs, including continuing to address family violence and sexual violence <i>Research shows that early intervention is most effective in addressing many of the issues facing families. Addressing family violence and sexual violence continues to be a Government priority and will require persistent attention to address what are often intergenerational issues.</i>
Physical and Mental Wellbeing Supporting improved health outcomes for all New Zealanders	Sub-Priority 1: Strengthening existing mental health services in the health sector and beyond, with a focus on under 24-year-olds <i>Addressing mental health remains a priority for the Government. In any 12-month period, about one in five New Zealanders will have a diagnosable mental illness, with three-quarters of lifetime cases starting by the age of 25. Addressing these issues early in life can also significantly improve risk factors that would otherwise contribute to poor outcomes later, including interactions with the justice and welfare systems.</i>
	Sub-Priority 2: Delivering a sustainable and equitable public health and disability system <i>Equity of outcomes is a significant and ongoing issue in the health sector. Addressing this requires strengthening the health system to deliver equitable health wellbeing outcomes for all New Zealanders.</i>

2.5 Budget 2020 process flow chart



3 Budget 2020 process overview

3.1 Initiative development

This year there will be separate processes for assessing cost pressures and new spending initiatives. To support this, different initiative templates have been developed for cost pressure and new spending initiatives (see section [4](#)). As a result, it is vital to determine whether your initiative is a pure cost pressure, or if it constitutes new spending because this will determine the process through which the bid is assessed.

If you have questions about whether an initiative is eligible for Budget 2020 funding, or which template to use, please refer to section [4](#) for further information, and contact your Treasury Vote Analyst if you have further questions.

3.2 Initiative submission

Initiative type	CFISNet Submission date	Portfolio Minister's Letter due
Cost pressure	5pm, Friday 1 November 2019	5pm, Friday 1 November 2019
New Spending: <ul style="list-style-type: none">• Priority-aligning• Other	5pm, Friday 29 November 2019	5pm, Friday 29 November 2019

Ministers seeking funding through Budget 2020 are required to send a letter to the Minister of Finance, providing an overview of all initiatives submitted through each process (ie, one for each of cost pressures and new spending).

Templates for these letters can be found in section [7](#), and guidance on how to complete these can be found at section [5.3](#).

3.3 Initiative type and assessment

- **Priority-aligning new spending** initiatives will be assessed by Secretariat Groups.
- **Cost pressures** and **‘Other’ new spending initiatives** will be assessed by the Treasury. For more information on the assessment criteria for each initiative type refer to section [6.1](#).

Funding for New Initiatives (Bids due 29 November)

New Priority-Aligned Initiatives

- Clearly supports at least one Budget priority.
- Package development led by Coordinating Ministers in consultation with portfolio Ministers, for recommendation to the Minister of Finance and Budget Ministers.

Other Initiatives

- Addresses outstanding commitments in the Speech from the Throne, Coalition Agreement, or Confidence and Supply Agreement that do not align with a Budget priority.
- Subject to same information requirements as priority-aligned initiatives, including identification of scaling and phasing options.
- Other initiatives outside of the Speech from the Throne, Coalition Agreement, or Confidence and Supply Agreement considered only if very high bar is met.
- Process led by Minister of Finance.

Funding to Address Cost Pressures (Bids due 1 November)

Cost Pressure Initiatives

- Addresses cost pressures caused by rising demand and/or prices to deliver existing services and outputs.
- Must clearly demonstrate:
 - Pressure has arisen due to external factors (eg, volume, price, legislation),
 - That a high level of risk is attached to not funding (eg, service failure), and
 - Efforts have been made to manage pressures within baselines.
- Process led by Minister of Finance.

3.4 Package formation

Five Secretariat Groups, led by Coordinating Ministers (see the table below) and supported by officials from across the public sector, will develop draft Priority-aligning packages for submission to the Minister of Finance in January. For an overview of the Priorities, refer to [section 2.4](#). Treasury will support Secretariats where needed, and Chief Science Advisors will be consulted on the packages’ development.

The Minister of Finance, supported by the Treasury, will develop a package of initiatives that are not priority-aligning. The package will include cost pressures and ‘Other’ new spending initiatives, including commitment-related initiatives that are not priority-aligning. Portfolio Ministers will have an opportunity to discuss their agencies’ cost pressures with the Minister of Finance or an Associate Minister of Finance in bilateral meetings in November.

Before meeting with Coordinating Ministers in February, the Minister of Finance will receive advice from the Treasury on each submitted draft Priority package. This advice will be based on the effectiveness of each package in achieving the Priority’s objectives, and the ability of the selected initiatives to be implemented. The Minister of Finance and Budget Ministers will then provide feedback on draft Priority packages, and Secretariat Groups will be given an opportunity to revise packages. Further discussions with Coordinating Ministers will take place in March, ahead of package finalisation.

Once the six packages have been finalised (ie, five Priority packages & the Minister of Finance's package), Cabinet Committees will be consulted on the near-final Budget 2020 Package. Budget Ministers will then agree to a final Budget Package to recommend to Cabinet, and the Budget 2020 Cabinet paper will be prepared, for consideration by Cabinet in April.

Priority	Coordinating Ministers
Priority A: Just Transition:	Hon David Parker
Priority B: Future of Work	Hon Phil Twyford
Priority C: Māori and Pacific	Hon Kelvin Davis
Priority D: Child Wellbeing	Hon Tracey Martin
Priority E: Physical and Mental Wellbeing:	Hon Dr David Clark

4 Budget 2020 initiatives

Initiatives within scope for Budget 2020 fall into two broad categories: **cost pressures** and **new spending**. A more detailed description for each of the initiative types that fall within these categories can be found in sections [4.2](#) and [4.3](#). The Initiative flow chart below at [4.1](#) provides an overview of how each initiative type will be assessed.

Due to the separate assessment processes this year, initiatives cannot combine components of new spending and cost pressures. Where you are seeking funding to respond to a cost pressure and expand or enhance a service or asset, it is necessary to separate the different components according to the category they fall within, and submit two templates: a cost pressure and a new spending template.

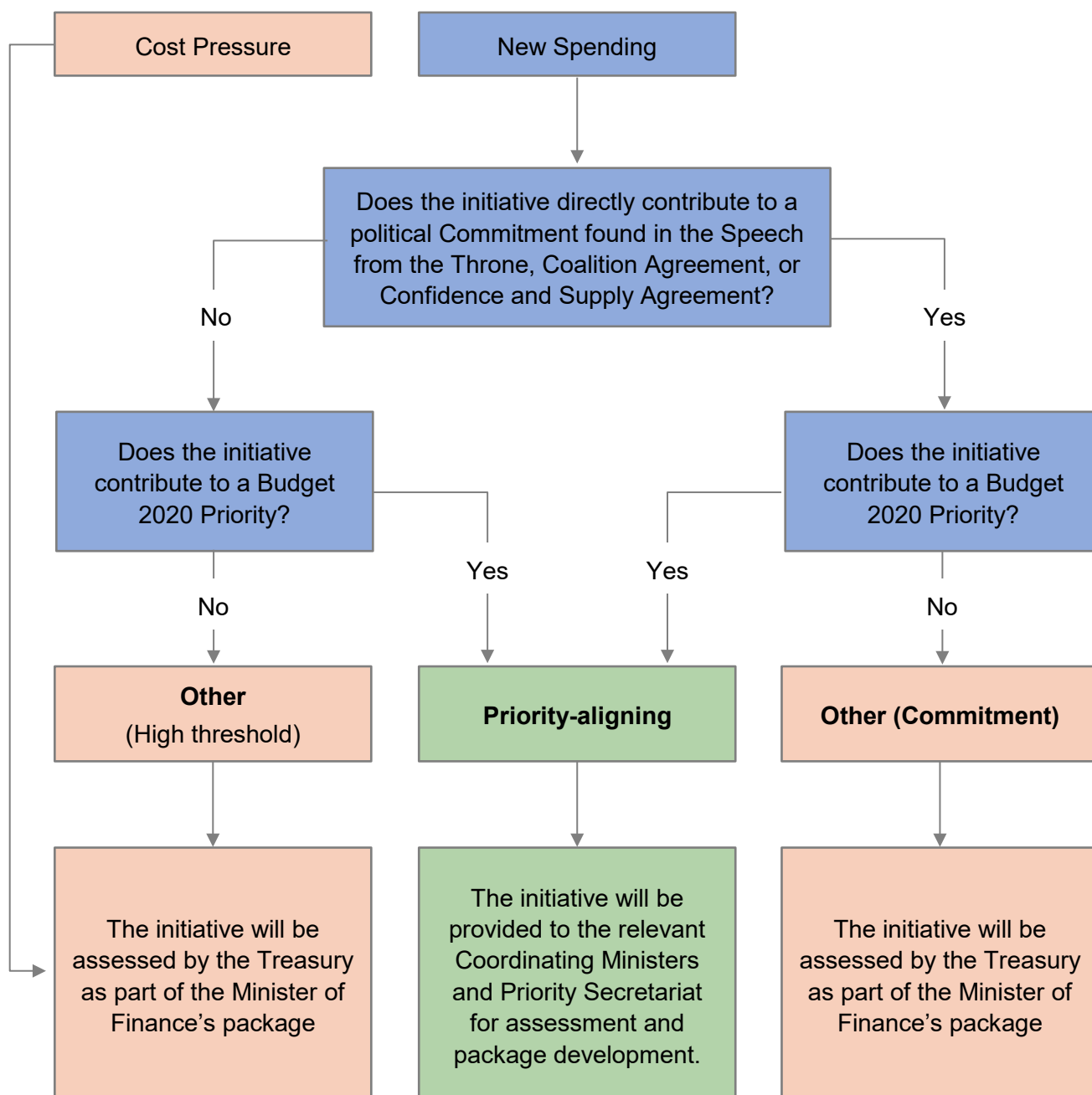
If you are developing an initiative that contains significant digital, ICT, or data components you are expected to engage with the Government Chief Digital Officer (GCDO) and/or the Government Chief Digital Steward (GCDS) as early as possible.

As in previous Budgets, new funding should be sought **only when other sources of funding have been explored and exhausted**. Before submitting an application for Budget funding, consideration should always be given to whether an initiative could be funded by third-party charges (where the services are being provided to that third party), or by moving available resources between appropriations or years. The Treasury coordinates two processes that support initiatives that might otherwise seek Budget funding:

- The **Baseline Updates** (which take place in October and March) provide opportunities to move funds between appropriations or years in accordance with the delegations to Joint Ministers in Cabinet Office Circular CO(18)2. Please refer to the CFISnet circulars on these processes.
- If a change is outside the delegation to joint Ministers in CO(18)2, the **Technical Budget Package** (agreed in March) provides an opportunity to obtain Cabinet agreement to fiscally-neutral transfers between appropriations and years. Information about the Technical Budget process will be available on CFISnet closer to the time.

4.1 Initiative flow chart

The flow chart below provides an overview of what constitutes the different initiative types and how they will be assessed. For further information about these initiative types, please see the rest of section 4 above. For information on the assessment criteria, see section 6.1.



4.2 Cost pressure initiatives

Cost pressure initiatives for Budget 2020 are due by 5pm 1 November 2019.

What is required for each initiative:

- A cost pressure initiative template, completed and uploaded to CFISnet.
- Reference to the initiative in the Portfolio Minister's letter to the Minister of Finance discussed in section [5.3](#).

Cost pressure initiatives do not need to align with Priority areas and do not require Wellbeing Analysis. However, in order to be eligible for Budget 2020 funding, cost pressures:

- must be non-discretionary or present significant risks if not funded, and
- are limited to pressures driven by regulatory requirements or changes in volume or price only.
 - This includes meeting existing or impending regulatory or legislative requirements, and volume/price-driven personnel-presures.

In exceptional circumstances, pressures that do not fulfil the above requirements may be eligible for Budget 2020 funding. If you have an initiative that you think should be considered as a cost pressure, please contact your Vote Analyst who will be able to advise you on how to proceed.

All cost pressure initiatives will be assessed by the Treasury and considered by the Minister of Finance in the development of his non-Priority aligned package.

4.3 New spending initiatives

New spending initiatives for Budget 2020 are due by 5pm 29 November 2019.

What is required for each initiative:

- A new spending template for each initiative, completed and uploaded to CFISnet, and
- Reference to the initiative in the responsible Minister's letter to the Minister of Finance, discussed in section [5.3](#).

New spending initiatives eligible for Budget 2020 funding fall into two sub-categories:

- Priority-aligning, and
- Other.

4.3.1 *Priority-aligning*

The list of Budget 2020 Priorities and sub-priorities can be found in [section 2.4](#). Following submission, initiatives will be provided to the Coordinating Minister and Priority Secretariat Group with which they most align, for consideration in their package development.

Although not essential, initiatives that clearly align with a sub-priority will receive preference through the Secretariat package development process. Where Commitment-related initiatives are Priority-aligning, they will also be considered through the Secretariat Group process.

4.3.2 Other

Initiatives that are neither a cost pressure nor priority-aligning fall in the 'Other' category. This category includes Commitment-related initiatives that are neither a cost pressure nor Priority-aligning. There is a high bar for receiving funding through Budget 2020, and while these initiatives are eligible for funding through Budget 2020, they must demonstrate both clear alignment to the Government's broader objectives, and evidence that they will strongly contribute to raising New Zealanders' wellbeing.













All 'Other' new spending initiatives will be assessed by the Treasury and considered by the Minister of Finance in his development of a non-priority-aligned package.

4.4 Wellbeing analysis

All New Spending initiatives require Wellbeing Analysis. This year the Analysis requirements have been simplified. You will no longer need to provide information on an initiative's contribution to the Living Standards Framework's four Capitals or its role in responding to risk or fostering resilience. This analysis will be carried out by the Treasury during the package development stage.

Instead, analysis is to focus on the groups likely to be impacted by the initiative, the magnitude of impact, and the efficacy of the initiative in responding to the problem or opportunity. Wellbeing Analysis is based on the wellbeing domains, as in the table below. A definition of each domain is outlined below. For more information on how to complete Wellbeing Analysis, please see the Annotated New Spending Template in section [7.6](#).

CBAX is not mandatory, however the [CBAX guidance](#) can help you identify, quantify and monetise wellbeing impacts where applicable. You may also wish to use policy tools such as the [Child Impact Assessment Tool](#) and [Bringing Gender In](#) to identify the groups that will be affected by the initiative and the nature of the impacts.

Domain	Icon	Description
Civic engagement and governance		People's engagement in the governance of their country and their civic responsibilities, how 'good' New Zealand's governance is perceived to be, and the procedural fairness of our society.
Cultural identity		Having a strong sense of identity, belonging and ability to be oneself, and the existence value of cultural taonga
Environment		The natural and physical environment and how it impacts people today
Health		Our mental and physical health
Housing		The quality, suitability, and affordability of the homes we live in
Income and consumption		People's disposable income from all sources, how much people spend and the material possessions they have
Jobs and earnings		The quality of people's jobs (including monetary compensation) and work environment, people's ease and inclusiveness of finding suitable employment, and their job stability and freedom from unemployment.
Knowledge and skills		People's knowledge and skills
Safety		People's safety and security (both real and perceived) and their freedom from risk of harm, and lack of fear.
Social connections		Having positive social contacts and a support network
Subjective wellbeing		Overall life satisfaction and sense of meaning and self
Time use		The quality and quantity of people's leisure and recreation time (that is, people's free time where they are not working or doing chores).

4.5 Commitment-related initiatives

Initiatives that relate to outstanding commitments in the Coalition Agreement, Confidence and Supply Agreement and Speech from the Throne are in scope for Budget 2020.

Initiatives that relate to a commitment and are Priority-aligning will be assessed by the relevant Secretariat Group and considered by the Coordinating Minister, in their development of that Priority package.

Initiatives that relate to a commitment and are either cost pressures or 'Other' new spending will be assessed by the Treasury and considered by the Minister of Finance in his development of a non-Priority aligned package.

5 Submitting initiatives

In order to correctly submit an initiative, several things are required:

- 1 Complete the appropriate initiative template for every initiative
- 2 Upload all completed initiatives to CFISnet (and provide the further information required in the CFISnet module fields), and
- 3 Include reference to the initiative in the appropriate submission letter to the Minister of Finance.

5.1 Complete the appropriate initiative template

Fill in the relevant template for your initiative (types of initiatives are explained in detail above in [section 4](#)). For guidance on how to fill in the cost pressure and new spending templates, refer to the example and annotated templates found in [section 7](#). If you need any help determining which template to use or how to fill the template in, please contact your Treasury Vote Analyst.

5.2 Upload initiatives to CFISnet

- **Cost pressure initiatives are to be uploaded to CFISnet by 5pm Friday 1 November 2019.**
- **New spending initiatives are to be uploaded to CFISnet by 5pm Friday 29 November 2019.**

If an initiative has funding implications across different Portfolios, the initiative should be submitted as **one initiative** by the leading Minister and agency. If an initiative is a collaborative initiative, the initiative should be submitted only once, by the leading Ministers and agency.

- **Example:** The Ministry of Social Development (as lead agency) is developing a joint initiative with Oranga Tamariki. The initiative will be submitted on CFISnet **only** by the Ministry of Social Development.

We are currently updating CFISnet to simplify and streamline information collection. Further technical guidance on CFISnet requirements will be released shortly.

5.3 Prepare a submission letter to the Minister of Finance

- **Cost pressure letters are to be submitted to the Minister of Finance by 5pm Friday 1 November 2019.**
- **New spending letters are to be submitted to the Minister of Finance by 5pm Friday 29 November 2019.**

Ministers seeking funding through Budget 2020 are required to formally submit initiatives to the Minister of Finance in a submission letter. One letter is required for each process (ie, if a Portfolio is submitting both cost pressures and new funding initiatives, two letters must be prepared). The templates can be found in section 7.

This year there are reduced requirements for the content of these letters. It is no longer necessary to provide descriptions or funding sought for each initiative. Instead, for each letter you will be asked to provide:

- the total amount of funding sought
- the title of each submitted initiative, and
- the titles only of initiatives that you have collaborated on.

To avoid duplication, do not include initiatives that are being led by other Ministers or agencies (and submitted under a different portfolio) in the funding totals or the submitted initiative title sections of your letter. These titles are to be included under a separate 'collaborative initiatives' section in the letter to provide oversight and to highlight where you are taking a collaborative approach.

Please ensure that the titles for each initiative are identical to those entered into CFISnet, and provided in the initiative templates.

5.3.1 Where Minister holds multiple Portfolios

For simplicity, where a Minister is responsible for multiple Portfolios, one cost pressure and/or new spending letter is to be prepared for each Portfolio.

Example:

- *The Minister for Oranga Tamariki is also the Minister for Internal Affairs.*
- *Both Oranga Tamariki and the Department of Internal Affairs are submitting cost pressure and new spending initiatives.*
- *The Minister will sign **four letters**: a cost pressure letter and a new spending letter for Oranga Tamariki, and a cost pressure letter and a new spending letter for Internal Affairs.*

5.3.2 Where agency has multiple Portfolio Ministers

Where multiple portfolios fit within a single agency, one cost pressure and/or new spending letter is to be prepared for each portfolio Minister submitting initiatives.

Example:

- *The Ministry of Business, Innovation and Employment is submitting new spending initiatives under the Immigration portfolio; cost pressure initiatives under the State Services portfolio and both new spending and cost pressure initiatives under the Tourism portfolio.*
- *The Minister of Immigration will sign **one** new spending letter.*
- *The Minister of State Services will sign **one** cost pressure letter.*
- *The Minister of Tourism will sign **two** letters: a cost pressure letter and a new spending letter.*

If you have further questions on what is to be included in submission letters, please contact your Treasury Vote Analyst.

5.4 Late initiatives

Late initiatives will require the Minister of Finance's approval to be included in the Budget process. The purpose of this is to increase transparency and ensure the consistent treatment of initiatives.

Late Initiatives are initiatives that are:

- not included in the portfolio Minister's submission letters and are not lodged on CFISnet by the relevant submission date, and/or
- included in the portfolio Minister's submission letters and lodged on CFISnet by the relevant submission date, but only as placeholder initiatives.

The Late Initiative Submission Letter must be completed and sent with the relevant initiative template(s). These can be found in section 7.

Authority to request that substantially underdeveloped bids are resubmitted as late initiatives is also reserved. Your Treasury Vote Analyst will communicate this to you if this applies to any bids submitted by your Minister.

6 Assessment of initiatives

6.1 Initiative assessment

Following initiative submission, **Priority-aligning new spending initiatives** will be provided to the relevant Secretariat Groups for assessment and package development.

The Treasury will assess all **cost pressure** and **‘Other’ initiatives** (including commitment-related initiatives that are not Priority-aligning).

- The Treasury’s assessment of **cost pressure initiatives** will focus on whether the initiative demonstrates evidence of a legitimate pressure, a convincing need for new funding through Budget 2020, and robust costings.
- The Treasury’s assessment of **‘Other’ initiatives** will focus on whether the initiative contributes to raising New Zealanders’ wellbeing, while also representing value for money and implementation readiness. Given the allowance constraints for Budget 2020, there will be a high bar for funding these initiatives. Where an initiative is **commitment-related**, the Treasury will also consider the extent to which the initiative aligns with the scope and fulfils the objectives of that commitment.

6.2 Package development

Cost pressures and ‘Other’ new spending initiatives

The Minister of Finance will lead the development of a package that includes cost pressure and ‘Other’ initiatives, including commitment-related initiatives that are not Priority-aligning. The Treasury will be responsible for supporting the Minister in the development of this package.

Priority-aligning new spending initiatives

Led by Coordinating Ministers and supported by a cross-agency team of officials, Secretariat Groups will develop Priority-aligning packages. Treasury support will be available to Secretariat Groups where needed, and Chief Science Advisors will be consulted on the packages’ development. The Minister of Finance will make his expectations for the package development process clear to Secretariats ahead of the package formation stage.

Package development is an iterative process, and you may be asked to provide additional information about the initiatives that your Minister has submitted to Treasury or to a Secretariat.

6.3 Digital, data and ICT initiatives

In addition to being assessed by the relevant Secretariat or Treasury team, the GCDO and GCDS will provide advice on initiatives that have data, digital, or ICT components. This advice will consider initiatives against a set of common investment principles, which will be confirmed by the end of September. This advice will feed into the relevant package development process.

Separate guidance on digital, data and ICT initiatives can be found on CFISnet.

6.4 Capital initiatives

Capital initiatives will not be treated substantially differently to operating initiatives. Cost pressure and 'Other' new spending initiatives seeking capital funding will be assessed by the Treasury. Priority-aligning initiatives seeking capital funding will be assessed by the relevant Secretariat Group.

6.4.1 *Better Business Cases*

An appropriate Better Business Case is required to support all capital investment proposals (for more information, see Cabinet Office Circular CO15(5)). If an initiative seeking significant capital investment does not have a business case, it will likely be assessed as "not investment ready" and deprioritised.

There are a range of business cases that may be used depending on the decision being sought, the nature of the programme or project and the associated scale, risk, and uncertainty. Your Vote Analyst can advise on the appropriate type of business case to support the initiative.

Further information and guidance is also available at: www.treasury.govt.nz/betterbusinesscases or email betterbusinesscases@treasury.govt.nz.

The Treasury, in collaboration with specialist agencies including the GCDO and the GCDS, will provide additional advice to Budget Ministers, offering a system-wide view of significant capital investment proposals.

As part of the Government Investment Portfolio (GIP), all agencies referenced under CO(15)5 are also required to provide annual reports on their long-term capital intentions. This includes all significant investments that are proposed, planned, or underway that may seek Crown funding this Budget or in future Budgets (over the next 10-year period). Agencies required to report on this should expect to receive more details on scope and submission requirements separately from portfolio.performance@treasury.govt.nz.

7 Templates

Template 1: Cost Pressure Submission Letter

Template 2: New Spending Submission Letter

Template 3: Late Cost Pressure Initiative Letter

Template 4: Late New Spending Initiative Letter

Annotated Cost Pressure Template

Annotated New Spending Template

Example New Spending Initiative Template (Priority-aligning)

Example Cost Pressure Initiative Template

7.1 Template 1: Cost Pressure Submission Letter

Hon Grant Robertson
Parliament Buildings
WELLINGTON

Dear Minister

I am submitting the cost pressure initiatives outlined below for the [name] portfolio for consideration as part of the Budget 2020 process.

Total amount of funding sought:

Operating Funding Sought (\$m)	2019/20		2020/21		2021/22		2022/23		2023/24 & outyears		Total
Capital Funding Sought (\$m)	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	Total

- *List the title of each new spending initiative below. The titles must be identical to those included in the associated CFISnet submissions and initiative templates.*

7.2 Template 2: New Spending Submission Letter

Hon Grant Robertson
Parliament Buildings
WELLINGTON

Dear Minister

I am submitting the new spending initiatives outlined below for the [name] portfolio for consideration as part of the Budget 2020 process.

Total amount of funding sought:

Operating Funding Sought (\$m)	2019/20		2020/21		2021/22		2022/23		2023/24 & outyears		Total
Capital Funding Sought (\$m)	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	Total

- *List the title of each new spending initiative below. The titles must be identical to those included in the associated CFISnet submissions and initiative templates.*

[Agency] has also collaborated on the following bids, formally submitted by other Ministers:

- *[Title of each new spending initiative your agency has collaborated on], led by [lead Minister].*

7.3 Template 3: Late Cost Pressure Initiative Letter

Use this template to submit cost pressure initiatives for consideration in Budget 2020 that were not lodged with the Treasury by November 1, 2019.

Hon Grant Robertson
Parliament Buildings
WELLINGTON

Dear Minister

I am seeking your agreement to include the following late cost pressure initiative(s) outlined below for the [name] portfolio for consideration as part of Budget 2020.

- *Provide the name(s) of the initiative(s) being submitted late*
- *Set out the reasons for the initiative(s) being submitted late*
- *Append completed initiative template(s) with required supporting information*

Total amount of funding sought for late Budget 2020 cost pressure initiatives:

Operating Funding Sought (\$m)	2019/20		2020/21		2021/22		2022/23		2023/24 & outyears		Total
Capital Funding Sought (\$m)	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	Total

7.4 Template 4: Late New Spending Initiative Letter

Use this template to submit new spending initiatives for consideration in Budget 2020 that were not lodged with the Treasury by November 29, 2019.

Hon Grant Robertson
Parliament Buildings
WELLINGTON

Dear Minister

I am seeking your agreement to include the following late initiative(s) outlined below for the [name] portfolio for consideration as part of Budget 2020.

- *Provide the name(s) of the initiative(s) being submitted late*
- *Set out the reasons for the initiative(s) being submitted late*
- *Append completed initiative template(s) with required supporting information*

Total amount of funding sought for late Budget 2020 new spending initiatives:

Operating Funding Sought (\$m)	2019/20		2020/21		2021/22		2022/23		2023/24 & outyears		Total
Capital Funding Sought (\$m)	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	Total

7.5 Annotated Cost Pressure Template

Cost Pressure Initiative Summary

Initiative Title

The title should concisely communicate the initiative’s outcomes and align with its description. If the initiative receives funding, this title may be published in public Budget documents.

Overview

Agency to complete				
Answers must not exceed 350 words.				
Lead Minister	Provide the name of the Minister submitting the initiative.			
Agency	Provide the name of the agency submitting the initiative.			
Cost Pressure Driver	Volume	Price	Personnel (driven by volume/price)	Regulatory or legislative requirement
Cost Pressure Description	Provide a concise description of the cost pressure.			
	Provide evidence of what caused the pressure (eg. population growth, price increases).			
Cost Pressure Management	Provide an overview of why the pressure cannot be funded from baselines and what steps have been taken to manage the pressure.			
Case for Funding	Explain how the initiative will mitigate or resolve the pressure, and provide an overview of what outputs it is purchasing.			
	Explain how the pressure will be managed in the event that no additional funding is received, highlighting any risks or implications.			
Agency Contact	Provide the name, phone number and email address of the analyst or analysts who wrote this initiative. They may be contacted by the Treasury and should have a good working understanding of this initiative.			
Treasury Contact	Provide the name of your Vote Analyst			

Tick as many boxes as applicable. Where there is more than one driver, explain each driver in the second part of the Description section below, and if relevant, provide an overview of how the drivers interact.

If the initiative receives funding, a shortened version of this description will be published in public Budget documents.

Where possible, the answer should draw on recent data to illustrate the pressure.

The outputs should align with the inputs captured in the Funding Sought section.

The answer should provide insight into: the existence of reprioritisation opportunities; any risks associated with breaching regulatory or legislative obligations; if changes would need to be made to the scope of provision or services’ eligibility criteria.

Total Funding Sought

Agency to complete											
Operating Funding Sought (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears	Total					
Agency to complete											
Capital Funding Sought (\$m)	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	Total

The operating Total is calculated by adding up the yearly totals from ‘2019/20’ to ‘2023/2024 & outyears’. Do not include funding from 2025/26 onwards in the total.

The ten year capital total is calculated by adding up the yearly totals from 2019/2020 to 2028/2029.

Funding Sought by Component

Input – Operating	Funding profile (\$m)					Total	Vote
	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears		
Total							
Formula and assumptions							

Inputs should be grouped into categories (eg, 8 policy analyst FTE, training for 8 FTE, overheads, ICT support). This is to provide clarity on the inputs being purchased. If seeking funding for multiple workforces, please indicate the predominant workforce(s) being sought (eg, policy analysts, social workers, data analysts). If seeking funding for monitoring and evaluation of the initiative, present this in its own row. If ICT/data/digital make up a significant component of this initiative, present this in its own row or rows.

Explain the formula used and key assumptions made to calculate the unit cost of each input. Draw on relevant comparators if applicable, including those from other sectors.

While information on appropriations is not required at this stage, it is useful to consider whether new appropriations will be required, and /or whether other agencies’ Votes will be affected should the initiative receive funding.

Existing Funding Levels

This section provides the Treasury with insight into how the funding sought would build on existing funding.

Agency to complete						
Provide an overview of existing operating funding levels.						
	Operating Funding profile (\$m)					Total
	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears	
Existing funding for this pressure						
Total funding sought for this pressure						
% change between existing funding and funding sought						
Comments (optional)	Provide explanatory comments to help interpretation of the above figures.					

	Capital Funding profile (\$m)										Total
	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	
Existing funding for this pressure											
Total funding sought for this pressure											
% change between existing funding and funding sought											
Comments (optional)	Provide explanatory comments to help interpretation of the above figures.										

Existing funding includes all funding allocated to the service/initiative across Government, including where it extends beyond one Vote/agency. To support your answer, it may be useful to check your agency’s Estimates of Appropriations, or discuss this with your finance team. For any outstanding questions on this section, please contact your Vote Analyst.

The answer could include, for instance, an explanation of funding decreases or increases and how this aligns with demand/need. Where relevant, it should also highlight if time-limited funding has been provided, why it has been provided (as opposed to fully funding), and when it is due to run out.

Treasury’s Recommendation

Treasury to complete				
	Support full funding	Support scaled funding	Do not support	Defer
Assessment	Provide a comment of up to one paragraph that explains the level of funding recommended. You should include in your answer an overview of the initiative’s: need for new funding; deliverability; merit; and costings. If you have recommended scaling the initiative, your answer should provide an explanation of how and why.			

Treasury to complete											
Provide Treasury recommended funding levels below											
Input – Operating	Funding profile (\$m)					Total					
	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears						
Total											

Input – Capital	Funding profile (\$m)										Total
	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	
Total											

7.6 Annotated New Spending Template

New Spending Initiative Summary

Initiative Title

The title should concisely communicate the initiative’s outcomes and align with its description. If the initiative receives funding, this title may published in public Budget documents.

Overview

Agency to complete			
Initiative Type	Priority	Commitment	Detail
	Priority A	Coalition agreement	• If Priority-contributing, specify if aligned to a sub-priority • If commitment, specify exact wording of commitment • If out-of-scope (ie, neither aligned to a Priority nor a commitment), provide up to 2 sentences outlining why this initiative has been submitted and should be considered in Budget 2020 • NB: If a cost pressure, use separate cost pressure template.
	Priority B	Confidence and Supply	
	Priority C	Speech from the Throne	
	Priority D	Other	
	Priority E	Other	
Description	Provide up to 500 characters outlining the initiative’s aims, and intended impacts.		
New or existing initiative		Expansion or extension	New initiative
Cabinet Consideration	Y/N	If this initiative has been considered and/or funded by Cabinet/Ministers previously, provide a three-sentence overview of whether the initiative was approved OR funded and how.	
Lead Minister	Provide the name of the Minister submitting the initiative.		
Lead agency	Provide the name of the agency submitting the initiative.		
Involved agencies or Ministers	If other Ministers or agencies were involved in the creation of this bid, or will be involved in delivering the initiative, specify each agency and provide up to two sentences on the scope of their involvement.		
Package Initiatives	If this initiative is part of a package or suite of initiatives, provide a separate template for each initiative, and provide the names of the other initiative(s) it relates to.		
Agency contact	Provide the name, phone number and email address of the analyst or analysts who wrote this bid. They may be contacted by the Treasury or Secretariat Group officials, and should have a good working understanding of the bid.		
Treasury contact	Provide the name of your Vote Analyst.		

Tick only one box unless the initiative is both Priority-aligning and commitment-related. If the initiative aligns with several priorities, select the single Priority it most aligns with and provide an overview of how it aligns with other priorities in the “Detail” section.

The description should provide a short overview of why funding for the initiative is being sought, and what impact(s) it is likely to have. It should begin: “This initiative will provide funding for...” and must not exceed 500 characters including spaces, as it will be entered in CFISnet. If the initiative receives funding, this description may be published in public Budget documents.

Tick only one box. If the initiative has components that fall into both categories, tick the box the initiative most aligns with and provide an overview of which components are expansionary and which are new in the “Proposed Initiative” section.

Each initiative that is part of a package bid must be submitted in its own template.

Total Funding Sought

Agency to complete											
Operating Funding Sought (\$m)	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears	Total					

Agency to complete											
Capital Funding Sought (\$m)	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	Total

The operating total is calculated by adding up the yearly totals from 2019/20 to 2024/2025 and outyears. Do not include funding from 2025/2026 onwards in the total.

The ten year capital total is calculated by adding up the yearly totals from 2019/2020 to 2028/2029.

Initiative Details

Proposal

Agency to complete		
Each answer must not exceed 300 words. To the extent practical, answers should link to information in the bid's Wellbeing Analysis and Investment Logic Map sections.		
Problem or opportunity	Clarify the problem or opportunity this bid is responding to. In your answer, you should consider the specific group(s) affected and how widespread the problem or opportunity is. Draw on up to three key pieces of evidence if required.	
Proposed initiative	Provide a summary of the proposed initiative, and what outputs it is purchasing.	
Expected outcomes	Provide an overview of how the outputs will contribute to achieving the initiative's expected outcomes, with reference to the problem or opportunity mentioned above. Consider in your answer the specific group(s) affected, the wellbeing domain(s) that will be impacted, and the magnitude of impact over the short, medium and long term.	
Regulatory or legislative change required	Y/N	If this bid requires a regulatory or legislative change, provide an overview of the required changes.
If capital or ICT initiative:	Type	<div>ICT/data/digital</div> <div>Physical Infrastructure</div> <div>Other please specify</div>
	Start and end dates	

The answer should provide a concise description of:

- the specific aspect of the problem or opportunity that the initiative aims to respond to, and how widespread it is, and
- the key populations groups most likely to be affected by the initiative, noting their size and geographic locations where relevant.

Include in your answer recent data and evidence where relevant.

The answer should provide:

- a short overview of the initiative's scope, and
- a high level summary of the key outputs the funding will enable (eg, policy advice; improvements in IT capability).

The answer should align with both the 'Description' in the Overview section, and the input-breakdown in the Funding Sought section.

The answer should provide a concise summary of the information contained in the initiative's Intervention Logic Map and Wellbeing Analysis Sections.

Tick as many boxes as applicable. For guidance on what is considered to be an ICT/data/digital initiative see the separate Guidance: Approach to Digital, Data and ICT initiatives.

Funding Sought by Component

Input Operating	Funding profile (\$m)					Total	Vote
	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears		
Total							

Input Capital	Funding profile (\$m)										Total	Vote
	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29		
Total												

Formula and assumptions												
-------------------------	--	--	--	--	--	--	--	--	--	--	--	--

Inputs should be groups into categories so that they can be presented at a granular level (eg, 8 policy analyst FTE, training for 8 FTE, overheads, ICT support). Please indicate the predominant workforce(s) being sought (eg, policy analysts, social workers, data analysts). If funding for monitoring and evaluation of the initiative is sought, present this in its own row. If ICT/data/digital make up a significant component of this initiative, present this in its own row or rows.

If the initiative receives funding, there will be an opportunity to amend the indicated Votes if needed.

While information on appropriations is not required at this stage, it is useful to consider whether new appropriations will be required, and /or whether other agencies' votes will be affected should initiative receives funding.

Explain the formula used, and key assumptions made to calculate the unit cost of each input. Draw on relevant comparators if applicable, including those from other sectors.

Fit with Existing Activity

Agency to Complete	
The answer must not exceed 300 words.	
Existing services	Provide a concise overview of how the initiative intersects with existing services or initiatives, including non-spending arrangements, with similar objectives. If funding for this bid extends or expands existing investment, provide a summary of how, with reference to the existing funding profile above.

The answer should provide an overview of the existing service landscape relating to this initiative and/or the intended target population. The answer should include initiatives delivered across government (eg, by other agencies) as well as outside of government (eg, through NGOs or for-profit organisations) if relevant.

Agency to complete						
Provide an overview of existing funding levels for this initiative, and/or initiatives with similar objectives, in the two tables below.						
	Operating Funding profile (\$m)					Total
	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears	
Existing funding for this/similar initiatives						
Total funding sought for this initiative						
% change between existing funding and funding sought						
Comments (optional)	Provide explanatory comments to help interpretation of the above figures.					

This section provides the Treasury and Secretariat groups with insight into how the funding sought would build on existing funding, where relevant.

Existing funding includes all funding allocated to the service/initiative across Government, including where it extends beyond one Vote/agency. To support your answer, it may be useful to check your agency's Estimates of Appropriations, or discuss this with your finance team. For any outstanding questions on this section, please contact your Vote Analyst.

	Capital Funding profile (\$m)										Total
	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	
Existing funding for this/similar initiatives											
Total funding sought for this initiative											
% change between existing funding and funding sought											
Comments (optional)	Provide explanatory comments to help interpretation of the above figures.										













The answer could include, for instance, an explanation of funding decreases or increases and how this aligns with demand/need. Where relevant, it should also highlight if time limited funding has been provided, why it has been provided, and when it is due to run out.

Options Analysis

Agency to Complete	
The answer must not exceed 300 words.	
Options analysis	Provide a bullet point list of different options, with short summaries where needed, that were considered for addressing the problem or opportunity. If applicable, include alternative funding options and non-spending arrangements.

The answer should provide insight into why different options were not pursued (eg, because they were not targeted enough; because the evidence base behind them was weak; because they were too costly).

Intervention Logic Map

Agency to attach								
Intervention logic maps are compulsory and must not exceed one A4 page. Maps must capture the specific problem of opportunity the initiative aims to address; the initiative's outputs; its outcomes (over the short, medium and long term where applicable) and the future state the initiative contributes to. Corresponding Wellbeing Domain icon(s) (below) should be provided alongside each outcome to indicate impacted domains. Quantification and monetisation of each impact should also be included where possible.								
Wellbeing domains								
	Civic engagement and governance		Cultural identity		Environment		Subjective wellbeing	
	Health		Housing		Income consumption	and		Safety
	Jobs and earnings		Knowledge and skills		Social connections		Time-use	

The Intervention Logic Map should provide a one-page overview of the relationship between the initiative's outputs, outcomes, and current and future states. It must align with information provided elsewhere in the template, and should clearly communicate:

- the problem or opportunity that the initiative will address;
- how the initiative will address it, with specific reference to the initiative's outputs;
- the initiative's short, medium and long term wellbeing impacts, quantified and monetised where possible, and
- the future state this will contribute to.

Please refer to the example Intervention Logic Map provided as part of the new spending initiative example.

Wellbeing Analysis & Risks

Agency to complete					
Provide a brief overview of the initiative's key impacts – both positive and negative. Use a new row for each impact.					
Impact Description	Affected Group	Timeframe Realised	Domain Impacted	Supporting Evidence	Magnitude of impact
Identify the expected impact.	Indicate which group(s) or places will be impacted. Quantify the size of impacts where possible, taking into account population size if applicable.	Indicate if the impact will be realised in the short (<5 years), med (5-10 years), or long term (>10 years).	Using the icons, indicate the wellbeing domain(s) that will be most impacted.	Provide a summary of up to 250 words outlining the initiative's likely efficacy in achieving the stated impacts. Provide links to up to 3 pieces of evidence consulted that demonstrates this efficacy.	Indicate the magnitude and size of the impact, and where possible, monetise present value gain or (loss) PV\$m.

Supporting evidence must focus on the initiative's efficacy in achieving the stated impacts *not* on the existence of the problem or opportunity that the initiative is responding to.

When considering which groups will be affected by the initiative, and the nature of the impacts, you can use policy tools such as the [Child Impact Assessment Tool](#) and the [Bringing Gender In](#) tool. The [CBAX guidance](#) can help you identify, quantify and monetise wellbeing impacts where applicable.

Agency to complete	
Dependencies, assumptions and risks	Provide an overview of any key dependencies and assumptions made when considering or applying the above evidence, and the implications – including risks - that this may have on the initiative's ability to achieve the stated impacts.

The answer may include, for instance, commentary on: gaps in the literature; the applicability of overseas evidence; the challenge of using measures or indicators as proxies.

Child Poverty Implications

Agency to complete		
Child Poverty	This initiative has a positive/negative impact on child poverty:	
	Y/N	If Y: provide up to three sentences describing the impact (positive or negative), who is impacted, and how.

The Child Poverty Reduction Act 2018 amended the Public Finance Act 1989, requiring the Minister of Finance to produce a report on Budget day that sets out:

- Progress made in the most recently completed financial year in reducing child poverty, consistent with the government's child poverty targets;
- Whether and, if so, to what extent, measures in the Budget affect child poverty (either positively or negatively).

We are gathering information on initiatives that may have a positive impact on lifting children out of child poverty (for example, through putting more money in the pockets of parents with children living in poverty, reducing housing costs, or easing cost of living pressures on households). We are also interested in initiatives that might have a negative impact (for example, through the introduction of a tax or charge that would impact low income earners with children). We are interested in initiatives that impact both the number of children living in poverty, as determined by the child poverty measures, and initiatives that may not impact the measures, but may still have the potential to impact the lived experiences of families with children. This information will be included in a report released by the Minister of Finance on Budget day. The 2019 Child Poverty Report can be found at page 20 of the Budget 2019 Wellbeing Budget document.

Monitoring and Reporting

Agency to complete	
The answer must not exceed 300 words.	
Assessing Performance	Provide an overview of the initiative's: evaluation plan and monitoring methodology; how often and to whom report backs will be provided and when the first report back is expected.

Alternative Option

Alternative options should provide a level of funding between the full funding sought and Minimum Viable Option. Alternative Options will support the Treasury and Secretariat Groups to understand the implications of scaling the initiatives, including the implications of removing components or reducing the initiative’s scope.

Agency to complete											
The answer must not exceed 500 words.											
Scaled initiative	Provide a concise overview of the preferred scaled option. Include in your answer how its expected impacts differ from the initiative if fully funded, and any risks associated with scaling.										
Input Operating	Funding profile (\$m)										
	2019/20		2020/21		2021/22		2022/23		2023/24 & outyears		Total
Total											
Input Capital	Funding profile (\$m)										
	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	Total
Total											
Formula and assumptions if different											

Only fill out the Formula and Assumptions sections in the Alternative Option and Minimum Viable Options if these have changed as a result of scaling from the full funding sought.

Minimum Viable Option

The Minimum Viable Option will provide the Treasury and Secretariat groups with informed context about the feasibility of the initiative.

If a genuine Minimum Viable Option is not provided, the Treasury and/or Secretariat groups may put forward their own.

Agency to complete											
The answer must not exceed 500 words.											
Scaled initiative	Provide a concise overview of the proposed initiative’s minimum viable scaled option. Include in your answer how its expected impacts differ from the initiative if fully funded, and any risks associated with scaling.										
Input – Operating	Funding profile (\$m)										
	2019/20		2020/21		2022/23		2023/24		2024/25 & outyears		Total
Total											
Input Capital –	Funding profile (\$m)										
	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	Total
Total											
Formula and assumptions if different											

7.7 Example: New Spending Initiative (Priority-aligning)

New Spending Initiative Summary

Supporting Students to Transition into Secondary School

Overview

Agency to complete						
Initiative Type	Priority		Commitment		Detail	
		Priority A		Coalition agreement		
		Priority B		Confidence and Supply		
		Priority C		Speech from the Throne		
	X	Priority D	Other		This initiative aligns with Priority D, because of its focus on improving the wellbeing of young people. It also aligns with Priority E, and Sub-Priority 1, because the intended outcomes will have a strong impact on the mental health of under 24 year olds. Lastly, it aligns with Priority C, and Sub-Priority 1, because evidence shows that Māori and Pacific students are overrepresented among those who experience challenging school transitions.	
		Priority E		Other		
Description		This initiative will provide funding for Liaison Officers (Officers) to deliver social and academic supports to up to 720 at-risk Year 8 students per year, with the objective of increasing students' retention and improving their academic outcomes.				
New or existing initiative			Expansion or extension		X	New initiative
Cabinet Consideration		N	This initiative has not been considered by Joint Ministers or Cabinet, or received funding previously.			
Lead Minister		Minister Jane Child				
Lead agency		The Ministry for Children's Development				
Involved agencies or Ministers		Ministry of Education - responsible for identifying students eligible for involvement in the programme, using data from the Integrated Data Infrastructure. Oranga Tamariki and Ministry of Social Development – will work with Officers to ensure a joined-up approach for students receiving additional supports				
Package Initiatives		This initiative is related to two other initiatives: 1: Supporting Student Transitions with Data, submitted by the Ministry of Education, and 2: Transition into Early Childhood Education and Care, submitted by the Ministry of Social Development Together these initiatives seek to build an integrated educational experience in which students can smoothly transition across various schooling levels, supported by good collection and use of data.				
Agency contact		James Park ^[39]				
Treasury contact		Hine Taylor,				

Total Funding Sought

Agency to complete											
Operating Funding Sought (\$m)	2019/20		2020/21		2021/22		2022/23		2023/24 & outyears		Total
	-		2.923		5.179		7.769		10.358		26.229
Agency to complete											
Capital Funding Sought (\$m)	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	Total
	-	-	-	-	-	-	-	-	-	-	-

Initiative Details

Proposal

Agency to complete

Each answer must not exceed 300 words. To the extent practical, answers should link to information in the bid's Wellbeing Analysis and Investment Logic Map sections.

Problem or opportunity

Students' experiences in their first year of secondary school are predictors of later learning success, and research shows that these experiences begin with students' transition into secondary school. Difficult transitions – which can be caused by a range of both in, and out of school factors, such as lack of adult supports - negatively impact students' wellbeing and future academic achievement. There is also a strong correlation between difficult transitions and an increased likelihood of dropping out of the formal education system.

Data collected by the Education Review Office (ERO) shows that New Zealand students' experience of school transitions vary. According to the Ministry of Education (the Ministry), around 10% (or 7,300) students find the transition from Year 8 to Year 9 particularly challenging academically and/or socially. Māori and Pacific learners, and learners with special needs are over-represented among students who struggle with the transition.

While some transition supports for students exist, these are funded on a school-by-school basis, often from schools' MoE Operational Grant. This means that many learners who would benefit from quality transition supports are missing out. Learners who are at-risk or have additional needs but are not eligible for other types of support are particularly vulnerable to challenging transitions and their effects.

It is difficult to reengage students in school once they become disengaged. Therefore, preventing disengagement in the first instance is critical for supporting students to succeed in secondary school, and later in life.

Proposed initiative

This initiative seeks funding to employ a multi-disciplinary team of Liaison Officers, to support approximately 10% of the most at-risk Year 8 students (around 720 students) to transition successfully into secondary school. The Officers will be a mix of social workers, psychologists, teachers, and occupational therapists. They will be equipped to work with students and whānau from diverse cultural and socioeconomic backgrounds. Officers working in Māori medium settings will be proficient in te reo and tikanga Māori.

Each Officer will work with approximately 12 Year 8 Students, their whānau, and the "feeder" and "receiver" schools over a two year period. In line with evidence from ERO on what supports positive school transitions, the Officers' roles will be focused on:

- providing mentoring to students;
- developing relationships with the students' whānau;
- liaising with the students' "feeder" and "receiver" schools;
- sharing information about students with their whānau and schools as needed, and
- developing and agreeing strategies and plans to support the student throughout the transition process.

Officers will complete a week-long training, delivered online by Children's Development in collaboration with the MoE, ahead of beginning their role in January. One Supervisor per 5 Officers will be appointed, to oversee and support the Officers' work.

The first tranche of Officers will be rolled out in January 2021. To ensure sufficient lead-in time to appoint and train the staff, the first year of the programme will be limited to 30 Officers and 6 Supervisors. This, and subsequent phasing (which includes the total number of students reached each year), is captured in the table below.

	Total Students	Officers	Supervisors
2021	360	30	6
2022	720	60	12
2023	1080	90	18
2024	1440	120	24

Overhead costs will increase with the number of Officers and Supervisors, as shown in the Funding Sought section

Agency to complete

Each answer must not exceed 300 words. To the extent practical, answers should link to information in the bid's Wellbeing Analysis and Investment Logic Map sections.

Expected outcomes	<p>Positive transitions into secondary school support students' mental and emotional wellbeing, and contribute to future academic achievement through improved participation and retention in school, and the attainment of NCEA qualifications. In the short term (5 years), this initiative is expected to help students make social connections with their peers, improve their subjective wellbeing, and facilitate the development of knowledge and skills. The initiative is expected to generate both significant short and long-term benefits.</p> <p>Positive transitions support improved educational retention and attainment, which is associated with higher income levels, higher economic standards of living, higher perceptions of health, greater life satisfaction, greater openness to difference (eg, religious and cultural), and greater civic participation. In the medium-to-long term (5 – 10 years and 10+ years), this initiative is expected to have strong positive impacts on students' knowledge and skills, jobs and earning potential, income and consumption, subjective wellbeing, and civic engagement. Research shows education and income levels are linked to health and housing outcomes, and it is therefore expected that the initiative will have a moderate positive impact on these outcomes in the long term.</p> <p>This initiative will target at-risk students, who are overrepresented in negative statistics (for example, worse health, higher rates of incarceration, higher rates of benefit dependency). Supporting these young people at an early stage of life could generate unquantifiable benefits in the long-term, by enabling students to achieve through educational and, later, employment opportunities.</p>			
Regulatory or legislative change required	N	Officers' professions are regulated by their own legislative frameworks and mandatory standards, and Officers will undergo comprehensive Police checking. Amendments or new legislation is therefore unnecessary at this stage.		
If capital or ICT initiative:	Type Start and end dates	<input type="checkbox"/> ICT/data/digital	<input type="checkbox"/> Physical Infrastructure	<input type="checkbox"/> Other <i>please specify</i>

Funding Sought by Component

Agency to complete												
Provide a component-by-component breakdown of what the requested funding will purchase. Briefly explain the formula used, or key assumptions made, to calculate the cost of each output. Add additional rows to the table as needed to capture each output separately.												
Input – Operating	Funding profile (\$m)										Total	Vote
	2019/20		2020/21		2021/22		2022/23		2023/24 & outyears			
Officers (psychologists, teachers, social workers and OTs)	-		1.950		3.900		5.850		7.800		19.500	Children’s Development
Supervisors (ibid)	-		0.335		0.804		1.206		1.608		3.953	Ibid
Overheads	-		0.238		0.475		0.713		0.950		2.376	Ibid
Training	-		.400		-		-		-		.400	Ibid
Total	-		2.923		5.179		7.769		10.358		26.229	N/A

Input – Capital	Funding profile (\$m)										Total	Vote
	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29		
Total												N/A

Formula and assumptions	The first tranche of Officers will be rolled out in January 2021. To ensure that we have sufficient lead-in time to appoint and train the Officers and their supervisors, the first year of the programme will be limited to 30 Officers and 6 Supervisors. In the 2022 school year, we will increase this to a total of 60 Officers and 12 Supervisors, and in the 2023 school year to 90 and 18 supervisors. In 2024 we anticipate having the workforce and infrastructure to maintain 120 Officers and 24 Supervisors.				
	It is expected that Officers will have an average caseload of 12 students. This means that by 2022/23 onwards, approximately 10% of the most vulnerable 10% of Year 8 (720) will have an assigned Officer. The phasing of this is demonstrated in the table below.				
		2020/21	2021/22	2022/23	2023/24 & outyears
	Tranche 1 Students	360 Year 8	360 Year 9		
	Tranche 2 Students		360 Year 8	360 Year 9	
	Tranche 3 Students			720 Year 8	720 Year 9
	Tranche 4 Students				720 Year 8
	Total students	360	720	1080	1440
Officers’ salaries were calculated using the median annual salary of the following occupations: teachers (\$65k), occupational therapists (\$62k), psychologists (\$85k) and social workers (\$65k). The actual salaries of each individual will be dependent on their qualifications and experience, and should roughly be just above or below the estimated amount. Overhead costs are fixed at \$6600 per FTE. This roughly equates to 10% of Officers’ salaries, and is calculated at a per person rate.					
Course costs were calculated by finding the median amount Children’s Development has spent on developing comparable online courses over the last 10 years, and then removing staff salary components (approximately \$70k pa. pp.) as this expertise is now in house. Costs cover all aspects of course development and delivery, including establishing IT infrastructure that will enable online delivery of the course’s 10 modules. This ensures that Officers can begin the training as soon as they are hired.					

Fit with Existing Activity

Agency to Complete

The answer must not exceed 300 words.

Existing services

Some secondary schools already deliver mentoring and buddy programmes to support Year 9 students to transition into their new environment. Data on the number of schools delivering these services does not exist. Owing to resource constraints, these programmes rarely extend to early contact with the Year 8 students who will transition from another school.

Schools that choose to provide these services frequently fund them from their Operational Grants, but do not receive any additional or ring-fenced funding for their provision. This means many of the programmes delivered are based on a “peer-support” model, which, while valuable, does not necessarily provide vulnerable students with the full range of supports they require.

Māori and Pacific students - who are more likely than their peers to experience challenging transitions - are over-represented at low-decile, small, and rural schools. These schools are often less well-equipped than larger and more affluent schools to run support programmes for students as they transition into the new environment, due to having fewer staff, students, and a smaller Operational Grant.

Therefore, while transition supports do exist in pockets – and often provide very valuable support to students – their reach and scope is limited. This means that many students who would benefit from support miss out, while students that do receive support may not receive the type, level, and/or intensity of support needed to successfully transition into their secondary school.

Agency to complete

Provide an overview of existing funding levels for this initiative, and/or initiatives with similar objectives, in the two tables below.

	Operating Funding profile (\$m)					Total
	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears	
Existing funding for this/similar initiatives						
Total funding sought for this initiative						
% change between existing funding and funding sought						
Comments (optional)	Provide explanatory comments to help interpretation of the above figures.					

	Capital Funding profile (\$m)										Total
	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	
Existing funding for this/similar initiatives											
Total funding sought for this initiative											
% change between existing funding and funding sought											
Comments (optional)	Provide explanatory comments to help interpretation of the above figures.										

Options Analysis

Agency to Complete













The answer must not exceed 300 words.

Options analysis



In developing this initiative consideration was given to the below alternatives:




- Decreasing class sizes to 10 students per teacher: Research shows that having smaller class sizes enables teachers to build closer relationships with students and their whanau, and ERO identified strong student-teacher relationships as a key protective factor for supporting transitions. However, this option was high cost and had significant workforce implications that were unlikely to be managed ahead of a 2021 roll-out date. Additionally, this would be a universal measure, where a targeted intervention is likely to be more effective.
- Increasing Schools' Operational Grants: Providing additional funding to schools through the Operational Grant could enable them to develop and roll-out their own transition support services. While these services may be better tailored to the individual needs of students, there is a risk that the service provision would be inconsistent across the country. Furthermore, unless funding was ring-fenced, there is a risk schools would not use the funding as intended.
- Investing in Existing Supports: Further funding could be provided to existing support services, such as Resource Teachers, in-school Social Workers and Learning Support Coordinators. As these roles already exist, this may simplify the programme's implementation and reduce possible on-boarding burdens for schools. However, there is a risk that expanding staff's role would make their workloads unsustainably heavy. Additionally, they may be ill-equipped to provide such services.
- Establish Supports for Primary Students: Research shows that challenging transitions often occur because of underlying issues, such as difficulties within students' home lives. This suggests students may benefit from receiving a wide range of supports from an earlier age to ensure a smooth transition. Work on this is ongoing, and in the meantime, we consider that the proposed initiative (being supported during transition years) will yield immediate benefits.










Intervention Logic Map

Agency to attach							
Intervention logic maps are compulsory and must not exceed one A4 page. Maps must capture the specific problem of opportunity the initiative aims to address; the initiative’s outputs; its outcomes (over the short, medium and long term where applicable) and the future state the initiative contributes to. Corresponding Wellbeing Domain icon(s) (below) should be provided alongside each outcome to indicate impacted domains. Quantification and monetisation of each impact should also be included where possible.							
Wellbeing domains							
	Civic engagement and governance		Cultural identity		Environment		Subjective wellbeing
	Health		Housing		Income and consumption		Safety
	Jobs and earnings		Knowledge and skills		Social connections		Time-use

Wellbeing Analysis & Risks

Agency to complete					
Provide a brief overview of the initiative's key impacts – both positive and negative. Use a new row for each impact.					
Impact Description	Affected Group	Timeframe Realised	Domain Impacted	Supporting Evidence	Magnitude of Impact
Improved school attendance and retention	Participating students - 10% of most vulnerable year 8 students (approx. 720 in total) with a high proportion of Maori and Pacific.	<5, 5-10 years		<p>A study conducted by Wylie et al (2006) found that relationships and connectedness to peers, teachers and schools, played a significant role in making transitioning students feel settled, and supported strong attendance and retention. Attendance is linked to achievement and is a proxy for measuring engagement. Overseas evidence shows the quality of a student's transition impacts their desire to stay in the formal schooling system.</p> <p>Officers can help lift students' attendance and desire to stay in school by supporting them to make connections with their peers, teachers and the wider school.</p>	Based on a study of peer-to-peer transition supports in New Zealand, it's expected that the initiative will generate a 50% increase in students' levels of attendance and retention.
Improved performance, including NCEA attainment	Participating students	<5, 5-10 years		<p>Evidence demonstrates that smooth transitions positively affect students' academic performance.</p> <p>Research from ERO and Coffey (2013) indicates that:</p> <ul style="list-style-type: none"> - establishing clear communication channels between student, feeder and receiver schools; - ensuring information is shared in a timely manner, and - developing relationships between students and staff at the receiver school, <p>are critical tools for supporting students' academic success.</p>	Based on evidence from the UK and US, it's expected that participating students' will be 60% more likely to attain NCEA L1 and 30% more likely to attain NCEA L2, than they would have been if without an Officer. This means that for each tranche of participating students, 230 students will attain NCEA L1 and of those, 95 will attain NCEA L2, that would not have under the status quo.

Agency to complete					
Provide a brief overview of the initiative's key impacts – both positive and negative. Use a new row for each impact.					
Improved social and emotional wellbeing	Participating students	<5 years		<p>Research from Australia found that students who experienced poor transitions were more likely to feel disconnected from their school and peers, and have poorer mental health outcomes – even a year after their transition (Waters et al, 2012). Having a support person – whether a peer, mentor or teacher – has been found to be a major protective factor for the student, with additional benefits for their whānau and school (Anderson et al., 2000; Hanwald, 2013). In addition to providing students with mentoring, Officers are able to support students to build relationships with peers, through helping them join clubs, groups, sports teams, among other things.</p>	<p>Based on Australian evidence, it's expected there will be a 20% reduction in mental health referrals of participating students, which is a proxy for mental wellbeing.</p>
Greater feelings of connectedness	Participating students	<5 years		<p>A study conducted by Evangelou et al (2008), in which 550 children and 569 parents were interviewed, found that students who were given support from their receiving school while settling in were more likely to have higher levels of confidence and self-esteem and develop closer friendships than their peers who had little or no support. Officers can play a role in preparing schools for transitioning students, including through the development of individualised plans, so that all participating students receive adequate support from their receiver school.</p>	<p>Using the evidence available, it is not possible to quantify this impact. However, a moderate impact on participating students' levels of confidence and self-esteem is expected, as is an increase in the level of students who feel they have at least 1 close friend at school.</p>
Improved learning environment	Students at participating secondary schools	<5, 5-10		<p>There is limited evidence that all students who attend secondary schools with transition supports benefit from them, even when they are not directly used. The supports can help foster an inclusive environment and empower students to help peers adjust to their new environment (Humphrey and Ainscow, 2006). A number of studies also show that having disruptive classmates reduces the academic outcomes of students, with some studies showing the effect continues into adulthood (Hattie, 2017, and Carrell et al, 2015). Students who experience challenging transitions are less engaged, and may be more likely to be disruptive. Therefore, in supporting students to settle in, Officers may also impact the wider school environment.</p>	<p>It is not possible to quantify the impact on the learning environment's quality. However, learning environments have a .34 effect size on students' achievement levels and studies have found that having a disruptive classmate can reduce adult earnings by up to 3-4%.</p>

Agency to complete					
Provide a brief overview of the initiative's key impacts – both positive and negative. Use a new row for each impact.					
Increased employment and income potential	Participating students New Zealand's Labour market Government	10+ years	   	<p>There is a strong correlation between difficult transitions and an increased likelihood of dropping out of the formal schooling system. Educational attainment is positively associated with higher incomes levels; higher economic standard of living; higher perceptions of health; greater life satisfaction; greater openness to difference (eg, religious and cultural. and greater civic participation.</p> <p>Educational attainment also supports labour market participation (Education Counts, 2019). As jobs increasingly become automated, this not only benefits individuals participating in the market, but the market itself, as higher education levels are associated with greater productivity and international competitiveness (OECD, 2019).</p> <p>In combination, this can have strong and compounding positive impacts on the Government, which benefits economically by having a more highly skilled population that is less dependent on Government services and more able to contribute to the economy, fostering New Zealand's wealth and resilience.</p>	<p>Assuming that 230 students will attain NCEA L1 and of those, 95 will attain NCEA L2, that would not have under the status quo, it's expected that 7 years after completing secondary school, 135 students will have an earning potential 57% greater and 95, 85% greater than under the status quo, and be earning, on average, \$2,750 and \$3,250 compared to \$1,750. Over time, this will have a moderate impact on the Government's tax revenue.</p>
Improved health and housing outcomes	Participating students Government	10+ years	  	<p>Research shows that higher education and income levels are positively correlated with improved health and housing outcomes. Health and housing represent large areas of Government expenditure both because the per unit costs are high, and the volume of people receiving health and housing services is significant. Over the long term, this initiative is expected to lead to a reduction in the amount of students requiring supports, and a reduction in the costs the supports needed, as students have better health and housing outcomes and are dependent on Government supports.</p>	<p>It is not possible to quantify this impact given available evidence. However, there is a clear link between higher education and income levels and higher quality housing, and better health outcomes.</p>
Reduced criminal behaviour	Government	10+ years	 	<p>Students' who leave school early and/or without qualifications are more likely to become involved in juvenile crime (Fergusson et al., 2002) and crime as adults (Bennet et al., 2017). By supporting students to stay in school, this initiative is expected to lead to a modest reduction in expenditure in the Justice Sector, freeing up Government resources and contributing to a safer and more cohesive society.</p>	<p>It is not possible to quantify this impact with existing literature.</p>

Agency to complete	
Dependencies, assumptions and risks	<p>As there is limited national evidence on the efficacy of an initiative of this type, the evidence used is drawn from the UK, USA, and Australia. Although the cultural contexts of those countries are relatively similar to NZ's own, there are risks in drawing conclusions from the evidence to inform design and anticipate possible outcomes in a NZ setting. It is not possible, for example, to determine the exact impact this initiative is likely to have on NCEA attainment.</p> <p>Furthermore, the proposed intervention is different in nature than many of the interventions examined in the literature. While the proposed initiative has been developed based on evidence from ERO and the MoE on quality transitions, there is a risk that some of the benefits associated with the examined programmes will not be realised with this initiative (particularly those associated with peer-to-peer programmes).</p> <p>The wellbeing analysis completed above also assumes that Officers will be able to make meaningful connections with students, their whānau, and schools, in order to successfully carry out their role. In practice, the quality of these relationships are likely to differ, and this could impact both the students' transition experiences, and the wellbeing outcomes achieved.</p> <p>Successful implementation of the initiative will depend on recruitment of Officers and Supervisors. While workforce constraints are likely to be mitigated by employing Officers from a variety of disciplines (which has the additional benefit of enabling skills transfer), delivery of the initiative would have to be scaled or rephased if positions cannot be filled.</p>

Child Poverty Implications

Agency to complete	
Child Poverty	<p><i>This initiative has an direct/indirect impact on child poverty:</i></p> <p>Y Officers would be equipped to help families access other services (such as WINZ support), in acknowledgement that often factors such as household income levels impact students' transition experiences and the quality of their transition.</p>

Monitoring and Reporting

Agency to complete	
<i>The answer must not exceed 300 words.</i>	
<p>A project management team will be established to roll this pilot out. The project management team will report to a cross-agency governance group on a monthly basis during the establishment phase and rollout of tranche one. The Minister for Children's Development will receive three-monthly briefings on implementation progress starting from January 2021.</p> <p>An evaluation plan will be established prior to the commencement of this initiative. The evaluation plan will cover both process evaluation to assess programme fidelity and adaptation to New Zealand context, and outcomes evaluation to assess the effectiveness of the programme. The outcomes evaluation will use matched comparison looking at the impact the pilots have had in comparison to similar sites without this programme in place. The evaluation will focus on the short-term impacts (retention, academic performance and emotional wellbeing) outlined in this template in order to determine the effectiveness of the pilots. The first interim evaluation report will be produced by December 2021.</p>	

Alternative Option

Agency to complete

The answer must not exceed 500 words.

Scaled initiative

The initiative could be delivered to only 5% of the most vulnerable Year 8 students rather than 10%. When delivered in full, it would then reach a total of 360 Year 8 students per year rather than 720.

Savings would be modest, as there would be reduced economies of scale due to fixed costs involved with development of the programme and supporting materials, including training for Officers and overheads. Travel costs may also increase per unit, as the geographical spread of students would determine where Officers would need to be based. While it is expected that a short-term, moderate increase in travel costs could be covered by Children's Development baselines, new funding would be required if costs were to escalate significantly. There is further a risk that travel time may increase, reducing the amount of time Officers have to work with students, their whānau and schools, and the potential for collaboration and skills transfer from staff member to staff member.

This may negatively impact the effectiveness of the initiatives, and also, particularly in combination with a possible increase in travel time, on the attractiveness of the positions. This could make it challenging to recruit and retain qualified candidates.

Lastly, reducing the number of students reached would also reduce the resulting benefits. Evidence shows a small network effect in some overseas programmes, with the effectiveness of the programme increasing as the proportion of mentored students in a school increases. This has been attributed to the support that mentored students provide each other, the increasing benefits of social connections made through the programme as more students are involved, and the enhanced ability of Officers to share and learn from other Officers.

Input – Operating	Funding profile (\$m)					
	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears	Total
Officers	-	.975	3.900	5.850	5.850	16.575
Supervisors	-	0.335	0.804	1.206	1.206	3.551
Overheads	-	0.231	0.475	0.713	0.713	2.132
Training	-	.400	-	-	-	.400
Total	-	1.941	5.179	7.769	7.769	22.658

Input – Capital	Funding profile (\$m)										Total
	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	
Total											

Formula and assumptions if different

Assumptions and input costs for this option are the same as for the full initiative, however the amount of Officers and Supervisors would be halved. This would mean a total of 15 Officers and 3 Supervisors in the 2021 school year, 30 Officers and 6 Supervisors in the in the 2022 school year, 45 Officers and 9 Supervisors in the 2023 school year, and 60 Officers and 24 Supervisors in the 20204 school year, and into outyears. By 2022/23 onwards, around 5% of the most vulnerable 10% of Year 8 students (360) will have an assigned Officer. The phasing of this is demonstrated in the table below.

	2020/21	2021/22	2022/23	2023/24
Tranche 1 Students	180 Year 8	180 Year 9		
Tranche 2 Students		180 Year 8	180 Year 9	
Tranche 3 Students			360 Year 8	360 Year 9
Tranche 4 Students				360 Year 8
Total students	180	360	540	720

Minimum Viable Option

Agency to complete

The answer must not exceed 500 words.

Scaled initiative

The initiative could be delivered as a time-limited pilot for four years (and for three tranches of students) in a high-needs region, after which ongoing funding could be sought for a wider roll-out.

Four years would be the minimum length for a pilot due to the time required for programme establishment, recruitment of Liaison Officers, and initial outcomes to be observed and evaluated. The number of Officers and students reached would be scaled to the minimum amount that would enable the programme to provide a credible test environment and demonstrate results. Given the limited scale, we propose a pilot would target a single region of high need to concentrate sharing of training, support, and experiences between Officers as much as possible given limited resources.

A pilot delivered for at-risk year-8 students in Decile 1 and 2 schools in Northland could reach around 100 Year 8 students p.a. although we could investigate other regions for the pilot if desired. The reduced scale could be delivered in full by January 2021.

A pilot would allow the programme to be tested and evaluated to determine whether outcomes from other jurisdictions are realisable in a New Zealand context without a permanent funding commitment. Given the risk identified around the limited availability of domestic evidence for similar programmes, there could be merit in this approach. It would also allow lessons to be learnt and incorporated from a full evaluation to improve programme design ahead of any subsequent wider roll out.

However, at around 100 Year 8 students p.a (compared to 750 students for the full initiative), a pilot would significantly reduce the number of students reached and the resulting benefits. It would also involve delivery and political risks:

- Time limited funding could impair the ability to recruit Officers and find schools willing to participate given the need for fixed-term contracts. As evidence shows that high-quality Officers and meaningful school engagement are integral for realising results, this could materially affect the efficacy of the programme and its ability to realise potential outcomes.
- There would be reduced economies of scale due to fixed costs involved with development of the programme and supporting materials, including training for Officers.
- It would create expectations of ongoing delivery within the communities piloted, making it difficult to not renew the programme after the end of the pilot period.

Input – Operating	Funding profile (\$m)					
	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears	Total
Officers	-	0.975	1.950	1.950	0.975	5.85
Supervisors	-	0.201	.402	.402	0.201	1.206
Overheads	-	0.119	.238	.238	0.119	0.714
Training	-	.400	-	-	-	.400
Total	-	1.695	2.590	2.590	1.295	8.17

Input – Capital	Funding profile (\$m)										4 year total
	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	
Total											

This option has the same input costs as full initiative, but based on the below number of staff:

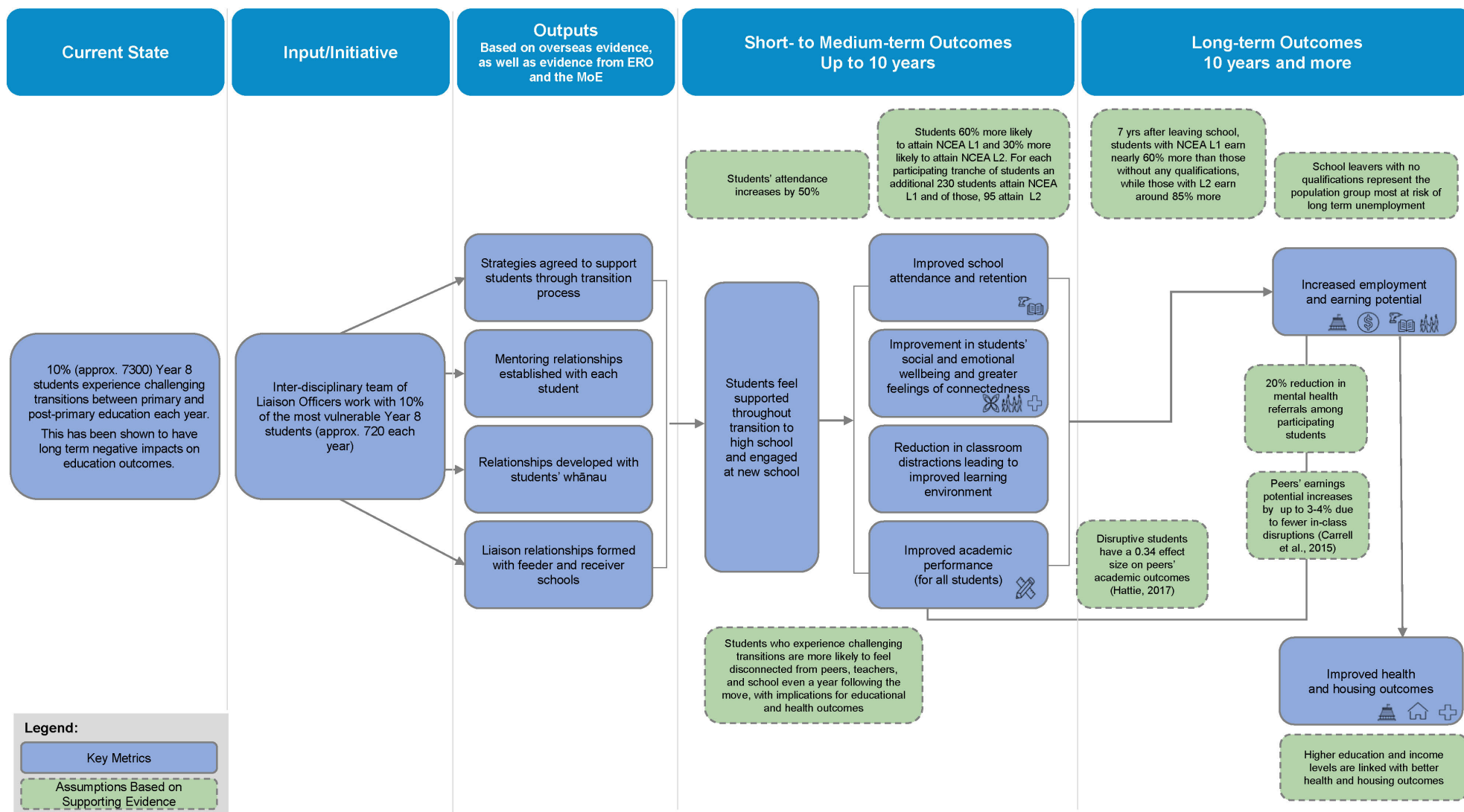
	2020/21	2021/22	2022/23	2023/24
Officers	15	30	30	15
Supervisors	3	6	6	3

Formula and assumptions

This option would be delivered in 3 tranches and reach a total of 300 individual students, as demonstrated in the table:

	2020/21	2021/22	2022/23	2023/24
Tranche 1 Students	100 Year 8	100 Year 9		
Tranche 2 Students		100 Year 8	100 Year 9	
Tranche 3 Students			100 Year 8	100 Year 9
Total students	100	200	200	100

7.7.1 Supporting Intervention Logic



7.8 Example: Cost Pressure Initiative

Cost Pressure Initiative Summary

Sustainable Farming Act 2014 Grant Scheme

Overview

Agency to complete																														
Answers must not exceed 350 words.																														
Lead Minister	Minister for Agriculture																													
Agency	Department of Agriculture																													
Cost Pressure Driver	X	Volume		Price		Personnel (driven by volume/price) X Regulatory or legislative requirement																								
Cost Pressure Description	This initiative seeks funding to address the increased pressure on the Sustainable Farming Grant Scheme (the Scheme), which assists farmers to upgrade their farms to meet the mandatory standards established by the Sustainable Farming Act 2014 (the Standards). The Scheme provides operating grants and access to consultants to support farmers in meeting the new legislative requirements.																													
	The Sustainable Farming Act 2014 (the Act) requires farmers to upgrade their farming practices to meet the prescribed Standards for sustainability. Where a farm fulfils the legislated eligibility criteria (found in s 4 of the Act) it is entitled to a \$5,000 grant to support the business to meet the Standards, and to consultancy services from a Sustainable Agriculture Consultant. Consultants, who are directly employed by the Department, assist participating farms to meet the minimum sustainability Standards through tailored advice on transforming farming practices.																													
	\$14.5 million has been appropriated for grant and consultancy expenditure in 2020/21. However, the Department, in collaboration with the Treasury, has recently revised its forecasts, and these now show that additional funding is required by the end of 2020/21 and out-years in order to meet minimum legislated obligations. This is due to the following pressures:																													
	<ul style="list-style-type: none">• In the last two years the number of grant applications submitted and approved, and therefore the number of farms participating in the Scheme, has increased. This is due to an increase in farms that qualify under the legislated eligibility criteria, and a greater than anticipated uptake from the eligible group.• Due to the increased number of farms participating in the Scheme, there has been increased demand for Consultants, and additional funding is required in order to provide participating farms with consultancy services.• Additionally, due to the complexity of changes required, farms are requiring more consultant hours than initially expected to meet the Standards. Original costings for consultancy for each participating farm was based on an initial consult of two hours, and two one-hour follow-ups per grant. However, Consultants are reporting that four hours is not sufficient to provide farmers with all the information required to make the transition to the new business practices, preventing them from meeting the Standards and undermining the efficacy of the Act. Additional funding for increased consultancy hours is required to ensure Consultants are able to deliver on their legislated responsibilities, and support farmers to meet the minimum Standards.																													
<div>Claim numbers</div> <table><thead><tr><th>Year</th><th>Original forecast</th><th>Actual with revised forecast</th></tr></thead><tbody><tr><td>2014/15</td><td>1000</td><td>1000</td></tr><tr><td>2015/16</td><td>1200</td><td>1000</td></tr><tr><td>2016/17</td><td>1300</td><td>1300</td></tr><tr><td>2017/18</td><td>1500</td><td>1500</td></tr><tr><td>2018/19</td><td>2500</td><td>3500</td></tr><tr><td>2019/20</td><td>2500</td><td>3750</td></tr><tr><td>2020/21</td><td>2500</td><td>4000</td></tr></tbody></table>							Year	Original forecast	Actual with revised forecast	2014/15	1000	1000	2015/16	1200	1000	2016/17	1300	1300	2017/18	1500	1500	2018/19	2500	3500	2019/20	2500	3750	2020/21	2500	4000
Year	Original forecast	Actual with revised forecast																												
2014/15	1000	1000																												
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2020/21	2500	4000																												

Cost Pressure Management	<p>There is now a significant backlog of both grant applications to be processed, and farms that have been approved as part of the Scheme but have not yet received consultancy services. Current funding levels mean that it is not possible to process the increased applications, or provide eligible farms with timely consultancy services.</p> <p>A reprioritisation exercise was undertaken across the Department ahead of Budget 2020 submissions. While \$4.750m was freed up as a result of the exercise, Cabinet agreed that \$2.75m go towards the Ministry for Primary Industries' M Bovis response programme. The remaining \$2m was used to support the 57 farmers' affected by the Canterbury bush fires, after a request for Between Budget Contingency funding was unsuccessful.</p> <p>Work has been undertaken to integrate this service with other mandated consultancy programmes, to avoid multiple consultants visiting farms separately. While this has helped manage some of the workforce demand and enabled streamlining of consultancy service provision, backlogs still remain, and increased consultancy time is still required by many farms.</p> <p>The Department has considered moving away from contracting private Consultants to using in-house advisors. However, the cost of training advisors and covering their travel and accommodation expenses would increase total programme costs.</p>
Case for Funding	<p>Without an increase in funding, we are unable to meet our obligations under the Act by providing grants and consultancy services to all participating farms. Additionally, without increased access to Consultants, many farms will be unable to meet the minimum legislated Standards.</p> <p>This funding will allow us to process the increased volume of applications, and ensure that all eligible farms are able to receive a grant and timely consultancy services following the approval of their application. It will also enable us to fund increased consultancy time to assist farms to meet the legislated minimum Standards, in accordance with our obligations under the Act.</p>
Agency Contact	Karen Greenacre, [39]
Treasury Contact	Trudy Treasure, [39]

Total Funding Sought

Agency to complete											
Operating Funding Sought (\$m)	2019/20		2020/21		2021/22		2022/23		2023/24 & outyears		Total
			9.255		9.810		10.365		10.365		39.795
Agency to complete											
Capital Funding Sought (\$m)	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	Total

Funding Sought by Component

Input – Operating	Funding profile (\$m)					Total	Vote
	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears		
Grant – meeting new forecast demand		8.000	8.500	9.000	9.000	34.500	Agriculture
Consultancy – increase in workforce		0.320	0.340	0.360	0.360	1.380	Agriculture
Consultants – increased fees due to time required		0.935	0.970	1.005	1.005	3.915	Agriculture
Total		9.255	9.810	10.365	10.365	39.795	N/A
Formula and assumptions	<ul style="list-style-type: none"> \$5000 per grant (as mandated in legislation), based on forecast increase in demand and increase in eligible farms. Estimated that 50% of claim increase over the forecast period will each require four hours of consulting (at \$100 per hour). Demand will flatten in 2022/23 and out years as backlogs are processed and more farms are brought up to standard. Data also shows that new farms have more sustainable practices and therefore do not require grant assistance. 50% of total claims now requiring additional hours – 2500 original forecast (funding already appropriated for four hours so new funding to raise to seven hours). Revised forecast for claims increase, 50% of which anticipated to be complex, requiring additional funding for the seven hours of consulting. $(1250 \times 300) + (50\% \text{ of financial year claim increase} \times 700)$ 						

Existing Funding Levels

Agency to complete						
Provide an overview of existing funding levels for this initiative, and/or initiatives with similar objectives, in the two tables below.						
	Operating Funding profile (\$m)					Total
	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears	
Existing funding for this pressure	6.000	12.500	12.500	12.500	12.500	50.000
Total funding sought for this initiative	-	9.255	9.810	10.365	10.365	39.795
% change between existing funding and funding sought	0%	74%	78%	83%	83%	80%
Comments (optional)	Provide explanatory comments to help interpretation of the above baseline figures.					

Treasury's Recommendation

Treasury to complete											
Assessment	Support full funding		Support scaled funding				Do not support			Provide a comment of up to one paragraph that explains the level of funding recommended. You should include in your answer an overview of the initiative's: need for new funding; deliverability; merit, and costings. If you have recommended scaling the initiative, your answer should provide an explanation of how and why.	
Treasury to complete											
Provide Treasury recommended funding levels below											
Input – Operating	Funding profile (\$m)										Total
	2019/20		2020/21		2021/22		2022/23		2023/24 & outyears		
Total											
Input – Capital	Funding profile (\$m)										Total
	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	
Total											