



# Wellbeing Budget 2021

## Securing Our Recovery

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20 May 2021

Wellbeing  
Budget 2021  
**SECURING OUR  
RECOVERY**

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New Zealand Government





BUDGET  
**2021**

# WELLBEING BUDGET 2021: **SECURING OUR RECOVERY**

20 May 2021

## Guide to the Budget Documents

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

### Budget at a Glance

The *Budget at a Glance* is an overview of the Budget information and contains the main points for the media and public. This summarises the Government's spending decisions and key points raised in the *Budget Speech*, the *Wellbeing Budget 2021*, and the *Budget Economic and Fiscal Update*.

### Wellbeing Budget 2021

The *Wellbeing Budget 2021* is the main source of Budget information. It sets out the Government's priorities for the Budget, the approach taken to develop it, and a summary of all initiatives included in Budget 2021. It also contains reports on fiscal strategy and child poverty, as required by the Public Finance Act 1989. These outline respectively the Government's short-term fiscal intentions and long-term fiscal objectives, and how the Government is progressing towards its child poverty targets. The Summary of Budget Initiatives document is included as an annex.

### Budget Speech

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

### Budget Economic and Fiscal Update

The *Budget Economic and Fiscal Update* includes the Treasury's economic forecasts and the forecast financial statements of the Government incorporating the financial implications of Government decisions and other information relevant to the fiscal and economic outlook.

The *Budget Economic and Fiscal Update* also discusses key risks to the economic and fiscal forecasts.

### The Estimates of Appropriations

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

### Also released on Budget day:

#### The Supplementary Estimates of Appropriations

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

To download these documents visit [www.budget.govt.nz](http://www.budget.govt.nz)

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## FROM THE PRIME MINISTER

Budget 2021 represents not only our plan for New Zealand's recovery but our plan for the future.

That plan includes tackling the challenges we currently face – keeping our people safe and well as we manage a pandemic that continues to rage around the world and helping to rebuild our economy after a massive global shock. But it is what we do now in response to this crisis, and in spite of it, that will leave the longest legacy.

In Budget 2020 we laid the foundations for our recovery. We focused on supporting businesses and protecting jobs. That investment has paid off. Our economy has performed better than expected and, importantly, our people have been supported to either stay in work or find new opportunities. Our unemployment rate of just 4.7 percent is testament to that.

But that doesn't mean there hasn't been hardship, and that doesn't mean the job is done.

Investing to protect our people was the right call, but it has also come at a price. We had to take on additional debt. But with the right approach we will be in a stronger position to pay down that debt in the future, while also ensuring the current and next generation do not carry the social cost of cuts and austerity.

Budget 2021 is the next step in our plan – it focuses on securing our recovery, locking in the gains we've made, and continuing to take advantage of the opportunities we have in front of us.

It invests in our people's health and wellbeing through our vaccine rollout, but also through reforms to our health system. It looks to continue to create jobs through infrastructure investment, takes on the challenges we are already facing, such as housing, climate change, child wellbeing and inequality, and continues the work that has made our recovery a success so far – such as training and education opportunities that ensure New Zealanders are prepared for employment.

Ultimately, this Budget continues our wellbeing approach of investing in the recovery while putting the Government books on a pathway to lower debt.



As this Budget is one of three this term, we are looking at them as a package. It is simply not possible to fulfil every promise or commitment that we made or address all of our long-term challenges in a single Budget.

But what we are delivering today will help secure New Zealand's future in every sense, whether it's through the rebuild of our economy, or the support of our people – it will leave a legacy I believe we can be proud of.

A handwritten signature in black ink, appearing to be 'Jacinda', written in a cursive style.

**RT HON JACINDA ARDERN**  
Prime Minister of New Zealand

## FROM THE MINISTER OF FINANCE

*Wellbeing Budget 2021 – Securing Our Recovery* marks the next step in the Government’s plan to support New Zealand as we navigate our recovery from the COVID-19 pandemic.

The extraordinary efforts of all New Zealanders to support one another through 2020 have given us a head start on our recovery. The Government’s strong public health response has proved to be the best economic response as well. Against all predictions we have seen thousands of jobs created, unemployment return to close to pre-COVID-19 levels and goods export prices and volumes hold their own. Our success has been recognised, with international credit ratings agency S&P Global Ratings increasing our local currency rating to AAA, and other agencies maintaining our position at similar levels.



But now is the time to secure our recovery. We are still at a difficult period in the recovery from COVID-19. The world faces third and fourth waves of the virus, and every economic forecast talks of ‘uncertainty’ and ‘volatility’. There is hope on the horizon in the form of the global rollout of the vaccine but we are some way off a return to normality, and in turn that has an impact on sectors such as tourism that are significant in our economy.

Budget 2021 strikes a careful balance between continuing to support and stimulate the economy during this period, while looking towards the need to keep a lid on the necessary debt we have taken on during COVID-19 to protect lives and livelihoods. The Budget will make progress on the three core goals of the Government: to keep New Zealanders safe from COVID-19, accelerate our economic recovery, and tackle the foundational challenges of housing affordability, climate change and child wellbeing.

The Budget shows the economy is expected to strengthen from the second half of this year, with GDP peaking at 4.4 percent in June 2023. Unemployment is forecast to rise slightly in the near term before declining to 4.2 percent at the end of the forecast period.

This year’s Budget is also the 30th anniversary of the so-called ‘Mother of All Budgets’ that saw benefits slashed and other social programmes cut in the nadir of the free-market approach to government in New Zealand. This Budget sets out to repair some of the damage done to the social fabric of New Zealand all those years ago, by boosting main benefits by up to \$55 per week, the biggest increase in decades. Not only will this give a sense of dignity and hope to those who receive that boost in income, it will also act to reduce inequality and provide ongoing stimulus to the economy.

It is critical, as we emerge from the impacts of COVID-19, that we do not make the mistakes of the past where some New Zealanders benefit from the recovery and others are left behind. We are investing where it is needed the most. There is also a strong focus on investing in infrastructure programmes, including housing, the transition to a low-emissions economy, and in the reform of our health system to give all New Zealanders access to quality services and care.

Ours will be an investment-focused recovery that supports all New Zealanders and ensures our finances remain sustainable. It is also the way in which the Government will continue to tackle the long-standing challenges that we were elected to address. It is important to recognise that this can't all be done in one Budget. *Wellbeing Budget 2021 – Securing our Recovery* is the first of a package of three this term to advance our priorities and return our books to a sustainable fiscal position. New Zealanders have weathered the storm of COVID-19, today we take the next steps in our recovery together.

A handwritten signature in black ink, appearing to read 'Grant Robertson', written in a cursive style.

**HON GRANT ROBERTSON**  
Minister of Finance

# WELLBEING OUTLOOK



# WELLBEING OUTLOOK

In this third Wellbeing Budget, we are continuing to place the wellbeing of current and future generations of New Zealanders at the heart of everything we do. This means measuring progress on a broader range of indicators of success, beyond traditional measures like Gross Domestic Product (GDP). This section provides an overview of Aotearoa New Zealand's current state of wellbeing.

## New Zealand's wellbeing at a glance

The evidence in this section indicates New Zealanders' overall wellbeing has proved resilient to the impacts of COVID-19. In general, New Zealanders are healthy, relatively financially secure, and well connected to others despite the pandemic.

However, particular groups of New Zealanders are still vulnerable, and long-standing challenges around climate change, child poverty, and housing quality and affordability have not lost their urgency.

Budget 2021 is focused on addressing these issues through substantial investments that will improve wellbeing outcomes for New Zealanders.

## Evidence base

New Zealanders' current and future wellbeing is underpinned by stocks of the four capitals as set out in the Treasury's Living Standards Framework: human capital, natural capital, social capital, and financial and physical capital. These represent the wellbeing of our people, our environment, our communities, and our finances and built infrastructure. These capitals underpin wellbeing in the medium to long term as well as supporting it in the present.

Evidence in this section is drawn from a range of sources, including the wellbeing supplement to the Household Labour Force Survey (HLFS).

## Human capital: our people and skills

Human capital includes our skills, knowledge, and physical and mental health, which directly link to key elements of wellbeing, such as employment, income, housing, and social connections.

The Government's response to COVID-19 has been underpinned by a wellbeing approach – that the strongest economic response is a strong public health response. Investments to support people's wellbeing during the pandemic included measures to protect jobs and incomes, create new training opportunities, and support New Zealanders' physical and mental health.

In spite of the impacts of COVID-19, reported levels of life satisfaction remained high across 2020 and the beginning of 2021. Overall life satisfaction remained constant across the HLFS wellbeing supplements in the December 2020 quarter and March 2021 quarter, with 86 percent of New Zealanders reporting high satisfaction (7 or more out of 10).<sup>1</sup> Average reported life satisfaction was 8 out of 10 in the March 2021 quarter, the same as in the December 2020 quarter and slightly higher than the June and September 2020 quarters. Average levels of life satisfaction were similar across gender, ethnicity, and regions.

Overall life satisfaction tended to increase with job security. The March data showed 26 percent of those who thought there was an almost certain or high chance of losing their job or business in the next 12 months rated their life satisfaction poorly (0-6 out of 10), compared to 9.3 percent of those who thought there was almost no chance.

The responses to the HLFS wellbeing supplement show that some groups of New Zealanders reported lower levels of wellbeing across various dimensions, relative to the general population (Table 1).

*Table 1 – Average scores for overall life satisfaction for selected demographics in the March 2021 quarter*

<b>Category</b>	<b>Population group</b>	<b>Average score for overall life satisfaction (out of 10)</b>
<b>Total</b>	Total NZ	8.0
<b>Sex</b>	Male	7.9
	Female	8.0
<b>Age</b>	18-24	7.9
	25-34	7.9
	35-44	7.9
	45-54	7.9
	55-64	7.8
	65-74	8.3
	75+	8.3
<b>Ethnicity</b>	European	7.9
	Māori	7.9
	Pacific	7.9
	Asian	7.9
<b>Employment status</b>	Employed	8.0
	Unemployed	7.2
	Not in labour force due to injury, sickness or disability	6.5
<b>Parent status</b>	Sole parent	7.3
	Mother in two-parent family	8.1
	Father in two-parent family	8.1

Source: Stats NZ Household Labour Force Survey wellbeing supplement, March 2021 quarter  
<https://www.stats.govt.nz/information-releases/wellbeing-statistics-march-2021-quarter>

<sup>1</sup> <https://www.stats.govt.nz/information-releases/wellbeing-statistics-march-2021-quarter>

People working in industries such as retail, trade and accommodation have been the most impacted by pandemic-related labour market disruption. This has included a disproportionate number of young people, Māori, Pacific people, and women, exacerbating pre-existing inequities in labour market outcomes. Between the March and September 2020 quarters, the number of women who were unemployed rose by 17,000, or 28 percent, to 77,000, compared to the number of men classed as unemployed, which rose by 11,000, or 18 percent, to 73,000.<sup>2</sup>

As New Zealand's economic recovery has accelerated, unemployment has reduced and some of these impacts have subsided. The unemployment rate fell to 4.7 percent in the March 2021 quarter from 4.9 percent in the December 2020 quarter. The unemployment rate for women fell from 5.7 percent in the September 2020 quarter to 4.7 percent in the March 2021 quarter, and is now the same as the unemployment rate for men.

The underutilisation rate provides an important measure of labour market capacity. Underutilisation rose from 10.5 percent in the March quarter 2020 to 13.1 percent in the September quarter. It fell to 11.8 percent in the December 2020 quarter and has since risen slightly to 12.2 percent in the March 2021 quarter. Compared to the March quarter 2020, approximately 56,000 more New Zealanders were underutilised in the labour market in the March 2021 quarter. Of the 366,000 New Zealanders who were underutilised in the March 2021 quarter, 124,000 were those counted as underemployed – workers who have a job but are willing and available to work more hours. The increase in underemployment from the December 2020 quarter to the March 2021 quarter was driven mostly by an increase in underemployment for women (up 7,000), with little change for men.

## Education

Quality education helps set up New Zealanders to succeed and thrive in life. The evidence below indicates that New Zealanders generally have remained engaged in education and training despite the disruptions caused by COVID-19. However, certain groups continue to face barriers to accessing education and experience poorer outcomes.

Despite the interruptions to in-person learning caused by Alert Level changes, 64.0 percent of students regularly attended (attended more than 90 percent of the term) school/kura in the last seven weeks of term two in 2020 compared to 57.7 percent in the same period in 2019.<sup>3</sup> However, COVID-19 increased barriers to attendance for some students, particularly those in low-decile schools, in earlier year levels, Māori and Pacific students, or students attending Māori-medium education.<sup>4</sup>

In terms of enrolment, Ministry of Education records indicate a substantial fall in the number of students who had left school by the start of October 2020 compared to the same time in 2019. The number of secondary students leaving school by early October 2020 was 22,154 – a 19 percent decrease compared to early October 2019 (27,228). At the tertiary level, enrolment data from the Tertiary Education Commission shows the number of domestic students enrolled in formal study at tertiary providers increased, with approximately 1,155, or 0.4 percent, more domestic students in formal tertiary education in 2020 than in 2019.

<sup>2</sup> All HLFS figures are seasonally adjusted. <https://www.stats.govt.nz/information-releases/labour-market-statistics-march-2021-quarter>

<sup>3</sup> <https://www.educationcounts.govt.nz/statistics/attendance>

<sup>4</sup> <https://www.educationcounts.govt.nz/publications/series/he-whakaaro/he-whakaaro-how-covid-19-is-affecting-school-attendance>

There was also strong growth in apprenticeship numbers in 2020. The number of apprentices increased by 17.6 percent between December 2019 to December 2020, with particularly strong growth in apprentices aged 25 to 39 years-old, aged 40 years old and over, as well as women, Māori, and Pacific apprentices. In total, more than 100,000 New Zealanders have signed up for free vocational training and apprenticeships under the Targeted Training and Apprenticeships Fund (TTAF) since July 2020.

In the March 2021 HLFS, the proportion of young people not in employment, education, or training (NEET) rose to 13.1 percent, up from 12.4 percent on the previous quarter. However, the youth NEET rate in the March 2021 quarter was down from 14.1 percent at the same time last year.

In terms of attainment, New Zealand students scored higher than the Organisation for Economic Co-operation and Development (OECD) average in reading, maths, and science in the OECD's Programme for International Student Assessment (PISA) in 2018.<sup>5</sup> However, there have been steady declines in New Zealand students' mean performance in PISA over time,<sup>6</sup> as well as a big gap between the highest- and lowest-performing students. Average scores for Māori and Pacific students in reading, maths, and science were lower than the New Zealand average in PISA 2018 and Māori students' average scores have significantly decreased over time in each subject.

## Health

COVID-19 presented a clear threat to New Zealanders' lives and wellbeing. The Government's elimination strategy effectively mitigated this threat, but COVID-19 still poses a risk to the physical wellbeing of New Zealanders.

New Zealanders' life expectancies are above the OECD median and have continued to increase.<sup>7</sup> The gap between Māori and non-Māori life expectancy was 7.3 years for females and 7.5 years for males in 2017-2019. This has decreased from 7.9 years for females and 8.6 years for males in 2005-2007 and from 9.3 years for females and 8.8 years for males in 1995-1997.

The HLFS wellbeing supplements show self-reported general health status was relatively steady over the December 2020 and March 2021 quarters. 56.5 percent of New Zealanders reported 'very good' or 'excellent' health in the March 2021 quarter. In comparison, 14.4 percent of New Zealanders reported 'fair/poor' health in the March 2021 quarter, increasing from 13.0 percent in the December 2020 quarter.

However, different groups of the population reported divergent health outcomes. Māori and Pacific people, sole parents, and unemployed people were among other groups with higher rates of 'fair/poor' health. As part of the Government's health reforms, we are establishing a Māori Health Authority to address this disparity and drive hauora Māori.

<sup>5</sup> <https://www.educationcounts.govt.nz/publications/series/PISA/pisa-2018/pisa-2018-summary-report>

<sup>6</sup> The declining trend is observed from the starting point of the series for each subject (2000 for reading, 2003 for maths, and 2006 for science). Average reading performance declined significantly from 2000-2018, although has remained somewhat stable since 2012. The average mathematics score in 2018 was similar to 2012 and 2015 but lower than 2003. Average science performance in 2018 had decreased since 2006 but was similar to performance in 2012 and 2015.

<sup>7</sup> <https://www.stats.govt.nz/news/growth-in-life-expectancy-slows>, OECD *How's Life? 2020*  
<https://doi.org/10.1787/9870c393-en>

Mental health continues to be a strong area of focus for this Government, as reflected in our Wellbeing Objectives. While New Zealanders generally reported high levels of happiness and low levels of anxiety in the March 2021 quarter, mental wellbeing measures also differed across population groups. New Zealanders rated their happiness at an average of 8.0 out of 10 (where 0 is not happy at all and 10 is completely happy).

Sole parents were twice as likely to report feeling lonely most or all of the time in the past four weeks compared to the general population, while people not in the labour force for health reasons were more than three times as likely. The wellbeing data showed 61 percent of recent migrants reported experiencing loneliness at least a little of the time, compared to 43 percent of long-term migrants, and 40 percent of people born in New Zealand. The 2019/20 New Zealand Health Survey found that 7.4 percent of adults had experienced psychological distress in the past four weeks.<sup>8</sup> This figure was much higher for Māori adults, at 13.6 percent.

## Natural capital: our environment

Natural capital covers all aspects of the natural environment supporting life and human activity, such as land, social, water, plants and animals, minerals and energy resources. A healthy and sustainable environment contributes to present wellbeing and the wellbeing of future generations.

Climate change is one of the greatest challenges of our time and poses a significant threat to Aotearoa New Zealand's natural capital. Road transport was the greatest source of carbon dioxide emissions in 2018, and road transport emissions increased by 22 percent from 2009 to 2018.<sup>9</sup> In addition, 43 percent of New Zealand's gross greenhouse gas emissions in 2018 were from methane, of which 86 percent came from livestock.

COVID-19 restrictions reduced emissions from some key sources, such as road transport, but these effects were only temporary. Greenhouse gas emissions from electricity generation also fell from the September 2020 quarter to the December 2020 quarter but were still higher compared to a year earlier.<sup>10</sup>

He Pou a Rangi – the Climate Change Commission – has released draft advice to the Government, including the first three emissions budgets required to meet New Zealand's target of net zero emissions of long-lived gases and for reducing methane emissions by between 24-47 percent by 2050. The advice shows that while current policy settings will reduce emissions and move us toward the targets, significant further action is required. The Government is committed to decisive action on climate change as shown through the policies we are rolling out to reduce emissions.

*Our land 2021*, the latest in a series of environmental reports by the Ministry for the Environment and Stats NZ, found half of New Zealand's total land area is now used for agriculture, forestry, and housing.<sup>11</sup> The reporting showed 12,869 hectares of indigenous land cover area were lost from 2012-2018, continuing a declining trend.<sup>12</sup> Between 1994 and 2018, while no declining or improving trend in soil quality was observed, 80 percent of monitoring sites nationwide did not meet targets for at least one soil quality indicator. From 2002 to 2019, the total number of New Zealand farms

<sup>8</sup> <https://www.health.govt.nz/publication/annual-update-key-results-2019-20-new-zealand-health-survey>

<sup>9</sup> <https://environment.govt.nz/publications/our-atmosphere-and-climate-2020/>

<sup>10</sup> <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-statistics/new-zealand-energy-sector-greenhouse-gas-emissions/>

<sup>11</sup> <https://environment.govt.nz/assets/Publications/our-land-2021.pdf>

<sup>12</sup> <https://www.stats.govt.nz/indicators/indigenous-land-cover>

decreased by 28.7 percent and the total land area occupied by farms decreased by 13.0 percent.<sup>13</sup> Over the same period, export income from farming products has increased, suggesting that more is being produced by fewer farms on less land. The area of irrigated agricultural land in New Zealand almost doubled between 2002 and 2019.<sup>14</sup>

New Zealand has many other long-standing environmental challenges, such as the quality of our waterways. Many of New Zealand's waterways are under pressure from changes to the way we use land. For example, between 2013 and 2017, 71 percent of river length in pastoral farming areas had modelled nitrogen levels that could affect the growth of sensitive aquatic species. In addition, models show that over 80 percent of the total river length in urban areas exceeds the guidelines for quantity of pollutants, such as nitrogen, E. coli and phosphorus. New Zealand has lost more than 90 percent of its original historical inland wetlands, which has resulted in the loss of unique biodiversity and ecosystems.

In terms of marine health, 82 percent of evaluated fish stocks had no sustainability risks in 2020, staying constant from 2019.<sup>15</sup> However, 80 percent of shorebirds, 90 percent of seabirds, and 22 percent of marine mammals are threatened with or at risk of extinction.<sup>16</sup> Climate change is causing sea level rise and ocean warming, threatening our marine ecosystems.

Notwithstanding delays caused by COVID-19 lockdowns, the Department of Conservation has continued delivering on its pest control programmes to enhance the unique ecosystems and species of Aotearoa. These programmes are expected to increase further, both on public conservation land and on private land across the country, through the Jobs for Nature Mahi Mō Te Taiao work programme. This programme aims to deliver both employment opportunities in the community and increased conservation outputs, including pest control and biodiversity enhancements.

## Social capital: our connections

Social capital includes the social connections, attitudes, norms, and institutions that contribute to societal wellbeing, for instance, through giving us a strong sense of belonging.

The high levels of social trust and spirit of care and reciprocity shown by New Zealanders have helped make our response to COVID-19 one of the most successful in the world. The approach New Zealanders supported – staying home to save lives – meant that we were able to eliminate community transmission without repeated and protracted returns to Level 4 restrictions nationwide.

Recent surveys show that New Zealanders have high levels of trust in government and the public service. In February 2021, Te Kawa Mataaho the Public Service Commission found that 69 percent of New Zealanders say they trust the public service.<sup>17</sup> This was up from 51 percent the previous year and is the highest result since the survey was started in 2007. In a separate survey, from July 2020, 78 percent of respondents agreed that the Government's management of the pandemic had increased their trust in government.<sup>18</sup> New Zealand was also ranked first alongside Denmark

<sup>13</sup> <https://www.stats.govt.nz/indicators/farm-numbers-and-size>

<sup>14</sup> <https://www.stats.govt.nz/indicators/irrigated-land>

<sup>15</sup> <https://www.mpi.govt.nz/dmsdocument/44890-The-Status-of-New-Zealands-Fisheries-2020>,  
<https://www.mpi.govt.nz/dmsdocument/11950-the-status-of-new-zealands-fisheries-2018>

<sup>16</sup> <https://environment.govt.nz/assets/Publications/Files/our-marine-environment-2019.pdf>

<sup>17</sup> <https://www.publicservice.govt.nz/resources/trust-and-confidence-in-the-public-service-at-an-all-time-high/>

<sup>18</sup> <https://theconversation.com/trust-in-government-soars-in-australia-and-new-zealand-during-pandemic-154948>

in the Transparency International Corruptions Perception Index in 2020, as the two countries considered by experts and business people to have the least corrupt public service.<sup>19</sup>

The wellbeing supplements to the HLFS also show that New Zealanders' trust in each other and in New Zealand institutions (the health system, Parliament, Police, and the media) was largely constant across the December 2020 quarter and March 2021 quarters.

Nonetheless, there were key differences in levels of trust in certain institutions between different groups of people. Māori and Pacific people had lower trust in the Police than the general population. People in urban areas had higher trust in New Zealanders and institutions than people living in rural areas. Sole parents also had lower levels of trust in people and institutions than the general population. Both recent and long-term migrants had higher levels of trust in people and institutions than people born in New Zealand, with recent migrants reporting the highest levels of trust.

Māori, Pacific, and Asian New Zealanders were more likely to report experiencing discrimination in the past 12 months than the general population. Females were also more likely to report experiencing discrimination than males. Sole parents and the unemployed were among other groups who were more likely to report experiencing discrimination.

However, there have been improvements in reported attitudes towards cultural diversity. Immediately following the terrorist attack on Christchurch masjidain in March 2019, 43 percent felt that New Zealanders were accepting of cultural and religious diversity, with 38 percent neutral or unsure. By March 2021, 49 percent reported that New Zealanders were accepting of cultural and religious diversity, with 33 percent neutral or unsure.<sup>20</sup>

### Case study: Whānau Ora and COVID-19

Whānau Ora helped to maintain social capital during COVID-19 by supporting the health and wellbeing of communities in Aotearoa New Zealand.

The Government's COVID-19 response included over \$50 million for Whānau Ora providers to provide tailored responses for their communities during the pandemic. Through this, Whānau Ora agencies delivered over 260,000 support packages to over 326,000 whānau members.

A Māori influenza vaccination programme was also established, drawing from the \$9.5 million that was committed through the COVID-19 health package for DHBs and Māori health providers to work collaboratively together to implement outreach vaccination initiatives. As a result, 59.1 percent of all Māori aged 65 and over were vaccinated.

\$8 million was put towards increasing outreach services for vulnerable Māori – in particular, kaumātua, hapū māmā, and whānau without access to care. In addition, approximately 125 Māori health and disability providers received additional funding.

<sup>19</sup> <https://www.transparency.org/en/cpi/2020/index/nzl#>

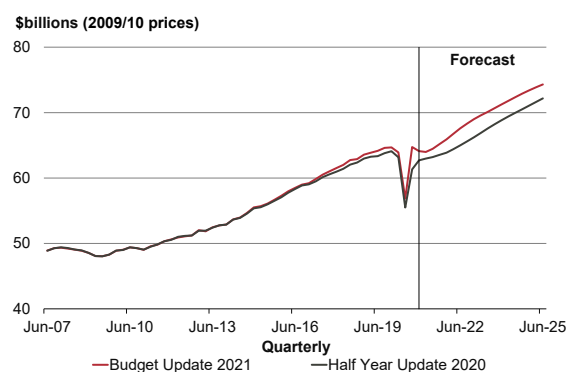
<sup>20</sup> <https://www.researchnz.com/assets/resources/CulturalDiversity.pdf>

## Financial and physical capital: our built and financial assets

Financial and physical capital refers to assets owned by households, companies, and the government. These assets range from cars and databases to financial assets, such as cash and shares. Our built and financial assets generate incomes and influence New Zealanders' standards of living.

The swift and decisive health response from the Government, coupled with significant fiscal support, saved the lives and livelihoods of New Zealanders. Our response supported incomes and allowed economic activity to bounce back, which significantly contributed to the faster than expected economic recovery. GDP fell by 1 percent in the December 2020 quarter, following a 13.9 percent increase in the September 2020 quarter and an 11 percent fall in the June 2020 quarter.<sup>21</sup> Relative to the December 2019 quarter, real production GDP was down 0.9 percent in the December 2020 quarter. This compares very favourably internationally, as countries continue to grapple with the effects of COVID-19 on their economies.

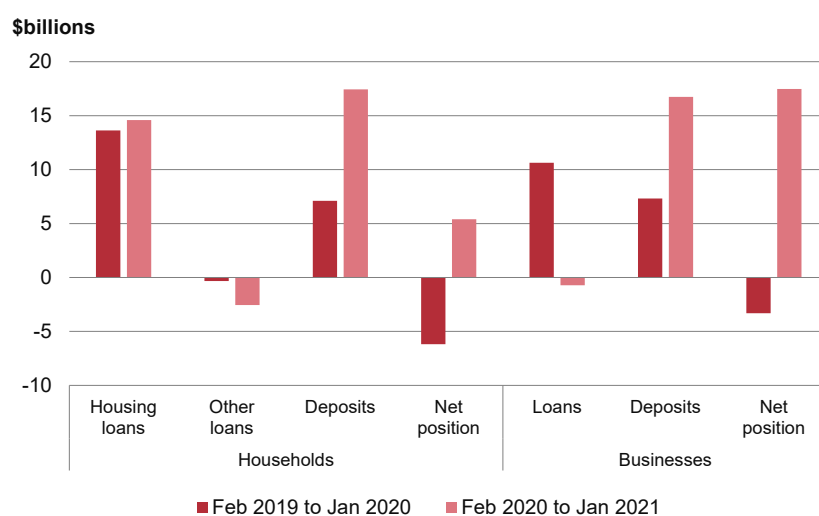
Figure 1 – Real production GDP



Source: The Treasury

Reserve Bank of New Zealand data shows households have improved their financial positions with banks over the period from February 2020 to January 2021 (Figure 2). While household mortgage lending increased, households improved their overall balance sheets by repaying other loans and through increasing their deposits. This data highlights the important role of fiscal policy in stabilising the economy. As households began to increase their savings, government spending was able to offset this effect to cushion the blow to the general economy.

Figure 2 – Change in borrowing and deposits for households and businesses



Source: Reserve Bank of New Zealand data, Treasury analysis

Note: Net position is equal to total deposits minus total loans

<sup>21</sup> <https://www.stats.govt.nz/information-releases/gross-domestic-product-december-2020-quarter>

More New Zealanders reported that they had enough money to meet their everyday needs in the March 2021 HLFS wellbeing supplement than in December 2020. In total, 70 percent of New Zealanders felt they had enough or more than enough money to meet every day needs in the March 2021 quarter. The proportion of unemployed people who had enough or more than enough money increased to 41 percent from 30 percent in December 2020.

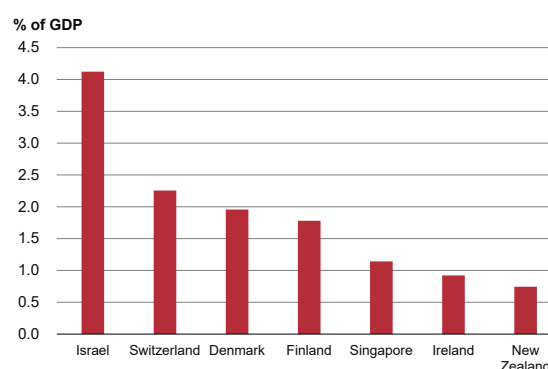
Despite initial predictions of falling house prices due to COVID-19, New Zealand's strong economic recovery saw a continuation of strong housing market activity. Economists expect the housing policy changes announced by the Government in late-March will take time to show through to headline housing market data. The Real Estate Institute of New Zealand's April house price index showed monthly price growth continued to ease (2 percent in April compared to 2.7 percent in March and 3.6 percent in February), while annual growth of 26.8 percent was boosted by lower April 2020 prices and activity due to the nationwide lockdown last year. House sales were down 5.9 percent in April, following a 0.1 percent increase in March and a 20.5 percent increase in February.

The cost and quality of housing continues to be a key issue for New Zealand households. New Zealand households spend on average 26 percent of their disposable income on housing costs, the highest in the OECD.<sup>22</sup> In the March 2021 HLFS wellbeing supplement, 17.0 percent of respondents reported a minor problem with dampness or mould in their house or flat, with 2.4 percent reporting a major problem. Some groups are more likely than others to report major problems with dampness, mould or heating, including Māori, Pacific people, sole parents, and the unemployed.

New Zealand businesses have generally come through the pandemic with stronger balance sheets than expected due to lower borrowing and higher deposits (Figure 2). But the recovery from COVID-19 has varied across sectors, regions, and firm types. In particular, international education and tourism continue to be adversely affected by border closures, and COVID-19 has also resulted in disruptions to supply chains which are expected to continue.

Increased investment in research and development (R&D) by firms may support future productivity gains. In 2020, businesses in New Zealand spent \$2.7 billion on R&D, up from \$2.4 billion in 2019.<sup>23</sup> Business expectations of future R&D spending have remained relatively steady since 2010, with 41 percent of businesses in 2020 reporting that they planned to increase their R&D expenditure in the next financial year. But business expenditure on R&D in New Zealand is low compared to other small advanced economies (Figure 3).

*Figure 3 – Business expenditure on R&D as a percentage of GDP in small advanced economies, 2017*



Source: OECD Main Science and Technology Indicators  
<https://doi.org/10.1787/data-00182-en>

Note: the definition differs for Israel and the data for Denmark is provisional.

<sup>22</sup> <http://www.oecdbetterlifeindex.org/countries/new-zealand/>

<sup>23</sup> <https://www.stats.govt.nz/news/business-r-and-d-spend-to-continue-in-spite-of-covid-19>

# BUDGET 2021

# BUDGET 2021 AND THE WELLBEING APPROACH

## Our evolving wellbeing approach

The Labour Government is committed to achieving its policy goals using a wellbeing approach. This means giving people the capabilities to live lives of purpose, balance, and meaning to them. To do this, we are looking beyond traditional measures of success, such as Gross Domestic Product (GDP), to broader indicators of wellbeing.

We are continually evolving our wellbeing approach and our understanding of what wellbeing means to New Zealanders. For Budget 2021, we have built on work from the previous two Budgets by continuing the application of the Living Standards Framework and introducing a te Ao Māori view of wellbeing through He Ara Waiora. He Ara Waiora and the Living Standards Framework can be used alongside each other to explore wellbeing from different cultural perspectives, values, and knowledge systems.

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## Wellbeing frameworks

**Living Standards Framework** – Application of the Treasury’s Living Standards Framework is key to continue the progress we have made to embed wellbeing into the Government’s decision-making process. The Living Standards Framework has been used in previous Wellbeing Budgets and requires analysis of policy impacts across the different dimensions of wellbeing. It includes four capitals: human, natural, social, and financial and physical capital, and 12 domains of wellbeing, such as housing and social connections, which reflect our current understanding of the things that contribute to how New Zealanders experience wellbeing. These domains provide a wider account of the outcomes that Government can affect, which helped to inform investment decisions.

**He Ara Waiora** – Incorporating He Ara Waiora into Budget 2021 is an important step to develop our wellbeing approach so that it reflects the national and cultural context unique to Aotearoa New Zealand. The principles of He Ara Waiora are derived from mātauranga Māori and many of its elements are relevant to the wellbeing of all New Zealanders. This is an important new dimension to our Budget process, which we will develop over time. He Ara Waiora was first conceived as part of the work of the Tax Working Group and since then has been further developed alongside a group of Māori business and thought leaders.

The principles of He Ara Waiora provide guidance on how to achieve greater wellbeing for our people. The principles of He Ara Waiora are:

- **Kotahitanga** – Working in an aligned, coordinated way
- **Tikanga** – Making decisions in accordance with the right values and processes
- **Whanaungatanga** – Fostering strong relationships through kinship and/or shared experience that provide a shared sense of belonging

- **Manaakitanga** – Enhancing the mana of others through a process of showing proper care and respect
- **Tiakitanga** – Guardianship, stewardship (eg, of the environment, particular taonga, or other important processes and systems).

As a first step we have taken an indicative approach to applying He Ara Waiora in this Budget by considering the alignment of initiatives to He Ara Waiora concepts and principles. He Ara Waiora consideration was not just for the initiatives that are focused on Māori but across the whole Budget package. This work has only just begun for Budget 2021, with a view to developing a more comprehensive application in future Budgets. We expect to learn and grow in terms of the way we do this.

Looking beyond Budget 2021 we are modernising the public finance system to better support wellbeing for all New Zealanders in the 21st century. The wellbeing approach has been an effective framework for making sure high-level budget decisions are directed toward things that make a difference in people's lives. We need to make sure that we continue to build on this progress and ensure that these changes are enduring features of the way in which the public finance system operates.

We are piloting several changes, which will inform our investments for Budget 2022. This includes establishing two clusters of agencies – Justice and Natural Resources – to set priorities, review existing spending and support the development of future Budget packages.

## How Budget 2021 contributes to improving wellbeing

In taking a wellbeing approach we aim to improve New Zealanders' living standards by tackling long-term challenges and ensuring what matters to New Zealanders drives Government decision-making. Within this context, this Government has five enduring wellbeing objectives. As required by the amendment made to the Public Finance Act 1989 (PFA) these wellbeing objectives underpinned our Budget decisions. These objectives inform our investment decisions by providing a long-term wellbeing focus to our spending decisions. This Budget makes a strong contribution to all five of these objectives:

Enduring Wellbeing Objective	Budget 2021 contribution
<b>Just Transition</b> – Supporting the transition to a climate-resilient, sustainable and low-emissions economy, while building back from COVID-19.	Setting New Zealand up for success in reducing emissions by funding transitions in areas such as transport, agricultural research, and increasing our commitment to New Zealand Green Investment Finance (NZGIF) to better mitigate the impacts of climate change.
<b>Future of Work</b> – Enabling all New Zealanders and New Zealand businesses to benefit from new technologies and lift productivity and wages through innovation and support into employment those most affected by COVID-19, including women and young people.	We also continue to invest heavily in education, skills and training to build back better. For example, by providing a digital skills programme and training support so industries, businesses and workers have the skills they need to succeed in an increasingly evolving digital environment.

<b>Enduring Wellbeing Objective</b>	<b>Budget 2021 contribution</b>
<b>Physical and Mental Wellbeing</b> – Supporting improved health outcomes for all New Zealanders and keeping COVID-19 out of our communities.	Continuing to strengthen the health system to deliver the evolving needs of the population through addressing pressures in, and reforming, the health and disability system.
<b>Māori and Pacific</b> – Lifting Māori and Pacific incomes, skills and opportunities, and combatting the impacts of COVID-19.	Supporting Māori and Pacific peoples, particularly in housing and health, to develop solutions that are driven by Māori and Pacific communities.
<b>Child Wellbeing</b> – Reducing child poverty and improving child wellbeing.	Supporting families and whānau to provide the essentials needed to support their children’s wellbeing through income support measures and supporting more families and whānau into warm, dry housing.

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The wellbeing objectives were selected using a collaborative and evidence-based approach, combining evidence from the Treasury’s Living Standards Framework with advice from sector experts and the Government’s chief science advisors.

Because these wellbeing objectives are aimed at tackling long-term challenges facing Aotearoa New Zealand, they are intentionally similar to the priorities of our 2019 and 2020 Wellbeing Budgets. Achieving these objectives requires sustained investment across multiple Wellbeing Budgets.

### **Budget 2021: The context**

While the wellbeing objectives should not change year to year, how we think about them will. For this Budget, while progressing our wellbeing objectives, we must continue to deal with the impact COVID-19 has had on Aotearoa New Zealand.

It also comes at a time when we have been making significant investment into supporting our people and our businesses to adapt to a new normal and stimulating the economy to keep Aotearoa New Zealand prospering. The biggest infrastructure programme in Aotearoa New Zealand’s recent history started last term is ongoing.

At the same time, we still need to support our public sector to deliver essential services, for example, COVID-19 has highlighted the importance of having a health system that can deliver world-class health services to all New Zealanders and has the capacity to respond to a major health crisis. Our education system is a key enabler of future wellbeing for our youth and it requires ongoing investment.

The Wellbeing Budget: Securing Our Recovery comes at a time when the Government is focused on supporting Aotearoa New Zealand in the response to the uncertainty of COVID-19, accelerating the recovery and the rebuild, and laying the foundations for the future. This means keeping New Zealanders safe while addressing key issues such as climate change, housing affordability, and child poverty.

Taking all these factors into account there are three overarching policy goals for the Government this term:

- Continuing to keep New Zealanders safe from COVID-19
- Accelerating the recovery and rebuild from the impacts of COVID-19
- Laying the foundations for the future, including addressing key issues, such as climate change, housing affordability, and child poverty.

In Budget 2021 we are taking a balanced approach to public finances in the current context of ongoing global uncertainty. This means continuing to support the economic recovery through fiscal stimulus, and then looking to reduce our levels of public debt once economic conditions permit.

At the same time, we need to invest to support our communities where the need is greatest, so that everyone benefits as we recover from COVID-19 and rebuild. For this Government it is not enough to build back to where Aotearoa New Zealand was before, we want to build back better.

In Budget 2021 we are also balancing meeting our immediate needs, while investing to tackle long-term challenges to improve New Zealanders' wellbeing.

### **Wellbeing Budget 2021: Securing our recovery highlights**

Key investments in Budget 2021 that support the long-term wellbeing of New Zealanders include:

- tackling inequality and child poverty, by lifting weekly main benefit rates by between \$32 and \$55 per adult, to help low-income New Zealanders to meet their basic material needs. This will bring these rates in line with a key recommendation of the Welfare Expert Advisory Group (WEAG) and provide an additional boost to families with children
- \$300 million additional capital for New Zealand Green Investment Finance to continue to invest in support of climate change mitigation, and to create jobs and opportunities
- a \$3.8 billion Housing Acceleration Fund, which provides a mix of contestable funding for infrastructure projects across the country and support to ramp up delivery of large-scale projects, which provide a mix of public, affordable and market housing
- \$380 million for the delivery of new housing and repairs to existing stock for Māori across Aotearoa New Zealand
- \$4.7 billion in new health operational funding and up to \$968 million in health capital investment. Of this funding, a total of \$486 million is to reform the health and disability system so it is more equitable and sustainable for future generations, promotes whānau-centred care, and that strives for excellence.

## BUDGET 2021 INVESTMENTS

Budget 2021 contributes significantly to our policy goals for the next three years:

- Continuing to keep New Zealanders safe from COVID-19
- Accelerating the recovery and rebuild from the impacts of COVID-19
- Laying the foundations for the future, including addressing key issues such as climate change, housing affordability and child poverty.

### Keeping New Zealanders safe from COVID-19

**We have to continue to keep New Zealanders safe and confident about how we will manage any resurgence of COVID-19**

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Aotearoa New Zealand's response to COVID-19 has saved lives and livelihoods. But there is no room for complacency. To maintain our success and keep New Zealanders safe, we need to adapt our response to the ongoing impacts of the virus while continuing to deliver on key initiatives.

We have allocated just under \$1.5 billion for the COVID-19 Vaccine and Immunisation programme. Just over \$1 billion of this funding has been provided for advanced purchasing of the COVID-19 vaccines and \$357 million has been provided to the Ministry of Health to design and implement the immunisation programme. We are continuing our COVID-19 vaccine rollout, with enough of the Pfizer vaccine for all New Zealanders over the age of 16 to get the two doses they need to be protected free of charge. At the border, managed isolation and quarantine (MIQ) facilities will ensure New Zealanders and critical workers are able to come home and enter the country, while keeping Aotearoa New Zealand safe from community transmission.

As well as continuing to ensure an effective and immediate response to COVID-19, we are also looking to the future. Funding of \$30 million has been provided to support domestic and international research on, and the potential for domestic manufacturing of, a COVID-19 vaccine. And in the event of a resurgence and a change in alert levels, we have reserved \$5.1 billion in the COVID-19 Response and Recovery Fund (CRRF), which can be deployed to provide financial support to employers and workers. Our response will continue to be to react quickly and provide New Zealanders with unprecedented support to keep safe.

Using the CRRF, this Budget provides funding for border services, immigration services, and key arts and cultural entities while revenue levels are affected by lower international travel rates.

While we have successfully resumed much of our normal economic activity, many other countries are struggling with the health and economic impacts of COVID-19, making the global economic outlook more uncertain. Opportunities like quarantine-free travel between Australia and New Zealand will enable further economic activity and support our economic recovery, while keeping COVID-19 out of our communities. We will continue to seek opportunities for businesses and New Zealanders, while also protecting New Zealanders' wellbeing against a COVID-19 resurgence.

Our approach to this pandemic means we are well placed to manage ongoing health and economic risks related to COVID-19. It also provides an opportunity to build back better and shift towards a more sustainable and inclusive economy.

## Accelerating our economic recovery

### We are driving our economic recovery through investment in business, infrastructure, and tourism support

Our economy has been resilient during the COVID-19 pandemic. Decisive action to eliminate the virus; strong and early efforts to save jobs and support businesses; and innovative and nimble responses from our businesses have positioned the economy well. However, we are still operating in the shadow of COVID-19 and significant global uncertainty remains.

At the beginning of this term, the Government laid out a comprehensive plan to support the economic recovery from COVID-19. Budget 2021 builds upon that plan by making significant investments in training, businesses, infrastructure, and tourism to stimulate and grow the economy.

Getting more Kiwis into education and training has been a key focus of our recovery plan, particularly for those groups who have been disproportionately impacted by COVID-19. Budget 2021 extends funding for the Training Incentive Allowance to New Zealand Qualifications Authority (NZQA) levels 4 to 7 for four years to support around 16,000 sole parents, disabled people and carers with the costs of getting degree-level tertiary qualifications. We are also increasing student support rates by \$25 per week from 1 April 2022, and extending the Temporary Hardship Fund for Learners to ensure that the most vulnerable New Zealanders have the support they need to continue their learning.

Small businesses are at the heart of our economy. The Government will continue to support small businesses, including in the transition to future ways of working. Budget 2021 embeds the gains made during COVID-19 around transitioning to a digital economy by investing \$44 million in a digital skills programme that will provide:

- digital skills training to up to 60,000 small businesses, in addition to the 20,000 trainees currently in the programme
- advisory services to assess needs and create bespoke digital business action plans for 30,000 small businesses.

Investing in the success of our regions continues to be a significant focus for the Government. Budget 2021 provides funding to improve rural connectivity by repurposing a spectrum band to promote the widespread rural rollout of 5G technology. As part of the \$200 million Tourism Communities: Support, Recovery, and Re-set Plan, we are providing targeted support to businesses in the communities hardest hit by the impacts of COVID-19, such as Kaikōura, the Mackenzie District, Queenstown Lakes, Fiordland, and South Westland.

Infrastructure is also at the core of the Government's economic recovery plan. It creates jobs, provides key services, and enhances the long-term productivity of the economy. As we began this term, we already had a record \$42 billion of infrastructure investment in progress over the next four years in roads and rail, schools and hospitals, housing and energy generation. This includes the \$12 billion New Zealand Upgrade Programme and the \$3 billion for the Infrastructure Reference Group as part of the COVID-19 response.

Budget 2021 adds to that infrastructure investment through initiatives such as:

- \$1.3 billion further investment in a reliable and resilient rail system that supports freight and gets our cities moving (comprised of \$810 million capital and \$535 million operating)
- \$700 million for District Health Board capital investment
- \$761 million for capital funding in the Education portfolio.

Our Crown infrastructure investment over the next five years now totals \$57.3 billion.

### **An inclusive economic recovery begins by ensuring our whānau and communities are safe and well**

We need to ensure New Zealanders are safe and well, supporting their basic wellbeing needs. This is important but it will also ensure that they can contribute to, and benefit from, our economic recovery.

At a simple level, this means New Zealanders need to have what is essential to get on with their lives. They need reliable and affordable healthcare, support to adapt to new employment opportunities, reliable and adequate incomes, and safe places to call home. These things are true for all of us but especially for the most vulnerable.

For these reasons we are putting a strong emphasis on supporting core public services, like health and education, which we know will make a difference to the wellbeing of New Zealanders. For example, we are providing \$2.7 billion to District Health Boards to continue delivering essential health services throughout Aotearoa New Zealand, \$200 million to enable PHARMAC to widen access to existing medicines or invest in new ones, and \$301 million for funding rate increases to enable early learning, schools and tertiary providers to continue providing quality education.

We are committing \$170 million to help certificated teachers in education and care centres continue to move towards pay parity with their equivalents in kindergartens. This is one of the ways we can make sure we are treating our teachers fairly and means that teachers with the same qualifications carrying out the same work get paid equally. This will help increase retention and lead to more consistency and secure relationships with the children at the heart of our education system.

We are also taking a practical approach to keeping people safe and well in their homes, through expanding the reach and impact of the Healthy Homes initiative. This supports low-income families and whānau to live in warm, dry and healthy homes, reducing the negative health and housing impacts associated with living in damp and cold homes.

We also need to ensure vulnerable people are part of our economic recovery. A specific focus of this Budget is supporting New Zealanders on low incomes. One of the ways we are doing this is through initiatives such as the Training Incentive Allowance, which will support eligible participants to achieve higher levels of educational attainment, which can help to improve participants' wellbeing and income over time.

On top of this, to tackle inequality and child poverty we are lifting weekly main benefit rates by between \$32 and \$55 per adult, to bring these rates in line with a key recommendation of the WEAG and provide an additional boost to families with children. Increasing the support provided to low-income households recognises that many families and whānau still face financial barriers that make life tough and hold them back from a better future. In addition, lifting main benefit rates also helps to stimulate and strengthen the economic recovery by directly increasing the amount of spending in the economy.

We are also continuing to provide practical help to meet basic needs of children through funding for initiatives that, among other things: continue to support up to 36,000 school children with five nutritious meals each week through the KickStart breakfast programme; provide additional Out-of-School Care and Recreation service places to enable approximately 900 low-income parents to remain or transition into employment, training and education; and continue the Government's contribution to KidsCan for the provision of 17,500 warm, waterproof raincoats per year to school-aged children.

Taking a regional focus can also help ensure that vulnerable communities aren't left behind. Initiatives like expanding the Just Transitions programme, the Regional Strategic Partnership Fund, and the recently announced Tourism Communities: Support, Recovery and Re-set Plan, ensure our economic recovery from COVID-19 is truly inclusive. Vulnerable communities have been disproportionately affected by COVID-19, so we need to make sure that we support them and their livelihoods.

### **We are developing systems and services to better meet the needs of Māori and Pacific peoples**

As we rebuild our economy, it is crucial for Aotearoa New Zealand that we work in partnership with Māori as Treaty partners and with Pacific peoples to achieve their aspirations and ensure long-lasting equitable outcomes.

Our \$380 million investment in Māori housing solutions will not only deliver better housing opportunities for Māori but will also empower iwi, hapū and Māori housing providers to build the skills they will need to continue delivering housing solutions, by Māori, for Māori. In addition, iwi and Māori will be able to access funding from the Housing Acceleration Fund. We are also providing support for Pacific enterprise through the Pacific Business Trust and regional providers throughout the country.

Māori still suffer, on average, worse health outcomes compared with other New Zealanders. This is not acceptable. Change is needed in the system to improve health outcomes for Māori. The establishment of the Māori Health Authority is a foundational change in how essential health services are provided for Māori. The Authority will drive hauora Māori and lead the system to make real change. It will have the power to directly commission health services for Māori and to partner with Health New Zealand in other aspects of the health system.

We are also championing education opportunities for rangatahi by supporting Te Reo Matatini me Pāngarau, literacy and numeracy standards for National Certificate of Educational Achievement (NCEA) learners in Māori medium education and by providing additional financial support for our Māori boarding schools. These institutions play an essential role in preserving Māori knowledge and values and fostering the next generation of Māori leaders. For Pacific learners, we are supporting bilingual and immersion education to help to maintain Pacific languages and culture.

The Pacific Wellbeing Strategy, being funded through Budget 2021, will ensure initiatives across the Government to improve Pacific wellbeing outcomes support Pacific communities' capability and aspirations. We are also providing additional support for Tupu Aotearoa programmes that provide Pacific young people with the tools, education, training and employment opportunities to succeed and thrive.

## Laying the foundations for a better future

### Improving child wellbeing

Investing in a good start in life for our children is one of the most important ways we can support the long-term wellbeing of New Zealanders. This is part of our commitment to laying strong foundations for our future. As a Government, we have made improving child wellbeing and reducing child poverty one of our overarching policy goals, as well as a wellbeing objective guiding Budget investment.

Budget 2021 provides a major boost in income support for families and whānau, alongside funding for key support services, to improve the lives of those most vulnerable in our community, our children. In Budget 2021, to tackle inequality and child poverty, we are lifting weekly main benefit rates by between \$32 and \$55 per adult, to bring these rates in line with a key recommendation of the WEAG and provide an additional boost to families with children.

This investment helps make progress towards our child poverty reduction targets and to help families and whānau meet their basic needs. In addition, increasing the support provided to low-income households also helps to stimulate and strengthen our recovery from the effects of COVID-19 by directly increasing spending in the economy.

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In addition to significantly increasing income support, we are investing:

- \$527 million for an extension to the Ka Ora, Ka Ako Healthy School Lunches Programme
- \$57 million to increase financial assistance for caregivers
- \$15 million to build a strong foundation for change by enabling faster resolution of disputes to reduce the time children will spend in the family justice system
- \$10 million to maintain SmartStart and Life Events, which provides a central location for parents and caregivers to access information and support related to pregnancy and early stages of childhood development.

Further detail on initiatives that support child wellbeing and reduce child poverty, as well as information about our progress towards meeting our child poverty reduction targets, can be found in the *Child Poverty Report* on pages 34 to 35.

Quality education helps young New Zealanders to build a strong foundation to succeed and thrive in life. In the last term, the Government laid out a series of reforms that will reduce inequity in our education system and improve educational outcomes.

Budget 2021 supports our Education Reform Programme, including investing:

- \$185 million operating and \$54 million capital to support implementation of the reforms of the Tomorrow's Schools system that will provide frontline support closer to schools and create a more networked system that is responsive to learners' needs
- \$18 million operating and \$5 million capital for investment in infrastructure that will support replacing the current decile system with the Equity Index that will better target resources towards schools facing the greatest socioeconomic challenges.

## Healthy and affordable housing

Housing underpins many elements that can affect a person's wellbeing and continues to be a major focus for the Government in Budget 2021. Affordability of housing, the state of our housing stock and security and cost of tenure can all influence a person's physical and mental health. Strategic investments in the housing sector will also support the COVID-19 recovery, by creating construction jobs and laying the foundations for a more sustainable housing market.

Through this Wellbeing Budget, we are investing to help ensure that every New Zealander has a warm, safe and dry home. This funding aims to lay the foundations for long-term strategic solutions to the housing crisis, while also addressing specific areas of immediate concern. Budget 2021 housing investments include:

- the \$3.8 billion Housing Acceleration Fund, funded from the CRRF, which will increase the supply of houses by funding the necessary services and infrastructure that currently pose barriers to development. Accelerating the pace and scale of construction will increase the supply of houses available and further longer-term progress towards a housing market that is accessible to all
- \$380 million for Māori housing solutions, including building new houses in areas with high rates of Māori housing deprivation, repairs for existing housing and increasing capacity and capability for iwi, hapū and other Māori housing providers.

Alongside broader work on supply and affordability across the housing market, the Government is focused on ensuring that renters have access to homes that are warm, dry and safe. Budget 2021 complements significant legislative achievements by providing funding to support the implementation of changes to healthy homes standards and Residential Tenancy Act Amendments 2020. This includes:

- \$16 million for proactive investigation and enforcement of the Healthy Homes Standards with the aim of preventing childhood hospitalisations, raising the standards of rental homes, and supporting the most vulnerable tenants.
- \$41 million to maintain critical tenancy services, including timely access to dispute resolution services and processing of bond transactions, successful implementation of tenancy reforms, and proactive monitoring and investigation of rentals to reduce the risk of vulnerable tenants being exposed to harm.
- \$18 million operating and \$20 million capital funding to ensure that the IT system used to facilitate residential tenancy bond transactions is stable, secure, and supported. The system replacement will deliver much needed service improvements, improve data quality, and support outcomes across the wider residential tenancy regulatory system.
- \$5 million to support the Tenancy Tribunal to manage increasing demand arising from the Residential Tenancies Amendment Act 2020.

## Innovative and inclusive climate transition

We know that climate change mitigation and adaptation are hugely important to New Zealanders. We also know that our response to climate change needs to address the challenges that future generations face but also make the most of resulting job creation and investment opportunities.

To that end, many of the initiatives in Budget 2021 that address climate change are targeted toward improving New Zealanders' environmental wellbeing, income and consumption, jobs and earnings. We are incentivising the uptake of low-emission vehicles and reducing the carbon footprint of New Zealand's vehicle fleet. Some of the choices we've made have been because of the cross-cutting nature of climate change mitigation, for example, by funding the Warmer Kiwi Homes Programme we reduce emissions while improving health outcomes for New Zealanders with lower incomes. This is the just transition we want to see: improving wellbeing across society, while reducing the impacts of climate change.

Our response to climate change requires investments with long-term investment horizons over multiple budgets. In Budget 2021 we are laying the groundwork by focusing on foundational investment to ensure we have the capability and resources required to meet our emissions targets. This includes:

- \$300 million to recapitalise New Zealand Green Investment Finance to continue to invest in support of climate change mitigation, with a particular focus on decarbonising public transport, waste and plastics
- the Government also needing to be a leader in its own climate response. Budget 2021 provides \$67 million total funding to deliver a coordinated programme and support for agencies to reduce emissions, with the aim of making a number of government organisations carbon neutral by 2025
- beginning our efforts in hard-to-abate sectors, like transport, by preventing higher emissions through keeping trucks off the road and investing in the future of rail, while expanding the Low Emission Vehicle Contestable Fund by creating a new Low Emission Transport Fund.

In this Budget, we have also funded a work programme to explore some options for the funding and financing of climate change. To make real progress to meet our targets, we need to build capability and mobilise investment. The actions we need to take have significant costs associated – which is why from Budget 2022 onwards, we will be recycling the revenue from the Emissions Trading Scheme to emissions reductions programmes.

## Reforms for intergenerational wellbeing

The system reforms that we are undertaking will support intergenerational wellbeing by laying the foundation for timely and equitable access to our healthcare and education systems. Our health and education systems are key to the wellbeing of New Zealanders but we know that they do not deliver well for everyone.

### Health

While the current Aotearoa New Zealand health system has many strengths, it has become overly complex with unnecessary duplication and bureaucracy. It has created a postcode lottery where the type of treatment you get is determined by where you live and it does not deliver well for groups such as Māori.

The Government has a vision for a truly national public health service that delivers for all New Zealanders and places a greater focus on primary and community care. As part of our plan to reform the health system, we will replace DHBs with one national organisation, Health New Zealand, establish a new Māori Health Authority to drive hauora Māori and directly commission health services, and create a dedicated Public Health Agency.

Budget 2021 provides the first tranche of funding totalling \$486 million to get these vital reforms under way, including:

- \$181 million to fund the functions of the Transition Unit and interim Health New Zealand entity that will deliver on the Government's vision for a national health system
- \$98 million to support the establishment and initial operations of the Māori Health Authority, alongside \$127 million for an initial commissioning budget to develop kaupapa Māori services that meet Māori needs
- \$46 million to prototype five to six locality networks that will provide integrated care to communities according to their needs.

## Planning

One of these systems is the planning system under the Resource Management Act 1991 (RMA).

Budget 2021 provides significant funding for the comprehensive reform of the resource management system to ensure it enhances housing supply and boosts economic development while protecting the environment. The Government is investing \$131.8 million in the design, enactment, transition, and initial implementation of the reforms through to mid-2024. This strong commitment to funding the reforms will allow them to be effectively delivered, something that did not happen when the RMA was originally implemented.

Once enacted, the new Natural and Built Environments Act and Spatial Planning Act are expected to protect and restore the natural environment, while better enabling development and respecting environmental constraints. This would result in a more efficient and effective resource management system that gives effect to the principles of Te Tiriti o Waitangi and provides greater recognition of te ao Māori. The new Climate Adaptation Act will focus on managed retreat and work towards reducing the risk posed by climate change to communities and assets by strategically moving them away from at-risk areas.

## Water

Another system that we want to improve is the three waters system. It has become clear that New Zealand's three waters system is facing a significant crisis and will continue to do so without major reform. Last year this Government recognised that we have an opportunity to address this situation by reforming how we deliver three waters services. The Three Waters Reform Programme will transform the service delivery of drinking water, wastewater and stormwater to ensure that we efficiently deliver the infrastructure upgrades necessary to ensure that our water services are safe, clean, reliable and resilient.

In this Budget, we have set aside \$296 million to support the establishment of new multi-regional water services entities, including the transfer of assets and services to these entities. This will support the implementation of the reform programme and contribute to addressing the significant challenges facing the country's three waters system.

## Social services

We are also progressing improvements in the way we commission social services to better respond to the wellbeing needs of our people and communities.

Our approach to the delivery of social services including partnering with iwi, Māori service providers, Non-government Organisations and community providers recognises that local solutions can be found in local communities.

We will continue the work already under way to better collaborate with providers of these services, by improving our commissioning processes and working towards a more sustainable sector.

By taking a phased approach to this work we will allow time to embed change, to ensure genuine and lasting improvement.

## Social Unemployment Insurance

As we rebuild the economy, we also have an opportunity to design better support for New Zealanders who lose their jobs through no fault of their own.

A job loss is a significant income shock. Finding a job takes time, and many workers may accept lower-paid jobs that don't match their skillsets, because financial pressures mean they need work quickly.

The Government, BusinessNZ and the New Zealand Council of Trade Unions have committed to jointly designing a Social Unemployment Insurance scheme that would support workers who lose their jobs, in line with a commitment in Labour's election manifesto.

Like Accident Compensation Commission (ACC) for accidents, a Social Unemployment Insurance scheme could cushion the impact of a job loss. It could give workers the financial stability to find the right job for their skills, or to retrain for a new, fulfilling career path. We're looking at a scheme that could provide those who lose their jobs with around 80 percent of their income, with minimum and maximum caps.

Over the coming months, the Social Insurance Tripartite Working Group will be consulting stakeholders on what the right settings could be, balancing the support needed for Kiwis to find quality new jobs against the costs of running the scheme. There will be wider public consultation later in 2021.

## Other initiatives

We are also committed to an ambitious programme of delivery, both in response to COVID-19 but also to deliver our wider objectives of improving wellbeing. Any ambitious delivery programme will run into challenges along the way. We have taken actions to ensure delivery of these existing investments, such as the establishment of the 'Government Implementation Unit' in the Department of the Prime Minister and Cabinet (DPMC). The Government Implementation Unit will work with agencies to identify and overcome challenges to delivery. The Unit will help us remain on track to delivering improved wellbeing for Aotearoa New Zealand.

# CHILD POVERTY REPORT



# CHILD POVERTY REPORT 2021

This is the third report on child poverty to be released with the Budget. It shows the progress we have made in reducing child poverty since we set child poverty reduction targets in 2018.

This Government has made child poverty reduction a priority, to help make Aotearoa New Zealand the best place in the world to be a child. Reducing child poverty helps children now and lays the foundation for healthy development and positive wellbeing in the future. Good material standards of living enable parents and caregivers to provide children with a good start in life, which has been shown to contribute to lasting wellbeing outcomes in areas like health, housing and education.

In Budget 2021, to tackle inequality and child poverty, we are lifting weekly main benefit rates by between \$32 and \$55 per adult, to bring these rates in line with a key recommendation of the Welfare Expert Advisory Group (WEAG) and provide an additional boost to families with children. This is expected to lift between 19,000 and 33,000 more children out of poverty on the after-housing-costs measure.

This builds on our previous work that has included a range of policies to support low-income families and children. Some actions, like the Families Package, put more money in the pockets of parents, while others, like healthy free lunches in schools and free doctors' visits for under 14s, take pressure off household budgets and improve childrens' quality of life.

The Families Package was introduced in late 2017 and increased financial support for low-income families, including increases to the Family Tax Credit, Accommodation Supplement changes and the introduction of the Winter Energy Payment and the Best Start Payment.

In total, 109,000 sole parents and couples with children will be, on average, \$175 per week better off as a result of changes made by the Government since late 2017.

## Budget child poverty reporting requirements

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

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

The most recently completed financial year is 2019/20, which is the second year of reporting on the targets under the Child Poverty Reduction Act 2018.

This report addresses paragraph (a) by providing a high-level view of recent trends up to, and including, 2019/20. It addresses paragraph (b) by discussing the expected impact of Budget 2021 on child poverty.

These actions to date have reduced child poverty rates. As of 2019/20, there are 43,300 fewer children in low-income households on the after-housing-costs measure than in 2017/18 and 18,000 fewer children experiencing material hardship. This is one of the largest policy-driven falls in measured child poverty in decades. While the latest rates do not take into account the impact of COVID-19, Treasury modelling suggests that the Government's income support measures have greatly reduced the negative economic impact of the pandemic (see pages 31 to 32).

We know there is more to be done. We are also investing in a broader range of initiatives to address material hardship and directly help children and their families in areas such as housing, employment and direct services, for example through food in schools.

Looking forward, the Government will continue to work on overhauling the Welfare system and addressing other recommendations from the WEAG. We have committed to bringing forward the review of the Working for Families tax credits, currently on the medium-term Welfare Overhaul work programme.

In June, we will announce our next round of child poverty reduction targets. This will set out our ambitions for the next three years, as we continue on our path towards meeting our ten-year targets and making Aotearoa New Zealand the best place in the world to be a child.

## No single measure tells a complete story of child poverty

The Child Poverty Reduction Act 2018 (the Act) specifies three primary measures<sup>24</sup> of child poverty, described in the table below. The Act also has six supplementary measures.<sup>25</sup> Given the complexity of the issue, it is important that these measures are considered together.

Table 2 – Primary measures of child poverty

<p><b>Income measure:</b></p> <p><b>After-housing-costs, fixed-line measure</b></p> <p><b>AHC50</b></p>	<p><b>What does this measure?</b></p> <p>The number of children in households with incomes much lower than a typical 2018 household, after they pay for housing costs.</p> <p><b>How do we measure it?</b></p> <p>The threshold line is 50 percent of the median household income in 2017/18, after housing costs are removed.</p> <p><b>What does this tell us?</b></p> <p>How many households have very low incomes relative to previous years, after considering housing costs and increases to the cost of living.</p>	<p><b>What are our goals?</b></p> <p>In 2017/18, <b>22.8 percent</b> of children were living in poverty on this measure.</p> <p><b>Our goal is to reduce this to 10 percent of children by 2027/28.</b></p> <p>Our intermediate target is to reduce this to <b>18.8 percent</b> of children by 2020/21.</p>
<p><b>Income measure:</b></p> <p><b>Before-housing-costs, moving-line measure</b></p> <p><b>BHC50</b></p>	<p><b>What does this measure?</b></p> <p>The number of children in households with much lower incomes than a typical household.</p> <p><b>How do we measure it?</b></p> <p>The threshold line is 50 percent of the median household income in the year measured.</p> <p><b>What does this tell us?</b></p> <p>How many households have much lower incomes than other households. An increase in median incomes leads to an increase in the threshold, which can make it harder to lift households out of poverty.</p>	<p><b>What are our goals?</b></p> <p>In 2017/18, <b>16.5 percent</b> of children were living in poverty on this measure.</p> <p><b>Our goal is to reduce this to 5 percent of children by 2027/28.</b></p> <p>Our intermediate target is to reduce this to <b>10.5 percent</b> of children by 2020/21.</p>
<p><b>Non-income measure:</b></p> <p><b>Material hardship</b></p>	<p><b>What does this measure?</b></p> <p>A measure of access to the essential items for living.</p> <p><b>How do we measure it?</b></p> <p>The threshold line is a lack of six or more out of the 17 items in the material deprivation index, which include things like having two pairs of shoes in good condition and not putting off visits to the doctor.</p> <p><b>What does this tell us?</b></p> <p>Directly measures living standards and the number of households going without the basics. This measure picks up the impact of the level of income and other resources, the costs of housing and other essentials and other social and personal factors.</p>	<p><b>What are our goals?</b></p> <p>In 2017/18, <b>13.3 percent</b> of children were living in poverty on this measure.</p> <p><b>Our goal is to reduce this to 6 percent of children by 2027/28.</b></p> <p>Our intermediate target is to reduce this to <b>10.3 percent</b> of children by 2020/21.</p>

<sup>24</sup> Persistent poverty is the fourth primary measure. Targets are required for this measure from 2025/26.

<sup>25</sup> BHC60, AHC40, AHC50, AHC60, severe material hardship, and BHC60 and material hardship combined.

## What progress has been made in reducing child poverty?

### Since 2017/18, all nine child poverty measures have been trending downwards

The 2019/20 child poverty rates reflect most of the impact of the Government's **Families Package**. We have made a range of changes to support children living in poverty over the past year which aren't yet reflected in these rates. These include the **\$25 per family main benefit increase** as part of the initial COVID-19 response and changes to **index main benefits to average wage growth** in Budget 2019, both which were introduced on 1 April 2020.

The 2019/20 figures do not reflect any impact from COVID-19. The first COVID-19 lockdown put a stop to surveying in late March 2020, which means the reporting uses nine months of data.

This year we are able to provide breakdowns for Māori and Pacific children and children with disabilities.<sup>26</sup> We also have the reduction in rates from 2018/19 for Māori and Pacific children.<sup>27</sup>

*Table 3 – Progress to date on child poverty measures*

<p><b>Income measure:</b></p> <p><b>After-housing-costs, fixed-line measure</b></p> <p><b>AHC50</b></p>	<p><b>How are we doing?</b></p> <p>In 2019/20, <b>18.4 percent</b> of all children were living in poverty on the after-housing-costs measure.</p> <p><b>What does this show?</b></p> <p>This is a reduction of <b>4.4 percentage points (ppt)</b>, or 43,300 children, since the 2017/18 baseline year.</p>	<p><b>What about different groups?</b></p> <ul style="list-style-type: none"> <li>• 21.1 percent of Māori children</li> <li>• 21.0 percent of Pacific children</li> <li>• 22.5 percent of disabled children</li> </ul> <p>Since 2018/19, there has been a reduction of 1.3 ppt for Māori children and a reduction of 0.5 ppt for Pacific children.</p>
<p><b>Income measure:</b></p> <p><b>Before-housing-costs, moving-line measure</b></p> <p><b>BHC50</b></p>	<p><b>How are we doing?</b></p> <p>In 2019/20, <b>13.8 percent</b> of all children were living in poverty on the before-housing-costs measure.</p> <p><b>What does this show?</b></p> <p>This is a reduction for all children of <b>2.7 ppt</b>, or 25,600 children, since the 2017/18 baseline year.</p>	<p><b>What about different groups?</b></p> <ul style="list-style-type: none"> <li>• 17.1 percent of Māori children</li> <li>• 19.1 percent of Pacific children</li> <li>• 15.6 percent of disabled children</li> </ul> <p>Since 2018/19, there has been a reduction of 0.7 ppt for Māori children and an increase of 0.6 ppt for Pacific children.</p>
<p><b>Non-income measure:</b></p> <p><b>Material hardship</b></p>	<p><b>How are we doing?</b></p> <p>In 2019/20, <b>11.3 percent</b> of all children were living in poverty on the material hardship measure.</p> <p><b>What does this show?</b></p> <p>This is a reduction of <b>2.0 ppt</b>, or 18,000 children, since the 2017/18 baseline year.</p>	<p><b>What about different groups?</b></p> <ul style="list-style-type: none"> <li>• 19.5 percent of Māori children</li> <li>• 26.1 percent of Pacific children</li> <li>• 20.4 percent of disabled children</li> </ul> <p>Since 2018/19, there has been a reduction of 3.1 ppt for Māori children and an increase of 2.1 ppt for Pacific children.</p>

<sup>26</sup> Note that there is greater uncertainty in the Māori, Pacific, and disability figures due to smaller sample sizes: <https://www.stats.govt.nz/information-releases/child-poverty-statistics-year-ended-june-2020>

<sup>27</sup> Child poverty rates by disability status were collected for the first time in 2019/20. This means that the data needed to estimate the reduction in poverty for this group is not available yet.

## There remains considerable uncertainty around the impact of COVID-19

It is still too soon to estimate precisely what COVID-19 will mean for the child poverty measures. However, the most recent forecasts indicate that the economic outlook has improved considerably from what it was at the time of last year's Budget. At the time, we noted that the economic impact of COVID-19 was expected to increase rates of child poverty on some of the measures. We still expect that COVID-19 will put financial pressure on many families but less than previously estimated.

## What are we doing to directly reduce child poverty in Budget 2021?

To have a significant effect on measured child poverty rates, we need to improve the resources available to families living in poverty – either by increasing incomes, reducing housing costs or reducing other demands on household budgets.

In **Budget 2021**, to tackle inequality and child poverty, we are lifting weekly main benefit rates by between \$32 and \$55 per adult, to bring these rates in line with a key recommendation of the WEAG and provide an additional boost to families with children.

This will be achieved through the following:

- The increases will be implemented in two stages, with an immediate \$20 per adult per week increase on 1 July 2021.
- The second increase will be on 1 April 2022 to lift rates to align with a key recommendation from WEAG. In addition, for families with children, we are increasing main benefit rates by a further \$15 per adult per week in order to continue to make progress towards our child poverty targets.



**109,000** sole parents and couples with children will be, on average, **\$175 per week** better off as a result of changes made by the Government since late 2017, rising to **\$207 per week** from 1 May to 1 October with the Winter Energy Payment.

These families are estimated to be better off by an average of **\$40 per week** from the Budget 2021 benefit increases.

These changes will directly impact children living in poverty by putting more money in the pockets of parents. Other initiatives have a more indirect impact and are designed to ease the pressures faced by families – such as changes to health, housing and education settings. These are outlined later in this report.

## What impact will these changes have on child poverty?

### Increasing main benefits will have a material impact on the number of children in poverty and reduce some inequity experienced by Māori children

The increases to main benefits are projected to reduce the number of children in poverty for the year 2022/23. We expect these changes will have a larger impact on Māori children than for the population as a whole, although these estimates are subject to larger uncertainties than those for all children. In particular, we estimate that the proportion of Māori children in after-housing-costs poverty will fall and will be more comparable to the proportion for all children. The estimated changes for Pacific children are similar to the population as a whole, with much larger uncertainty due to the smaller sample size.

Table 4 – Projected impact of benefit increases on child poverty in 2022/23

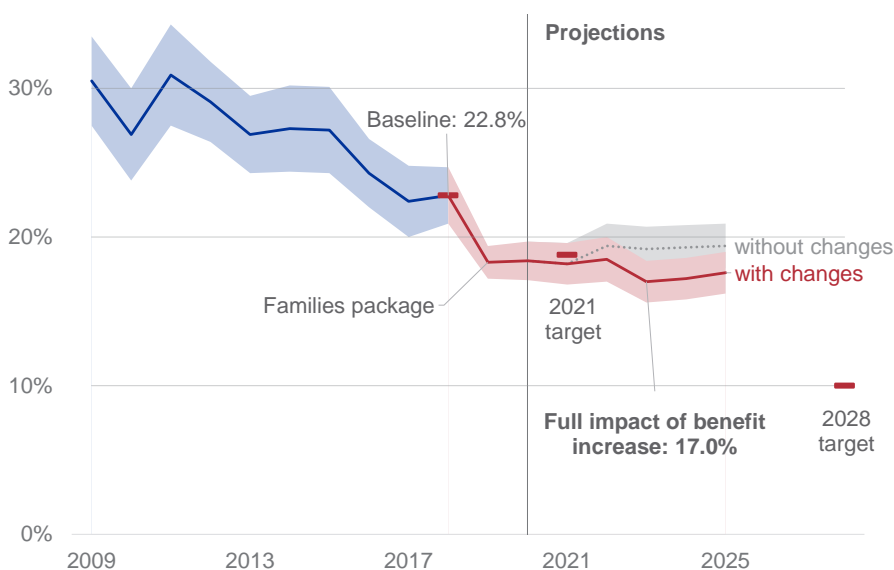
<p><b>Income measure: After-housing-costs, fixed-line measure</b></p> <p><i>Without the benefit increases, the AHC50 rate for 2022/23 was projected to be...</i></p> <p><i>With the benefit increases, this is projected to reduce to...</i></p> <table border="1"> <thead> <tr> <th>Group</th> <th>Without benefit increases</th> <th>With benefit increases</th> </tr> </thead> <tbody> <tr> <td>Māori children</td> <td>20.3% (± 2.6%)</td> <td>17.0% (± 2.4%)</td> </tr> <tr> <td>Pacific children</td> <td>19.9% (± 3.5%)</td> <td>17.6% (± 3.3%)</td> </tr> <tr> <td>all children</td> <td>19.2% (± 1.6%)</td> <td>17.0% (± 1.5%)</td> </tr> </tbody> </table> <p>Source: Treasury</p>	Group	Without benefit increases	With benefit increases	Māori children	20.3% (± 2.6%)	17.0% (± 2.4%)	Pacific children	19.9% (± 3.5%)	17.6% (± 3.3%)	all children	19.2% (± 1.6%)	17.0% (± 1.5%)	<p>Increasing main benefits will lift <b>between 19,000 and 33,000 more children</b> out of poverty on the after-housing-costs measure in 2022/23.</p> <p>This includes:</p> <ul style="list-style-type: none"> <li>between 7,000 and 13,000 Māori children</li> <li>between 1,000 and 5,000 Pacific children.</li> </ul>
Group	Without benefit increases	With benefit increases											
Māori children	20.3% (± 2.6%)	17.0% (± 2.4%)											
Pacific children	19.9% (± 3.5%)	17.6% (± 3.3%)											
all children	19.2% (± 1.6%)	17.0% (± 1.5%)											
<p><b>Income measure: Before-housing-costs, moving-line measure</b></p> <p><i>Without the benefit increases, the BHC50 rate for 2022/23 was projected to be...</i></p> <p><i>With the benefit increases, this is projected to reduce to...</i></p> <table border="1"> <thead> <tr> <th>Group</th> <th>Without benefit increases</th> <th>With benefit increases</th> </tr> </thead> <tbody> <tr> <td>Pacific children</td> <td>17.7% (± 4.1%)</td> <td>15.8% (± 4.1%)</td> </tr> <tr> <td>Māori children</td> <td>15.3% (± 2.2%)</td> <td>13.0% (± 2.1%)</td> </tr> <tr> <td>all children</td> <td>13.1% (± 1.5%)</td> <td>11.4% (± 1.3%)</td> </tr> </tbody> </table> <p>Source: Treasury</p>	Group	Without benefit increases	With benefit increases	Pacific children	17.7% (± 4.1%)	15.8% (± 4.1%)	Māori children	15.3% (± 2.2%)	13.0% (± 2.1%)	all children	13.1% (± 1.5%)	11.4% (± 1.3%)	<p>Increasing main benefits will lift <b>between 12,000 and 28,000 more children</b> out of poverty on the before-housing-costs measure in 2022/23.</p> <p>This includes:</p> <ul style="list-style-type: none"> <li>between 4,000 and 10,000 Māori children</li> <li>between 0 and 8,000 Pacific children.</li> </ul>
Group	Without benefit increases	With benefit increases											
Pacific children	17.7% (± 4.1%)	15.8% (± 4.1%)											
Māori children	15.3% (± 2.2%)	13.0% (± 2.1%)											
all children	13.1% (± 1.5%)	11.4% (± 1.3%)											

## What does this mean for our goals of reducing child poverty?

The benefit increases are expected to reduce child poverty rates over the projection period, as shown below. The modelling on pages 30 to 32 are a projection only and the impacts of these initiatives are expressed as a range, based on a 95 percent confidence interval.<sup>28</sup> This range accounts for uncertainty due to the survey sample error but not the uncertainty related to the economic forecasts. Modelling is not available for the material hardship measure.

**Income measure: After-housing-costs, fixed-line measure, AHC50**

*Figure 4 – Proportion of children in households below the AHC50 poverty threshold (Stats NZ, Treasury projections)*



### What do we expect to happen?

We estimate that with these changes, by 2022/23 the number of children in poverty will have reduced by **between 31,000 and 85,000 children** (a 3.4 to 8.2 ppt reduction) compared to the 2017/18 baseline year.

We estimate that due to the reductions since the 2017/18 baseline year, the 2021 AHC50 target of 18.8 percent will be met. The projections suggest a fixed-line AHC50 child poverty rate of 18.2 percent ± 1.4 percent in 2021.

These projections assume no other policy changes.

### What does this show?

Stats NZ figures show a significant drop in AHC50 poverty for 2018/19 because of the Families Package, which is in broad alignment with previous forecasts. This shows that we have already exceeded the 2021 AHC50 target in 2019/20.

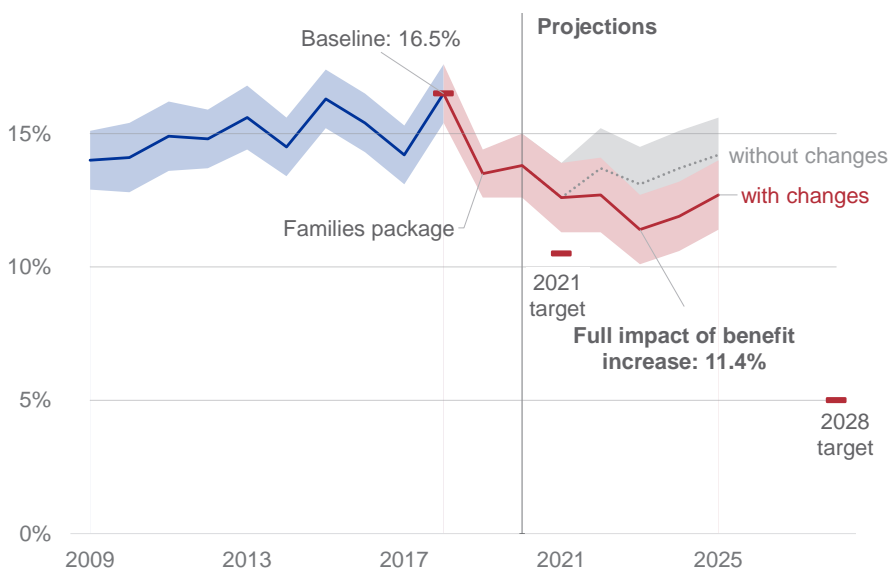
Without the benefit increases in Budget 2021, Treasury projections estimate that AHC50 poverty would have increased in 2022 due to economic conditions (particularly inflation, rent and unemployment). The benefit increases announced in Budget 2021 offset this and will further lower poverty in 2022/23.

The projections then return to a trend that is mainly driven by current economic forecasts, which suggests COVID-19 will have less of a short term impact than previously expected but a longer recovery period. This leads to relatively flat AHC50 poverty rates towards the end of the forecast period, without further investment.

<sup>28</sup> Access to the data used in this study was provided by Stats NZ under the conditions of the security and confidentiality provisions of the Statistics Act 1975. The results presented labelled as Projections are the work of the Treasury, not Stats NZ.

Income measure: **Before-housing-costs, moving-line measure, BHC50**

Figure 5 – Proportion of children in households below the BHC50 poverty threshold (Stats NZ, Treasury projections)



### What does this show?

Stats NZ figures show a significant drop from 2017/18 to 2019/20 because of the Families Package. This is a smaller drop than forecast in last year’s Child Poverty Report, in part due to higher than expected increases to median incomes compared to those on lower incomes (increases BHC50).

Treasury projects a further drop in 2020/21. This reflects:

- economic forecasts that show slower growth in median household incomes than previous years and an associated reduction in the poverty threshold (decreases BHC50)
- previous policy changes, which increased benefit rates in April 2020 (decreases BHC50), and
- an increase in unemployment and the number of households reliant on benefits (increases BHC50).

The benefit increases announced in Budget 2021 are expected to reduce BHC50 poverty in 2021/22 and 2022/23. After this, median incomes are projected to rise faster than incomes at the bottom of the distribution. Without further Government intervention, this would result in an upward trend.

### What do we expect to happen?

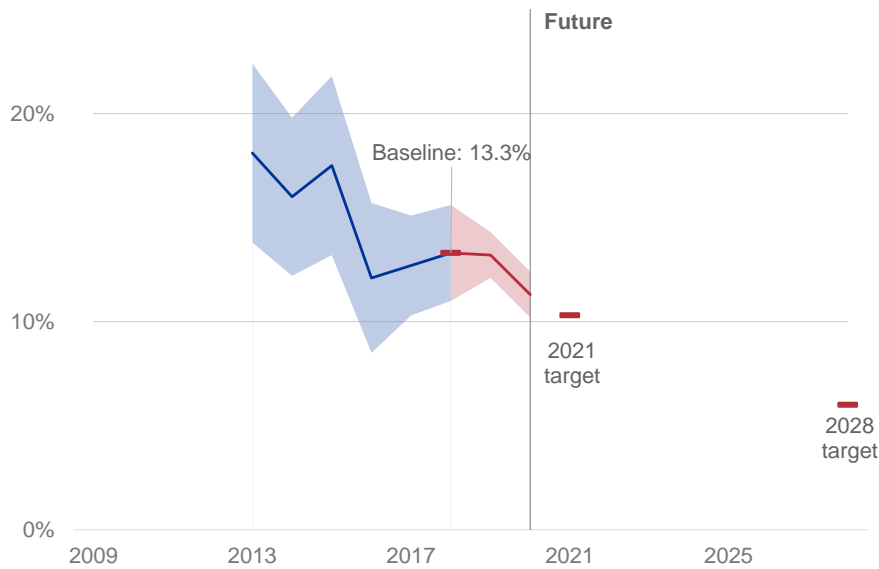
We estimate that with these changes, by 2022/23 the number of children in poverty will have reduced by **between 34,000 and 72,000 children** (a 3.4 to 6.8 ppt reduction) compared to the 2017/18 baseline year.

We estimate that although the measure is trending downwards towards 2021, the 2021 BHC50 target of 10.5 percent will not be met. The projections suggest a BHC50 child poverty rate of 12.6 percent ± 1.3 percent in 2020/21.

These projections assume no other policy changes.

**Non-Income measure: Material hardship**

*Figure 6 – Proportion of children in households experiencing material hardship (Stats NZ)*



**What does this show?**

Stats NZ figures show that, since 2017/18, this measure has decreased by 2 ppt, likely in part because of the Families Package.

**What do we expect to happen?**

The 2019/20 rate for material hardship is 11.3 percent ± 1.1 percent. This rate is close to the 2021 material hardship target of 10.3 percent but it is difficult to estimate what will happen for 2020/21 rates.

Material hardship is affected by many factors, including income, household costs and other non-financial support. This means it is hard to predict how rates will be affected by different policies. Therefore projections are not possible using the Treasury’s model.

## What else are we doing to support children in poverty?

Improving child wellbeing is about more than meeting targets. We are focussed on a range of initiatives that will make a material difference to the lives of the families and children living in poverty. Some initiatives can reduce the depth and severity of poverty itself. Others, such as education and health initiatives, can address some of the related challenges faced by families and children living in poverty by mitigating the consequences of poverty and disadvantage and improving the wellbeing of children and young people.

### Changes to support parents into and to remain in employment

- We are supporting parents to upskill by reinstating the **Training Incentive Allowance**, which provides financial support for sole parents to pursue higher qualification levels. We are also investing in more **employment services** through the Ministry of Social Development and expanding **Flexi-wage** to support more people from a benefit into work.
- We are introducing indexation of **Childcare Assistance** income thresholds, so they increase every year in line with wage increases and working in partnership with **Out of School Care and Recreation Service (OSCAR)** providers to support low-income families with after-school childcare.

### Changes to support families to remain safe and well in their homes

- We are delivering more insulation and heating retrofits for low-income homeowners by extending the **Warmer Kiwi Homes** Programme. We are ensuring compliance with the **Healthy Homes Standards** with proactive investigation and enforcement and are expanding the reach and impact of the **Healthy Homes Initiative**, which works with low-income families to create warmer, drier, healthier homes.
- In addition to our wider changes intended to increase housing supply, we are also accelerating immediate delivery of new housing and repairs to existing stock for Māori across Aotearoa New Zealand through **Whai Kāinga Whai Oranga**.

### Changes to ensure children have the basic essentials

- We are extending the **Ka Ora, Ka Ako Healthy School Lunches Programme** to provide free and healthy school lunches to over 200,000 students and supporting **KickStart** to provide breakfasts for 36,000 school children in high deprivation areas.
- We are supporting **KidsCan** to provide 17,500 raincoats to children in need. We are also helping children learn by expanding **Reading Together Te Pānui Ngātahi Partnerships and Duffy Books in Homes**.

### Changes in the health sector to help children get the best start in life

- We are taking action to support core health checks for children and their families through **Well Child Tamariki Ora**. In addition, we are supporting Pacific health providers to implement **Ola Manuia** – the Pacific Health and Wellbeing Action Plan.
- We're improving equitable access to Sexual and Reproductive Health Services by funding **Family Planning**. We're also continuing primary maternity funding to enable ongoing access to free **maternity services** for New Zealand women.

## What are we doing to help break cycles of disadvantage and intergenerational poverty?

There are also a number of Budget 2021 initiatives that are likely to have a positive impact on the wider wellbeing of some children living in poverty and may also help break cycles of disadvantage and intergenerational poverty over the longer term. These include initiatives related to child development, whānau wellbeing, mental health, prisoner reintegration, child protection and family violence.

### Changes to support children in State Care

- We're **improving financial assistance for caregivers** by aligning the standard payments received when caring for children both inside and outside the State Care system. Through Budget 2021 we're also providing funding to **meet the increased costs of assessed needs**, such as education and health, of children in Oranga Tamariki's care.
- We're also supporting Oranga Tamariki's partners to lead a shift in the way that government **supports tamariki and whānau in greatest need**. This funding will support Māori to develop, design, and deliver solutions to ensure that tamariki Māori are thriving under the protection of whānau, hapū, iwi and hapori Māori.

### Changes to address harm caused by family and sexual violence

- We want all children to live in safe homes which is why we're continuing our actions to prevent family and sexual violence. This includes sustaining current multi-agency safety responses designed to ensure the immediate safety of victims and children, and to work with perpetrators to prevent further violence. These place-based models and crisis responses provide foundations for the design and success of integrated, community-led, whānau-centred approaches.

### Changes to support whānau through the justice system

- We are providing additional **legal aid funding** to cover increasing costs and demand and **making changes to safeguard child wellbeing in the family justice system** by enabling faster resolution of disputes in the Family Court. We are also taking action to support **Te Pae Oranga iwi community panels** by establishing 12 additional locations over four years, and to improve **Kaupapa Māori Services for Wāhine** in the care and management of Corrections in Ōtautahi and across the wider Canterbury region.

### Changes in the education sector to support how children learn

- We're investing in **System Infrastructure for the Equity Index** (replacing the current decile system). This will ensure schools and kura are best supported to mitigate the socio-economic barriers faced by learners, the wider school community and whānau.
- We are supporting learners through an additional 7,500 student places in the **Attendance Service** to enable them to attend school regularly, as well as alleviating cost pressures for **alternative education services**. Through our investment in the **Reform of Tomorrow's Schools** we are giving staff in the regions the resources to respond more quickly and identify local solutions to some of the emerging needs.
- We are also continuing the **Mana Ake** initiative to make mental health support available to all primary and intermediate school-age students in Canterbury and Kaikōura. Utilising the learnings from Canterbury and Kaikōura, we are also assisting the co-design of mental wellbeing supports in primary and intermediate schools in five new District Health Board areas.

# THE FISCAL STRATEGY



# THE FISCAL STRATEGY

## The economic outlook

### New Zealand's economy is recovering strongly from the COVID-19 pandemic

New Zealand's recovery from the biggest contraction in our history has been quicker than expected, supported by the strong and early response from the Government to save the lives and livelihoods of New Zealanders. Despite some volatility in the data, New Zealand compares favourably to other developed countries (Figure 7 and 8).

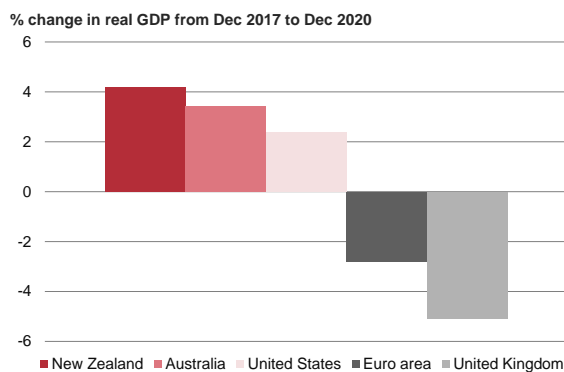
### The global recovery is also under way, though risks remain

Globally, the pace of the recovery has also surprised on the upside. The actual contraction in global GDP in 2020 turned out to be less severe than forecast by the International Monetary Fund (IMF) in October last year, while the growth rate for 2021 has been upgraded. The availability of effective vaccines against COVID-19 is helping the gradual lifting of mobility restrictions. The pace of the recovery is closely tied to progress in vaccination programmes and their effectiveness against new strains and is therefore expected to be uneven across countries. Third and fourth waves of the virus continue to have an impact across the world, causing further uncertainty and volatility.

The Public Finance Act 1989 requires the Minister of Finance to present to the House on Budget day a report on the Government's fiscal strategy.

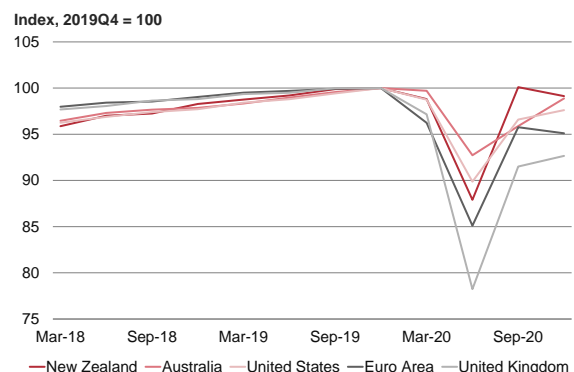
Sections 26J-26L of the Public Finance Act 1989 prescribe the required content of this report. This chapter and page 12 and 13 of the "Budget 2021 and the Wellbeing Approach" chapter constitute the Fiscal Strategy Report required by the Public Finance Act 1989.

Figure 7 – Change in GDP from December 2017 to December 2020



Source: Haver

Figure 8 – Real GDP outturns for selected economies

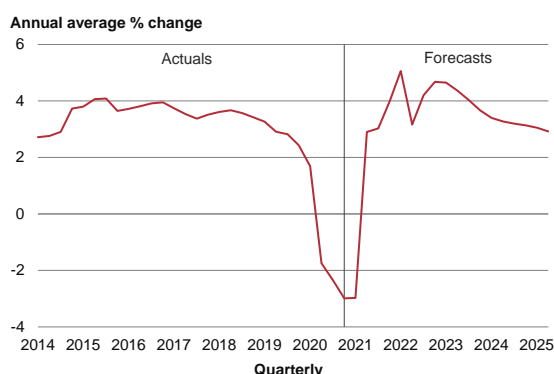


Source: Haver

## New Zealand's strong recovery is expected to continue

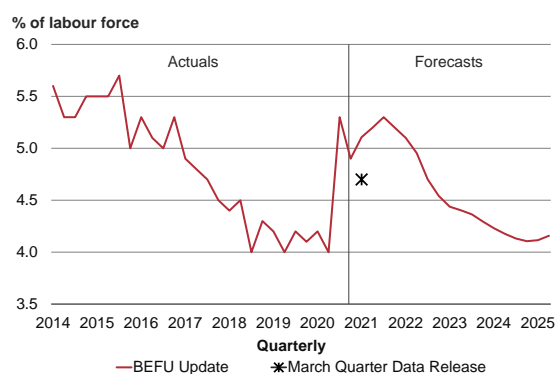
The Treasury forecasts annual average real GDP growth of 2.9 percent in the year ending June 2021, rising further to 3.2 percent and 4.4 percent in the following years (Figure 9). Higher business and consumer confidence levels in New Zealand are forecast to boost investment and spending, with the economy further supported by the continued fiscal and monetary policy response. As global vaccination rates rise, international travel is forecast to gradually return to normal.

Figure 9 – Real GDP growth



Sources: The Treasury, Stats NZ

Figure 10 – Unemployment rate



Sources: The Treasury, Stats NZ

The Government's Wage Subsidy Scheme, which supported nearly 1.8 million jobs by helping people to stay connected to their employers, helped to prevent a rapid increase in unemployment. At this time last year, the unemployment rate was forecast to peak at close to 10 percent. In reality it increased to only 5.2 percent in the September 2020 quarter, before declining to 4.9 and 4.7 percent in the December and March quarters respectively. The Treasury expects the unemployment rate to rise slightly in the near term, before declining to 4.2 percent by 2025 (Figure 10).

There remains a high degree of uncertainty around the trajectory of the economic recovery. Key risks include the spread of more transmissible strains of the virus globally, new waves of infection and the pace and effectiveness of vaccination programmes. The Economic Outlook chapter of the Treasury's *Budget Economic and Fiscal Update 2021 (Budget Update)* considers alternative scenarios for the economic outlook.

## A balanced fiscal strategy

### The Government's investments and fiscal management have supported the economy and wellbeing of New Zealanders throughout COVID-19

The COVID-19 pandemic has caused a 1-in-100-year global economic shock and ongoing international volatility. Governments around the world have used their balance sheets to invest to address the health and economic impacts of the pandemic. Investment has caused forecast net debt to rise above 100 percent of GDP in many of countries we compare ourselves to, and has created ongoing operating deficits.

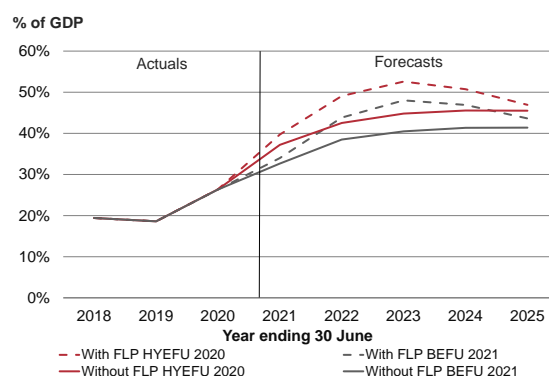
Our careful economic management before COVID-19 meant we had a stronger starting position than other countries because we ran surpluses and reduced debt. This put us in a position to go hard and early with our health and economic response to protect lives and livelihoods.

Against the backdrop of global uncertainty, the Government's fiscal position gives New Zealand options. Relatively low debt means a greater ability to continue the Labour Government's record infrastructure investment plans to boost productivity, create jobs and secure the recovery. Careful and targeted spending decisions mean we can prioritise investments that will support all New Zealanders as the economy recovers from COVID-19.

### New Zealand continues to have some of the lowest public debt in the world...

Our strong recovery means the Government books are in a better position than forecast by the Treasury in the *Half Year Economic and Fiscal Update 2020 (Half Year Update)*. The Treasury's *Budget Update* shows net core Crown debt peaking at 41.4 percent of GDP in 2024/25, looking through the temporary impacts of the Reserve Bank's Funding for Lending Programme (FLP), as the Treasury recommends. Forecasts for net core Crown debt are well below the *Half Year Update* forecast peak of 45.6 percent of GDP. Inclusive of the impact of FLP, net core Crown debt is expected to peak at 48.0 percent of GDP in 2022/23, compared to the *Half Year Update* forecast of 52.6 percent of GDP.

Figure 11 – Net core Crown debt with and without FLP through to 2024/25



Source: The Treasury

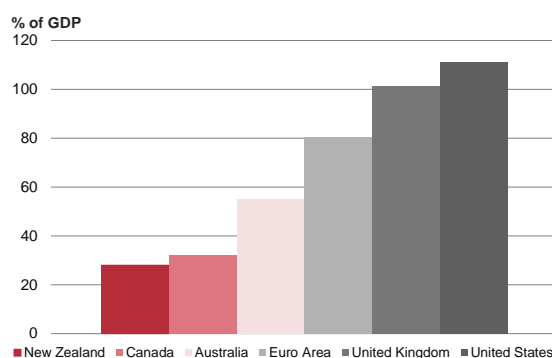
Table 5 – Impact of FLP on net core Crown debt

Year ending 30 June (% of GDP)	2021	2022	2023	2024	2025
Net core Crown debt (including FLP assets)	32.7	38.5	40.5	41.3	41.4
Effect of FLP liabilities	1.3	5.3	7.5	5.6	2.2
Net core Crown debt	34.0	43.8	48.0	46.9	43.6

Source: The Treasury

Debt remains at prudent levels throughout the forecast and projection periods. Even at its peak, New Zealand's net debt as a share of GDP remains considerably lower than the starting point for many of our international peers. The IMF publishes an internationally comparable measure of net debt. This shows New Zealand's debt at 28.0 percent of GDP in 2024, compared to 32.3 percent in Canada, 55.2 percent in Australia, 80.5 percent in the Euro Area, 101.5 percent in the UK and 111.0 percent in the US.

Figure 12 – IMF general government net debt in 2024



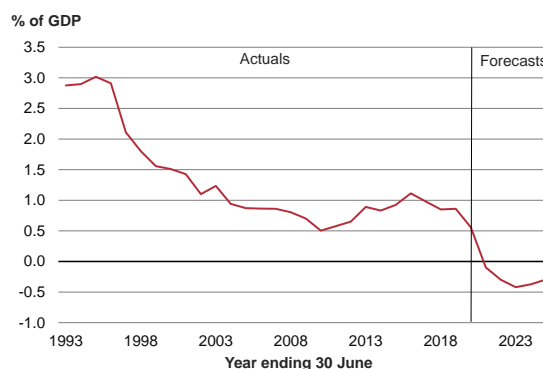
Source: IMF World Economic Outlook Database April 2021

New Zealand’s careful fiscal management and strong position has been recognised by global credit ratings agencies. Standard and Poor’s recently raised New Zealand’s ratings, and Fitch and Moody’s have maintained their positions.

The level of debt held by a country has traditionally been measured as a share of GDP. However, this measure does not directly assess the costs or benefits that flow from a given level of debt, whether that is through interest payments on that debt or productivity increases resulting from debt-funded investment in infrastructure. It is also important to take into account the real interest costs of public debt relative to the size of the economy, which is calculated as the rate of interest paid on government debt adjusted for inflation, expressed as a share of GDP.<sup>29</sup> Since the 1980s, this measure has been trending downwards for New Zealand. From the onset of COVID-19, the effective real interest rate on government debt has been negative.

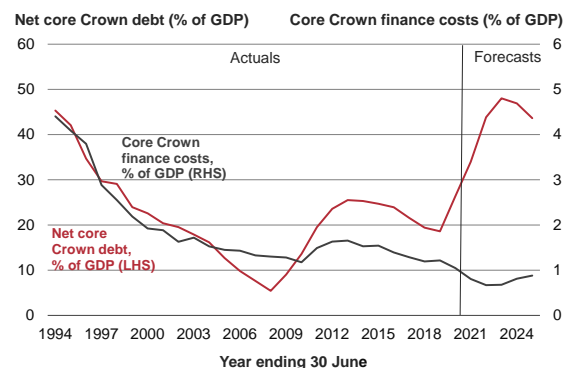
The sustained decline in long-term interest rates has had important implications for the interest cost the Government has paid on its debt (finance costs) as shown in Figure 14. During the 1990s, net core Crown debt and finance costs fell in tandem as a share of GDP. More recently, the two measures have diverged, as the effect of lower interest rates became more of a factor in core Crown finance costs than the overall quantity of debt. Net core Crown debt to GDP is forecast to increase as a result of the economic impacts of COVID-19, and is expected to peak at levels comparable to the 1990s. At the same time, core Crown finance costs as a share of GDP are forecast to continue to move downward and fall below pre-COVID-19 levels. As a result of these changes in economic fundamentals, the costs of debt in terms of foregone private consumption or spending on public services is at its lowest levels in recent decades.

Figure 13 – Real interest payments on gross sovereign issued debt as a share of GDP



Sources: The Treasury, Stats NZ

Figure 14 – Net core Crown debt and finance costs



Source: The Treasury

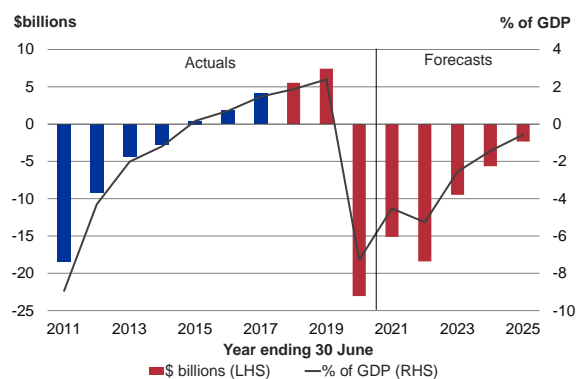
<sup>29</sup> This is calculated following the approach described in ‘A Reconsideration of Fiscal Policy in the Era of Low Interest Rates’, Furman and Summers (2020).

### ... and the Government books are on a track back to surplus

It is important that we continue to support the recovery, particularly as the global COVID-19 situation remains volatile. Budget 2021 focuses on securing our recovery through continued targeted investments to position New Zealand for the future.

The Treasury's *Budget Update* forecasts the operating balance before gains and losses (OBEGAL) deficit will improve from 7.3 percent of GDP in 2019/20 due to the COVID-19 response, to a deficit of 0.6 percent of GDP within four years. The OBEGAL position has generally improved across the forecast period compared to previous forecasts in the *Half Year Update*. This continues the trend of fiscal indicators coming out ahead of forecasts due to New Zealand's strong economic recovery and the Government's careful management of expenses.

Figure 15 – OBEGAL through to 2024/25



Source: The Treasury

The projections on page 50 show a return to OBEGAL surplus in 2026/27. This compares to the consistent deficits across the 10-year projection period at the *Pre-Election Economic and Fiscal Update 2020 (Pre-Election Update)*. The improved fiscal position reflects New Zealand's strong recovery. Other fiscal measures also show improvement in the Government's books. The total Crown operating balance and core Crown residual cash are both forecast to be in surplus in 2024/25.

### Operating and capital allowances

Our better than forecast economic performance means we can continue investing to respond to COVID-19 and secure the recovery. The operating allowance at Budget 2021 has been allocated at \$3.8 billion, the same as was allocated in the 2019 *Wellbeing Budget*.

The 2021 operating allowance and allowances across the forecast period have been increased from what was signalled in the *Budget Policy Statement 2021 (BPS)* because of the improved economic outlook and stronger fiscal position. The four-year capital allowance has also been increased to allow for greater infrastructure and capital investment over the forecast period to support the economy.

Although allowances have been increased in the Budget this year and for future Budgets, both net debt and OBEGAL are better than forecast in the BPS by the end of the forecast period. The fiscal strategy signals new operating spending of \$2.7 billion per annum in future Budgets in the forecast period as the need for ongoing fiscal stimulus reduces over time. However, the global COVID-19 situation means we will continue to face an environment of significant uncertainty. The strong economic and fiscal position means the Government is able to respond to future shocks if required, and allowances will be kept under active review, allowing us to move quickly if the global COVID-19 situation changes.

*Table 6 – Budget Allowances*

<b>\$billions</b>	<b>Budget 2021</b>	<b>Budget 2022</b>	<b>Budget 2023</b>	<b>Budget 2024</b>
Operating allowances at 2021 <i>Budget Policy Statement</i> (per year)	2.625	2.625	2.625	2.625
Operating allowances at Budget 2021 (per year)	3.8	2.7	2.7	2.7
Multi-year capital allowance at 2021 <i>Budget Policy Statement</i>	← 7.8 →			
Multi-year capital allowance at Budget 2021	3.9	← 8.1 →		

Source: The Treasury

### **Budget 2021 prioritises investment to target key issues of child wellbeing, housing and climate change**

Budget 2021 prioritises investments to address this Government's overarching policy goals of:

1. Continuing to keep New Zealanders safe from COVID-19
2. Accelerating the recovery and rebuild from the impacts of COVID-19, and
3. Laying the foundations for the future, including addressing key issues, such as climate change, housing affordability and child poverty.

The package of investments in Budget 2021 will support the long-term wellbeing of New Zealanders by making significant progress towards our goals in the areas of child wellbeing, housing and climate change. It also progresses a number of key Labour Party manifesto commitments, and areas covered by the Cooperation Agreement between the Labour Party and Green Party of Aotearoa New Zealand and addresses critical cost pressures across the public sector (see Budget 2021 Investments on page 15 for further details). Not everything in the Speech from the Throne and the Labour Party manifesto is funded in this Budget. The Government will continue to prioritise these investments across Budgets 2022 and 2023.

The Government will continue to use the fiscal management approach of fixed nominal baselines combined with Budget allowances to control expenditure. Staying within allowances will require active management of cost pressures.

The Government established the \$50 billion COVID-19 Response and Recovery Fund (CRRF) at Budget 2020. This fund is managed separately from the Budget allowances. Programmes and projects that are part of the CRRF are being progressively rolled out to support essential services through COVID-19 and support the recovery. At Budget 2021 there are a number of new initiatives funded from CRRF that build on our response to and recovery from COVID-19, totalling \$2.6 billion of operating and \$2.0 billion capital.

The majority of this investment relates to the Housing Acceleration Fund (HAF), which will support housing development as the economic recovery continues. The Government is committed to ensuring that the economic recovery is both balanced and sustainable. The HAF will provide the build-ready land and connecting infrastructure that is needed to expand the supply of housing, so that the recent house price increases that have accompanied the economic recovery do not close off opportunities for first home buyers.

The Government moved quickly to get support from the CRRF to New Zealanders and businesses during COVID-19. New Zealand's successful health response and early reopening of the economy has meant that not every COVID-19 response measure has been required. Through the Budget 2021 process, underspends and low priority funding of \$926 million, comprising \$813 million operating and \$113 million capital, have been identified and returned to the CRRF. The investments at Budget 2021 and the reprioritisations mean the balance remaining in the CRRF is \$5.1 billion, which leaves us sufficient funding to respond to any future COVID-19 outbreaks or changes to the global situation (see the *Budget Update* for further details).

### The Government's short-term intentions and long-term objectives for fiscal policy remain unchanged from the BPS 2021

Table 7 – Short-term intentions and long-term objectives

	Short-term intention	Long-term objective
<b>Debt</b>	Our intention is to allow the level of net core Crown debt to rise in the short term to fight COVID-19, cushion its impact and position New Zealand for recovery.	The Government will stabilise net core Crown debt as a percentage of GDP by the mid-2020s and then reduce it as conditions permit (subject to any significant shocks).
<b>Operating balance</b>	The Government will use fiscal policy to secure the economic recovery for New Zealand and reduce deficits over the forecast period as economic conditions allow.	The Government will run an operating balance consistent with meeting the long-term debt objective.
<b>Expenses</b>	Our intention is to ensure expenses are consistent with the operating balance objective.	The Government will ensure operating expenses support a responsible and proportionate role for the Government in maintaining a productive, sustainable and inclusive economy, consistent with the debt and operating balance objectives.
<b>Revenue</b>	Our intention is to ensure revenue is consistent with the operating balance objective.	The Government will ensure a progressive taxation system that is fair, balanced and promotes the long-term sustainability and productivity of the economy, consistent with the debt and operating balance objectives.
<b>Net worth</b>	Our intention is to use the Crown's net worth to fight COVID-19, cushion its impact and position New Zealand for recovery. Significant risks will be transferred onto the Crown's balance sheet through the response period.	The Government will use the Crown's net worth to maintain a productive, sustainable and inclusive economy, consistent with the debt and operating balance objectives.

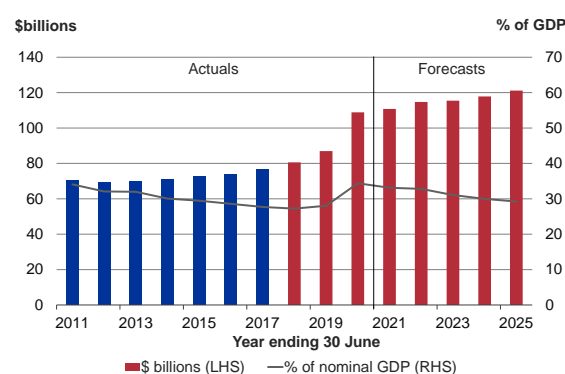
Our short-term intentions and long-term objectives have not changed since the BPS (see page 24 of the BPS), with the long-term objectives continuing to relate to the projection period. As already signalled in the BPS, the Government is continuing its approach to the short-term operating balance intention as in the *Fiscal Strategy Report 2020* (FSR) with regard to the fiscal management principles in the Public Finance Act 1989. Section 26G(2) of the Act allows the Government to depart from the principles on a temporary basis. Doing so in this case for the short-term operating balance intention is the right thing to do, given the unprecedented size of the global economic shock caused by COVID-19 and the need for the Government to provide a strong ongoing fiscal response to protect lives and livelihoods in New Zealand as we secure the economic recovery. The long-term objectives and other short-term intentions remain consistent with all the principles, as illustrated in the forecast and projections. The intentions remain consistent with the objectives and both remain consistent with the economic and fiscal outlook as presented in the *Budget Update* and the projections.

## Managing revenues and expenses

### The Government is investing in the near term to secure the recovery with the need for fiscal stimulus reducing over time

The fiscal strategy takes a balanced approach to managing core Crown expenses, which are expected to decline as a share of GDP over the forecast period from 33.1 percent in 2020/21 to 29.2 percent of GDP by 2024/25 (Figure 16). The elevated level of Government spending in the economy highlights the role that fiscal policy has played in cushioning the blow of the economic shock associated with COVID-19 and supporting employment. The gradual reduction in core Crown expenses over the forecast period reflects that the majority of COVID-19 fiscal support will be gradually withdrawn.

Figure 16 – Core Crown expenses



Source: The Treasury

The Government is taking a balanced and careful approach to expenses. Future Budget allowances are smaller than during COVID-19. This means a continued focus on value-for-money investments that support the Government's priority areas outlined in the Speech from the Throne, while maintaining essential services, like healthcare and education.

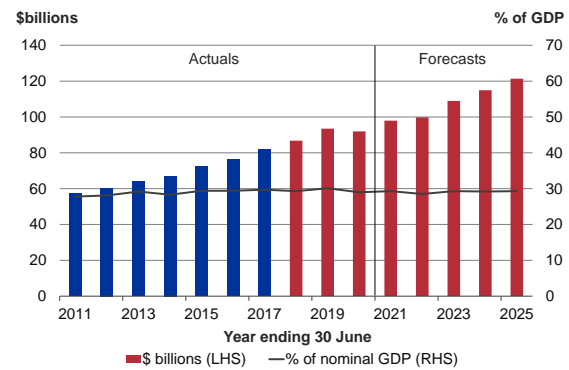
The Wellbeing Approach provides a strong value-for-money framework that is supporting investment decisions by helping the Government target spending to areas it is needed most (see Wellbeing Outlook Chapter).

## A stronger economy means increased revenue relative to forecasts last year

Core Crown revenue is expected to stay relatively stable as a share of the economy over the forecast period at an average of 29.1 percent of GDP.

In dollar terms, core Crown revenue is expected to increase in each year of the forecast period, reaching \$121.3 billion by 2024/25 as nominal GDP grows. The increase in core Crown revenue is largely driven by growth in tax revenue, reflecting strong underlying economic activity with a strong labour market and stable business conditions.

Figure 17 – Core Crown revenue



Source: The Treasury

The Treasury's revenue forecasts do not incorporate the Government's recently released housing policy announcements. This is because some design features of the housing changes are still under consideration. While it is likely that there will be a revenue uplift from these changes, the size of this is subject to the final design of the policy.

Under the Public Finance Act 1989, the Government is required to publish its Revenue Strategy in the FSR. The remainder of this section meets that requirement. The Revenue Strategy has been updated in Budget 2021 to reflect changes already announced by the Government, including the change to the top income tax rate, which came into effect on 1 April 2021.

Public finances, including government revenue, are important for wellbeing. Public policy supports New Zealanders' wellbeing when the social benefits of government expenditure outweigh the social costs of raising revenue.

Government revenue underpins many of the Government's overarching policy goals by funding the social expenditure needed to meet these challenges. In some cases, revenue policy has a more direct role in contributing to these goals, through stimulating economic activity in some areas and trying to shift socially costly behaviours in others. This includes policies that support the economic recovery, promote housing affordability and mitigate climate change.

Government revenue needs to be sufficient to ensure a sustainable fiscal outlook. The level of revenue will be maintained to be consistent with reducing operating deficits and stabilising net core Crown debt as a percentage of GDP by the mid-2020s and then reducing it as conditions permit (subject to any significant shocks).

A sustainable revenue base is critical for managing fiscal pressures over the long term. These pressures relate to the ageing population, healthcare costs, infrastructure demand and the need for resilience to climate change and other shocks. There is also rising global concern with inequality and many countries, including New Zealand, face the challenge of fostering inclusive growth.

The Government's revenue policy objective is to raise sufficient revenue in a fair and efficient manner. This policy objective will assist in fostering inclusive growth. The Government's fairness objectives for the tax system are:

- *Progressivity*: individuals with a higher income, and therefore ability to pay, should pay a greater proportion of their income in tax.
- *Reducing inequality*: the tax system should help in limiting excessive wealth inequality over the longer term.
- *Horizontal equity*: the principle that people that are in the same position should pay the same amount of tax.

The efficiency objective is to minimise the economic costs of raising revenue, subject to the Government's revenue and fairness objectives.

Continued public trust and confidence in the tax system and its administration is important. This supports voluntary compliance and broader social capital.

The Government has a strong focus on the fairness of the tax system. This means that the income tax system should be progressive and, in combination with transfers, reduce income inequality. The Government has increased the progressivity of the personal income tax system with a new top tax rate.

The tax framework is based on the principles of a broad base-low rates and neutrality. This generally applies, although taxation of capital is not as broad based as income. Income and consumption tax bases are broad in the sense that there are few specific concessions for particular economic activities, goods or services. This enables tax rates to be set lower than otherwise. Neutrality in the tax treatment of different investments promotes economic efficiency and productivity.

In some cases, revenue policy will be used to influence behaviour. This is appropriate only where there is clear evidence of net social benefits, tax policy is the most appropriate instrument and fiscal risks can be managed. As an example, the research and development tax incentives promote business innovation.

People and businesses must pay their fair share of tax, including multinational companies. The international tax framework needs to adapt to shifts in the global economy, including increased cross-border activity and digitalisation. New Zealand is continuing to work with the OECD to find a multilateral solution to the challenges that the digital economy poses for international taxation.

Tax settings will continue to be broadly stable and predictable. This supports efficiency and macroeconomic stability.

The Government expects Inland Revenue to maintain public confidence by administering the tax system in a fair and efficient manner. The tax system has been modernised and simplified through Inland Revenue's Business Transformation programme.

The tax system must remain fit for purpose in a changing world. Ongoing work will focus on implementing Government policy, maintaining the integrity of existing revenue bases and monitoring the sustainability and fairness of the tax system. The Generic Tax Policy Process shall be used to develop and consult on tax policy where practicable.

## Managing our assets and liabilities

### Net worth continues to cushion the impact of COVID-19 and support the recovery

The strong fiscal position prior to COVID-19 allowed the Government to use its net worth to support lives and livelihoods through significant investments, like the Wage Subsidy Scheme. This involved increasing the Crown's liabilities through public borrowing in order to provide support to businesses and protect jobs during COVID-19.

The Crown's net worth is forecast to remain positive across the forecast period and stronger than forecast at Budget 2020 as the investments made through COVID-19 help grow the economy. The most recent year-end results show the Crown owned \$393.4 billion of assets and had \$277.5 billion of liabilities at 30 June 2020, giving a net worth of \$115.9 billion.

As stated in our long-term fiscal objectives, the Government intends to stabilise net core Crown debt as a percentage of GDP by the mid-2020s and then reduce it as conditions permit. This will help rebuild the Crown's net worth and provide for greater resilience against future shocks.

By June 2025, gross sovereign-issued debt (GSID), which mostly consists of New Zealand Government Bonds (NZGBs), is expected to be \$199.8 billion (48.2 percent of GDP), compared to \$276.8 billion (74.0 percent of GDP) forecast for 2023/24 at Budget 2020.

### Our investments will improve the wellbeing of New Zealanders

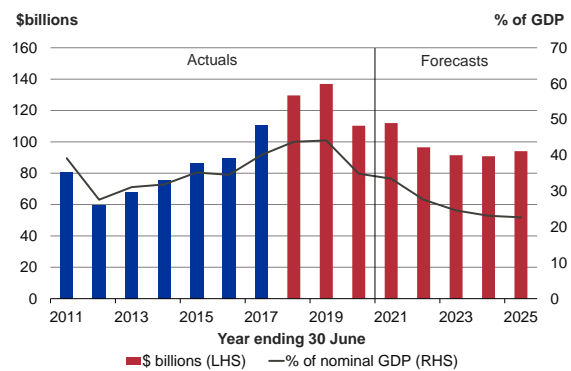
The multi-year capital allowance has increased from \$7.8 billion to \$12.0 billion for Budget 2021 through to Budget 2024. Budget 2021 will invest \$3.9 billion of this allowance.

This builds on already record infrastructure investment by the current Government. The forecasts include \$57.3 billion of Crown infrastructure investment as shown in Figure 19.<sup>30</sup>

This pipeline will provide further certainty for the construction sector, enabling it to better prepare and invest in the capacity and capability needed to deliver projects on time and on budget.

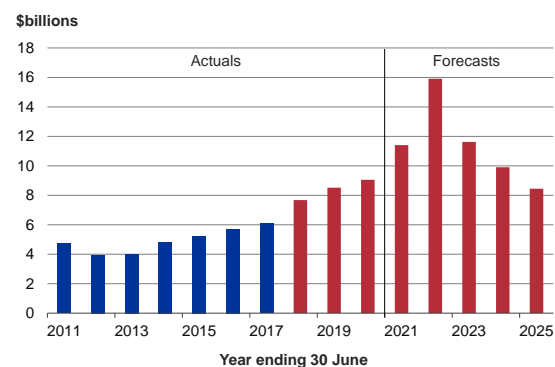
We will continue to ensure that capital investment projects are delivered on time and provide the best possible benefit to New Zealanders.

Figure 18 – Net worth attributable to the Crown



Source: The Treasury

Figure 19 – Net capital spending



Source: The Treasury

<sup>30</sup> Note this excludes infrastructure investment by State-owned Enterprises (apart from KiwiRail) and Mixed Ownership Companies as this investment is not generally funded by the Crown.

Significant capital investments funding in Budget 2021 include:

- \$810 million for KiwiRail to purchase new locomotives and wagons, and complete upgrades to mechanical facilities and invest in core assets.
- \$700 million for District Health Boards to invest in new assets.
- \$306 million to support the redevelopment of Scott Base.
- \$300 million of additional capital for New Zealand Green Investment Finance to continue to invest in support of climate change mitigation.

Budget 2021 also includes the recently announced \$3.8 billion for the Housing Acceleration Fund.

### Contributions to the New Zealand Superannuation (NZS) Fund

The Government's contributions to the NZS Fund are projected to increase its size to \$75.5 billion by 2025. This will help the NZS Fund achieve its primary role of smoothing the cost of superannuation payments in the face of demographic pressures and easing the burden on future generations of taxpayers to meet the increased costs of NZS.

Table 8 sets out the contributions to the NZS Fund over the forecast period and the estimated contribution to the NZS Fund, if contributions were based on the legislated contribution formula. The impact of COVID-19 on GDP means that the contributions prescribed by the legislative formula have decreased in 2021/22. However, due to the importance of investing now to help future generations with the cost of NZS, the Government will continue its planned contribution for 2020/21 and 2021/22. From 2022/23, the Government will return to the contributions legislated in the New Zealand Superannuation and Retirement Income Act 2001. Over the next five years, the Government's contribution to the NZS Fund is forecast to be \$9.4 billion in total.

*Table 8 – Contributions to the NZS Fund<sup>31</sup>*

<b>Year ending 30 June \$billions</b>	<b>2021 Forecast</b>	<b>2022 Forecast</b>	<b>2023 Forecast</b>	<b>2024 Forecast</b>	<b>2025 Forecast</b>
NZS Fund contributions – <i>prescribed by formula</i>	2.1 <sup>32</sup>	1.2	1.4	1.7	1.9
NZS Fund contributions – <i>2021 Budget Update</i>	2.1	2.4	1.4	1.6	1.9

Source: The Treasury

<sup>31</sup> Although contributions in years 2023 – 2025 are based on the legislated contribution for both rows in Table 8, the contribution figures for each of these years will differ slightly. This is because when calculating the NZS Fund contribution for any given year, the legislated formula incorporates the closing balance of the NZS Fund in previous years.

<sup>32</sup> As the 2020/21 fiscal year is nearly completed, this value has not been calculated by the NZS Fund.

## Fiscal projections and assumptions

### Central scenario

The fiscal projections in Table 9 show the Government is expected to meet its long-term objective of stabilising debt by the mid-2020s. These projections are based on a set of modelling assumptions that are outlined on the Treasury website at: <https://treasury.govt.nz/information-and-services/financial-management-and-advice/fiscal-strategy/fiscal-strategy-model>. These assumptions are predominantly based on trend or long-run averages for growth rates and therefore are less closely associated by current policy settings. Where more appropriate, they are instead based on levels of key economic, fiscal and demographic variables.

The key assumptions in the central projections are:

- Non-welfare spending growth is largely determined by operating allowances, which are assumed to be \$2.0 billion in Budget 2025, growing at 2.0 percent per year for subsequent Budgets.
- Capital allowances are assumed to be \$4.0 billion in Budget 2025, growing at 2.0 percent per year for subsequent Budgets.

The Treasury sets out further assumptions, based on long-term historical data. Several economic variables, such as the unemployment rate, Consumers Price Index (CPI) growth, annual labour productivity growth, average weekly hours worked and nominal average hourly wage growth are projected to transition back to long-run stable assumptions over the early years of the projection period. Once this transition has happened, the economy is assumed by the Treasury to grow at trend growth rates, with no economic cycles in the projections.

Due to historical data revisions, the Treasury has made a number of changes to these long-run economic assumptions since the *Fiscal Strategy Report 2020* (FSR):

- A decrease in the long-term core Crown tax-to-GDP ratio to 27.6 percent of GDP from 28.3 percent of GDP in the 2020 FSR. The revised ratio considers outturns of data between 2006/07 and 2019/20, as well as revisions to historical GDP data by Stats NZ. The Treasury has also updated the long-term values for each of the individual tax types.
- A decrease in the long-run annual labour productivity growth to 1.0 percent from 1.2 percent in the 2020 FSR. This is based on outturns and revisions in long-term historical GDP data.
- A decrease to the long-run assumption for the government 10-year bond rate to 4.8 percent from 5.0 percent in the 2020 FSR. This is based on an assumption that lower productivity growth also implies lower real interest rates. The Treasury is keeping the bond rate assumption under review, given the fall in interest rates both before and during the pandemic.

Changes in the economic and fiscal forecasts also affect the starting point and have a major impact on the projections.

*Table 9 – Summary of fiscal projections*

Year ending 30 June	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	...	2035
% of GDP	Forecasts					Projections							
Core Crown revenue	29.3	28.5	29.3	29.2	29.3	29.3	29.3	29.4	29.4	29.4	29.4	...	29.5
Core Crown expenses	33.1	32.8	31.1	30.0	29.2	28.7	28.6	28.6	28.5	28.4	28.3	...	28.0
Core Crown residual cash	-7.6	-11.2	-6.9	-1.5	0.8	0.9	-0.8	-0.6	-0.4	-0.1	0.0	...	0.6
Total Crown revenue	36.2	35.4	36.1	36.0	35.8	36.0	36.0	36.1	36.1	36.1	36.2	...	36.3
Total Crown expenses	40.7	40.6	38.5	37.3	36.3	35.9	35.9	35.9	35.9	35.9	35.9	...	36.0
Total Crown OBEGAL <sup>1</sup>	-4.5	-5.3	-2.6	-1.4	-0.6	-0.1	0.1	0.1	0.1	0.2	0.2	...	0.2
Total Crown operating balance <sup>2</sup>	0.4	-4.5	-1.4	-0.2	0.7	1.3	1.4	1.5	1.6	1.7	1.7	...	1.8
Gross sovereign-issued debt	40.9	49.9	53.4	51.7	48.2	45.4	44.5	43.5	42.2	40.8	39.3	...	32.7
Net core Crown debt <sup>3</sup>	34.0	43.8	48.0	46.9	43.6	40.7	39.7	38.6	37.3	35.9	34.4	...	27.8
Total Crown net worth	35.1	29.2	26.1	24.5	24.0	24.3	24.7	25.2	25.8	26.4	27.1	...	30.2
Net worth attributable to the Crown	33.5	27.6	24.6	23.1	22.7	22.9	23.3	23.8	24.3	25.0	25.7	...	28.7

**Notes**

- 1 Operating balance (before gains and losses)
- 2 Excludes minority interests
- 3 Excludes the NZS Fund and advances

Source: The Treasury

## Alternative scenarios

Long-run projections are inherently uncertain. Due to the ongoing global challenges of COVID-19 there remains a higher than usual degree of uncertainty around the trajectory of the recovery. The response to COVID-19 has also highlighted the need for ongoing adaptability and responsiveness in the Government's investment approach.

As the global economy emerges from the public health crisis, and countries are able to more fully focus on the economic recovery, New Zealand will face choices as to how it manages the economic costs of COVID-19 and the ongoing need to invest in public services. The current low interest rates on public borrowing also change the trade-offs previously associated with government debt. So long as the interest rates the Crown pays on its debt remain below the growth rate of the economy, it is easier for an economy to sustain higher levels of debt. Continued low interest rates give New Zealand a greater degree of choice in terms of how public finances and spending on public services are managed.

The scenarios below illustrate some of these options. In addition to the Government's central projections, two additional scenarios are presented below:

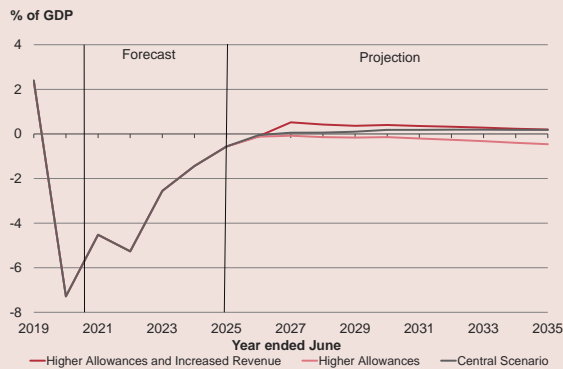
- 1 A higher allowance, unchanged tax revenue scenario:** operating allowances are increased to \$2.3 billion from 2025/26 and grow at 2.0 percent per annum, with no change to revenue as a share of GDP.
- 2 A higher allowance, increased revenue scenario:** operating allowances are increased to \$2.3 billion from 2025/26 and grow at 2.0 percent per annum. This is accompanied by a small increase in the tax-to-GDP ratio of 0.5 percentage points in 2026/27, which lifts the long-run core Crown tax-to-GDP ratio from 27.6 percent of GDP to 28.1 percent of GDP. This generates around \$3 billion per annum of additional revenue by the end of the projection period. The Government has already announced its intention to make changes to tax policy (interest deductibility) that have not been factored into the forecasts and projections. For reasons discussed earlier, the additional revenue from these measures has not been fully estimated.

Under scenario 1, higher spending on public services results in a small, constant OBEGAL deficit over the projection period of about 0.4 percent of GDP. However, as the rate of interest on public debt is below the growth rate of the economy for most the projection period, debt still falls as a share of GDP. Under scenario 1, net core Crown debt as a share of GDP falls from a peak of 47.9 percent of GDP to 31.0 percent of GDP by the end of the projection period.

Under scenario 2, OBEGAL returns to surplus in 2026/27 and remains there across the projection period. Net core Crown debt as a share of GDP falls from a peak of 47.9 percent of GDP to 26.5 percent of GDP by the end of the projection period.

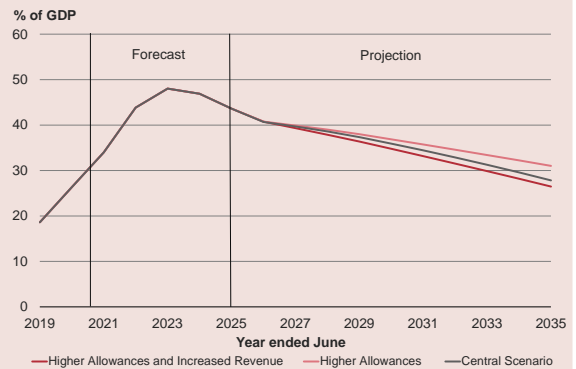
These scenarios also highlight the limitations of long-term projections beyond the four-year forecast period. Small changes to the assumptions can result in large shifts across the 10-year projection period. In times of considerable uncertainty, projections are best suited to signal the general direction of the Government’s fiscal strategy, rather than pointing to specific fiscal outcomes within the projection period.

*Figure 20 – OBEGAL*



Source: The Treasury

*Figure 21 – Net core Crown debt*



Source: The Treasury

# SUMMARY OF INITIATIVES

## Budget 2021 Initiatives by Vote

Table 10 groups Budget 2021 initiatives by Vote, including offsets from savings initiatives. This section is particularly useful if you want to find the total new expenditure funded through Budget 2021 by Vote, such as Health or Education. If you are looking for the total Vote expenditure, see the relevant *Estimates of Appropriations* for 2021/22. For new initiatives funded from other sources, such as the COVID-19 Response and Recovery Fund, through the Budget 2021 process, see Tables 11 and 12.

*Table 10 – Total Budget 2021 net expenditure by Vote*

	Operating (\$m)					(\$m)	
	2020/21	2021/22	2022/23	2023/24	2024/25	Total new operating over forecast period <sup>33</sup>	Total new capital over 10 years <sup>34</sup>
<b>New spending by Vote</b>							
Agriculture, Biosecurity, Fisheries and Food Safety		91.268	32.781	29.869	22.643	176.561	0.250
Arts, Culture and Heritage		1.150	-	-	-	1.150	-
Building and Construction		14.220	17.645	21.620	24.676	78.161	-
Business, Science and Innovation	315.277	303.664	178.367	80.181	76.622	954.111	31.014
Corrections	(40.398)	21.010	60.410	57.216	60.436	158.674	13.620
Courts	6.859	13.424	15.598	20.206	21.918	78.005	-
Education	6.922	252.703	297.295	267.405	248.730	1073.055	729.662
Environment		53.061	65.957	62.892	7.907	189.817	-
Finance	3.686	7.398	6.660	6.668	5.945	30.357	227.900
Foreign Affairs		2.000	6.000	13.000	22.000	43.000	306.000
Health	(63.860)	1142.517	1166.120	1188.470	1179.925	4613.172	704.459
Housing and Urban Development	(0.286)	204.563	215.423	157.372	156.325	733.397	-
Internal Affairs	10.000	59.353	45.985	5.491	5.077	125.906	0.980
Justice	13.515	57.450	65.604	66.998	66.973	270.540	-
Labour Market		8.187	7.857	7.857	7.857	31.758	-
Lands		1.270	-	-	-	1.270	7.000
Māori Development		104.139	65.515	43.308	35.488	248.450	0.040

<sup>33</sup> The forecast period for operating funding covers 2020/21 to 2024/25.

<sup>34</sup> The ten-year period for capital funding covers 2020/21 to 2029/30.

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	Operating (\$m)					(\$m)	
	2020/21	2021/22	2022/23	2023/24	2024/25	Total new operating over forecast period <sup>33</sup>	Total new capital over 10 years <sup>34</sup>
Oranga Tamariki		70.526	49.488	13.005	13.202	146.221	19.965
Pacific Peoples		1.666	1.648	1.648	1.648	6.610	-
Parliamentary Service		0.158	-	-	-	0.158	8.997
Police		33.463	37.478	37.464	37.157	145.562	2.100
Prime Minister and Cabinet		40.215	23.398	13.934	16.261	93.808	1.551
Public Service		1.622	1.622	1.622	1.622	6.488	-
Revenue	1.000	8.470	6.530	4.000	4.000	24.000	-
Security Intelligence		0.840	-	-	-	0.840	-
Social Development	29.737	681.950	702.020	687.813	683.970	2785.490	52.336
Statistics		11.490	11.790	10.880	-	34.160	-
Te Arawhiti		3.500	0.214	8.557	-	12.271	-
Tertiary Education	(41.779)	78.500	136.832	141.475	140.901	455.929	13.850
Transport	4.000	32.957	158.570	343.942	35.942	575.411	939.439
Women		2.150	2.050	2.050	0.800	7.050	-
Tagged contingencies	18.000	652.971	532.824	342.810	308.992	1855.597	800.798
Between-Budget & Emerging Priorities Contingencies		45.000	45.000	45.000	45.000	180.000	-
<b>TOTAL</b>	<b>262.673</b>	<b>4002.855</b>	<b>3956.681</b>	<b>3682.753</b>	<b>3232.017</b>	<b>15136.979</b>	<b>3859.961</b>

## COVID-19 Response and Recovery Fund Initiatives by Vote

Table 11 groups initiatives funded from the COVID-19 Response and Recovery Fund through the Budget 2021 process by Vote, including offsets from savings initiatives.

*Table 11 – Total COVID-19 Response and Recovery Fund net expenditure by Vote*

	Operating (\$m)					(\$m)	
	2020/21	2021/22	2022/23	2023/24	2024/25	Total new operating over forecast period <sup>35</sup>	Total new capital over 10 years <sup>36</sup>
<b>New spending by Vote</b>							
Agriculture, Biosecurity, Fisheries and Food Safety		-	-	-	-	-	25.000
Arts, Culture and Heritage		7.224	2.133	-	-	9.357	-
Building and Construction	(1.950)	(0.726)	-	-	-	(2.676)	-
Business, Science and Innovation	(3.970)	4.048	5.878	(0.122)	-	5.834	54.669
Customs		-	-	-	-	-	40.000
Education	(8.800)	-	-	-	-	(8.800)	-
Finance		-	-	-	-	-	(30.000)
Health	(72.625)	(59.160)	(57.160)	(57.160)	(57.160)	(303.265)	-
Housing and Urban Development		354.000	608.000	585.500	570.500	2118.000	1682.000
Internal Affairs		-	-	-	-	-	31.000
Labour Market	(2.300)	-	-	-	-	(2.300)	-
Pacific Peoples	2.055	7.585	12.287	12.287	12.287	46.501	-
Police	4.150	4.150	-	-	-	8.300	-
Revenue		9.109	4.507	1.715	0.351	15.682	-
Social Development		87.611	170.712	38.232	16.124	312.679	-
Tertiary Education	(1.817)	-	-	5.517	4.861	8.561	-
Transport	(297.000)	20.700	-	-	-	(276.300)	-
Tagged contingencies	(176.600)	-	-	-	-	(176.600)	70.500
<b>TOTAL</b>	<b>(558.857)</b>	<b>434.541</b>	<b>746.357</b>	<b>585.969</b>	<b>546.963</b>	<b>1754.973</b>	<b>1873.169</b>

<sup>35</sup> The forecast period for operating funding covers 2020/21 to 2024/25.

<sup>36</sup> The ten-year period for capital funding covers 2020/21 to 2029/30.

## Other Initiatives by Vote

Table 12 groups initiatives funded from other funding sources through the Budget 2021 process by Vote.

*Table 12 – Total other net expenditure by Vote*

	Operating (\$m)					(\$m)	
	2020/21	2021/22	2022/23	2023/24	2024/25	Total new operating over forecast period <sup>37</sup>	Total new capital over 10 years <sup>38</sup>
<b>New spending by Vote</b>							
Business, Science and Innovation		66.110	-	-	-	66.110	-
Education	305.779	-	3.500	2.500	1.500	313.279	-
Housing and Urban Development		(4.417)	(18.855)	(20.463)	(21.524)	(65.259)	-
Revenue		-	5.000	4.000	3.000	12.000	-
Social Development		133.930	511.967	504.602	496.097	1646.596	-
Tagged contingencies		-	-	250.000	250.000	500.000	-
<b>TOTAL</b>	<b>305.779</b>	<b>195.623</b>	<b>501.612</b>	<b>740.639</b>	<b>729.073</b>	<b>2472.726</b>	<b>-</b>

<sup>37</sup> The forecast period for operating funding covers 2020/21 to 2024/25.

<sup>38</sup> The ten-year period for capital funding covers 2020/21 to 2029/30.

## Detailed breakdown of initiatives by Vote

This section provides the titles, descriptions and funding amounts of each initiative, organised by Vote. In each case it also includes a reference to the volume of the *Estimates of Appropriations* for 2021/22 in which additional information on each Vote can be found.

## How to read the tables in the Annex

This section outlines the key components included for each initiative. The *Estimates of Appropriations* provide information to Parliament on the expenses and capital expenditure the Government plans to incur for the upcoming financial year. The *Estimates* are organised into ten volumes that can be referred to for supporting information on the Vote. Related appropriations are grouped within 'Votes' (eg, Vote Health includes all health-related appropriations administered by the Ministry of Health).

<b>Estimates</b>	<b>Vote</b>
Volume 1 – Economic Development and Infrastructure Sector	Business, Science and Innovation Building and Construction Transport
Volume 2 – Education and Workforce Sector	Education Tertiary Education Education Review Office Labour Market Pike River Re-entry
Volume 3 – Environment Sector	Conservation Environment Parliamentary Commissioner for the Environment
Volume 4 – External Sector	Customs Defence Defence Force Foreign Affairs
Volume 5 – Finance and Government Administration Sector	Audit Communications Security and Intelligence Finance Internal Affairs Office of the Clerk Ombudsmen Parliamentary Service Prime Minister and Cabinet Public Service Revenue Security Intelligence Statistics
Volume 6 – Health Sector	Health
Volume 7 – Justice Sector	Attorney-General Corrections Courts Justice Parliamentary Counsel Police Serious Fraud

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Estimates	Vote
Volume 8 – Māori Affairs Sector	Māori Development Te Arawhiti
Volume 9 – Primary Sector	Agriculture, Biosecurity, Fisheries and Food Safety Forestry Lands
Volume 10 – Social Services and Community Sector	Arts, Culture and Heritage Sport and Recreation Housing and Urban Development Oranga Tamariki Pacific Peoples Social Development Women

Initiative Title	Annual operating funding (\$m)					Operating funding over 5 years (\$m)	Capital funding over 10 years (\$m)
	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Vote Name 1		10.000	10.000	10.000	10.000	40.000	5.000
Vote Name 2	10.000	10.000	10.000	10.000	10.000	50.000	5.000
Vote Name 3		(5.000)	(5.000)	(5.000)	(5.000)	(20.000)	-
Tagged contingency		5.000	5.000	5.000	5.000	20.000	-
Tagged contingency			n/a			5.000	-

Some contingencies include the total amount held in contingency, but not the annual funding profile.

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

## Budget Initiatives

### Agriculture, Biosecurity, Fisheries and Food Safety

#### Accelerating Agricultural Climate Change Research and On-Farm Emissions Mitigation

This initiative will accelerate and increase agricultural greenhouse gas mitigation research and development in high-impact areas including vaccine development, methane and nitrous oxide inhibitors, low-emissions animal breeding, and soil carbon enhancement. More research in these areas is needed to increase options available to cost-effectively reduce emissions on-farm, providing tools for the agricultural sector to meet methane and other greenhouse gas reduction targets.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	4.000	3.000	3.000	3.000	13.000	-
Business, Science and Innovation	2.000	3.000	3.000	3.000	11.000	-

#### Accelerating the Delivery of a National Integrated Farm Planning System to New Zealand's Farmers and Growers

This initiative provides funding to accelerate delivery of a national integrated farm planning system in partnership with industry and the regional sectors. It will support a career pathway scheme for farm advisors, an integrated farm planning accelerator fund, data and tools for farmers to develop plans, and the ongoing development of the integrated farm planning framework. Building on the existing industry assurance programmes and regional farm planning systems will ensure up to 40,000 farmers and growers have access to effective farm planning to improve on-farm performance and meet freshwater and greenhouse gas regulatory requirements by 2025.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	5.642	12.950	10.858	7.765	37.215	-

#### Biosecurity Screening for Increasing Mail Volumes and Advanced Screening Technology at the New Auckland Mail Centre

This initiative will fund additional biosecurity officers, new 3D scanners and advanced data systems for the new Auckland mail processing centre being built by New Zealand Post. This will strengthen the management of increasing mail pathway biosecurity risks and automate and improve the biosecurity screening at the new centre.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	1.827	2.602	2.282	2.139	8.850	-

#### Continuing Production of Agricultural Production Statistics for Domestic and International GDP and Greenhouse Gas Reporting

This initiative provides funding to produce agricultural production statistics. The statistics provide information that is used to inform trade negotiations, policy development, economic forecasting, and to meet domestic and international reporting requirements. Over time, the information allows trends to be identified and acted on, such as progress towards greenhouse gas reduction goals and environmental performance and informs planning decisions on New Zealand land.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	0.090	0.600	0.100	0.110	0.900	-

### Continuing the *Mycoplasma Bovis* Eradication Programme

This initiative continues the *Mycoplasma bovis* (M. bovis) eradication programme. The funding will cover surveillance testing across dairy and beef herds, restricting animal movements where there is a risk of infection, culling herds where there are confirmed cases, compensating farmers for losses attributed to regulatory actions, and supporting affected farmers and families through the process. It will also fund the design and transition to a long-term surveillance programme to provide evidence that the disease is no longer present in New Zealand.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	66.080	-	-	-	66.080	-

### Funding to Maintain Primary Industry Compliance and Enforcement of the National Animal Identification and Tracing Scheme

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

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	5.629	5.629	5.629	5.629	22.516	-

### Hectors and Māui Dolphin Threat Management Plan: Camera Monitoring

This funding provides for camera monitoring on fishing vessels in high-risk areas for Hectors and Māui dolphins. Of the total \$6.879 million agreed in June 2020, \$6.629 million was charged against the Between-Budget Contingency and \$0.250 million was pre-committed against the Multi-Year Capital Allowance.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	-	-	-	-	-	0.250

### Maintaining Essential Border Biosecurity Capacity

Temporary funding enables the Ministry for Primary Industries to continue essential biosecurity border services. These services are experiencing significant revenue reductions due to COVID-19 international travel restrictions. MPI has mitigated the loss of revenue by temporarily redeploying staff and reducing other support costs. Temporary financial support to retain core biosecurity capability will enable New Zealand's borders to immediately reopen when it is safe to do so, while helping ensure that New Zealand's biodiversity and primary industries are protected from biosecurity incursions.

Funded from the COVID-19 Response and Recovery Fund.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	-	-	-	-	-	25.000

### Protecting and Preserving Kauri, New Zealand's Iconic Taonga

This initiative provides funding to manage the threat of kauri dieback to New Zealand's iconic kauri trees and buy time while seeking a cure by containing the disease. It will finalise and implement a Kauri Protection National Pest Management Plan under the Biosecurity Act 1993, which will build on, and enhance, the work of existing kauri programmes and provide a national, prioritised and managed response to kauri dieback, while there is still an opportunity to contain the disease.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	8.000	8.000	8.000	4.000	28.000	-

## Arts, Culture and Heritage

### Delivery of a Business Case for the Replacement of Te Papa's Spirit Collection Area

This initiative provides funding for Te Papa to deliver the requisite business case for a proposed hazardous substances facility that houses the national collections of vertebrate and invertebrate specimens. A replacement facility will enable Te Papa to meet its legislative obligations to manage risk to people, to conduct research and to conserve and securely house the national collections.

Funded from the COVID-19 Response and Recovery Fund.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Arts, Culture and Heritage	1.400	-	-	-	1.400	-

### Maintaining New Zealand Symphony Orchestra Delivery

This initiative addresses cost pressures arising from increases in personnel and orchestral costs to maintain delivery levels while long-term options are developed for the New Zealand Symphony Orchestra's financial stability.

Funded from the COVID-19 Response and Recovery Fund.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Arts, Culture and Heritage	1.600	1.600	-	-	3.200	-

### Maintaining the Capability of the Royal New Zealand Ballet

This initiative will avoid significant cuts to the Royal New Zealand Ballet's nationwide delivery and performance capability by addressing cost pressures from price increases and a reduction in earning ability as a result of COVID-19.

Funded from the COVID-19 Response and Recovery Fund.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Arts, Culture and Heritage	0.624	0.533	-	-	1.157	-

### Strengthening and Adapting Turnbull House

This initiative will allow Heritage New Zealand Pouhere Taonga to complete the necessary detailed planning for strengthening of the Category 1 listed Turnbull House, to ensure that the building will comply with relevant legislation.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Arts, Culture and Heritage	0.250	-	-	-	0.250	-

### Supporting a Strong Radio New Zealand

This initiative will help Radio New Zealand to absorb rising cost pressures and retain the current workforce and its critical public media expertise ahead of any future decisions related to the Strong Public Media programme.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Arts, Culture and Heritage	0.900	-	-	-	0.900	-

### Waitangi National Trust COVID-19 Recovery

This initiative provides funding to the Waitangi National Trust Board to ensure Waitangi Treaty Grounds remain open, and to preserve the cultural assets held at the grounds. The Trust has relied on revenue largely from overseas tourists to support its ongoing operations. This initiative will ensure the Trust can manage the effects of the COVID-19 pandemic and be in a position to recover quickly once international tourism resumes.

Funded from the COVID-19 Response and Recovery Fund.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Arts, Culture and Heritage	3.600	-	-	-	3.600	-

## Building and Construction

### Canterbury Earthquakes and Other Disasters, Natural or Otherwise – Continuing Support for Affected Homeowners

This initiative will enable the Greater Christchurch Claims Resolution Service (GCCRS) and the Residential Advisory Service (RAS) to continue to provide services to help homeowners with their unresolved residential insurance claims resulting from the Canterbury earthquakes and other disasters nationally. Together, GCCRS and RAS provide independent and personalised case management, expert advice and dispute resolution services; contributing to the timely, fair and enduring resolution of insurance claims.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Building and Construction	2.766	-	-	-	2.766	-

### Healthy Homes Standards – Ensuring Compliance

This initiative gives effect to the Government's commitment to increase funding for proactive investigation and enforcement of the Healthy Homes Standards. It forms part of the broader manifesto commitments aimed at preventing childhood hospitalisations and ensuring every New Zealander has a warm, dry home. Funding will: increase the number of proactive investigations undertaken, ensuring the benefits – including the significant health benefits – of raising the standards of New Zealand's rental stock are realised; ensure that interventions are targeted at the highest risk areas to maximise harm reduction; and support the most vulnerable tenants who do not have the ability or resources to take action against non-compliance.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Building and Construction	3.172	4.216	4.260	4.340	15.988	-

### Residential Tenancies and Unit Titles Services – Addressing a Revenue Shortfall and Continuing Service Levels

This initiative replaces a non-controllable shortfall in bond interest revenue to maintain services critical to a functioning residential tenancy and unit title sector, enabling current service levels to be maintained. Funding will support: timely access to tenancy and unit title dispute resolution services and processing of bond transactions; successful implementation of tenancy reforms; increased awareness of parties' rights and responsibilities; and proactive monitoring and investigation of rentals to identify and address systemic non-compliance and reduce the risk of vulnerable tenants being exposed to harm.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Building and Construction	6.182	10.454	12.318	12.470	41.424	-

### Tenancy Bond ICT System Replacement

This initiative seeks to address significant ICT risks to ensure the ICT system used to facilitate residential tenancy bond transactions – a legislated function – is stable, secure, supported and meets service requirements and customer expectations. System replacement will not only avoid the risk of system failure or compromise but deliver much needed service delivery improvements and improve the quality and availability of data. This will enable the system to support outcomes across the wider residential tenancy regulatory system. Funding will be used for the build, deployment, and ongoing maintenance and support of a replacement ICT system.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Building and Construction	2.100	2.975	5.042	7.866	17.983	-
Business, Science and Innovation	-	-	-	-	-	20.000

## Business, Science and Innovation

### Accelerating and Strengthening Business Connect

This initiative will expand the existing Business Connect digital platform that enables integrated services for businesses when dealing with local and central government. It allows businesses to apply for a range of licences, permits and registrations from different government agencies in one place thus reducing compliance time and cost.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	9.000	9.000	9.000	9.000	36.000	-

### Addressing Māori Interests in Radio Spectrum

This initiative responds to Māori interests in radio spectrum that are being considered by Government as it prepares to allocate spectrum for the fifth-generation of mobile broadband (5G). The initiative provides funding for a Māori-led work programme for ongoing discussions between Treaty partners about an enduring resolution of Māori interests in radio spectrum, supporting a step-change in Māori participation in the digital economy and enabling the Crown to move forward with commercial allocation of spectrum for 5G.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	3.305	2.475	-	-	5.780	-

### Enabling Digital Research: Securing Core Network Infrastructure for the Research and Education Sector

This initiative provides additional funding for the Research and Education Advanced Network New Zealand (REANNZ). It supports the ongoing operation of the high performance telecommunications network that enables cutting-edge, high-impact and internationally-connected research activity and core science services. REANNZ is Aotearoa New Zealand's National Research and Education Network. It is part of a global network that transfers large volumes of digitised research data and underpins Aotearoa New Zealand's ability to participate in global data-intensive research and connect with international partners. It also supports data-intensive services such as GeoNet's 24/7 natural hazards monitoring centre.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	1.000	3.250	3.250	3.750	11.250	10.700

### Enabling the External Reporting Board to Perform Core Functions and to Deliver Climate Reporting

This initiative provides funding for the continued delivery of the External Reporting Board's (XRB's) core functions of issuing accounting and auditing & assurance standards, guidance and providing strong sector leadership. This funding is critical to maintain trust and confidence in external reporting by Aotearoa New Zealand entities.

This initiative also provides funding for the XRB's expanding mandate, agreed by Cabinet, to introduce standards and guidance for climate reporting and to progress integrated reporting. This funding will equip the XRB to ensure climate risks are accurately reported by large financial institutions and accurately priced by investors to improve the macroeconomic stability of the financial system and contribute to Aotearoa New Zealand's carbon-zero 2050 target.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	4.171	4.217	4.320	4.584	17.292	-

### Expanding our Just Transition Support for Communities Facing Transitions

This initiative implements the Government's manifesto commitment to increase support for communities facing transitions, enabling them to understand, plan and manage their transitions and build a productive, sustainable, inclusive and resilient future. It includes funding to empower community partners to lead through change and to accelerate just transition initiatives.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	3.224	3.180	3.780	3.740	13.924	0.038

### Expanding the Scope and Size of Funding for Low Emission Transport Technologies and Fuels

This initiative creates a new fund called the Low Emission Transport Fund (LETf). The LETf will be an expansion (both in terms of scope and size) of the existing Low Emission Vehicle Contestable Fund, which is delivered by the Energy Efficiency and Conservation Authority. The LETf will part-fund delivery of both demonstration projects and wider diffusion of low-emission technologies in the transport sector.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	6.760	9.500	12.600	12.500	41.360	0.045

### Extending the Warmer Kiwi Homes Programme

This initiative will deliver more insulation and heating retrofits for low-income homeowners through the Warmer Kiwi Homes programme, improving health and wellbeing outcomes and reducing electricity consumption and costs for low-income New Zealanders. It will also improve educational opportunities and productivity by reducing time off school and work due to illness and improve the housing stock by making it warmer and drier. It will support jobs in the energy service sector, and improve environmental outcomes by reducing marginal electricity consumption at times of peak demand. The programme is administered by the Energy Efficiency and Conservation Authority.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	47.662	72.430	-	-	120.092	-

### Financial Sustainability Funding to Address the Third-Party Revenue Shortfall in the Immigration System

This initiative provides up to \$173 million funding in 2021/22 to enable the continuation of core immigration services that have been impacted by a decline in third-party revenue due to COVID-19. Core immigration services are predominantly funded by third-party revenue (under cost recovery principles). However, recent travel and border restrictions imposed in response to the COVID-19 pandemic have significantly impacted fee-paying visa volumes and thus third-party revenues. While there are a number of cost reduction initiatives underway, these will be insufficient in both quantum and timing to make up for the loss in revenues, creating a funding gap.

Funded from the COVID-19 Response and Recovery Fund.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	-	-	-	-	-	86.500
Tagged contingency	-	-	-	-	-	86.500

### Implementing a Sustainable Biofuels Mandate

This initiative encourages fuel suppliers to supply sustainable biofuels with low lifecycle emissions, and support emission reductions from transport, particularly in the existing internal combustion engine vehicle fleet, aviation, heavy freight and shipping sectors. This funding will enable the regulating agency to implement the system, and to monitor and verify annual reports from fuel suppliers, including verification of the emissions reductions and sustainability of biofuels used to meet the percentage reduction target for that year.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Tagged contingency	-	1.500	1.500	3.000	6.000	-

### Maintaining the Emergency Caller Location Information Service

This initiative provides funding for the Emergency Caller Location Information (ECLI) service that enables emergency call-takers to receive automatically generated geographical information about the location of a 111-caller from any mobile phone. ECLI is an integral part of New Zealand's emergency services system, leading to faster emergency call handling and response times due to better incident information. The initiative enables the continued operation of the service and allows for the development and implementation of technical enhancements necessary to keep the service current.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	15.980	15.980	15.980	15.980	63.920	-

### Maintaining the New Zealand Food Innovation Network as an Enabler of a High-Value Food and Beverage Sector

This initiative enables the New Zealand Food Innovation Network to continue to operate a national network of food innovation hubs beyond 2021. These hubs equip firms with facilities and knowledge to develop and commercialise new products. Such services are crucial to supporting firm growth, product diversification and job and export growth in the value-added food sector, which is contributing to the COVID-19 recovery.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	4.515	4.515	4.515	4.515	18.060	-

### Meeting Crown Obligations in the Energy and Resources Sector

This initiative provides funding to ensure that the Crown is compliant with domestic law and international obligations in the energy and resources sector.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	279.977	2.277	2.931	2.891	-	288.076	0.165

### New Zealand Screen Production Grant – International

This initiative supports an existing grant which incentivises international screen work to be undertaken in New Zealand providing economic benefits and helping to build the capacity of the domestic industry. This spend will contribute to employment of New Zealanders on international productions, support economic activity beyond the sector through expenditure on New Zealand goods and services, and support tourist attraction.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	35.300	162.150	0.500	0.500	0.500	198.950	-

### Regional Strategic Partnership Fund

The Regional Strategic Partnership Fund supports the Government's COVID-19 recovery and regional economic development priorities, including creating more productive, resilient, inclusive, sustainable and Māori-enabling regional economies. The Provincial Development Unit is responsible for its strategy, implementation, delivery and administration. \$66.110 million has been provided in 2021/22 through reprioritisation from existing commitments.

Funded through the Provincial Growth Fund.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	66.110	-	-	-	-	-

### Retail Payments System: Reducing Merchant Service Fees

This initiative will give effect to the proposed Retail Payments Bill, which will introduce a regime to regulate (on a case by case basis) classes of retail payments system participants, their providers and any associated infrastructure operators to meet prescribed thresholds for merchant service fees. The initiative will support the Commerce Commission to address inefficient competition as the regulator for the new regime, which will ultimately help to deliver long-term benefits to merchants and consumers.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Tagged contingency	1.000	3.000	-	-	4.000	1.000

### Retaining Regional Science Capability to Support Accelerated Regional Growth and Productivity

The initiative provides funding to support the recently established Regional Research Institutes to reach financial sustainability.

Funded from the COVID-19 Response and Recovery Fund.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	4.170	6.000	-	-	10.170	-

### Rural Connectivity: Network Infrastructure and Spectrum

This initiative provides funding to repurpose a spectrum band to promote the widespread rural deployment of 5G technology. This will support enhancing connectivity and help to relieve network capacity pressures to enable demand for broadband to be met in rural and urban-fringe communities.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	5.000	5.000	-	-	10.000	-

### Scaling up the Energy Efficiency and Conservation Authority's Energy Support for Businesses

This initiative will increase the Energy Efficiency and Conservation Authority's advisory support to help businesses identify and implement lowest-cost abatement projects, optimise energy use and switch to low-emissions energy sources. The additional funding will be used to increase the activities already underway in the programme and expand support to additional high-carbon emitting sectors. It will expand current programmes including: assisting businesses to complete Energy Transition Accelerator plans; direct engagement with large energy users; indirect support for smaller businesses; and technology demonstrations.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	2.000	4.000	4.000	4.000	14.000	-

### Setting the Fuel Industry Regulatory Regime up for Success

The Fuel Industry Act 2020 was passed in August 2020. Its purpose is to promote competition in fuel markets for the long-term benefit of fuel users. Fuel is a significant item of household expenditure and a significant input cost for businesses. This funding will enable the Commerce Commission to deliver on its functions, powers and duties under the Act. On commencement, the Commission will be responsible for enforcing the requirements of the Act, as well as for publishing analysis to shine a light on the competitive performance of fuel markets.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	3.830	4.819	4.775	3.483	16.907	-

### Small Business Digital Training, Advisory and Support Programme

This initiative will enable partnering with the private sector to deliver a two-year nationwide programme to supply core digital business skills training to 50,000 to 60,000 Aotearoa New Zealand small businesses, digital business advisory service to assess digital needs and create bespoke digital business action plans.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	22.000	22.000	-	-	44.000	0.030

### Corrections

#### Asset Revaluation Depreciation Impacts

This initiative addresses Asset Revaluation depreciation impacts and enables sustainable depreciation funding for the Corrections asset base. This initiative includes the withdrawal of recognition of Waikeria Prison assets following the recent incident. This has been partially offset by a useful life review and reducing depreciation for poor quality assets.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Corrections	15.000	(1.200)	13.900	1.900	7.100	36.700	-

#### Critical Infrastructure and Compliance (Three Waters)

This initiative provides funding for the first tranche of a 16-year programme designed to address the risk levels and cost pressures impacting Corrections' Three Waters infrastructure.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Tagged contingency	10.528	4.672	-	-	15.200	5.440

#### Electronic Monitoring Demand and Price Pressure

This initiative provides for maintaining safe and effective community-based sentences and orders, by responding to demand-driven electronic monitoring price and volumes pressures.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Corrections	3.480	2.490	2.490	2.490	10.950	-

#### High Impact Innovation Programme – Delivering Continued Transformation of the Criminal Justice System

This initiative provides further funding for the High Impact Innovation Programme that delivers operational improvements across the criminal justice system in partnership with government agencies and Māori and through investing in community capability. This programme supports the Government's commitment to reform the criminal justice system and works towards the strategic priorities of the Justice Sector Leadership Board.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Corrections	7.460	7.460	-	-	14.920	-

#### Maintaining Safe, Effective Housing, Support Services and Community-Based Reintegration Pathways

This initiative provides funding for cost pressures in Corrections' Reintegrative, Supported Accommodation and Prison Chaplaincy services. This will mitigate the increased costs to secure services across the reintegration and housing and support services portfolio.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Corrections	3.420	8.100	8.100	8.100	27.720	-

### Management of People of Extreme Risk

This initiative will ensure that the Prisoners of Extreme Risk Unit and its associated support and leadership functions continue to effectively care for, and manage, people of extreme risk, pending Cabinet consideration of the future operating model and associated funding requirements. The initiative was initially funded up until June 2021 following the 15 March terror attacks.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Corrections	1.661	1.661	1.661	1.661	6.644	-

### Māori Pathways – Kaupapa Māori Services for Wāhine

This initiative provides a co-ordinated, seamless, end-to-end kaupapa Māori experience for wāhine Māori in the care and management of Corrections in Ōtautahi and across the wider Canterbury region. This approach recognises the specific factors leading to the incarceration of wāhine Māori, the intergenerational impacts on tamariki and whānau and the need for gender-specific and kaupapa Māori initiatives designed by Māori with Māori.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Corrections	0.989	3.039	3.385	1.405	8.818	1.200

### Waikeria Prison Development – Enabling the Operation of the New Prison

This initiative provides funding for the incremental operational resources, services and digital tools to operationalise the Waikeria Prison Development, due for completion in 2022. It will deliver an integrated, person-centred, humanising, healing, accessible and needs-based, kaupapa Māori model of care for the whole site (980 beds). This will significantly improve rehabilitation and reintegration outcomes for Māori within the context of whānau, hapū, iwi and communities.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Corrections	5.200	11.210	15.120	15.120	46.650	4.560

### Waikeria Prison Development – Enabling the Operation of the Waikeria Mental Health and Addiction Service

This initiative provides funding to operationalise the 100-bed mental health and addiction service based at Waikeria Prison, due for completion in 2022. It also funds digital health tools providing tāne with the autonomy to access mental health and addiction support, and enabling staff to increase real-time access to information, including from external health providers, as well as building design changes that will provide a more therapeutic physical environment for tāne who spend time at Waikeria Mental Health and Addiction Service.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Corrections	-	12.550	24.560	24.560	61.670	7.860

### Waikeria Prison Development – Enabling the Operation of Waikeria Site Through the Provision of Critical Infrastructure

This initiative provides funding for the necessary critical infrastructure to successfully commission and operate the new Waikeria Prison Development, due for completion in 2022, and to consolidate the site around the new development, in line with the designation conditions issued by the Environment Court.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Tagged contingency	18.000	2.000	7.900	9.300	9.300	46.500	66.300

## Courts

### Consistent Access to Justice Through Effective Scheduling Across the District Court and Tribunals

This initiative will provide ongoing funding for the National Scheduling Team, which supports effective and efficient scheduling for District Courts and Tribunals across New Zealand. Efficient scheduling is necessary to maximise access to justice for participants in criminal and civil procedures. This initiative will also mitigate backlogs affecting the remand population, which is a priority for the Justice sector.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Courts	1.437	1.437	1.437	1.437	5.748	-

### Continuing the Interpreter and Communication Assistance Services to Maintain Access to Justice

This initiative provides additional funding to cover increasing demand for the Interpreter and Communication Assistance services. These services support equitable access for people who are otherwise unable to participate effectively in court and tribunal proceedings, and are guaranteed in legislation.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Courts	1.330	1.485	1.611	1.718	6.144	-

### Ensuring Ongoing Access to the Māori Land Court Special Aid Fund

The initiative provides funding for specialist professional services that support the Māori Land Court in its decision-making and the Court's participants in overcoming barriers to retaining and/or developing their land.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Courts	0.500	0.500	0.500	0.500	0.500	2.500	-

### Maintaining the Justice System Through Addressing the Depreciation Impacts of Property Revaluations

This initiative aims to improve enduring trust in the rule of law by consistently addressing the depreciation impacts of property revaluations.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Courts	6.359	6.359	6.359	6.359	6.359	31.795	-

### Safeguarding Child Wellbeing and Building a Strong Foundation for Change in the Family Justice System

This initiative will safeguard child wellbeing when parents are separating or unable to agree caregiving arrangements by establishing a Family Court Associate role. The role will enable faster resolution of disputes in the Family Court by reducing the administrative burden of judges and registrars.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Courts	0.608	2.662	4.843	6.968	15.081	-

### Supporting the Elimination of Indefinite Compulsory Treatment Orders Under the Mental Health Act 1992

This initiative will fund the costs of increased numbers of independent Mental Health review hearings required to be heard by the Family Court, due to the elimination of indefinite compulsory treatment orders.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Courts	-	-	2.629	2.219	4.848	-
Justice	-	-	1.449	1.449	2.898	-

### Supporting the Tenancy Tribunal to Manage Pressures Arising from Rental Law Reforms to Better Support New Zealanders

This initiative provides additional funding to cover increasing costs and demand arising from the Residential Tenancies Amendment Act 2020. This Act has increased the scope of matters able to be heard by the Tenancy Tribunal, which is expected to increase the volume of applications to the Tribunal. This initiative will support tenants and landlords with access to timely resolutions and the ability to assert their legal rights without additional delays.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Courts	0.764	1.376	1.371	1.371	4.882	-

### Whakaoranga Te Mana Tangata – Uplifting the Mana of Offenders, Victims and Whānau

This initiative aims to reduce the imprisonment and reoffending rates for Māori by providing funding to implement a kaitiaki-type service modelled on the Kaikohe Matariki Court. Under the Whakaoranga programme, local iwi and Māori organisations will support the needs of Māori offenders, victims and their whānau by identifying and providing suitable social, health and wellbeing services.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Courts	1.827	1.779	1.456	1.346	6.408	-
Justice	1.777	1.774	1.879	1.864	7.294	-

## Customs

### Financial Sustainability: Third-Party Revenue Replacement Funding

This initiative addresses the shortfall in third-party funding caused by COVID-19 to ensure that Customs can continue to deliver its core role in ensuring safe borders and to support New Zealand's wider response and recovery from the impacts of COVID-19.

Funded from the COVID-19 Response and Recovery Fund.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Customs	-	-	-	-	-	40.000

## Defence Force

### Contingent Funding to Support the Regeneration of the Defence Estate to Sustain Delivery of Defence Policy

This initiative will provide funding to sustain the Defence Estate, which supports the New Zealand Defence Force in ensuring appropriate levels of readiness for military operations and other tasks as directed by the Government. The Defence Estate includes land, buildings and related infrastructure.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Tagged contingency	-	0.841	1.983	2.309	5.133	-

## Education

### Additional Attendance Service Places

This initiative provides funding for an additional 7,500 places that can be reached by the Attendance Service, in addition to inflation-driven cost pressures, which will maintain current service levels. Without regular attendance at school academic outcomes for these ākonga are unlikely to be achieved, and they are more likely than others to be involved with other agencies such as the Police and Oranga Tamariki.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	4.868	5.335	5.335	5.335	20.873	-

### Christchurch Schools' Rebuild Programme

This initiative provides funding for the Christchurch Schools' Rebuild Programme for another year, following the 2010 and 2011 earthquakes, enabling remediation of damage to 115 schools in the Christchurch School Network. This is consistent with the \$1.1 billion announced in 2013 and the \$206 million for cost increases identified in the 2018 midpoint review.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	2.700	4.800	4.800	4.800	17.100	56.000

### Completion of the Education Resourcing System for Schools and Early Learning

This initiative is to complete the new system for the \$8.4 billion per annum operational funding payments for schools and early learning services administered by the Ministry of Education. A modern resourcing system will transform education funding processes from 30-year-old high-risk systems and manual processes to simple, easy-to-use and easy-to-understand, accurate, largely automatic and timely processes, and is a crucial investment for protecting the Government's ability to reliably and transparently fund the education sector and to swiftly implement responses to emerging or urgent needs.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	3.515	-	-	-	3.515	17.578
Tagged contingency	-	5.522	5.605	3.865	14.992	17.160

### Continuing Digital Access for Principals and Teachers

This initiative will provide funding to continue the supply of digital devices and applications to principals and teachers. In turn they use these devices to provide online learning opportunities to ākonga/learners, especially as the sector manages through COVID-19. This funding will aim to achieve as close to 100 percent uptake as possible for eligible principals and teachers and ease the costs to schools and kura that cannot provide devices through their technology budgets.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	1.173	2.143	2.510	2.885	3.942	12.653	-

### Cost Adjustment for Early Childhood Education

This initiative provides funding for a 1.2 percent increase to funding rates to meet increased costs for Early Childhood Education (ECE). This funding will help all funded ECE services and kōhanga reo manage increasing costs of provision and maintain quality and affordability for families and whānau. This applies to the existing ECE Subsidy for Under 2s, ECE Subsidy for 2s and Over, 20 Hours ECE, and all components of Equity Funding, with effect from 1 January 2022. The increase in Targeted Funding for Disadvantage will take effect from 1 March 2022.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	13.362	28.206	29.124	29.996	100.688	-

### Cost Adjustment for Schools' Operational Grant

This initiative provides funding to meet increased operational costs for state and state-integrated schools, which includes providing teaching staff and covering general running costs. A cost increase of 1.6 percent will be applied to the existing schools operational grant funding to accommodate the increased price of providing these essentials and maintain the current levels of providing quality education to meet the needs of students, families and whānau. This funding supports the learning of approximately 800,000 students in 2,500 state and state-integrated schools. The cost adjustments will take effect from 1 January 2022.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	13.333	25.591	25.571	25.554	90.049	-

### Deliver Sustained Professional Learning and Development to Embed Tapasā

This initiative provides funding for the design and delivery of a targeted, sustained professional learning and development programme for teachers and leaders in early learning settings and schools with high numbers of Pacific learners to embed the principles and approach of Tapasā, a cultural competencies framework for teachers and leaders of Pacific learners.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	0.800	1.400	1.400	1.400	5.000	0.016

### Depreciation Impacts of Revaluing the School Property Portfolio

This initiative requests Crown Revenue funding for reinvestment in the school property portfolio as a result of the June 2020 Portfolio Valuation increase in depreciation expense approved through the October Baseline Update. This is an interim response only while officials explore options to address this issue going forward. This initiative was not funded from the Budget 2021 allowances.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	36.000	-	-	-	-	36.000	-

### Education Holidays Act 2003 Remediation Payments

This initiative aims to ensure that current and former school and Ministry of Education staff receive corrective payments where they have not been paid in accordance with the requirements of the Holidays Act 2003, as identified through a compliance analysis programme which is under way. Funding will be used for payments to staff who have been underpaid as a result of compliance issues discovered and analysed to date. This initiative was not funded from the Budget 2021 allowances due to the uncertainty of the timing of payments.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	269.779	-	3.500	2.500	1.500	277.279	-

### Equity Index – System Infrastructure

This initiative is the first step towards fulfilling the Government's manifesto commitment to replace the current decile system with the Equity Index from the 2023 school year. The Equity Index is designed to better target resourcing to schools facing greater socioeconomic challenges and is a significant change for the education sector and for the Ministry of Education. This initial funding will cover system changes and other implementation costs that are required to support a smooth transition to the new system from 2023. It will provide the foundation for future investment in equity funding to ensure schools and kura are best supported to mitigate the socioeconomic barriers faced by ākonga/learners, the wider school community and whānau.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	7.587	4.128	3.399	2.964	18.078	4.928

### Essential Property Maintenance at State-Integrated Schools

This initiative provides funding to upgrade learning environments at eligible state-integrated schools across Aotearoa New Zealand. This funding will be allocated by the Ministry of Education to the Association of Proprietors of Integrated Schools to ensure that it goes towards essential upgrades to improve learning environments. These projects are ready to implement in the next 12 to 24 months.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	26.400	26.400	-	-	52.800	-

### Expanding Reading Together Te Pānui Ngātahi Partnerships and Duffy Books in Homes

This initiative supports literacy success and child wellbeing by providing funding for the expansion of Reading Together Te Pānui Ngātahi and Duffy Books in Homes to increase children's literacy and educational achievement with a focus on Māori, Pacific, migrant and refugee learners. This funding will improve literacy and wellbeing outcomes for over 73,000 children across Aotearoa New Zealand by giving 37,000 parents effective strategies to support their children as they learn to read and providing books for children in their homes.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	2.303	2.779	3.111	3.452	11.645	0.048

### Funding for School Transport Contract

This initiative provides funding to cover the increase in price for a one-year extension of the school transport contract. Costs associated with the contract management and audit requirements of the new contract commencing in January 2022 are also covered.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	4.389	6.140	3.284	3.284	3.284	20.381	2.595

### Funding Increase for Alternative Education

This initiative will maintain education provision for the most at-risk young people by addressing the inflationary cost-pressure for Alternative Education (AE). This will stabilise AE funding while the system of support for at-risk ākonga is redesigned. Funding can be used flexibly by providers to help to meet the costs of essential resources and supports, such as access to quality teaching and learning experiences; learning resources; access to health, mental health and broader social services; enrichment activities; transport costs; and other basic wellbeing needs.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	1.111	1.111	1.111	1.111	4.444	-

### Funding the Next Phase of the National Education Growth Plan for School Property

This initiative provides funding for an additional 6,000 student places and design for a further 4,000 student places required in the school property network, as identified in the National Education Growth Plan (NEGP). This is in addition to the 47,000 student places already funded. Funding will deliver new roll growth classrooms, provision for learning support and the design for new schools and expansions.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	4.659	10.968	13.893	15.671	45.191	266.000

### Intensive Support for Young Learners with Wellbeing and Behavioural Needs That May be Challenging to Others

This initiative provides funding for intensive interventions to support young learners with significant wellbeing and behavioural needs that may be challenging to others, and who require support at school, at home and in the community. These interventions will enable these learners to participate and succeed in education, as well as help to ensure the safety of staff and other learners.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	(4.432)	(4.432)	(4.432)	(4.432)	(17.728)	-
Tagged contingency	4.432	4.432	4.432	4.432	17.728	-

### Investigating and Negotiating Pay Equity Claims

This initiative provides funding for staff and related operational costs associated with the assessment and negotiation of pay equity claims for education sector workforces. These claims seek to remove gender-based undervaluation in the education system. Addressing inequity in pay rates recognises and values the work of people working in education, improving retention and engagement, which in turn improves outcomes for learners.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	0.610	9.023	8.944	6.285	4.485	29.347	0.480

### Learning Support – Maintaining Ministry Specialist Staff

This initiative provides departmental funding to maintain learning support services for 34,500 of our most vulnerable ākonga/learners in the face of rising costs of wages and inflation. The focus is on assisting learners with additional learning needs and includes services such as communication, behaviour and early intervention services. It also includes the Incredible Years programme for children with autism and supports children with poor language skills, blind and deaf children, and others with complex health needs.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	6.080	6.080	6.080	6.080	24.320	-

### Meeting the Operational Costs of a Growing School Property Portfolio

This initiative provides funding to maintain the Ministry of Education's current level of service in managing the expanding, multi-billion-dollar school property portfolio. Funding includes costs such as buildings' warrants of fitness, school leasing, insurance, and health and safety.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	11.250	11.250	11.250	11.250	45.000	-

### Moving Towards Pay Parity for Teachers in Education and Care Services

This initiative provides funding towards moving qualified and certified teachers in education and care services closer towards pay parity with kindergarten teacher pay. The funding will support an increase in the minimum salary education and care services must attest they are paying certificated teachers. It provides a set of higher funding rates education and care services may opt into if they agree to pay these teachers defined pay steps based on the kindergarten teachers' collective agreement.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	29.413	52.680	53.880	55.392	191.365	1.044

### NCEA and Scholarship Assessment – Maintaining Pay Rates for New Zealand Qualifications Authority's Specialist Workforce

This initiative provides funding to maintain payrates for 4,000 contracted Specialist Workforce employed by the New Zealand Qualifications Authority (NZQA). Comprised of Exam Markers, Exam Developers, Exam Moderators and Material Critiquers, the workforce is necessary for the integrity and operation of the NCEA and Scholarship assessment process and to support quality education assessments in New Zealand.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	5.000	5.000	-	-	10.000	-

### NCEA Change Programme – A Strengthened NCEA for All New Zealanders

This initiative provides funding to redevelop the NCEA qualifications, ensuring 150,000 students who study NCEA every year have the appropriate skills and knowledge to seek further education or employment, either in New Zealand or overseas. The changes were informed by a year-long public engagement in 2019, and introduce new literacy and numeracy requirements, provide mana ōrite mō te mātauranga Māori in NCEA, replace the expiring Achievement Standards with high-quality assessment packages, and provide enhanced support for vocational pathways. The Ministry of Education is partnering with stakeholders to work on the details of the changes and ensure these are coherent, inclusive, accessible and can be implemented successfully.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	25.730	30.617	24.643	11.523	92.513	8.149

### Prime Minister's Vocational Excellence Awards

This initiative provides funding for the Prime Minister's Vocational Excellence award from 2021 onwards. It is given to the top student in a vocational programme of learning in each public secondary school and wharekura in Aotearoa New Zealand as chosen by the school. The Award aims to raise the status of vocational education through celebrating the successes of vocationally aligned students as part of each school's prize giving ceremony.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	1.050	1.050	1.050	1.050	4.200	-

### Property Funding to Build and Expand Schools Delivering Māori-Medium Education

This initiative provides funding to address growth in three new schools delivering Māori-medium education, Te Wharekura o Manurewa, Te Kura Kaupapa Māori o Te Wananga Whare Tapere o Takitimu and Manukura, as well as growth in existing schools in the Māori Medium Education Network.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	1.018	2.230	4.620	6.297	14.165	77.070

### Purchasing Land for New Schools

This initiative provides funding to reimburse land acquisitions and associated site work costs for new schools purchased in the 2020/21 financial year. The purchase of land for new schools is fundamental to delivering the National Education Growth Plan and expanding the School Property Portfolio to meet demand across Aotearoa New Zealand.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	2.125	4.250	4.250	4.250	14.875	85.000

### Reform of the Tomorrow's Schools System

This initiative provides funding for the initial investment to reform our current schooling model, known as Tomorrow's Schools. The reform is designed to provide front line support closer to schools, creating a more networked and supported system that is more responsive to the needs of learners/ākonga and their whānau. The first steps in the reform include putting in place a fit-for-purpose national curriculum with supports across early learning and schooling, establishing the key leadership and core support functions of the Education Service Agency, an enhanced Network Function, including for early learning and creating a flexible fund, which will enable frontline staff to better support the sector.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	2.500	54.268	46.653	46.149	35.744	185.314	53.810

### Schools' Payroll Sustainability Investment

This initiative provides funding to upgrade the existing software used by Education Payroll Limited and fund the Ministry of Education's programme costs associated with historic non-compliance of the Holidays Act 2003. These workstreams support the delivery of the Schools' Payroll system with an annual spend of \$5.6 billion and pays almost 100,000 teachers and support staff every fortnight. This funding ensures the ongoing stability and sustainability of the Schools' Payroll system.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	0.250	14.750	-	-	-	15.000	-

### Supporting Pacific Bilingual and Immersion Education in Schooling

This initiative provides funding to support Pacific learners to learn in cultural and linguistic supportive environments by providing the first system-level investment in Pacific bilingual and immersion units in schools. This initiative supports the sustainability of current provision of a highly valued community education pathway around 23 schools, serving approximately 1,500 learners. The Professional Learning and Development component of the wider initiative will be funded from the Ministry of Education's baseline.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	2.636	3.088	3.212	3.477	12.413	0.644

### Supporting School Property Redevelopments

This initiative provides funding for around 25 school property redevelopments to start within the next 12 to 18 months. These projects will generate up to \$400 million worth of work, approximately 8,000 employment opportunities, and provide ākonga/learners with access to quality learning facilities.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	2.813	8.438	11.250	11.250	33.751	150.000

### Supporting the Co-location of Marlborough Boys' and Girls' Colleges and Relocation of Bohally Intermediate

This initiative provides one year of design funding for the co-location of Marlborough Boys' and Girls' Colleges and rebuild and relocation of Bohally Intermediate School, based on consultation with the community. This is the first stage of a significant and transformational project undertaken by the Ministry of Education that will provide wider investment in Blenheim's secondary education provision and ultimately create more equitable education outcomes for ākonga.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	0.158	0.315	0.315	0.315	1.103	6.300

### Targeted Initiatives to Support Ākonga Success in NCEA Pāngarau, Te Reo Matatini, Numeracy and Literacy

This initiative provides funding for targeted literacy and numeracy interventions – including new or expanded tools, resources and programmes – across the Māori and English-medium education pathways, with a focus on key transition points, to support students' opportunities to attain new NCEA co-requisites, which will be in place from 2023.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	1.900	2.620	2.940	2.540	10.000	-

## Environment

### Delivering New Zealand's Low-Carbon Future and Adapting to Climate Change

This initiative provides funding to relieve urgent cost pressures in the Ministry for the Environment's (MfE's) climate change work programme. This bid will enable MfE to commence priority climate initiatives in response to the Government's commitment in the Speech from the Throne to transition to a low-carbon future.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Environment	5.160	4.680	4.440	4.440	18.720	-
Internal Affairs	0.495	0.495	-	-	0.990	-

### Designing, Delivering and Implementing Comprehensive and Sustainable Reform of the Resource Management System

This initiative will repeal the Resource Management Act 1991 and replace it with a Natural and Built Environments Act and a Strategic Planning Act, which will deliver significant benefits for environmental outcomes and urban development, if delivered and implemented at pace. This initiative will design and provide for initial implementation of a comprehensive reform of the resource management system.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Environment	35.370	49.450	46.970	-	131.790	-

### Developing a Funding and Financing Strategy for Aotearoa New Zealand's Climate Transition

This initiative provides operating costs to develop a strategy for funding and financing the transition to a low-emissions and climate-resilient economy. This will include considering the scale and certainty of Government funding for the transition, as well as institutional and other solutions to scale up and accelerate the mobilisation of private sector investment.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Environment	0.200	-	-	-	0.200	-
Finance	0.800	-	-	-	0.800	-

### Establishing an Enduring Environmental Monitoring and Reporting System

This initiative provides investment into the creation of national biophysical limits and addresses core weaknesses in our existing system to ensure environmental outcomes meet what communities expect. Establishing a national monitoring and reporting framework will enable collection of consistent information about the state of our environment, inform when limits are under threat, and assess the impact of interventions.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Environment	8.790	8.360	8.015	-	25.165	-

### Funding for the Climate Change Commission He Pou a Rangī

This initiative provides funding to address critical cost pressures faced by the Climate Change Commission (CCC). These cost pressures are related to an underestimation of the complexity and scope of CCC's role during establishment and additional statutory functions added to the CCC's work programme in 2020.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Environment	2.451	2.377	2.377	2.377	9.582	-

### Implementing the Carbon Neutral Government Programme

This initiative provides funding for implementation of the Carbon Neutral Government Programme (CNGP) that was agreed by Cabinet in November 2020. This will deliver a coordinated programme, robust policy advice, and support for agencies to reduce emissions (starting with fleets and coal boilers). The CNGP aims to make a number of government organisations carbon neutral by 2025 – it will show leadership and demonstrate what is possible in terms of emissions reductions.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Environment	1.090	1.090	1.090	1.090	4.360	-
Business, Science and Innovation	8.790	11.570	11.570	11.570	43.500	0.018
Tagged contingency	-	-	-	-	-	19.537

## Finance

### Accelerating New Zealand's Economic Recovery – Laying the Foundation for a Better Future

This initiative provides funding to sustain the Treasury's service supporting the Government to deliver its priorities that will accelerate Aotearoa New Zealand's economic recovery, laying the foundation for a better future.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Finance	3.686	5.339	5.401	5.768	5.045	25.239	-

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

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

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Finance	-	-	-	-	-	27.900

### Recapitalising New Zealand Green Investment Finance Ltd

This initiative provides capital for New Zealand Green Investment Finance Ltd, which is undercapitalised and will not be in a position to continue investing without receiving further capital. This recapitalisation occurs at a critical time for investment in mitigation outcomes in Aotearoa New Zealand, as Aotearoa New Zealand moves to implement its first Emissions Reduction Plan in 2021.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Finance	-	-	-	-	-	200.000
Tagged contingency	-	-	-	-	-	100.000

### Restoring the New Zealand Productivity Commission's Research and Engagement Capability

This initiative will enable the New Zealand Productivity Commission to carry out its intended purpose of improving productivity and supporting the wellbeing of all communities and population groups in Aotearoa New Zealand society. The additional funding will rebuild and preserve the Commission's capability and capacity to lead and coordinate independent research. It will also enable the Commission to increase consultation with key communities, deliver flexible and tailored inquiry reports, and promote wider public understanding of productivity issues.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Finance	0.900	0.900	0.900	0.900	3.600	-

## Foreign Affairs

### Our Place in Antarctica – Redevelop Scott Base to Maintain a Safe Presence in Antarctica to Conduct High-Quality Science

This initiative provides funding for the redevelopment of Aotearoa New Zealand's existing infrastructure in Antarctica, which is at the end of its life and continues to deteriorate.

This will ensure that Aotearoa New Zealand maintains its 64-year permanent presence in Antarctica and that Scott Base remains a place where scientists can conduct world-class science safely and effectively. Of great importance is their research to understand how climate change impacts Antarctica, and the flow-on impacts to Aotearoa New Zealand and the rest of the world. High-quality science underpins leadership in the Antarctic Treaty System. As a geographical neighbour and claimant country, Aotearoa New Zealand has a strong interest in the Antarctic Treaty System continuing to be an effective body for management and governance in the region.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Foreign Affairs	2.000	6.000	13.000	22.000	43.000	306.000

## Health

### Accelerating Progress Towards Smokefree 2025

This initiative supports the delivery of a Smokefree Aotearoa 2025 Action Plan by providing additional funding to scale up intensive stop smoking programmes for priority populations (Māori, Pacific and pregnant women) and increasing investment in health promotion and social marketing campaigns.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	5.500	10.375	10.375	10.375	36.625	-

### Assisted Dying Services/End of Life Choice Act 2019 Implementation

The End of Life Choice Act received majority support at the public referendum on 6 November 2020 and will come into force on 7 November 2021. This initiative provides funding to implement assisted dying services by 7 November 2021 and deliver the services from this date until 30 June 2022.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	11.860	-	-	-	11.860	-

### BreastScreen Aotearoa Critical Infrastructure Replacement – Implementation Business Case

This initiative provides funding for the development of an implementation business case to replace vital components of the information and communication technology infrastructure supporting the national breast screening programme.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	2.188	-	-	-	2.188	3.165
Tagged contingency	← n/a →				27.682	22.565

### Cochlear Implants – Increasing Availability

This initiative provides funding to increase the number of publicly funded cochlear implants from 86 per year to 166 per year. This will enable more New Zealanders with severe to profound hearing loss to receive implants and associated services. These give the person a sense of sound and support the development or maintenance of verbal language, as well as improved educational and employment opportunities.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	7.080	7.080	7.080	7.080	28.320	-

### Continuing Section 88 Primary Maternity Funding to Enable Ongoing Access to Free Maternity Services

This funding will address cost and volume pressures for primary maternity services and other services funded through the Primary Maternity Services Notice 2007 pursuant to Section 88 of the New Zealand Public Health and Disability Act 2000. It will provide for the estimated growth in primary maternity services claims, increased service delivery costs, and an additional contribution to workforce pressures. This funding is intended to attract, retain and engage Lead Maternity Carers, maintain safety and quality of the services, and enable equity of access and continuity of care.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	8.056	3.056	3.056	3.056	17.224	-

### Data and Digital Infrastructure and Capability – Enabling Health System Transformation

This contingency will enable investment in data and digital infrastructure and capability (including Hira, the national health information platform) that is needed to implement health system reforms and improve health system performance.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Tagged contingency	45.000	60.000	75.000	50.000	230.000	170.000

### Disability Support Services – Cost and Volume Pressures

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

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	99.800	99.800	99.800	99.800	399.200	-

### District Health Boards' Capital Investment

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

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	-	-	-	-	-	700.000

### District Health Boards – Cost and Volume Pressures

This initiative will support improved overall health for all New Zealanders through the health and disability services provided by District Health Boards (DHBs). This funding will enable DHBs to continue providing health services for Aotearoa New Zealand's growing and changing population in the face of inflation and other price and volume pressures.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	675.000	675.000	675.000	675.000	2700.000	-

### Emergency Air Ambulance Services – Cost and Volume Pressures

This initiative provides funding for price, volume and personnel pressures in emergency air ambulance (rotary) services. It will ensure that service levels meet the demand, services remain equitable across the regions and contracted performance levels are maintained.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	4.259	4.335	4.335	4.335	17.264	-

### Emergency Road Ambulance Services – Cost and Volume Pressures

This initiative provides funding for price and volume pressures in emergency ambulance services to support existing capacity and performance of essential emergency road ambulance services (ERAS) for Aotearoa New Zealand communities. This funding will support safe and effective road ambulance and communications services for all New Zealanders.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	12.901	12.901	12.901	12.901	51.604	-
Labour Market	7.857	7.857	7.857	7.857	31.428	-

### Establishing an Aged Care Commissioner

This initiative is for the establishment of an Aged Care Commissioner. This will provide a higher profile and focal point for monitoring and addressing quality and safety issues in the aged care sector. It will also provide greater influence and leadership to the aged care sector in prioritising and driving systemic quality improvement. This initiative also increases the resources available to HealthCERT, a business group in the Ministry of Health, to handle additional complaint referrals.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	1.150	2.320	2.320	2.320	8.110	-

### Family Planning – Improving Equitable Access to Sexual and Reproductive Health Services

This initiative provides funding for price and volume pressures on Family Planning, Aotearoa New Zealand's only national provider of sexual and reproductive health services for primary health and sexual health promotion. This will ensure sexual and reproductive health services contracted through Family Planning can respond to changing national, regional and local needs and continue to prioritise health equity for those most affected by poor sexual and reproductive health outcomes.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	0.941	0.941	0.941	0.941	3.764	-

### Health and Disability Commissioner – Sustainability and Expansion of Scope Due to New Legislation

This initiative will ensure the Health and Disability Commissioner is appropriately funded to undertake its statutory functions in the face of increasing complaint volumes and complexity, and to expand its scope when the End of Life Choice Act 2019 is implemented.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	2.900	2.900	2.900	-	8.700	-

### Health and Disability System Reform – Locality Health and Wellbeing Networks and Hauora Māori

This initiative provides funding to prototype Locality Health and Wellbeing Networks and an initial commissioning budget for a Māori Health Authority to invest in hauora Māori.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	25.442	49.217	49.296	48.826	172.781	-

### Health Infrastructure Unit – Accelerating Work Programme

This contingency provides funding to deliver the National Asset Management Programme and provide additional operating capacity to the Health Infrastructure Unit.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Tagged contingency	8.320	3.820	2.710	2.110	16.960	-

### Health Quality & Safety Commission – Additional Resourcing

This initiative provides time-limited funding for the Health Quality & Safety Commission New Zealand to maintain national quality, safety and equity improvement work alongside oversight of sector quality risks.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	1.400	1.400	1.400	-	4.200	-

### Health Sector Agreements and Payments Programme

This initiative provides funding for the initial costs for the transformation of the Health Sector Agreements and Payments systems, which enable the management of agreements, and distribution of payments on behalf of the Crown and District Health Boards, to mitigate systems failure risk and support the Health and Disability System Reforms.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	1.295	-	-	-	1.295	-
Tagged contingency	5.777	12.268	14.729	22.642	55.416	59.933

### Healthy Homes Initiative – Expanding Reach and Impact

This initiative provides funding to expand the reach and impact of the Healthy Homes Initiative, which supports low-income whānau to live in warm, dry and healthy homes. This funding will maximise the effectiveness of the existing programme in 11 District Health Board (DHB) regions by increasing the current per whānau funding to ensure a comprehensive and accurately resourced service, and enabling providers more flexibility around building the supply of housing-related interventions. This funding will also roll out the programme to the nine other DHB regions so that the benefits of the programme become available nationally.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	3.000	9.000	9.000	9.000	30.000	-

### Human Papillomavirus Primary Screening for the National Cervical Screening Programme – Implementation Business Case

The initiative provides funding for the development of an implementation business case for human papillomavirus (HPV) primary screening with the option of self-testing, which will reduce barriers to screening and increase equitable participation for 1.4 million eligible Aotearoa New Zealand women (aged 25-69 years). Implementing HPV primary screening will ensure the sustainability of the National Cervical Screening Programme and legislative compliance by mitigating significant existing programme risk.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	3.683	-	-	-	3.683	0.994
Tagged contingency		← n/a →			37.287	11.028

### In-Between Travel Settlement – Implementation

This initiative provides funding to deliver the proposals outlined in the In-Between Travel Settlement for home and community support workers. This funding will ensure that support workers are paid their ordinary wage rates while travelling between clients and receive paid rest breaks.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	23.067	19.585	19.585	19.585	81.822	-

### Increase in the Combined Pharmaceutical Budget

This initiative provides funding to ensure more medicines are available to more New Zealanders through an increase to the Combined Pharmaceutical Budget, which is the District Health Boards' medicines budget managed by PHARMAC. This will improve patients' access to well-evidenced medicinal treatments and improve health outcomes.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	40.000	45.000	55.000	60.000	200.000	-

### Mana Ake – Stronger for Tomorrow

This funding enables the continuation of the existing Mana Ake initiative in 2021/22 to make mental health support available to all primary and intermediate school-age students in Canterbury and Kaikōura. This funding also enables the co-design of mental wellbeing supports in primary and intermediate schools (utilising the learnings from Canterbury and Kaikōura) in five new DHB areas, including Northland, Counties Manukau, Lakes, Bay of Plenty and the West Coast.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	(10.000)	12.000	-	-	-	2.000	-
Education	(2.000)	-	-	-	-	(2.000)	-

#### National Bowel Screening Programme Implementation Phase 4

This initiative provides funding to roll out National Bowel Screening Programme to the final six DHBs, and increase access for Māori and Pacific peoples.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	3.360	3.360	3.360	3.360	13.440	-
Tagged contingency	← n/a →				50.574	-

#### National Breast Screening Programme – Price, Volume and COVID-19 Catch Up Pressures

This initiative provides funding to address price and volume pressures faced by the National Breast Screening Programme. It also provides funding for an additional 20,000 breast screens to be undertaken to address delayed screening due to COVID-19 and enable a transfer of providers. This funding will enable women aged 45 to 69 years to continue to access breast screening services and to be screened on time, reducing the risk of mortality. It will also ensure Māori and Pacific women continue to receive appropriate support to access breast screening services.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	4.843	1.721	1.721	1.721	10.006	-

#### National Cervical Screening Programme Sustainability

This initiative provides funding to ensure the sustainability of the National Cervical Screening Programme by aligning contract funding to the cost of delivering operational diagnostic and treatment services, and enabling providers to meet current contractual obligations.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	7.055	7.055	7.055	7.055	28.220	-

#### National Immunisation Programme – Providing Sustainable Funding

This initiative provides funding to support the delivery of immunisation programmes to minimise the risk of outbreaks of preventable diseases. The initiative also provides ongoing funding for an additional Measles Mumps and Rubella (MMR) immunisation event at 12 months of age to protect tamariki at an earlier age.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	7.045	5.995	5.995	5.995	25.030	-

#### Non-Governmental Organisations – Population Health and Prevention Service Delivery

The initiative provides funding to address price and volume pressures faced by a group of non-governmental organisations delivering population health and prevention services, supporting their sustainability and service viability.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	0.844	0.844	0.844	0.844	3.376	-

#### Ola Manuia: Pacific Health and Well-being Action Plan 2020-2025 – Implementation

The initiative provides funding for the implementation of Ola Manuia: Pacific Health and Well-being Action Plan 2020-2025 (Ola Manuia). The activities funded include support to Pacific health providers to implement Ola Manuia, investment into Pacific models of care, and development of Pacific community hubs.

Funded from the COVID-19 Response and Recovery Fund.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	2.500	4.500	4.500	4.500	16.000	-

### Planned Care Initiative – Cost Pressure

The initiative provides funding to maintain the existing volume of planned inpatient surgical discharges and minor procedures delivered by District Health Boards at the increased pricing levels.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	48.620	48.620	48.620	48.620	194.480	-

### Primary Care – Cost and Volume Pressures

This initiative provides funding to maintain access to primary healthcare services for priority populations. This funding contributes to improving health equity through supporting programmes that provide affordable access to primary care for low-income New Zealanders (for example, Zero Fees for Under 14s and the Very Low Cost Access scheme).

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	46.652	46.652	46.652	46.652	186.608	-

### Public Health Units – Providing Sustainable Funding

This initiative will enable Public Health Units to address ongoing funding pressures and build critical mass and infrastructure to provide for an effective public health system. It will also provide funding for additional public health medicine registrar trainees to build capacity and capability within the public health system.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	10.315	12.715	15.115	15.115	53.260	-

### Transforming the Cross-Government Disability Support System

This initiative provides ongoing funding for the three Enabling Good Lives pilot regions in Christchurch, Waikato and Mid-Central to ensure continuity of support for disabled people, and certainty for the essential workforce in these regions. It also provides additional funding to undertake detailed design, service development and workforce capability building for a national implementation.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	19.285	18.335	16.935	18.235	72.790	-

### Well Child Tamariki Ora Programme – Maintaining Universal Health Services for Children and their Families from Birth to Five Years

This funding will address significant volume pressures accumulated from increases in new baby enrolments for Well Child Tamariki Ora (WCTO) providers contracted via District Health Boards. It will also support sustainable delivery of the programme through other WCTO providers, including Plunket and B4 School Check providers, while the programme transformation as recommended in the WCTO Review occurs.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	4.200	4.200	4.200	4.200	16.800	-

## Housing and Urban Development

### First Home Products

This initiative is intended to support first home buyers into home ownership by lifting the income caps for First Home Products to \$95,000 for single buyers and \$150,000 for two or more buyers. It will also raise the house price caps for both new and existing properties in areas where the First Home Grant and First Home Loan products were becoming increasingly out of reach for first home buyers.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Housing and Urban Development	12.300	12.300	12.300	12.300	49.200	-

### Housing Acceleration Fund

This Fund will increase the pace and scale of new housing supply through supporting the provision of infrastructure and housing, and expanding the Land for Housing programme. This will include increasing affordable homes, whether for rent or home ownership, and will focus on locations with high housing need, including Kāinga Ora large-scale projects.

Funded from the COVID-19 Response and Recovery Fund.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Housing and Urban Development	354.000	608.000	585.500	570.500	2118.000	1682.000

### Kāinga Ora Land Acquisition Fund

This initiative will support Kāinga Ora to borrow so as to purchase land, meet holding costs, and allow for development risks. The total initiative is for \$46 million in operating funding per annum over 20 years.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Housing and Urban Development	46.000	46.000	46.000	46.000	184.000	-

### Kāinga Ora Sustainable Funding

This initiative will enable Kāinga Ora–Homes and Communities (Kāinga Ora) to carry out its core urban development functions under the Kāinga Ora–Homes and Communities Act 2019 and the Urban Development Act 2020. This will enable transformative urban development opportunities to be assessed and progressed, enabling much needed housing and infrastructure to be delivered. It will also enable Kāinga Ora to act as a conduit for government expectations for housing and urban development when working with councils, iwi, developers and other partners.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Housing and Urban Development	62.540	70.590	-	-	133.130	-

### Land for Housing – Professional Services Costs

This initiative covers the departmental professional services costs associated with the acquisition and development of land through the Land for Housing programme. As part of the Housing Acceleration Fund, a component of the initiative was ring fenced to expand the ability of the Land for Housing Programme to strategically acquire land for non-commercial outcomes. The increase in activity for the programme requires specialist services to be procured in the lead up to acquisition of land. This includes professional fees associated with due diligence, feasibility and valuation reports, and other legal fees.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Housing and Urban Development	(12.000)	4.000	4.000	4.000	-	-

### Whai Kāinga Whai Oranga

This initiative will see the delivery of new housing and repairs to existing stock for Māori across Aotearoa New Zealand. This is a joint initiative between the Ministry of Housing and Urban Development and Te Puni Kōkiri.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Housing and Urban Development	56.850	54.850	64.850	64.850	241.400	-
Māori Development	70.039	33.265	21.708	13.588	138.600	-

### Short-Term Housing and Support Services – Extension

This initiative extends key programmes that support those experiencing chronic homelessness or those at increased risk of homelessness, including Housing First, Rapid Rehousing, and Sustaining Tenancies.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Housing and Urban Development	54.655	44.900	49.200	49.930	198.685	-

### Internal Affairs

#### Addressing the Findings of the Francis Review

This initiative will maintain the existing expansion of support and resources in Ministerial offices in order to address the findings of the Francis Review, and in response to increased demand on Ministers and staff in their offices driven by the impact of COVID-19.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Internal Affairs	1.377	1.377	1.377	1.377	5.508	-

#### Continuing the Royal Commission of Inquiry into Historical Abuse in State Care and in the Care of Faith-Based Institutions

This initiative provides funding to ensure the Royal Commission of Inquiry into Historical Abuse in State Care and in the Care of Faith-Based Institutions (the Inquiry) can continue operations. This will allow the Inquiry to continue its work initiated in 2019 to examine the nature and extent of the abuse in State and faith-based care; the impacts of it; the factors that caused or contributed to it; and the steps that should be taken to prevent abuse in the future.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Internal Affairs	10.000	50.000	40.000	-	-	100.000	0.390

#### Continuing the Issuance of Passports to New Zealand Citizens

This initiative provides a repayable capital injection to ensure that the Passports Memorandum Account does not enter into a deficit position in 2021/22 as a result of reduced demand for passports due to COVID-19 travel restrictions. This will ensure that there is adequate funding for passports issuance to continue without disruption and ensure the Department of Internal Affairs' overall working capital position remains within prudent levels.

Funded from the COVID-19 Response and Recovery Fund.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Internal Affairs	-	-	-	-	-	31.000

#### Maintaining SmartStart and Life Events

This initiative provides funding to maintain SmartStart and associated Life Events services, to ensure the services remain accessible to users. SmartStart is an online tool for parents and caregivers providing a central location to access trusted government information and support related to pregnancy and the early stages of childhood development and streamlining the delivery of government services and processes when applying for birth-related services.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Internal Affairs	2.500	2.500	2.500	2.500	10.000	-

### Ministry for Ethnic Communities: Maintaining Engagement Capacity and Establishment of System Leadership Capability

This initiative provides funding to enable the new Ministry for Ethnic Communities to maintain engagement capacity in the southern region and begin developing system leadership capability.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Internal Affairs	1.200	1.200	1.200	1.200	4.800	0.500

### Transforming Three Waters Service Delivery for New Zealanders: Transition and Implementation

This initiative provides funding for the establishment of multi-regional water services entities and the transfer of assets, liabilities, staff, and services from local authorities to those entities as part of the Three Waters Service Delivery Reform programme. This will support the implementation of the reform programme and contribute to addressing the significant challenges facing Aotearoa New Zealand's three waters system.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Tagged contingency	114.000	182.000	-	-	296.000	-

## Justice

### Continued Legal Aid Funding: Maintaining Legal Representation for Participants Who Cannot Afford Legal Services

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

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Justice	13.515	47.973	57.891	57.891	57.891	235.161	-

### Improving Access of Individuals with Disabilities to Participate as Candidates in General Elections and By-Elections

This initiative will provide funding for the Election Access Fund and funding for the Electoral Commission's associated administration costs. The Fund is designed to make standing as a candidate in a general election or a by-election a more equitable process for individuals with disabilities.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Justice	2.020	0.540	0.380	0.370	3.310	-

### Meeting the Financial Entitlements for Victims of Serious Crimes

This initiative increases funding of the Victim Assistance Scheme to fund more applicants eligible for the Sexual Violence Grant, and will provide funding to victims of serious crime which is being prosecuted by regulatory agencies.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Justice	0.773	0.773	0.773	0.773	3.092	-

### Preventing Family Violence and Sexual Violence: Building Partnerships to Transform the System

This funding will develop infrastructure that enables Māori and communities to partner with the Family Violence and Sexual Violence Joint Venture and lead in the transformation of the family violence and sexual violence system. This initiative seeks to establish an enduring Māori-Crown partnership and will provide the Joint Venture with additional funding to support the Crown in its relationships with these stakeholders.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Justice	4.276	4.276	4.276	4.276	17.104	-

### Preventing Family Violence and Sexual Violence: Strategic Coordination of Data and Insights to Build a Learning System

This initiative will provide a strategic, coordinated approach to data and insights to support ongoing systemic change that will eliminate family violence and sexual violence. The Family Violence and Sexual Violence Joint Venture will review how the government contracts its family violence and sexual violence research provision to create a collaborative and transformative research agenda, and increased investment in this research agenda.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Justice	0.241	0.350	0.350	0.350	1.291	-

### Labour Market

#### Government Response to Whakaari/White Island: Litigation Costs and Policy Reform of the Adventure Activities Regime

This initiative will allow WorkSafe and the Ministry of Business, Innovation and Employment (MBIE) to complete their response to Whakaari-related work, including the litigation process and the development and implementation of further policy reform of the adventure activities regulatory regime. Projected outcomes of this initiative are continued trust in the health and safety at work system, fewer injuries and fatalities in the adventure tourism sector, and positive change to Aotearoa New Zealand health and safety culture.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Labour Market	5.654	6.284	5.587	1.035	-	18.560	-
Business, Science and Innovation	-	-	-	-	-	-	0.018
Levy funding to offset initiative	(5.654)	(5.954)	(5.587)	(1.035)	-	(18.230)	-

### Lands

#### Overseas Investment Regime Cost Pressures

This initiative provides funding for the continued administration of the Emergency Notification Regime for all proposed overseas investments, as part of the Government's COVID-19 response to ensure overseas investments are consistent with the national interest. The initiative also provides a capital injection to Land Information New Zealand to offset the Overseas Investment Office memorandum account deficit.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Lands	1.270	-	-	-	1.270	7.000

### Māori Development

#### He Hanganga e tū tonu ai ngā kura Māori nō ngā Hāhi

##### Infrastructure to Maintain the Delivery of Māori Boarding Schools

This initiative provides funding to meet priority needs related to the school infrastructure (excluding classrooms and teaching spaces maintained by the Ministry of Education) of the four Māori boarding schools (Hukarere College, St Joseph's Māori Girls' College, Te Aute College and Hato Pāora College). Asset condition assessments commissioned mid 2021 by Te Puni Kōkiri will identify the relative urgency and criticality of repair, and remedial or replacement work needed to inform the potential programme of work going forward. This will improve the quality of school infrastructure, particularly boarding facilities, to ensure students are safe and well housed.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Māori Development	10.000	10.000	-	-	20.000	0.040

### **Ko te ārai i te tūkinu whānau, i te tūkinu taitōkai: Whakawhānuitia te whakahaere ā-whānau e ngā ratonga kaupapa Māori**

#### **Preventing Family Violence and Sexual Violence: Expanding Whānau-Centred Facilitation by Kaupapa Māori Providers**

This Joint Venture initiative extends the capacity and capability of existing whānau-centred kaupapa Māori providers to strengthen and restore healthy, safe and functional whānau relations for whānau experiencing family and sexual violence. It also expands the initiative to new providers and future sites through a scoping exercise and the facilitation of co-design hui.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Māori Development	3.000	3.000	3.000	3.000	12.000	-

### **Ko te whakangungu me te whakapakari i a Te Tumu Paeroa kia whakatutuki i ngā here ā-ture, i ngā mahinga tūtohu hoki**

#### **Increasing Capability and Capacity to Ensure Te Tumu Paeroa can Meet Statutory and Compliance Functions**

Te Tumu Paeroa (TTP) is the largest single administrator of whenua Māori. This initiative will enable TTP, the Māori Trustee, to improve its technology systems, which will help it address increasing service demand from approximately 100,000 owners of whenua Māori and 2,000 Māori land trusts and entities. IT infrastructure and systems improvement will address critical areas of security and privacy, needed for TTP to carry out its statutory and fiduciary functions. TTP faces significant new compliance responsibilities due to new environmental and resource management regulation. Reviewing the Farm Environmental Plans and Asset Management Plan actions, engaging contractors and monitoring required activities to completion, requires dedicated full-time equivalent staff to meet compliance requirements.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Māori Development	5.100	5.100	5.200	5.500	20.900	-

### **Ko te whakatū i tētahi Rāngai Pāho Māori Toitū: Ko ngā rauemi hōtaka**

#### **Building a Sustainable Māori Media Sector – Programme Content**

This initiative supports the continued development of innovative, local, Māori media content in collaboration with independent producers, Māori Television and iwi radio stations, to deliver on the priorities and goals of the Government's Māori Language Strategy (Maihi Karauna). It will also support the building of capability within the Māori media sector and iwi radio to ensure that the sector has the appropriate skills and capacity to produce content in a digitally convergent environment. This funding recognises that Māori media plays an important role in normalising te reo Māori by making the language available to all New Zealanders and increasing its status in society.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Māori Development	10.500	10.500	10.500	10.500	42.000	-

### **Maihi Karauna – Ko te whakatinanatanga o te Rautaki Reo Māori**

#### **Maihi Karauna – Implementation of the Māori Language Strategy**

Te Taura Whiri i te Reo Māori is the lead agency in delivering Maihi Karauna, the Government's Māori Language Strategy under the Māori Language Act 2016, in conjunction with a number of organisations. This initiative will enable Te Taura Whiri to carry out its role by providing capability and improving its technology systems to meet upcoming needs, including learner needs. This initiative will also enable a digital platform for translation and interpretation services.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Māori Development	5.350	3.650	2.900	2.900	14.800	-

## Oranga Tamariki

### Continuing to Meet the Assessed Needs of Children in Oranga Tamariki's Care

This initiative provides funding to meet the increased costs of meeting children's assessed needs, including educational, health and therapeutic interventions. This will allow children's assessed needs to continue to be met in line with Oranga Tamariki's statutory obligations.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Oranga Tamariki	17.240	-	-	-	17.240	-

### Continuing to Support Social Service Delivery for Community Services Providers

This initiative provides funding to restore the previous pay differential between Oranga Tamariki and non-governmental organisation partner social workers that was widened by the Oranga Tamariki social worker pay equity settlement. This will support non-governmental organisation partners to recruit and retain social workers and will contribute to the long-term sustainability of the social sector.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Oranga Tamariki	8.500	8.030	-	-	16.530	-

### Crown Response to the Abuse in Care Inquiry

This initiative provides funding to ensure the Crown can continue to engage with the Royal Commission of Inquiry into Historical Abuse in State Care and Faith-Based Institutions in a timely, collaborative and coordinated manner. This will be achieved through continued funding for a Secretariat to drive the coordinated Crown approach, legal support for representation, specialist records support, training and support to non-governmental organisations and Crown entities, and support for affected staff. The funding will ensure the Crown's response is proportionate to the Inquiry's scale.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Oranga Tamariki	8.489	-	-	-	8.489	-
Courts	0.599	-	-	-	0.599	-
Education	1.000	-	-	-	1.000	-
Health	0.750	-	-	-	0.750	-
Internal Affairs	3.368	-	-	-	3.368	0.090
Justice	0.390	-	-	-	0.390	-
Māori Development	0.150	-	-	-	0.150	-

### Improving Financial Assistance for Caregivers

This initiative provides funding to remove the remaining disparities in standardised payments between caregivers receiving the Orphan's Benefit (OB) or the Unsupported Child's Benefit (UCB) and those receiving the Foster Care Allowance (FCA). It increases the base rate of the OB and UCB by \$30 per week for children aged 0-4 years and by \$10 per week for children aged 5 years and over. It also provides for a small increase to the nappy payment for caregivers receiving the OB, UCB and FCA, to better reflect the cost of nappies. Updating the standardised payments will support greater placement stability for children being looked after by caregivers.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Oranga Tamariki	0.151	0.488	0.489	0.488	1.616	-
Social Development	4.151	16.277	17.130	17.979	55.537	-

### Oranga Tamariki Corporate Systems Replacement Programme

This initiative provides funding to continue Oranga Tamariki's corporate systems replacement programme. This programme will replace high-risk and obsolete finance, human resources and payroll technologies and deliver transformational improvements. It will also allow for the technological separation from the Ministry of Social Development for these systems.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Oranga Tamariki	6.111	7.790	7.864	7.816	29.581	15.965

### Preventing Family Violence and Sexual Violence: Working with Communities and Whānau to Support Parents and Reduce Risk

This initiative provides funding for the Strategies for Kids – Information for Parents (SKIP) community prevention programme. SKIP builds community capability and equips parents with evidence-based strategies focused on the early years, which are critical to child development. Funding for this initiative will: (a) increase the Local Initiative Fund, which provides grants to innovative community initiatives; and (b) provide funding for community connectors to support whānau, develop accessible tools and guidance, and deliver training in the community. This initiative will contribute to improved outcomes for tamariki Māori and reduce inequities for whānau Māori and Pacific peoples.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Oranga Tamariki	1.142	1.808	2.402	2.648	8.000	-

### Supporting Continued Operations of Oranga Tamariki

This initiative provides funding to meet the increased costs of maintaining Oranga Tamariki's operations. This will primarily fund increased remuneration costs for staff in line with employment agreements, as well as rents, insurances and utilities. This will allow Oranga Tamariki to continue to deliver programmes and services to support the wellbeing of children and their families.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Oranga Tamariki	26.643	29.122	-	-	55.765	-

### Supporting Partners and Enhancing the Wellbeing of Tamariki and Whānau in Greatest Need

This initiative provides funding for Oranga Tamariki to enable Māori partners to lead a shift in the way that Government supports tamariki and whānau with the greatest needs. Funding will assist Oranga Tamariki and whānau, hapū and iwi to ensure that tamariki Māori are thriving. This includes funding for partners to build capacity and develop solutions. Funding is provided in tagged contingency for one year only, pending the review of Oranga Tamariki which is now underway.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Tagged contingency	23.426	-	-	-	23.426	-

## Pacific Peoples

### Continuing Tupu Aotearoa to Support Pacific Peoples into Employment, Training and Education Opportunities

This initiative aims to meet community-driven demand volumes for services to support Pacific peoples affected by the economic impacts of COVID-19. It funds the continuation of the Tupu Aotearoa programme expansions (the addition of two regions and removal of the previous age limit), and funds additional places in the programme in response to higher than anticipated demand.

Funded from the COVID-19 Response and Recovery Fund.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Pacific Peoples	4.000	8.777	8.777	8.777	30.331	-

### Establish the Pacific Wellbeing Strategy to Lift Pacific Wellbeing and Aspirations

This initiative will establish a cross-government Pacific Wellbeing Strategy. This will lift outcomes for Pacific peoples by: creating a Pacific Wellbeing Outcomes framework, including both Pacific wellbeing indicators and benchmarking measures to monitor the impact of agencies' policies and projects; building Pacific cultural competency and engagement approach across government through extended use of upgraded Kapasa and Yavu training tools; and initiating systems leadership through the government mandated inter-agency Lalanga Fou governance group.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Pacific Peoples	1.666	1.648	1.648	1.648	6.610	-

### Supporting Economic Development for Pacific Communities

This initiative aims to meet community-driven demand volumes for services to support Pacific businesses as a result of the impacts of COVID-19. It provides immediate investment to accelerate recovery of Pacific businesses by working with localised regional partners to provide guidance and enable innovative ideas to operate in response to COVID-19.

Funded from the COVID-19 Response and Recovery Fund.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Pacific Peoples	2.055	3.585	3.510	3.510	3.510	16.170	-

### Parliamentary Service

#### Future Parliamentary Accommodation Project

This initiative is intended to progress the design, development and consenting process to rebuild the Executive Wing Annex, and build a Secure Delivery Building and the Museum Street Building (Members' Building).

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Parliamentary Service	0.158	-	-	-	0.158	8.997

### Police

#### Government Response to the Royal Commission of Inquiry into the Terrorist Attack on Christchurch Masjidain

This funding will support the establishment of a counter-terrorism Multi-Agency Coordination and Intervention Programme (MACIP), led by New Zealand Police. The MACIP will coordinate prevention work, including providing wrap-around services and support to individuals at risk of radicalisation.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Police	-	-	-	-	-	2.100

#### Managed Isolation and Quarantine

This initiative will fund New Zealand Police's ongoing commitment to supporting the Managed Isolation and Quarantine element of the COVID-19 response without impacting upon frontline service delivery to the Aotearoa New Zealand public.

Funded from the COVID-19 Response and Recovery Fund.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Police	4.150	4.150	-	-	-	8.300	-

#### Preventing Family Violence and Sexual Violence: Sustaining and Developing Existing Safety Responses with Communities

This initiative ensures that multi-agency safety responses will continue to operate after 30 June 2021. This includes the Integrated Safety Response sites in Canterbury and Waikato Districts and Whāngaia Ngā Pā Harakeke sites in Whiria Te Muka (Te Hiku), Tairāwhiti and Counties Manukau.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Police	18.862	18.905	18.805	18.848	75.420	-
Health	0.858	1.669	1.669	1.669	5.865	-

### Te Pae Oranga Iwi Community Panels: Tikanga Māori and Whānau Ora-based Alternative to Court for Low-level Offending

This initiative will enable the continuation of the current Te Pae Oranga programme, as well as the establishment over the next four years of an additional twelve adult and nine rangatahi locations, targeting communities and areas in greatest need.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Police	14.601	18.573	18.659	18.309	70.142	-

### Prime Minister and Cabinet

#### Building Community Trust and Confidence in Response to the Royal Commission of Inquiry into the March 2019 Terrorist Attack

This initiative will respond to recommendation 44 of Ko tō tātou kāinga tēnei: Royal Commission of Inquiry into the terrorist attack on Christchurch masjidain on 15 March 2019, to establish and operate an Implementation Oversight Advisory Group. Funding is provided to cover costs to manage the Group over three financial years, with assumptions that initial costs in 2020/21 will be met through reprioritisation of expenditure across the Vote, implementation oversight will no longer be required after June 2024, and archiving of the Group's work and costs of ongoing engagement with communities will form part of the operating model of Government's future machinery of government response.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Prime Minister and Cabinet	1.319	1.288	1.288	-	3.895	0.135
Internal Affairs	0.413	0.413	0.414	-	1.240	-

#### Enabling the National Emergency Management Agency to Build Safe and Resilient Communities

This initiative will realise the Government's Manifesto commitments to continue to work with iwi on the role they play in emergency management, and ensure our emergency management systems are geared towards an inclusive, community-led response to natural disasters and health events. It will also give further effect to the decisions made by the Government in response to the Technical Advisory Group Ministerial Review 'Better Responses to Natural Disasters and Other Emergencies' and other reviews. Investment in the core capability of the National Emergency Management Agency will allow the Agency to meet the functions and roles agreed prior to its establishment in December 2019.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Prime Minister and Cabinet	6.942	9.881	12.646	16.261	45.730	0.850

### Government Implementation Unit

This initiative will fund a Government Implementation Unit that will ensure selected high-priority programmes and projects are on track to deliver their intended benefits in their intended timeframes. The Unit will be established for a two-year period until 30 June 2023, with a review at around 18 months.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Prime Minister and Cabinet	1.795	1.795	-	-	3.590	0.078
Finance	0.359	0.359	-	-	0.718	-

### Health and Disability System Reform – System Operating Model

This initiative provides core initial funding to implement a new health system operating model. It includes continuation of funding for the Transition Unit in the Department of the Prime Minister and Cabinet to oversee reform, and early establishment entities at national and sub-national level (Health New Zealand, a Māori Health Authority, iwi/Māori partnership boards). It also includes targeted investments to strengthen key capabilities in new entities, including commissioning, cultural capability, Māori service design and data and digital expertise.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Prime Minister and Cabinet	-	25.960	10.434	-	-	36.394	0.313
Health	0.240	47.168	72.044	83.315	73.240	276.007	0.300

### Initial System Response to the Royal Commission of Inquiry into March 2019 Terrorist Attack

This initiative will advance the Government's priorities in preparing and responding as a system to the recommendations of Ko tō tātou kāinga tēnei: Royal Commission of Inquiry into the terrorist attack on Christchurch masjidain on 15 March 2019, to support future policy and funding decisions relating to the report's recommendations.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Prime Minister and Cabinet	4.199	-	-	-	4.199	0.175

## Public Service

### Delivering on the Public Service Commission's Core Functions, System Leadership and Government Expectations

This initiative will enable the Commission to deliver on its core functions required in the Public Service Act 2020 and the Crown Entities Act 2004, its statutory system leadership role as established in the 2013 reforms, and current Government expectations of the public service. This will ensure the Commission has the capacity required to ensure the system is performing, that risks are being managed, and that opportunities for improvement are progressed.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
State Services	1.622	1.622	1.622	1.622	6.488	-

## Revenue

### Ensuring the Tax System is Operating Fairly

This initiative will collect information on the level of tax paid by high-wealth individuals and their related entities. This information will be used to develop basic research to understand the overall distribution of income and wealth.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Revenue	2.470	2.530	-	-	5.000	-

## Security Intelligence

### Implementing the Royal Commission of Inquiry Recommendation on Information Sharing

This initiative will fund the implementation of Recommendation 9 of the Royal Commission of Inquiry into the terrorist attack on Christchurch mosques on 15 March 2019, which relates to information sharing practices set by the New Zealand Classification System.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Security Intelligence	0.840	-	-	-	0.840	-

## Social Development

### Additional Ministry of Social Development Housing Staff Required to Meet the Emergency Housing Demand of Those in Need

This initiative sustains the additional staff required to continue meeting demand for the Ministry of Social Development's (MSD's) housing support services with a focus on those eligible for emergency housing. This will enable MSD to make sure people have access to emergency housing. It also supports MSD to help these clients find more sustainable housing and access broader support.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	3.130	3.130	3.130	-	9.390	-

### Additional Ministry of Social Development Staff to Respond to New Zealanders' Income and Employment Needs

The initiative sustains the additional Ministry of Social Development (MSD) staff required to meet the increase in demand for MSD's services brought on by COVID-19. Funding additional staff ensures MSD has the capacity to continue to respond to people's income and employment needs.

Funded from the COVID-19 Response and Recovery Fund.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	30.325	55.761	-	-	86.086	-

### Continuation of Kāinga Whānau Ora to Support Whānau to Maintain and Grow Resilience

This initiative extends the Kāinga Whānau Ora programme for a further year. The initiative will continue to provide access for existing whānau, and for an additional 60 to 75 whānau, to: structurally safe, warm, dry homes; pathways to education, training and employment; and support to live in safe, violence-free relationships.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	2.250	-	-	-	2.250	-

### Continued Funding for KickStart Breakfasts for School Children to Support Families in Need

This initiative provides for the Government's contribution to the KickStart breakfast programme to continue to support up to 36,000 school children with five nutritious breakfast meals each week. This will help take pressure off financially strained families, including Māori and Pacific families in need.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	1.266	1.266	1.266	1.266	5.064	-

### Continued Investment to Address At-Risk Ministry of Social Development Service Delivery Systems

This initiative continues the rebuild of the Ministry of Social Development's critical income support and employment technology systems, thereby reducing operational risk. The investment will enable more seamless service provision by removing high-priority technology obstacles that are impeding the improvement of client and staff experience.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	3.723	5.575	4.575	4.575	18.448	12.500

### Continuing the Investment in the Ministry of Social Development's Financial Management and Payroll System Replacements

This initiative continues the replacement of the Ministry of Social Development's (MSD's) financial management and payroll systems, thereby reducing operational risk. This investment is a step towards enabling the future transformation of MSD services. This will deliver modern, fit-for-purpose financial management and payroll systems. These systems will be flexible and reliable, and deliver timely, accessible and useful information.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	2.748	17.372	13.187	12.537	45.844	34.836

### Enabling the Separation of the Ministry of Social Development and Oranga Tamariki Corporate Services Functions

This initiative provides funding to address fixed costs that will remain for the Ministry of Social Development once it ceases to provide corporate services to Oranga Tamariki. It also invests in Oranga Tamariki to progressively maintain and replace some of its smaller legacy technology systems.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	8.421	8.421	7.472	7.472	31.786	-
Oranga Tamariki	2.250	2.250	2.250	2.250	9.000	4.000

### Growing Disability and Accessibility Leadership and Advice for Disabled People

This initiative supports Sir Robert Martin's disability advocacy role at the United Nations and strengthens the Office for Disability Issues' advocacy and disability advice to Government. It also enables equal access to Government information through accessible formats for disabled people and others with access needs.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	1.065	1.701	1.499	1.499	5.764	-

### Implementation of the Better Later Life Strategy for Seniors

This initiative enables the Office for Seniors to continue implementing the Better Later Life Strategy. The strategy informs and aligns cross-government action with a current focus on three key areas: digital inclusion, housing and employment. This will help enable older people to better engage with others online and secure access to homes that meet their needs. It will also support improvements in employment outcomes for vulnerable older workers.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	0.494	0.490	0.490	0.490	1.964	-

### Implementing a Court of Appeal Decision on Means Assessment for Long-Term Aged Residential Care

This initiative enables the Ministry of Social Development to correct clients' financial means assessments for residential care. Funding covers repayments to clients and/or their estates for Residential Care Subsidy underpayments following a 2019 Court of Appeal decision.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	5.000	15.000	-	-	-	20.000	-

### Improving Childcare Assistance for Low and Middle-Income Families

This initiative will improve Childcare Assistance by introducing indexation of income thresholds to average wage growth. This is expected to maintain financial incentives to work for low and middle-income families and gradually increase the number of people eligible for Childcare Assistance.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	1.298	2.099	3.812	6.089	13.298	-

### Improving the Subsequent Work Capacity Medical Certificate Process for Jobseeker Support – Health Condition and Disability

The initiative provides for changes to the medical certificate process for entitlement to Jobseeker Support – Health Condition and Disability, as well as an extended deferral of the current medical certificate process to 31 January 2022. Review periods will be based on a health practitioner's recommendation to improve discretion and the client experience.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	31.431	18.460	17.420	17.689	85.000	-

### Increasing Places Available within Out of School Care and Recreation Service Providers for Low-Income Families

This initiative provides for an additional 3,300 Out of School Care and Recreation Service places and enables an approximate 900 low-income parents to remain or transition into employment, training and education. It will help address unmet service demand, particularly for Māori and Pacific communities.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	2.250	2.250	2.250	2.250	9.000	-

### Investing in the Ministry of Social Development's Corporate Services to Continue Delivering Services to New Zealanders

This initiative aims to maintain the Ministry of Social Development's (MSD) services by addressing inflationary and demand cost pressures. This will be done by providing funding for: lost economies of scale faced by MSD as a result of the establishment of Oranga Tamariki and the Ministry of Housing and Urban Development; existing policy capacity; and addressing inflationary pressures in technology and accommodation portfolios such as licence and rent increases.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	11.201	15.341	15.341	15.341	57.224	-

### Main Benefit Abatement Thresholds Increased from 1 April 2021

This initiative increased main benefit abatement thresholds from 1 April 2021 to \$160 per week for all main benefits and to \$250 per week for the second threshold for recipients of Sole Parent Support, Supported Living Payment, and non-qualifying partners of recipients of New Zealand Superannuation/Veteran's Pension. This enables beneficiaries to work up to eight hours on minimum wage before their benefit begins to reduce. This allows working beneficiaries to keep a greater portion of their earnings, and will improve income adequacy and financial incentives to work part-time while on a benefit.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	24.737	103.759	93.336	86.789	86.789	395.410	-
Housing and Urban Development	(0.286)	(0.286)	(0.286)	(0.286)	(0.286)	(1.430)	-
Revenue (IRD-Crown)	1.000	4.000	4.000	4.000	4.000	17.000	-

### Main Benefit Increase – 1 July 2021

This initiative increases all main benefit rates by \$20 net, per week, per adult, from 1 July 2021. This increases support for all families receiving a main benefit and improves income adequacy, ensuring low-income families have more income to meet everyday living costs. It includes two complementary changes, to prevent recipients from being financially disadvantaged from the flow-on effects of further main benefit increases.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	443.946	444.006	442.547	440.136	1770.635	-
Housing and Urban Development	(15.496)	(16.931)	(18.692)	(20.469)	(71.588)	-
Revenue (IRD-Crown)	2.000	-	-	-	2.000	-

### Main Benefit Increase and Complementary Changes to Student Support – 1 April 2022

Following the 1 July 2021 increase, this initiative increases all main benefit rates on 1 April 2022 to levels recommended by the Welfare Expert Advisory Group in 2019. It further increases main benefit rates for families with children by \$15 net, per week, per adult from 1 April 2022. These increases improve income adequacy for low-income families, ensuring they have more income to meet everyday living costs. The initiative also increases the rate of student support by \$25 per adult, per week, from 1 April 2022 to ensure that people are not disincentivised to study as a result of the main benefit changes.

Funded as a pre-commitment against the Budget 2022 operating allowance.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	133.930	511.967	504.602	496.097	1646.596	-
Housing and Urban Development	(4.417)	(18.855)	(20.463)	(21.524)	(65.259)	-
Revenue (IRD-Crown)	-	5.000	4.000	3.000	12.000	-

### Meeting Demand for the Ministry of Social Development's Employment Services to Support People into or in Employment

This initiative helps to address the additional demand for the Ministry of Social Development's (MSD's) employment services and products in response to the labour market impacts of COVID-19. It will allow MSD to support more people to obtain and sustain employment and assist Aotearoa New Zealand's economic recovery.

Funded from the COVID-19 Response and Recovery Fund.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	22.734	76.814	-	-	99.548	-

### Paying a Living Wage Rate to Security Guards Working at the Ministry of Social Development

This initiative ensures that security guards contracted by the Ministry of Social Development continue to be paid at least the current living wage rate. This will help take pressure off financially strained individuals and their families.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	0.909	0.748	0.643	0.617	2.917	-

### Preventing Family Violence and Sexual Violence: Extending Early Wrap-around Support to Help People Stop Using Violence

This Joint Venture initiative aims to improve the effectiveness of Police Safety Orders (PSOs) as a family violence intervention tool by providing access to 24/7 accommodation and wrap-around support services for people using violence. It replaces time-limited funding for existing services in five sites. It will integrate existing service components (including accommodation and wrap-around services, risk assessment and management), address immediate needs and provide ongoing support, to provide fit-for-purpose, effective responses at a time when behaviour change is more likely, clients can be monitored and further harm for victims can be prevented.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	2.598	3.207	3.207	3.207	12.219	-

### Reinstating the Training Incentive Allowance for Levels 4 to 7 on the New Zealand Qualifications Framework

This initiative will provide four years of funding to support around 16,000 sole parents, disabled people and carers receiving an eligible benefit with study costs when studying at levels 4 to 7 on the New Zealand Qualifications Framework. Higher-level qualifications are expected to improve participants' employment outcomes and incomes.

Funded from the COVID-19 Response and Recovery Fund.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	34.552	38.137	38.232	16.124	127.045	-
Revenue (IRD-Crown)	9.109	4.507	1.715	0.351	15.682	-
Tertiary Education	-	-	5.517	4.861	10.378	-

### Remedial Action for the New Zealand Artificial Limb Service's Christchurch and Auckland Centres

This initiative reduces risks at the New Zealand Artificial Limb Service's Christchurch and Auckland limb centres by addressing urgent issues with the centres' buildings. The services provided at these centres support amputee independence and productivity. This investment allows for the continued provision of these critical services to amputees.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	-	-	-	-	-	5.000

### Remuneration Increases for Ministry of Social Development Staff as a Result of Collective Bargaining

This initiative will fund remuneration increases arising from collective bargaining negotiation commitments. Consistent with Government's principles, it will move staff pay closer to core government market rates, support the reduction of gender and ethnic pay gaps and move towards greater pay equity for the Ministry of Social Development's frontline critical staff.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	28.161	57.341	57.341	57.341	200.184	-

### Supporting and Strengthening Site Safety and Security at the Ministry of Social Development

This initiative sustains the provision of security guards' services at Work and Income sites and other Ministry of Social Development (MSD) locations. Security guards help to manage and reduce the risk of incidents. They form part of MSD's security system that works to ensure, as far as reasonably practicable, the health and safety of MSD's staff, clients and visitors.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	12.599	10.650	9.364	8.343	40.956	-

### Supporting the Children's Commissioner to Make Changes Associated with the Independent Children's Monitor

This initiative funds the Ministry of Social Development to support the Office of the Children's Commissioner (OCC).

This support assists the OCC to develop and implement a transition plan that will enable the full establishment of the new Independent Children's Monitor. This will ensure that the Oranga Tamariki system continues to be effectively monitored prior to the commencement of the new monitoring regime, thereby reducing the risk to children within the system.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	1.200	-	-	-	1.200	-

### Working in Partnership with KidsCan to Support Families in Need

This initiative provides for the Government's contribution to KidsCan. It will contribute to the improved wellbeing of 17,500 children, by funding the provision of 17,500 warm, waterproof raincoats per year to school-aged children.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Social Development	0.350	0.350	0.350	0.350	1.400	-

### Statistics

#### Iwi-led Data Collection for 2023 Census

This initiative provides funding for Stats NZ to support its Treaty partners in building their data collection and analysis capability by assisting iwi to collect responses to the 2023 Census in two geographic areas. This initiative also aims to support the existing 2023 Census programme by improving response rates in priority groups.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Statistics	4.870	6.500	2.710	-	14.080	-

#### Securing the Immediate and Long-Term Sustainability of New Zealand's Official Statistics

This initiative provides funding for three elements: collections cost pressures, a Data Sourcing Programme, and one COVID-related survey cost. It is becoming increasingly difficult to collect the survey data required to produce official statistics. Increased visits and contacts with households and businesses are required to maintain the status quo, and these increases are causing rapidly escalating baseline costs. This initiative will reduce the ongoing cost pressures and, through the Data Sourcing Programme, ensure Stats NZ has a sustainable solution for producing official statistics now and into the future. Funding will allow for proof-of-concept pilots and new ways of working, delivering ongoing value.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Statistics	6.620	5.290	8.170	-	20.080	-

### Te Arawhiti

Vote Treaty Negotiations has been renamed Vote Te Arawhiti, which also includes appropriations formerly in Vote Justice that are the responsibility of the Minister for Māori Crown Relations: Te Arawhiti. This comes into effect from 1 July 2021.

#### Additional Funding for the Takutai Moana Financial Assistance Scheme

This funding will support applicant groups to progress their applications under the Marine and Coastal Area (Takutai Moana) Act 2011.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Te Arawhiti	-	0.214	8.557	-	8.771	-

#### Development of Resources and Engagement to Support Understanding of Matariki as a Public Holiday

This funding will support the early development of resources and engagement events that acknowledge and support understanding of Matariki as a public holiday beginning in 2022. The resources and engagement will be designed to enable iwi Māori to develop and lead regionally diverse recognition of Matariki.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Tagged contingency	5.000	-	-	-	5.000	-

### Relativity Mechanism Dispute Resolution

This funding will enable the Crown to continue to participate in the resolution of the remaining disputes arising from the relativity mechanisms included in the historical Treaty settlements with Waikato-Tainui and Ngāi Tahu.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Te Arawhiti	2.500	-	-	-	2.500	-

### Whai Hononga – Significant Māori Crown Events (Recognising Māori Leaders or Events)

This funding is to extend the Whai Hononga – Significant Māori Crown Events funding programme to enable the Crown to work with Māori to publicly acknowledge significant Māori leaders or historical events through the design, build and erection of statutes or symbols in places of significance.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Te Arawhiti	1.000	-	-	-	1.000	-

### Tertiary Education

#### Continued Support to the Wānanga Sector

This initiative will continue support for wānanga to undertake research and educational delivery that protects and advances mātauranga Māori.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Tertiary Education	4.000	7.250	10.500	10.500	32.250	-

#### Cost Adjustment to Tertiary Tuition and Training Subsidies

This initiative provides funding for a 1.2 percent increase in tertiary education tuition and training subsidies to support providers to maintain quality and ensure their delivery remains relevant and responsive to students' and employers' needs. The increase strikes a balance between helping providers manage increases in delivery costs with an expectation that providers make effective and efficient investments to maintain quality and sustainability.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Tertiary Education	16.345	31.892	31.254	31.256	110.747	-

#### Education Holidays Act 2003 Remediation Payments

This initiative aims to ensure that current and former school and Ministry of Education staff receive corrective payments where they have not been paid in accordance with the requirements of the Holidays Act 2003, as identified through a compliance analysis programme which is under way. Funding will be used for payments to staff who have been underpaid as a result of compliance issues discovered and analysed to date.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Tertiary Education	0.221	-	-	-	-	0.221	-

#### Ensuring the Viability of Vocational Education and Training

This initiative provides a 13.4 percent increase in Vocational Education and Training (VET) funding by 2024. This funding will also support the implementation of the new unified funding system for vocational education from 1 January 2023, a key part of the Reform of Vocational Education. The new system will better support high-quality, work-integrated provision, better support learner needs and help sustain a network of VET provision in our regions.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Tertiary Education	18.420	67.022	97.321	96.745	279.508	-

### Extending the Temporary Hardship Fund for Learners in Tertiary Education

This initiative will provide funding for a temporary extension of the COVID-19 Hardship Fund for Learners in tertiary education in the 2021 calendar year. Some learners will face additional costs this year related to COVID-19 whilst also having lower incomes (eg, reduced financial support from family or no additional support from student loans or allowances). This initiative will help students in hardship remain connected to their education provider and engaged in their learning. This \$5.803 million builds on \$4.197 million that has been made available through reprioritisation, to provide a total of \$10 million across the 2021 calendar year.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Tertiary Education	5.803	-	-	-	5.803	-

### Reform of Vocational Education – Transition and Integration Phase

This initiative provides funding to retain capability, and to build a data interface, to support the transition and integration phase of the Government's Reform of Vocational Education (RoVE). This will enable the Tertiary Education Commission, New Zealand Qualifications Authority and Ministry of Education to implement changes necessary to deliver the skills and opportunities that learners, employers, industries and regions need to prosper.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Tertiary Education	12.932	9.668	2.400	2.400	27.400	13.850
Education	-	2.000	2.000	2.000	6.000	-

### Transfer of Unspent Workforce Development Councils Funding to the Industry Training Fund

This initiative transfers \$42 million appropriated from the COVID-19 Response and Recovery Fund in 2020 for the establishment and initial operations of Workforce Development Councils (WDCs) in 2020/21 to the Industry Training Fund over the next two financial years. The transfer will allow the Industry Training Fund to support a similar level of apprenticeships in 2022 as in 2021. Due to taking a highly consultative approach to their establishment, \$42 million appropriated in 2020/21 for the establishment and initial operations of WDCs was unspent.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Tertiary Education	(42.000)	21.000	21.000	-	-	-	-

## Transport

### Future of Rail – Core Asset Management

This initiative provides an instalment of working capital into KiwiRail, ensuring core freight, tourism, property and ICT assets can be maintained until, and positioned for, the commissioning of the new replacement assets.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Transport	-	-	-	-	-	87.300

### Future of Rail – Rail Network Investment Programme

This initiative provides a Crown top-up to the National Land Transport Fund to meet the funding requirements to restore a resilient and reliable national rail network, as part of the new planning and funding model for rail supported by the detailed Rail Network Investment Programme.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Transport	-	128.000	321.900	-	449.900	-

### Future of Rail – Rolling Stock and Mechanical Depots

This initiative provides funding for the third tranche of KiwiRail's rolling stock and mechanical maintenance facilities investment programme to replace life-expired assets. The funding supports the procurement of 60 new locomotives and 1,900 new wagons, and the final tranche of investment in associated mechanical maintenance facilities.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Transport	-	-	-	-	-	722.700

### Implementing a Clean Car Standard

This initiative will regulate distributors of new vehicles and importers of used vehicles to Aotearoa New Zealand to supply vehicles with progressively lower CO2 emissions year on year in order to contribute to broader climate change emission reduction targets. The funding supports Waka Kotahi to build and operate necessary systems to run the scheme.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Transport	5.957	10.870	11.842	11.842	40.511	16.220

### Incentivising Uptake of Low-Emission Vehicles

This initiative will build demand for buyers of zero and low-emission vehicles. This funding will enable Waka Kotahi to implement the system, and is being held as a tagged contingency while design work is completed.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Tagged contingency	-	-	-	-	-	301.800

### Investment in Aviation Security Infrastructure and Regulatory Systems

This initiative provides a capital injection to the Civil Aviation Authority (CAA) to continue with planned upgrades to Aviation Security Infrastructure, replace and upgrade CAA's regulatory technology platform and replace other critical infrastructure. The investment in core Government infrastructure will protect Aotearoa New Zealand's international and domestic aviation connections and enable CAA to carry out its statutory functions in an effective and efficient way.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Transport	-	-	-	-	-	113.219

### KiwiRail – Domestic Rail Workshops

This initiative provides funding to establish a local wagon assembly plant at Hillside, Dunedin to increase employment and youth opportunities and rebuild industry capability.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Transport	4.000	27.000	19.700	10.200	24.100	85.000	-

### Ongoing Crown Support for Maritime New Zealand, the Civil Aviation Authority and Aviation Security Service

This initiative provides Transport border entities with continued access to Crown funding following the impacts of COVID-19 on passenger numbers. The funding will ensure that the Civil Aviation Authority, including Aviation Security Service and Maritime New Zealand, can continue to fulfil their core statutory, regulatory, compliance and response functions over the 2021/22 period.

Funded from the COVID-19 Response and Recovery Fund.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Transport	20.700	-	-	-	20.700	-

## Women

### Continuing Funding for the Gender Pay Taskforce

This initiative allows Manatū Wāhine Ministry for Women to continue funding a Manager and a Senior Analyst for the joint Gender Pay Taskforce housed within Te Kawa Mataaho Public Service Commission.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Women	0.400	0.400	0.400	0.400	1.600	-

### Strengthening Ministry for Women Infrastructure

This funding will address costs pressures Manatū Wāhine Ministry for Women faces related to an increase in accommodation costs for its newly earthquake-strengthened building and for the provision of a more secure information technology environment in accordance with government standards.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Women	0.500	0.400	0.400	0.400	1.700	-

### Supporting Mana Wāhine Kaupapa Inquiry Claimant Engagement

This initiative provides funding for the Mana Wāhine Kaupapa Inquiry witnesses/claimants to attend and provide evidence at the Waitangi Tribunal hearings into the Wai 2700 Mana Wāhine Kaupapa Inquiry. The hearings are the opportunity for claimants to represent their evidence on Treaty breaches.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Women	1.250	1.250	1.250	-	3.750	-

## Budget 2021 Savings Initiatives

### Corrections

#### Corrections Savings Initiative

This initiative reflects the return of baseline funding no longer required for 2020/21. This represents a partial offset against new funding for Budget 2021 initiatives across the Vote.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Corrections	(55.398)	-	-	-	-	(55.398)	-

### Health

#### Return of Forecast Vote Health Underspend in 2020/21

These savings result from a forecast underspend across a range of appropriations in Vote Health in the 2020/21 financial year largely driven by the requirement to divert resources away from business as usual activities to respond to the COVID-19 pandemic.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	(54.100)	-	-	-	-	(54.100)	-

## COVID-19 Response and Recovery Fund Savings Initiatives

### Building and Construction

#### Reprioritisation of Funding – Residential Tenancy and Unit Title Services

This portion of the COVID-19 Response and Recovery Fund was no longer required because the potential for increased tenancy dispute resolution cases did not eventuate.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Building and Construction	(1.950)	(0.726)	-	-	-	(2.676)	-

### Business, Science and Innovation

#### Reprioritisation of Funding – Business Debt Hibernation Scheme

This portion of the COVID-19 Response and Recovery Fund is no longer required as the capital investment is less than expected, which therefore resulted in less depreciation and capital charge cost incurred in 2020/21 and future years.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	(0.144)	(0.122)	(0.122)	(0.122)	-	(0.510)	(0.387)

#### Reprioritisation of Funding – Increasing Official Assignee Resources to Manage Growth in Insolvency Cases Due to COVID-19

This portion of the COVID-19 Response and Recovery Fund was no longer required because the volume of personal insolvency cases for 2020/21 did not materialise as expected.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	(2.026)	-	-	-	-	(2.026)	-

### Reprioritisation of Funding – New Zealand’s Events Support

This portion of the COVID-19 Response and Recovery Fund was not committed through a contestable process run by the events sector and is therefore no longer required.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	(0.300)	-	-	-	-	(0.300)	-

### Reprioritisation of Funding – Tourism Sector Recovery Fund (Strategic Tourism Assets Protection Programme Loans and Inbound Tour Operator Loans)

This portion of the COVID-19 Response and Recovery Fund relates to loan funding offered to the tourism sector but was declined and therefore is no longer required.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Business, Science and Innovation	(1.500)	-	-	-	-	(1.500)	(31.444)

## Education

### Contingency: Critical Funding to Address Supplier Contractual Obligations Arising from the Impact of COVID-19

This contingency was established on 6 July 2020 to reimburse school property contractors who have incurred additional unavoidable costs as a result of COVID-19. The level of claims from contractors to date has been lower than anticipated, due to lower disruption in the market than expected. Estimated savings from the contingencies have been reprioritised and returned to the COVID-19 Response and Recovery Fund.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Tagged contingency	(5.000)	-	-	-	-	(5.000)	(51.000)

### Ongoing Resourcing Scheme Teacher Aide Hours

This portion of the COVID-19 Response and Recovery Fund (CRRF) has not been committed, and has been returned to the CRRF.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Education	(8.800)	-	-	-	-	(8.800)	-

### Operating Contingency: Sustaining the Early Learning Network

This contingency was established on 11 May 2020 to provide support for the viability of early learning services. Costs have been lower due to less disruption to the market than expected and the impact of other support initiatives, such as the funding guarantee and wage subsidy. Therefore, the balance of the contingency is to be reprioritised and returned to the COVID-19 Response and Recovery Fund.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Tagged contingency	(171.600)	-	-	-	-	(171.600)	-

## Finance

### Cancellation of TVNZ Uncalled Capital Facility

The Board of TVNZ has officially terminated the uncalled capital facility of \$30 million that was agreed by Cabinet in July 2020, funded from the COVID-19 Response and Recovery Fund (CRRF). This initiative returns the \$30 million to the CRRF.

Vote	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Finance	-	-	-	-	-	(30.000)

## Health

### Reprioritisation of Funding from Budget 2020 Initiative A Free Consultation, Including Eye Check, For Supergold Card Holders

This initiative results from reprioritising funding from the Budget 2020 initiative 'A Free Consultation, Including Eye Check, For Supergold Card Holders'.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	(12.925)	(61.660)	(61.660)	(61.660)	(61.660)	(259.565)	-

### Savings from COVID-19 Initiative Combined Pharmaceutical Budget – Continuity of Supply of Medicines and Medical Devices

These savings result from a forecast underspend in the 2020/21 financial year only in the COVID-19 initiative 'Combined Pharmaceutical Budget – Continuity of Supply of Medicines and Medical Devices'. The global supply costs of COVID-19 to the Combined Pharmaceutical Budget and medical devices have been lower than anticipated for 2020/21.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	(29.000)	-	-	-	-	(29.000)	-

### Savings from COVID-19 Initiative Maintaining Essential Disability and Home and Community Aged Care Support Services

These savings result from a forecast underspend in the 2020/21 financial year only in the COVID-19 initiative 'Maintaining Essential Disability and Home and Community Aged Care Support Services through COVID-19'. This COVID-19 initiative was intended to ensure that essential disability and aged care support services were maintained during Alert Levels 3 and 4. The costs to these providers have been lower than anticipated.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	(16.700)	-	-	-	-	(16.700)	-

### Savings from COVID-19 Initiative Maintaining the Financial Viability of Critical Community Pharmacy Services

These savings result from a forecast underspend in the 2020/21 financial year only in the COVID-19 initiative 'Maintaining the Financial Viability of Critical Community Pharmacy Services'. This COVID-19 initiative was intended to support critical community pharmacies to continue normal operations where appropriate and increase services to improve access. The number of applications against the fund has been lower than anticipated.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Health	(14.000)	-	-	-	-	(14.000)	-

## Labour Market

### Reprioritisation of Funding – He Poutama Rangatahi

This portion of the COVID-19 Response and Recovery Fund relates to funding for He Poutama Rangatahi that is not expected to be committed and therefore no longer required.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Labour Market	(1.000)	-	-	-	-	(1.000)	-

### Reprioritisation of Funding – Jobs and Skills Hubs

This portion of the COVID-19 Response and Recovery Fund relates to funding for Jobs and Skills Hubs that was no longer required.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Labour Market	(1.300)	-	-	-	-	(1.300)	-

### Tertiary Education

#### International Education Strategic Recovery: Immediate Targeted Support for Private Training Establishments

This initiative was agreed on 6 July 2020 to support the stability of Private Training Establishments (PTEs) that contribute to regional significance or skill development needs, so they could in turn support their regions when international students returned. Not all PTEs considered for funding were ultimately approved, resulting in an underspend. These savings have been reprioritised and returned to the COVID-19 Response and Recovery Fund.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Tertiary Education	(1.817)	-	-	-	-	(1.817)	-

### Transport

#### Reprioritisation: Impacts for Waka Kotahi NZ Transport Agency's Regulatory Memorandum Accounts

This initiative reprioritises the funding provided to manage the cost pressures generated by the response to COVID-19 on Waka Kotahi's regulatory memorandum accounts. This funding was originally sought to enable Waka Kotahi to maintain the expenditure required so the agency could deliver its core regulatory functions across the land transport system.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Transport	(47.000)	-	-	-	-	(47.000)	-

#### Reprioritisation: Supporting the National Land Transport Fund Revenue Shortfall and Meeting COVID-19 Costs

This initiative reprioritises the funding provided to enable Waka Kotahi NZ Transport Agency to manage the cash-flow impacts on the National Land Transport Programme as a result of COVID-19 and to meet COVID-19 related costs.

Vote	2020/21	2021/22	2022/23	2023/24	2024/25	Operating Total	Capital Total
Transport	(250.000)	-	-	-	-	(250.000)	-

# GLOSSARY

## Consumers Price Index (CPI)

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

## Core Crown

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

## Core Crown expenses

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

## Core Crown revenue

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

## Financial assets

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

## Financial liabilities

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

## Fiscal intentions (short term)

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

## Fiscal objectives (long term)

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

**Gross debt**

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

**Gross domestic product (GDP)**

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

**Labour productivity**

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

**Multifactor productivity**

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

**Net core Crown debt**

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

**Net worth**

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

**Net worth attributable to the Crown**

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

**Operating balance**

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

**Operating balance before gains and losses (OBEGAL)**

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

## **Projections**

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

## **Year ended**

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