

The Treasury

Budget 2017 Information Release

Release Document July 2017

www.treasury.govt.nz/publications/informationreleases/budget/2017

Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

[1]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
[4]	to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	6(c)
[11]	to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.	6(e)(vi)
[23]	to protect the privacy of natural persons, including deceased people	9(2)(a)
[25]	to protect the commercial position of the person who supplied the information or who is the subject of the information	9(2)(b)(ii)
[26]	to prevent prejudice to the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied	9(2)(ba)(i)
[27]	to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information - would be likely otherwise to damage the public interest	9(2)(ba)(ii)
[29]	to avoid prejudice to the substantial economic interests of New Zealand	9(2)(d)
[31]	to maintain the current constitutional conventions protecting collective and individual ministerial responsibility	9(2)(f)(ii)
[33]	to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials	9(2)(f)(iv)
[34]	to maintain the effective conduct of public affairs through the free and frank expression of opinions	9(2)(g)(i)
[36]	to maintain legal professional privilege	9(2)(h)
[37]	to enable the Crown to carry out commercial activities without disadvantages or prejudice	9(2)(i)
[38]	to enable the Crown to negotiate without disadvantage or prejudice	9(2)(j)
[39]	to prevent the disclosure of official information for improper gain or improper advantage	9(2)(k)
[40]	Not in scope	

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

2017 Budget Package: Vote Labour Market (Technical Initiatives)

- 1 **approve** the Budget initiatives for the above Vote for inclusion in the 2017 Budget package, as listed in the summary below and detailed in the attached initiative documents;

Summary of initiatives included in the attached initiative documents:

Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
9937	Shared Services Support	-	-	-	-	-
9939	Facilitate Volume Related Adjustments for Immigration Border and Compliance Functions	0.250	0.250	0.250	0.250	0.250
9941	Establishment of the Multi-Category Appropriation for Immigration Services	-	-	-	-	-
9947	Immigration Global Management System – In-principle Transfer	-	-	-	-	-
9987	Capital Charge Rate Correction	-	-	-	-	-
Total Operating		0.250	0.250	0.250	0.250	0.250

- 2 **approve** changes to appropriations to implement the initiatives, as set out in the attached initiative documents;
- 3 **approve** the additional recommendations to give effect to the initiatives, as set out in the attached initiative documents;
- 4 **agree** that the proposed changes to appropriations for 2016/17 for Vote Labour Market be included in the 2016/17 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 5 **authorise** the Minister of Finance and the Appropriation Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2016/17 Supplementary Estimates, the 2017/18 Estimates and the fiscal forecasts;
- 6 **note** that all communications relating to the 2017 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office;

Vote: Labour Market

Title: Capital Charge Rate Correction

Description: To correct an error in the 2017 March Baseline Update. In the March Baseline Update, Vote Labour Market appropriations in 2016/17 were decreased to reflect the reduction of the capital charge rate from 7% to 6%. The reduction should have reflected a reduction from 1 January 2017 rather than from 1 July 2016. This technical initiative corrects the error for material appropriations in Vote Labour Market.

Appropriation Changes

	Sm - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Operating Balance Impact		-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	0.758	-	-	-	-
Total	0.758	-	-	-	-

	Sm - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Departmental Output Expenses:					
Immigration - Immigration Services (funded by revenue Crown)	0.110	-	-	-	-
Immigration - Immigration Services (funded by revenue Other)	0.569	-	-	-	-
Immigration - Refugee and Protection Services (funded by revenue Crown)	0.046	-	-	-	-
Workplace Relations and Safety - Employment Relations Services (funded by revenue Crown)	0.033	-	-	-	-
Total Operating	0.758	-	-	-	-

Vote: Labour Market

Title: Establishment of the Multi-Category Appropriation for Immigration Services

Description: A fiscally neutral transfer of the Immigration Services and Refugee and Protection Services appropriations to the multi-category appropriation for Immigration Services established through the March Baseline Update.

Appropriation Changes

	\$m - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Departmental Output Expenses:					
Immigration - Immigration Services (funded by revenue Crown)	-	(65.678)	(66.503)	(66.041)	(65.623)
Immigration - Immigration Services (funded by revenue Other)	-	(209.995)	(209.685)	(209.375)	(209.242)
Immigration - Refugee and Protection Services (funded by revenue Crown)	-	(23.998)	(24.228)	(23.791)	(23.791)
Immigration - Refugee and Protection Services (funded by revenue Department)	-	(0.846)	(0.846)	(0.846)	(0.846)
Multi-Category Expenses and Capital Expenditure					
Immigration Services					
Departmental Output Expenses:					
Assessment and Processing Services (funded by revenue Crown)	-	5.452	5.452	5.452	5.452
Assessment and Processing Services (funded by revenue Other)	-	209.995	209.685	209.375	209.242
Integrity and Security of the New Zealand Immigration System (funded by revenue Crown)	-	41.770	42.764	42.994	42.557
Services for the Attraction of Immigrants (funded by revenue Crown)	-	9.565	9.503	9.041	8.623
Settlement and Integration of Refugees and Other Immigrants (funded by revenue Crown)	-	32.889	33.012	32.345	32.782

Settlement and Integration of Refugees and Other Immigrants (funded by revenue Department)	-	0.846	0.846	0.846	0.846
Total Operating	-	-	-	-	-
Total Capital	-	-	-	-	-

Additional Recommendation

- 7 **agree** that no funds can be transferred between categories or other appropriations until the rules and delegations around transfers are agreed by the Ministers of Finance and Immigration;

Vote: Labour Market

Title: Facilitate Volume Related Adjustments for Immigration Border and Compliance Functions

Description: The establishment of the Immigration levy in December 2015 included changing the funding source for immigration border and compliance services from fee to levy. These immigration services need levy funding to be sufficiently flexible to respond to volume changes similar to fee funded immigration services and those agencies funded through the Border Clearance Levy. Facilitation of volume related adjustments will be conducted at future budget updates.

Appropriation Changes

	\$m - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Operating Balance Impact	0.250	0.250	0.250	0.250	0.250
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	0.250	0.250	0.250	0.250	0.250

	\$m - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Departmental Output Expense:					
Immigration - Immigration Services (funded by revenue Crown)	0.250	-	-	-	-
Multi-Category Expenses and Capital Expenditure					
Immigration Services					
Departmental Output Expense:					
Integrity and Security of the New Zealand Immigration System (funded by revenue Crown)	-	0.250	0.250	0.250	0.250
Total Operating	0.250	0.250	0.250	0.250	0.250

Additional Recommendation

- 8 **delegate** authority to the Ministers of Finance and Immigration to approve future volume driven forecast adjustments to border and compliance services that are funded from the immigration levy;

Vote: Labour Market

Title: Immigration Global Management System - In-Principle Transfer

Description: An in-principle transfer of up to \$5 million from 2016/17 to 2017/18 reflecting the deferral of ongoing operating costs to support a live Immigration Global Management System, particularly the projects contingent on successful delivery of the Identity management solution (delivered and live from June 2016).

Additional Recommendation

- 9 **authorise** the Ministers of Finance and Immigration to confirm the final amount, up to a total of \$5 million, to be transferred from 2016/17 to 2017/18 at the October Baseline Update.

Vote: Labour Market

Title: Shared Services Support

Description: Reduction in appropriation and revenue other to reflect the agreed value of shared services to be provided by the Ministry of Business, Innovation and Employment to WorkSafe.

Appropriation Changes

	Sm - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	(4.501)	(4.501)	(4.501)	(4.501)	(4.501)
Total	(4.501)	(4.501)	(4.501)	(4.501)	(4.501)

	Sm - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Departmental Output Expense:					
Workplace Relations and Safety - Shared Services Support (funded by revenue Other)	(4.501)	(4.501)	(4.501)	(4.501)	(4.501)
Total Operating	(4.501)	(4.501)	(4.501)	(4.501)	(4.501)