

The Treasury

Budget 2014 Information Release

Release Document

July 2014

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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] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [3] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [4] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [5] 9(2)(ba)(i) - 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.
- [6] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [7] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [8] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [9] 9(2)(h) - to maintain legal professional privilege
- [10] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [11] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [12] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [13] Not in scope
- [14] 6(e)(iv) - 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.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, a [3] appearing where information has been withheld in a release document refers to section 9(2)(a).

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



Joint Report: Financial Implications for Transfer of Emergency Management Functions to The Department of the Prime Minister and Cabinet (DPMC)

Date:	21 March 2014	Report No:	T2014/486
		File Number:	FN-6-1

Action Sought

	Action Sought	Deadline
Prime Minister (Rt Hon John Key) Responsible for Ministerial Services	Agree to appropriation impacts to give effect to Cabinet's policy decisions for the MCDEM transfer from DIA to DPMC, subject to approval by Minister of Finance to agree to the establishment of the Emergency Management MCA (recommendations f-o) Forward signed approval to Minister of Finance	28 March 2014
Minister of Finance (Hon Bill English)	Agree to establish the Emergency Management MCA in Vote Prime Minister and Cabinet (recommendations c and e) Agree to appropriation impacts to give effect to Cabinet's policy decisions for the MCDEM transfer from DIA to DPMC (recommendations f-o) Forward signed approval to Associate Minister of Finance	28 March 2014
Associate Minister of Finance (Hon Steven Joyce)	Agree to appropriation impacts to give effect to Cabinet's policy decisions for the MCDEM transfer from DIA to DPMC where impacting on Vote Finance for which you hold delegated authority. (recommendations f-o) Return the signed report to Treasury	28 March 2014

	Action Sought	Deadline
Minister of Local Government (Hon Paula Bennett)	Note the time limited increase in appropriation in Vote Internal Affairs for stranded overheads as DIA divests of Emergency Management functions (recommendation i)	28 March 2014
Minister of Civil Defence (Hon Nikki Kaye)	Agree to appropriation impacts to give effect to Cabinet's policy decisions for the MCDEM transfer from DIA to DPMC, subject to approval by Minister of Finance to agree to the establishment of the Emergency Management MCA (recommendations f-o) Forward signed approval to Minister of Finance	28 March 2014
Minister for the Community and Voluntary Sector (Hon Jo Goodhew)	Note the time limited increase in appropriation in Vote Internal Affairs for stranded overheads as DIA divests of Emergency Management functions (recommendation i)	28 March 2014
Minister of Internal Affairs (Hon Peter Dunne)	Agree to appropriation impacts to give effect to Cabinet's policy decisions for the MCDEM transfer from DIA to DPMC, subject to approval by Minister of Finance to agree to the establishment of the Emergency Management MCA (recommendations f-o) Forward signed approval to Minister of Finance	28 March 2014

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Sara Brownlie	Chief Financial Officer, Central Agencies Shared Service For Department of Prime Minister and Cabinet	[3]	✓
Matthew Needham	Acting Chief Financial Officer For Department of Internal Affairs		
Tim Roper	Vote Analyst for DIA and DPMC		

Actions for the Minister's Office Staff (if required)

Report to be signed off by Minister of Finance to approve creation of MCA in Vote Prime Minister and Cabinet.

Report to be signed off by Prime Minister, Minister of Civil Defence and Minister of Internal Affairs as Responsible Ministers for operating appropriation impacts and forwarded to the Minister of Finance for approval.

Report to be signed off by Minister of Finance approving the operating appropriation impacts for which other Ministers are responsible.

Report to be signed off by Associate Minister of Finance, Hon Steven Joyce, who has delegation to act in his capacity as the Minister of Finance in relations to proposals for Vote Finance.

Return the signed report to Treasury.

Enclosure: No

Joint Report: Financial implications for transfer of Ministry of Civil Defence and Emergency Management (MCDEM) functions to The Department of the Prime Minister and Cabinet (DPMC)

Purpose

On 11 November 2013 Cabinet approved [CAB Min (13) 39/9 refers] the transfer of the MCDEM from the Department of Internal Affairs (DIA) to the Department of Prime Minister and Cabinet (DPMC) from 1 April 2014.

Joint Ministers were delegated the authority to approve changes to relevant vote operating baselines and departmental net assets up to the levels indicated in the Cabinet paper. All requests in this paper are within the financial indications provided in the Cabinet paper.

In January 2014 an initial paper seeking partial implementation of those recommendations was approved to enable the establishment of the GCPO role from 1 January 2014 and for transition costs to be incurred as part of the transfer of MCDEM from DIA to DPMC.

This paper seeks approval from the Minister of Finance to establish an MCA for emergency management functions in Vote Prime Minister and Cabinet, effective 1 July 2014 and the category scope statements.

This paper seeks approval of Joint Ministers for the additional funding required in DIA for stranded overheads and in DPMC for diseconomies of scale and a reallocation of operating to capital funding. It requests the fiscally neutral transfer of one months current year operating funding and outyear operating funding, and the transfer of capital assets.

It also seeks approval for a technical initiative to be included in Supplementary Budget 2014 to transfer any unspent appropriation as at 31 March 2014 for Emergency Management functions from Vote Internal Affairs to Vote Prime Minister and Cabinet [7]

Background

Cabinet noted that the indicative total cost of the proposals in terms of new funding requirement is \$3.508 million operating in 2013/14, decreasing to \$1.720 million operating per annum from 2017/18, and \$1.072 million capital in 2013/14.

Relevant joint Ministers (the Prime Minister, Minister of Internal Affairs, Minister of Civil Defence and Minister of Finance) were delegated the authority to agree final changes to relevant vote operating baselines and departmental net assets up to the maximum levels shown in the table below:

\$ million, GST exclusive		2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
<i>Fiscally neutral transfers</i>						
MCDEM (Departmental)	Operating	4.961	9.895	9.933	9.933	9.933
	Capital	3.479				
MCDEM (Non-Departmental)	Operating	1.445	2.889	2.889	2.889	2.889
<i>New Funding requirements</i>						
MCDEM	Operating	2.758	2.208	1.662	1.116	0.570
	Capital	1.072				
Privacy	Operating	0.750	1.500	1.150	1.150	1.150
	Capital					
Total new funding requirement: operating		3.508	3.708	2.812	2.266	1.720
Total new funding requirement: capital		1.072	-	-	-	-

In January 2014 an initial paper seeking partial implementation of those recommendations was approved to enable the establishment of the GCPO role from 1 January 2014 and for transition costs to be incurred as part of the transfer of MCDEM from DIA to DPMC.

This paper seeks approval from the Minister of Finance to establish an MCA for emergency management functions in Vote Prime Minister and Cabinet, effective 1 July 2014 and the category scope statements.

This paper also seeks approval of Joint Ministers for the additional funding required in DIA for stranded overheads and in DPMC for diseconomies of scale and a reallocation of operating to capital funding.

It is forecast that at 31 March 2014, Emergency Management will have an asset base of gross value \$3.479 million and \$1.447 million accumulated depreciation. ^[8]

In addition, this paper requests approval of capital funding to DPMC and The Treasury of \$0.839 million to enable ongoing replacement of IT, Leasehold fit-out and vehicle replacements. This funding was initially identified in the Cabinet paper as required for operating expenditure, but it is now requested that this be provided as capital funding instead.

Approval is also requested for the fiscally neutral transfer of one months current year operating funding, outyear operating funding, and the transfer of capital assets. For the current year, only one months appropriation is requested to minimise the risk of DIA incurring un-appropriated expenditure in 2013/14 up to 31 March 2014.

It is recommended that a technical initiative be included in Supplementary Budget 2014 to transfer any unspent appropriation as at 31 March 2014 for Emergency Management functions from Vote Internal Affairs to Vote Prime Minister and Cabinet.

[7]

Recommended Action

We recommend that you:

- a **note** that on 11 November 2013 Cabinet [CAB Min (13) 39/9 refers] agreed that the Ministry of Civil Defence and Emergency Management function be transferred from the Department of Internal Affairs to the Department of Prime Minister and Cabinet from 1 April 2014, with additional funding to give effect to that transfer;
- b **note** that Cabinet provided delegation to relevant joint Ministers (the Prime Minister, Minister of Internal Affairs, Minister of Civil Defence and Minister of Finance) to agree final changes to relevant vote operating baselines and departmental net assets within the limits outlined in the Cabinet paper;
- c **agree** to the establishment of a new Multi-category appropriation "Emergency Management" in Vote Prime Minister and Cabinet to contribute to the effective delivery of emergency management information, services and advice;

Agree/disagree

Minister of Finance

- d **note** that the overarching purpose for this appropriation is to support communities to be resilient by enhancing their capacity and capability to manage civil defence emergencies;
- e **agree** that the scopes of the categories for this appropriation be as follows:

Category Name	Scope Statement
Community Awareness and Readiness	This category is limited to the development and delivery of long-term national programmes to raise individual and community awareness and preparedness.
Emergency Sector Support and Development	This category is limited to developing and implementing operational policies and projects, advice, assistance and information to the civil defence and emergency management sector.
Management of Civil Defence Emergencies	This category is limited to management of national emergency readiness, response and recovery, including support to local civil defence emergency management organisations, maintaining the National Crisis Management Centre in a state of readiness, national training and exercises, coordination and management of central government's response and recovery activities and administration of related expenses.
Policy Advice - Emergency Management	This category is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to civil defence and emergency matters.

Agree/disagree

Minister of Finance

f **note** that the intended results and performance measures for Ministry of Civil Defence and Emergency Management functions under the multi-category appropriation will be established in Budget 2014;

g **agree** to the reallocation of \$0.839 million from the initial estimates of funding from operating expenses to capital expenditure;

Agree/disagree
Prime Minister

Agree/disagree
Minister of Finance

Agree/disagree
Associate Minister of Finance

Agree/disagree
Minister of Civil Defence

Agree/disagree
Minister of Internal Affairs

h **agree** to increase expenditure to provide for costs associated with the Cabinet policy decisions described in recommendations a and b above, with the following impacts on the operating balance and debt:

Vote Finance	\$m – increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Operating Balance Impact	0.553	2.208	1.662	1.116	0.570
Debt Impact	0.839	-	-	-	-
No impact	0.800	2.400	2.400	2.400	2.400
Total	1.353	4.608	4.062	3.516	2.970

Agree/disagree
Prime Minister

Agree/disagree
Minister of Finance

Agree/disagree
Associate Minister of Finance

Agree/disagree
Minister of Civil Defence

Agree/disagree
Minister of Internal Affairs

- i **approve** the following changes to appropriations and net assets to give effect to the Cabinet policy decisions described in recommendations a and b above:

	\$m – increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Vote Prime Minister and Cabinet Prime Minister					
Non-Departmental Other Expenses:					
Emergency Expenses	0.700	2.000	2.000	2.000	2.000
Subsidies to Local Government	0.074	0.889	0.889	0.889	0.889
February 2011 Christchurch Earthquake National Controller Costs	0.020	-	-	-	-
Multi-Category Expenses and Capital Expenditure:					
Emergency Management MCA					
Community Awareness and Readiness (funded by revenue Crown)	-	1.440	1.915	1.915	1.915
Community Awareness and Readiness (funded by revenue dept)	-	0.023	0.023	0.023	0.023
Emergency Sector and Support and Development (funded by revenue Crown)	-	4.151	3.683	3.683	3.683
Emergency Sector and Support and Development (funded by revenue dept)	-	0.121	0.121	0.121	0.121
Management of Civil Defence Emergencies (funded by revenue Crown)	-	3.763	3.785	3.785	3.785
Management of Civil Defence Emergencies (funded by revenue dept)	-	0.086	0.086	0.086	0.086
Policy Advice - Emergency Management (funded by revenue Crown)	-	0.934	0.943	0.943	0.943

	\$m – increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Vote Prime Minister and Cabinet Prime Minister					
Multi-Category Expenses and Capital Expenditure:					
Total Multi-Category Expenses and Capital Expenditure: Emergency Management MCA	-	10.518	10.556	10.556	10.556
Departmental Output Expenses:					
Emergency Management MCOA					
Community Information and Advisory Services (funded by revenue Crown)	0.148	-	-	-	-
Emergency Sector Support and Development (funded by revenue Crown)	0.430	-	-	-	-
Management of National Emergency Management Readiness, Response and Recovery (funded by revenue Crown)	0.391	-	-	-	-
Policy Advice and Ministerial Servicing – Emergency management (funded by revenue Crown)	0.086	-	-	-	-
Total Multi Class Output Appropriation: Emergency Management MCOA	1.055	-	-	-	-
Vote Finance Minister of Finance					
Departmental Output Expenses:					
Shared Support Services (funded by revenue department)	0.800	2.400	2.400	2.400	2.400

	\$m – increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Vote Internal Affairs Minister of Civil Defence					
Non-Departmental Other Expenses:					
Emergency Expenses	(0.700)	(2.000)	(2.000)	(2.000)	(2.000)
Subsidies to Local Government	(0.074)	(0.889)	(0.889)	(0.889)	(0.889)
February 2011 Christchurch Earthquake National Controller Costs	(0.020)	-	-	-	-
Departmental Output Expenses:					
Emergency Management Services MCOA					
Emergency Sector Support and Development (funded by revenue Crown)	(0.371)	(3.912)	(3.471)	(3.471)	(3.471)
Emergency Sector Support and Development (funded by revenue dept)	-	(0.121)	(0.121)	(0.121)	(0.121)
Management of National Emergency Management Readiness, Response and Recovery (funded by revenue Crown)	(0.338)	(3.547)	(3.569)	(3.569)	(3.569)
Management of National Emergency Management Readiness, Response and Recovery (funded by revenue dept)	-	(0.086)	(0.086)	(0.086)	(0.086)
Community Information and Advisory Services MCOA					
Community Information - Civil Defence Emergency Management (funded by revenue Crown)	(0.127)	(1.358)	(1.807)	(1.807)	(1.807)
Community Information - Civil Defence Emergency Management (funded by revenue dept)	-	(0.023)	(0.023)	(0.023)	(0.023)

	\$m – increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Vote Internal Affairs Minister of Internal Affairs					
Departmental Output Expenses:					
Ministerial Support Services MCOA					
Ministerial Support Services - Emergency Management (funded by revenue Crown)	(0.027)	(0.332)	(0.339)	(0.339)	(0.339)
Policy Advice MCOA					
Policy Advice - Emergency Management (funded by revenue Crown)	(0.048)	(0.569)	(0.570)	(0.570)	(0.570)
Machinery of Government Transition Costs (funded by revenue Crown)	0.410	-	-	-	-
Multi-Category Expenses and Capital Expenditure:					
Community Information and Advisory Services MCA					
Community Development and Engagement Advice (funded by revenue Crown)	-	0.027	0.018	0.009	-
Advisory and Information Services to Ethnic Communities (funded by revenue Crown)	-	0.015	0.010	0.005	-
Civic Information Services MCA					
Managing and Accessing Identity Information (funded by revenue Crown)	-	0.636	0.428	0.213	-
Managing and Accessing Knowledge Information (funded by revenue Crown)	-	0.340	0.227	0.113	-

	\$m – increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Vote Internal Affairs					
Minister of Internal Affairs					
Multi-Category Expenses and Capital Expenditure:					
Information and Technology Services MCA					
Cross-Government ICT Strategy and Planning, Service Delivery and Investment Proposals (funded by revenue Crown)	-	0.014	0.009	0.005	-
Government Information and Technology Services (funded by revenue Crown)	-	0.019	0.013	0.006	-
Ministerial Support Services MCA					
Crown Entity Monitoring (funded by revenue Crown)	-	0.004	0.002	0.001	-
Ministerial Support Services - Community and Voluntary Sector (funded by revenue Crown)	-	0.001	-	-	-
Ministerial Support Services - Internal Affairs (funded by revenue Crown)	-	0.002	0.001	0.001	-
Ministerial Support Services - Local Government (funded by revenue Crown)	-	0.001	0.001	-	-
Ministerial Support Services - Ministerial Services (funded by revenue Crown)	-	0.001	-	-	-
Policy Advice MCA					
Policy Advice - Community and Voluntary Sector (funded by revenue Crown)	-	0.003	0.002	0.001	-

	\$m – increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Vote Internal Affairs Minister of Internal Affairs					
Multi-Category Expenses and Capital Expenditure:					
Policy Advice - Ethnic Affairs (funded by revenue Crown)	-	0.005	0.003	0.002	-
Policy Advice - Internal Affairs (funded by revenue Crown)	-	0.020	0.013	0.007	-
Policy Advice - Local Government (funded by revenue Crown)	-	0.016	0.010	0.005	-
Policy Advice - Racing (funded by revenue Crown)	-	0.001	0.001	-	-
Regulatory Services MCA					
Charities Administration (funded by revenue Crown)	-	0.039	0.026	0.013	-
Regulatory Services (funded by revenue Crown)	-	0.270	0.180	0.090	-
Support for Statutory and Other Bodies MCA					
Commissions of Inquiry and Similar Bodies (funded by revenue Crown)	-	0.003	0.002	0.001	-
Statutory Body Support - Local Government Commission (funded by revenue Crown)	-	0.002	0.001	0.001	-
Support for Grant Funding Bodies - Community and Voluntary Sector (funded by revenue Crown)	-	0.005	0.003	0.002	-
Support for Grant Funding Bodies - Internal Affairs (funded by revenue Crown)	-	0.059	0.039	0.020	-

	\$m – increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Vote Internal Affairs Minister for the Community and Voluntary Sector					
Departmental Other Expenses:					
Administration of Grants (funded by revenue Crown)	-	0.013	0.009	0.004	-
Vote Internal Affairs Minister of Local Government					
Departmental Other Expenses:					
Local Government Services (funded by revenue Crown)	-	0.013	0.008	0.004	-
Vote Internal Affairs Minister Responsible for Ministerial Services					
Multi-Category Expenses and Capital Expenditure:					
Services Supporting the Executive MCA					
Support Services to Members of the Executive (funded by revenue Crown)	-	0.123	0.082	0.041	-
Coordination of Official Visits and Events (funded by revenue Crown)	-	0.006	0.004	0.002	-
Vote Prime Minister and Cabinet Prime Minister					
Net Asset Schedule of DPMC: Capital Transfer	0.283	-	-	-	-
Net Asset Schedule of DPMC: Capital Injection	0.672	-	-	-	-
Vote Finance Minister of Finance					
Net Asset Schedule of The Treasury: Capital Injection	0.167	-	-	-	-
Net Asset Schedule of The Treasury: Capital Transfer	1.726	-	-	-	-

	\$m – increase/(decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18 & Outyears
Vote Internal Affairs Minister of Internal Affairs					
Net Asset Schedule of DIA: Capital Transfer	(2.009)	-	-	-	-
Total Operating	1.353	4.608	4.062	3.516	2.970
Total Capital	0.839	-	-	-	-

Agree/disagree
Prime Minister

Agree/disagree
Minister of Finance

Agree/disagree
Associate Minister of Finance

Agree/disagree
Minister of Civil Defence

Agree/disagree
Minister of Internal Affairs

- j **agree** that any unspent 2013/14 appropriation for the MCDEM functions transfer from Vote Internal Affairs to Vote Prime Minister and Cabinet as a technical initiative in Budget 2014;

Agree/disagree
Prime Minister

Agree/disagree
Minister of Finance

Agree/disagree
Associate Minister of Finance

Agree/disagree
Minister of Civil Defence

Agree/disagree
Minister of Internal Affairs

k **agree** that any variations required to net assets for the MCDEM functions transfer from Vote Internal Affairs to Vote Prime Minister and Cabinet to reflect final asset values as at 31 March be submitted as a technical initiative in Budget 2014;

Agree/disagree
Prime Minister

Agree/disagree
Minister of Finance

Agree/disagree
Associate Minister of Finance

Agree/disagree
Minister of Civil Defence

Agree/disagree
Minister of Internal Affairs

l **agree** that the proposed changes to appropriations for 2013/14 in paragraph i above be included in the 2013/14 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

Agree/disagree
Prime Minister

Agree/disagree
Minister of Finance

Agree/disagree
Associate Minister of Finance

Agree/disagree
Minister of Civil Defence

Agree/disagree
Minister of Internal Affairs

m **agree** that the changes in appropriations in recommendation i above be charged against the Budget 2013 between Budget contingency, noting that due to fiscal pressures this will most likely result in a charge against the Budget 2014 operating allowance;

Agree/disagree
Prime Minister

Agree/disagree
Minister of Finance

Agree/disagree
Associate Minister of Finance

Agree/disagree
Minister of Civil Defence

Agree/disagree
Minister of Internal Affairs

n **agree** that the departmental capital incurred under recommendation i above be a charge against the Future Investment Fund notional spending profile, established as part of Budget 2013.

Agree/disagree
Prime Minister

Agree/disagree
Minister of Finance

Agree/disagree
Associate Minister of Finance

Agree/disagree
Minister of Civil Defence

Agree/disagree
Minister of Internal Affairs

o [7]

Agree/disagree
Prime Minister

Agree/disagree
Minister of Finance

Agree/disagree
Associate Minister of Finance

Agree/disagree
Minister of Civil Defence

Agree/disagree
Minister of Internal Affairs

Sara Brownlie
Chief Financial Officer
Central Agencies Shared Services
for Department of the Prime Minister and Cabinet

Matthew Needham
Acting Chief Financial Officer
Department of Internal Affairs

Rt Hon John Key
Prime Minister

Hon Bill English
Minister of Finance

Hon Steven Joyce
Associate Minister of Finance

Hon Nikki Kaye
Minister of Civil Defence

Hon Peter Dunne
Minister of Internal Affairs