

The Treasury

Budget 2014 Information Release

Release Document

July 2014

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- [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
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- [6] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
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- [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
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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

Reference: T2014/230

BM-2-4-2014



Date: 18 February 2014

To: Minister of Finance
(Hon Bill English)

Associate Minister of Finance
(Hon Steven Joyce)

Deadline: None

Aide Memoire: Budget Initiatives in the Safe and Skilled Workplaces workstream of the Business Growth Agenda

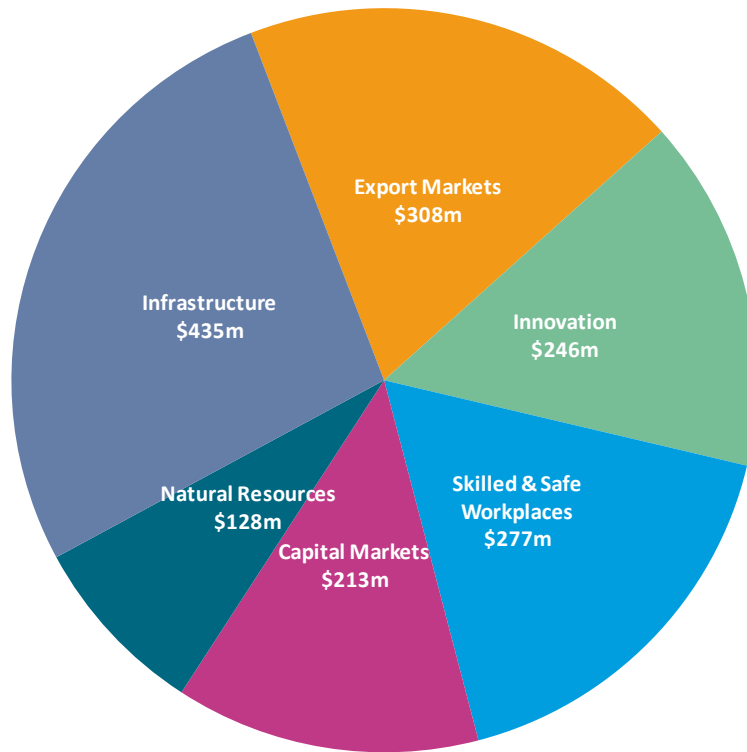
Purpose

1. This note sets out Budget 2014 operating initiatives that fit within the Safe and Skilled Workplaces Business Growth Agenda (BGA) workstream and an initial assessment of their value by the Treasury. This information is intended to support a discussion amongst Ministers on priorities for Budget 2014. The aim is for Ministers to discuss whether there are some clear priorities for new funding, if there are initiatives that can be progressed within current departmental baselines, or that do not align with priorities in the workstream.
2. The results of the discussion will be used to inform prioritisation decisions taken by Budget Ministers and Cabinet.

Context and overview

3. The Treasury has allocated Budget 2014 initiatives to the most closely related BGA workstream. This allocation excludes initiatives that will be considered in the Social Sector Ministers process, most notably votes Education and Social Development which have strong BGA links. The chart below summarises the funding sought across each workstream totalling \$1.6 billion over four years.

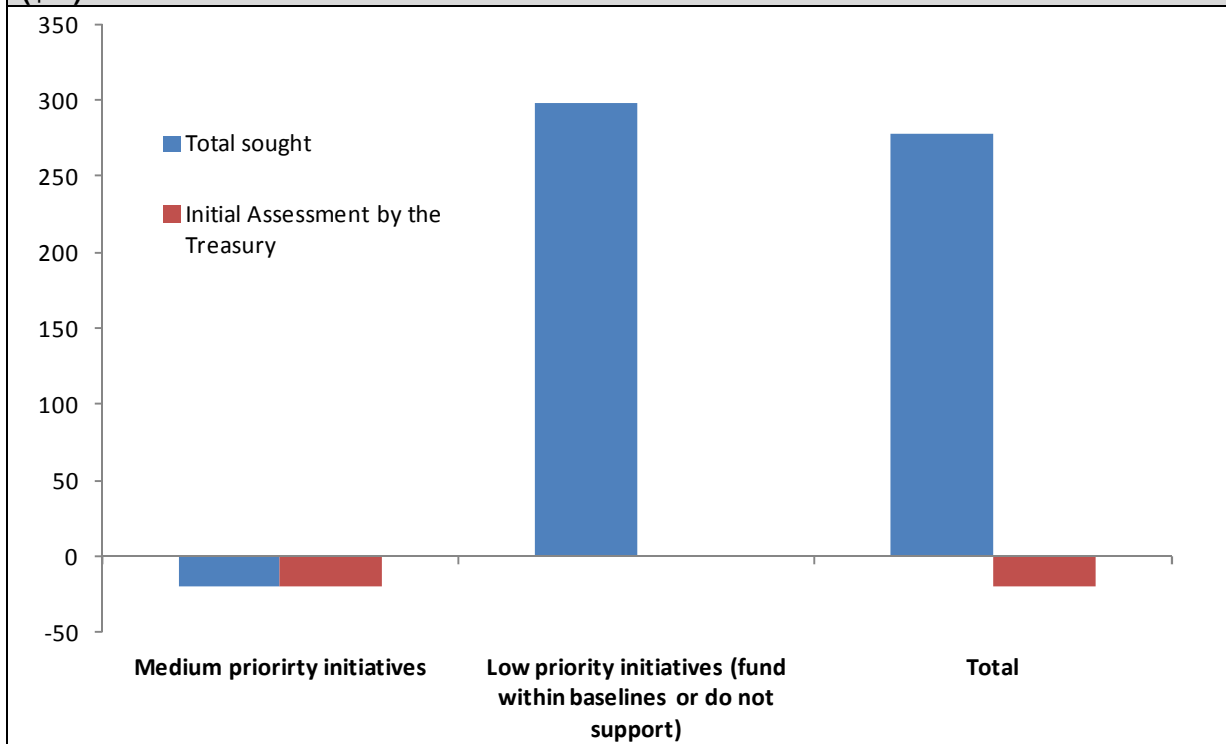
Chart 1: Funding sought across BGA workstreams (\$m)



Initial assessments of the Safe and Skilled Workplaces initiatives

4. The following tables provide information on each initiative in the Safe and Skilled Workplaces workstream, and uses the Treasury's initial assessment of the initiatives to put them into the following categories:
 - a. **High priority for new funding** – non-discretionary initiatives that require funding to meet legislative or Cabinet commitments.
 - b. **Medium priority for new funding** – discretionary initiatives that represent good value for money and/or may contribute to the stated goals in BGA workstreams.
 - c. **Low priority for new funding** – initiatives that can be funded from within baselines and those that either represent low value or require further analysis.
5. The chart below summarises the Treasury's categorisation and assessment. The initiatives in this workstream seek a total of \$277 million net in operating funding over four years. The Treasury's initial assessment is to support \$20 million net savings over four years [7]

Chart 2: Funding sought in the SSW workstream and Treasury’s initial assessment (\$m)



6. In a number of cases agencies are providing further information and detail on the initiatives which may change the judgements made on their categorisation. The Treasury will provide updated advice throughout the Budget process.
7. At this stage, Treasury has not attempted to undertake detailed prioritisation of the initiatives within or across BGA workstreams. The judgements are made on the Treasury’s assessment of the merits of the initiative alone. Further advice will be provided on a prioritised package of initiatives across the BGA.
8. We suggest that Ministers discuss the following issues:
 - a. Are there low priority initiatives that can be taken off the table at this point (eg, funded through other means)?
 - b. Are Ministers comfortable with the overall categorisation of the initiatives?
 - c. Which initiatives do Ministers consider are highest priority to contribute to achieving stated BGA objectives?

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Chris Nees, Senior Analyst, Economic Performance & Strategy, 04 917 6019

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Budget initiatives in Safe and Skilled Workplaces

No high priority initiatives have been identified.

Medium priority initiatives for new funding

Vote	Title	Description	Departmental sought(black)/ Treasury recommended (red)					Treasury assessment
			13/14 (\$m)	14/15 (\$m)	15/16 (\$m)	16/17 (\$m)	17/18 (\$m)	
Immigration	National Refugee Resettlement Planning and Support Services	Funding sought to realise services towards initial resettlement needs of newly-arrived Refugee Quota refugees during first 12 months in NZ, to meet international obligations under Refugee Quota Programme; & Core resettlement support services to deliver & contribute to outcomes sought through NZ Refugee Resettlement Strategy.	0	1.400	1.400	1.400	1.400	Support: New provider means that services cost more, despite a reduction in scope of services delivered. Alternate is to reduce quota numbers by 30%.
			0	1.400	1.400	1.400	1.400	
Immigration	Canterbury Re-Build: Protecting Vulnerable Workers and Ensuring Fair Workplaces	To provide employers with the information they need to 'get it right' and put them on a pathway to best practice. This reflects an 'educate, engage and enforce' approach & to enforce labour standards by monitoring, investigating & prosecuting workplace exploitation, including migrant exploitation.	0	0.787	0.787	0.787	0.787	Support: Resources to mitigate the increased risks of worker exploitation as a consequence of the Canterbury rebuild.
			0	0.787	0.787	0.787	0.787	

Labour	Canterbury Re-Build: Protecting Vulnerable Workers and Ensuring Fair Workplaces	To provide employers with the information they need to 'get it right' and put them on a pathway to best practice. This reflects an 'educate, engage and enforce' approach & to enforce labour standards by monitoring, investigating & prosecuting workplace exploitation, including migrant exploitation.	0	0.998	0.998	0.998	0.998	0.998	Support: Resources to mitigate the increased risks of worker exploitation as a consequence of the Canterbury rebuild.
			0	0.998	0.998	0.998	0.998	0.998	
									[7]
Tertiary Education	Minor changes to student loans settings	Two savings initiative are being considered: – – Freeze the student loan repayment threshold							[7] Support. Targets student support to need, and may reduce unnecessary borrowing.
Total			0	(5.016)	(5.016)	(4.976)	(5.216)		

Low priority initiatives for new funding

Vote	Title	Description	Departmental sought					Treasury assessment
			13/14 (\$m)	14/15 (\$m)	15/16 (\$m)	16/17 (\$m)	17/18 (\$m)	
Maori Affairs	Maori ICT Development Fund	To support Maori language and economic development through delivery of programmes and services, including support for Maori businesses to make better use of existing and emerging technology, training and employment in ICT sector, increasing digital content and access for Maori language learners.						7 Defer consideration until Budget 2015. The purpose, structure and governance of the proposed fund has not been agreed upon by Cabinet. Therefore funding is unlikely to be used in 2014/ 15.
								7
Pacific Island Affairs	Extension of PESS Programme	This seeks a one year extension to the Pacific Employment Support Services Programme to allow MPIA time to evaluate the programme and to work with mainstream agencies to adopt the programme.	0	1.100	0	0	0	Do not support. Original funding was time limited and for another purpose. Agency can work with other agencies delivering same/similar services to achieve outcomes.

									[7]
Science and Innovation	Increasing targeted science and innovation funds	Increase in contestable funds linked to the Government's science and innovation priorities, to improve the competitiveness of the research system and align with other investments in the system (e.g. National Science Challenges)							[7] Do not support. Since contestable funds may be open to Crown Research Institutes and the private sector, it is unclear how much of the additional funding would be received by universities.
									[7]
Tertiary Education	Funding rate increase to science, agriculture (degree level+) and health science	Addressing relative underfunding of priority areas that contribute strongly to the business growth agenda as a way to target additional funding that will improve the competitiveness of the NZ higher education system	0	11.250	22.500	22.500	22.500		Do not support. The Ministry of Education has highlighted that there is no current labour market shortage for people with science degrees. Evidence of skill shortages in the areas of agriculture and health sciences has not been provided.

Tertiary Education	Establish two additional Centres of Research Excellence	Purchasing additional Centres of Research Excellence, which have a high impact on society and the economy, as a way to improve the competitiveness of the NZ higher education system and its links with NZ firms	0	5.000	10.000	10.000	10.000	Do not support. The research area/s of the new CoRE(s) have not been identified so it is not possible to tell if the new CoRE(s) would link to Government priorities, or if it addresses a gap not filled by existing CoREs. Cabinet has agreed on additional funding of \$3.169 million per annum for CoREs from 2014/15. The selection round process will determine whether the additional funding will be used to fund a new CoRE, or to support additional activity in existing CoREs, depending on the type and quality of applications.
								[7]
								[7]
Total			0	72.770	74.920	74.920	74.920	