

The Treasury

Budget 2018 Information Release

Release Document August 2018

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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]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
[2]	to avoid prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government	6(b)(i)
[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	
[41]	that the making available of the information requested would be contrary to the provisions of a specified enactment	18(c)(i)
[42]	information is already publicly available or will be publicly available soon	18(d)

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.



Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

2018 Budget Package: Vote Business, Science & Innovation

On 9 April 2018, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2018 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)				
		2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
10137	Commerce Commission – Cost Pressures In General Market Enforcement	-	1.114	1.264	1.264	2.064
10114	Compliance with the Holidays Act 2003	0.315	-	-	-	-
10121	Computer Emergency Response Team Funding	-	0.970	0.970	0.970	0.970
10109	Criminal Proceeds (Recovery) Act 2009 - Supporting the Management and Disposal of Criminal Assets Under this Act	-	1.400	1.500	-	-
10265	Provincial Growth Fund	-	285.532	-	-	-
10275	Developing a Fit for Purpose Research Information Infrastructure: The National Research Information System (NRIS)	-	2.900	1.900	1.700	1.600
10433	Economic Development: Implementation of Improvements in Public Sector Procurement and Services to Business - Reprioritisation	-	(2.400)	-	-	-
10269	E-Invoicing Implementation in New Zealand	-	3.651	2.186	-	-

		\$m - increase/(decrease)				
10418	Energy and Resources: Information Services: Reprioritisation	-	(0.200)	(0.200)	(0.200)	(0.200)
10444	Five Percent Reprioritisation of Tourism New Zealand Baseline	-	(5.900)	(5.900)	(5.900)	(5.900)
10276	Implementing a Grant Scheme for Insulation and Heating Retrofits	-	12.500	15.000	45.000	70.000
10118	Measurement Standards Laboratory Funding	-	1.305	1.868	2.354	2.803
10420	Policy Advice - Economic Development Reprioritisation	-	(1.000)	(0.500)	(0.250)	-
10417	Policy Advice - Energy Resources	-	(0.650)	(0.650)	(0.650)	(0.650)
10443	Related Services - Tourism Reprioritisation	-	(0.700)	(0.700)	(0.700)	(0.700)
10278	Research and Development Tax Credit Implementation	-	70.000	280.000	320.000	350.000
10120	Responding to Funding Pressures and Technological Disruption	-	0.800	1.800	1.800	1.800
10432	Sector Analysis and Facilitation MCA - Reprioritisation	-	(0.500)	(0.500)	(0.500)	(0.500)
Total Operating		0.315	368.822	298.038	364.888	421.287

Capital Initiatives (Impact on Debt)

		\$m - increase/(decrease)					
Initiative ID	Initiative Name	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
10265	Provincial Growth Fund	-	88.205	-	-	-	-
10275	Developing a Fit for Purpose Research Information Infrastructure: The National Research Information System (NRIS)	-	1.000	0.500	0.500	-	-
10118	Measurement Standards Laboratory Funding	-	1.152	3.440	1.858	2.135	1.340
10641	Mangere Refugee Resettlement Centre – Additional Accommodation Blocks	7.670	-	-	-	-	-
10642	Immigration Visa Services Processing - Addressing Cost Pressures	-	4.057	5.983	2.492	-	-
10632	Healthy Homes Guarantee Act Implementation	-	0.500	-	-	-	-
10658	Canterbury Earthquakes Insurance Tribunal	-	1.470	-	-	-	-
Total Capital		7.67	96.384	9.923	4.85	2.135	-

- 2 **agreed** to establish new appropriations where required to implement these initiatives, as described in the attached initiative documents;
- 3 **approved** changes to appropriations and the capital injections to the administering department to implement the initiatives, as set out in the attached initiative documents;
- 4 **approved** the additional recommendations to give effect to the initiatives, as set out in the attached initiative documents;
- 5 **agreed** that the changes to appropriations and capital injections for 2017/18 above be included in the 2017/18 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 6 **authorised** 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 2017/18 Supplementary Estimates, the 2018/19 Estimates and the fiscal forecasts;
- 7 **authorised** the chief executives of departments that monitor Crown entities directly affected by decisions in this minute to inform the chair and/or chief executive of a Crown entity, on a budget-in-confidence-until-budget-day basis, of decisions that directly affect that Crown entity for the purpose of planning and preparation of their Statement of Intent;
- 8 **noted** that all communications relating to the 2018 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;
- 9 **agreed** that the initiatives in the following table be set aside as contingency items:

Operating Contingency

Initiative Name	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Manifesto Commitments to the Regions – Operating	-	20.000	-	-	-
Science Cooperation With Singapore	-	12.000	15.000	15.000	15.000
[38]					
Total Operating					

Capital Contingency

Initiative Name	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Manifesto Commitments to the Regions – Capital	-	10.000	-	-	-
[38]					
Total Capital					

- 10 **agreed** that funding set aside for Manifesto Commitments to the Regions - Operating be subject to approval through the Provincial Growth Fund;
- 11 **agreed** that the expiry date for the tagged contingency Manifesto Commitments to the Regions – Operating be 30 June 2019;
- 12 **noted** that the Manifesto Commitments to the Regions – Operating funding above counts towards the Provincial Growth Fund (Initiative 10265);
- 13 **agreed** that funding set aside for Manifesto Commitments to the Regions - Capital be subject to approval through the Provincial Growth Fund;
- 14 **agreed** that the expiry date for the tagged contingency Manifesto Commitments to the Regions – Capital be 30 June 2019;
- 15 **noted** that the Manifesto Commitments to the Regions – Capital funding above counts towards the Provincial Growth Fund (Initiative 10265);

13 [38]

14 [38]

15 [38]

16 [38]

17 [38]

18 [38]

19 [38]

20 [38]

- 21 **authorised** the Minister of Finance and the Minister of Research, Science and Innovation (joint Ministers) to draw down from the tagged contingency Science Cooperation with Singapore when New Zealand and Singapore reach formal agreement on the data science and future food research programmes respectively;
- 22 **agreed** that the expiry date for the tagged contingency Science Cooperation with Singapore be 30 June 2019;
- 23 **authorised** joint Ministers to extend the expiry date of the contingency Science Cooperation with Singapore to beyond 30 June 2019 and up to 30 June 2020, if required.

Michael Webster
Secretary of the Cabinet

Hard-copy distribution:

Prime Minister
Deputy Prime Minister
Minister of Tourism
Minister of Finance
Minister of Research, Science and Innovation
Minister of State Services
Minister for Economic Development
Minister of Immigration
Minister of Broadcasting, Communications and Digital Media
Minister for Regional Economic Development
Minister of Commerce and Consumer Affairs

Initiative No: 10137

Vote: Business, Science and Innovation

Title: Commerce Commission – Cost Pressures In General Market Enforcement

Description: This funding addresses cost pressures relating to the Commerce Commission’s work on merger review under the Commerce Act 1986, its general external major litigation costs and, subject to the passage of the Commerce (Criminalisation of Cartels) Amendment Bill, its future work on cartel enforcement.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	1.114	1.264	1.264	2.064
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	1.114	1.264	1.264	2.064

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Non-Departmental Output Expense:					
Commerce and Consumer Affairs: Enforcement of General Market Regulation	-	0.614	0.764	0.764	1.064
Multi-Category Expenses and Capital Expenditure:					
Commerce Commission Litigation Funds (MCA)					
<i>Non-Departmental Other Expense:</i>					
Commerce Commission Externally-Sourced Litigation	-	0.500	0.500	0.500	1.000
Total Multi-Category Expenses and Capital Expenditure: Commerce Commission Litigation Funds (MCA)	-	0.500	0.500	0.500	1.000
Total Operating	-	1.114	1.264	1.264	2.064

Initiative No: 10114

Vote: Business, Science and Innovation

Title: Compliance with the Holidays Act 2003

Description: This funding is for the Ministry of Business, Innovation and Employment (MBIE) to address the incorrect calculation of holiday pay to staff and ensure that future compliance with the Holidays Act 2003 is enforced.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	0.315	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	0.315	-	-	-	-

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Departmental Output Expense:					
Energy and Resources: Management of the Crown Mineral Estate (funded by revenue Crown)	0.075	-	-	-	-
Multi-Category Expenses and Capital Expenditure:					
Policy Advice and Related Outputs (MCA)					
<i>Departmental Output Expenses:</i>					
Policy Advice - Commerce and Consumer Affairs (funded by revenue Crown)	0.065	-	-	-	-
Policy Advice – Economic Development (funded by revenue Crown)	0.050	-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Policy Advice and Related Outputs (MCA)	0.115	-	-	-	-
Science and Innovation: Contract Management (MCA)					
<i>Departmental Output Expense:</i>					
Science and Innovation Contract Management (funded by revenue Crown)	0.125	-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Science and Innovation: Contract Management (MCA)	0.125	-	-	-	-
Total Operating	0.315	-	-	-	-

Additional recommendation

- 24 **noted** this initiative is related to Initiative 10646 in Vote Building and Housing and Initiative 10644 in Vote Labour Markets;

Initiative No: 10121

Vote: Business, Science and Innovation

Title: Computer Emergency Response Team Funding

Description: This funding will support the Computer Emergency Response Team (CERT NZ) to respond to major cyber events, provide cyber threat intelligence and analysis services, and support awareness-raising initiatives in an environment of increasing demand.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	0.970	0.970	0.970	0.970
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	0.970	0.970	0.970	0.970

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Departmental Output Expense:					
Communications: Cyber Security Services (funded by revenue Crown)	-	0.970	0.970	0.970	0.970
Total Operating	-	0.970	0.970	0.970	0.970

Initiative No: 10109

Vote: Business, Science and Innovation

Title: Criminal Proceeds (Recovery) Act 2009 - Supporting the Management and Disposal of Criminal Assets Under this Act

Description: This funding will allow the Official Assignee to meet the costs of securing, storing, maintaining and managing the increasing number of assets placed in the custody and control of the Official Assignee pursuant to Court orders under the Criminal Proceeds (Recovery) Act 2009.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	1.400	1.500	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	1.400	1.500	-	-

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Departmental Output Expense:					
Commerce and Consumer Affairs: Official Assignee Functions (funded by revenue Crown)	-	1.400	1.500	-	-
Total Operating	-	1.400	1.500	-	-

Initiative No: 10275

Vote: Business, Science and Innovation

Title: Developing a Fit for Purpose Research Information Infrastructure: The National Research Information System (NRIS)

Description: This funding delivers an information system which provides data on research expenditure, associated activities, outputs, people, skills and outcomes. It will be used to improve the performance and transparency of New Zealand's science investments.

New appropriation approval

Name	Period	Type	Category Name	Scope
Research, Science and Innovation: National Research Information System	Annual	Departmental Output Expenses	N/A	This appropriation is limited to developing and managing a data infrastructure system for [or relating to] public investment in research, science and innovation.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	2.900	1.900	1.700	1.600
Debt Impact	-	1.000	0.500	0.500	-
No Impact	-	-	-	-	-
Total	-	3.900	2.400	2.200	1.600

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Departmental Output Expense:					
Research, Science and Innovation: National Research Information System (funded by revenue Crown)	-	2.900	1.900	1.700	1.600
Capital Injection:					
Ministry of Business, Innovation and Employment - Capital Injection	-	1.000	0.500	0.500	-
Total Operating	-	2.900	1.900	1.700	1.600
Total Capital	-	1.000	0.500	0.500	-

Additional recommendation

25 **agreed** that the Minister of Research, Science and Innovation be appropriation Minister for the above new appropriation;

Initiative No: 10433

Vote: Business, Science and Innovation

Title: Economic Development: Implementation of Improvements in Public Sector Procurement and Services to Business - Reprioritisation

Description: A total of \$2.4 million of departmental Crown funding within Economic Development: Implementation of Improvements in Public Sector Procurement and Services to Business is being reprioritised.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	(2.400)	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	(2.400)	-	-	-

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Departmental Output Expense:					
Economic Development: Implementation of Improvements in Public Sector Procurement and Services to Business (funded by revenue Crown)	-	(2.400)	-	-	-
Total Operating	-	(2.400)	-	-	-

Initiative No: 10269

Vote: Business, Science and Innovation

Title: E-Invoicing Implementation in New Zealand

Description: This funding delivers an e-invoicing system, which allows businesses in New Zealand to digitally transact across the entire procure-to-pay lifecycle using their New Zealand Business Number.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	3.651	2.186	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	3.651	2.186	-	-

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Departmental Output Expense:					
Commerce and Consumer Affairs: Registration and Provision of Statutory Information (funded by revenue Crown)	-	3.651	2.186	-	-
Total Operating	-	3.651	2.186	-	-

Initiative No: 10418

Vote: Business, Science and Innovation

Title: Energy and Resources: Information Services: Reduction

Description: There have been small historical surpluses in the Energy and Resources: Information Services appropriation. Savings of \$0.2 million have been identified, and this reduction in the baseline will reduce funding to the level of prior year spend.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	(0.200)	(0.200)	(0.200)	(0.200)
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	(0.200)	(0.200)	(0.200)	(0.200)

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Departmental Output Expense:					
Energy and Resources: Information Services (funded by revenue Crown)	-	(0.200)	(0.200)	(0.200)	(0.200)
Total Operating	-	(0.200)	(0.200)	(0.200)	(0.200)

Initiative No: 10444

Vote: Business, Science and Innovation

Title: Five Percent Reprioritisation of Tourism New Zealand Baseline

Description: Tourism New Zealand has identified that funding can be reprioritised through the exit of all activity to attract high-value premium and youth sector visitors.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	(5.900)	(5.900)	(5.900)	(5.900)
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	(5.900)	(5.900)	(5.900)	(5.900)

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Non-Departmental Output Expense:					
Tourism: Marketing of New Zealand as a Visitor Destination	-	(5.900)	(5.900)	(5.900)	(5.900)
Total Operating	-	(5.900)	(5.900)	(5.900)	(5.900)

Initiative No: 10276

Vote: Business, Science and Innovation

Title: Implementing a Grant Scheme for Insulation and Heating Retrofits

Description: This funding will facilitate the provision of grants for the retrofits of insulation and heating to improve the thermal performance of New Zealand's housing stock, enabling improved health outcomes.

New appropriation approvals

Name	Period	Type	Category Name	Scope
Energy and Resources: Implementation of the Grant Scheme for Warm, Dry Homes	Other Start: 1/07/2018 Finish: 30/06/2022 Amount (\$m): 10.260	Non-Departmental Output Expenses	N/A	This appropriation is limited to implementation of the grant scheme for warm, dry homes.
Energy and Resources: Grant Scheme for Warm, Dry Homes	Other Start: 1/07/2018 Finish: 30/06/2022 Amount (\$m): 132.240	Non-Departmental Other Expenses	N/A	This appropriation is limited to grants that improve the thermal performance of, and reduce dampness in, New Zealand's housing stock.

Appropriation changes

	\$m - increase/(decrease)					
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Operating Balance Impact	-	12.500	15.000	45.000	70.000	
Debt Impact	-	-	-	-	-	
No Impact	-	-	-	-	-	
Total	-	12.500	15.000	45.000	70.000	

	\$m - increase/(decrease)					
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Non-Departmental Output Expense:						
Energy and Resources: Implementation of the Grant Scheme for Warm, Dry Homes (MYA)	-	0.900	1.080	3.240	5.040	-
Non-Departmental Other Expense:						
Energy and Resources: Grant Scheme for Warm, Dry Homes (MYA)	-	11.600	13.920	41.760	64.960	-
Total Operating	-	12.500	15.000	45.000	70.000	

Additional recommendations

- 26 **agreed** in principle to transfer any 2017/18 underspends from the former Non Departmental Other Expense "Energy and Resources: Home Insulation" MYA, due to expire at 30 June 2018, to the "Energy and Resources: Grant Scheme for Warm, Dry Homes" MYA in 2018/19, subject to confirmation of the amount in the October Baseline Update, following the presentation of 2017/18 audited financial statements;
- 27 **agreed** in principle to transfer any 2017/18 underspends from the former Non Departmental Output Expense "Energy and Resources: Implementation of the Home Insulation Programme" MYA, due to expire at 30 June 2018, to the " Energy and Resources: Implementation of the Grant Scheme for Warm, Dry Homes" MYA in 2018/19, subject to confirmation of the amount in the October Baseline Update, following the presentation of 2017/18 audited financial statements;
- 28 **noted** that the amounts shown in the Appropriations Changes table for the Multi Year Appropriation: "Energy and Resources: Implementation of the Grant Scheme for Warm, Dry Homes" is the indicative annual spending profile;
- 29 **noted** that the amounts shown in the Appropriations Changes table for the Multi Year Appropriation: "Energy and Resources: Grant Scheme for Warm, Dry Homes" is the indicative annual spending profile;
- 30 **agreed** that the Minister of Energy and Resources be appropriation Minister for the above new appropriations;

Initiative No: 10118

Vote: Business, Science and Innovation

Title: Measurement Standards Laboratory: Funding

Description: This funding enables the Measurement Standards Laboratory to continue to operate, and provide services to enable trade of New Zealand goods, support research and development and support technology-based economic development.

Appropriation changes

	\$m - increase/(decrease)					
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 & Outyears
Operating Balance Impact	-	1.305	1.868	2.354	2.803	3.222
Debt Impact	-	1.152	3.440	1.858	2.135	1.340
No Impact	-	-	-	-	-	-
Total	-	2.457	5.308	4.212	4.938	4.562

	\$m - increase/(decrease)					
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 & Outyears
Non-Departmental Output Expense:						
Science and Innovation: National Measurement Standards	-	1.305	1.868	2.354	2.803	3.222
Non-Departmental Capital Expenditure:						
Science and Innovation: Callaghan Innovation	-	1.152	3.440	1.858	2.135	1.340
Total Operating	-	1.305	1.868	2.354	2.803	3.222
Total Capital	-	1.152	3.440	1.858	2.135	1.340

Additional recommendation

31 **noted** that outyear funding only applies to the non-departmental output expense, and the non-departmental capital expenditure is until 2022/23 only;

Initiative No: 10420

Vote: Business, Science and Innovation

Title: Policy Advice - Economic Development Reprioritisation

Description: A total of \$1.75 million of departmental Crown funding within Policy Advice and Related Outputs Multi-Category Appropriation, Policy Advice - Economic Development is being reprioritised.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	(1.000)	(0.500)	(0.250)	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	(1.000)	(0.500)	(0.250)	-

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Policy Advice and Related Outputs (MCA)					
<i>Departmental Output Expense:</i>					
Policy Advice – Economic Development (funded by revenue Crown)	-	(1.000)	(0.500)	(0.250)	-
Total Multi-Category Expenses and Capital Expenditure: Policy Advice and Related Outputs (MCA)	-	(1.000)	(0.500)	(0.250)	-
Total Operating	-	(1.000)	(0.500)	(0.250)	-

Initiative No: 10417

Vote: Business, Science and Innovation

Title: Policy Advice - Energy Resources

Description: Savings of \$0.650 million per annum will be made by reducing the discretionary energy policy advice work programme to a lower level.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	(0.650)	(0.650)	(0.650)	(0.650)
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	(0.650)	(0.650)	(0.650)	(0.650)

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Policy Advice and Related Outputs (MCA)					
<i>Departmental Output Expense:</i>					
Policy Advice - Energy and Resources (funded by revenue Crown)	-	(0.650)	(0.650)	(0.650)	(0.650)
Total Multi-Category Expenses and Capital Expenditure: Policy Advice and Related Outputs (MCA)	-	(0.650)	(0.650)	(0.650)	(0.650)
Total Operating	-	(0.650)	(0.650)	(0.650)	(0.650)

Vote: Business, Science and Innovation

Title: Provincial Growth Fund

Description: This provides funding for regional capability improvement, regional development projects and feasibility studies through the Provincial Growth Fund (PGF).

Additional recommendations

32 **noted** that in February 2018, the Minister of Finance and the Minister for Regional Economic Development agreed to the establishment of a multi-category appropriation “Regional Economic Development: Provincial Growth Fund MCA” in Vote Business, Science and Innovation, with the Minister for Regional Economic Development as appropriation Minister, to raise productivity potential in the regions [CAB-18-MIN-0045, paragraph 45];

Consolidating categories in the Vote Business, Science and Innovation Provincial Growth Fund appropriation

33 **noted** that in February 2018 the Minister of Finance and the Minister for Regional Economic Development agreed that this appropriation would have five categories: Regional Projects and Capability, Enabling Sector Investments, Sector Investments, Enabling Infrastructure Projects, and Infrastructure Projects [CAB-18-MIN-0045, paragraph 47];

34 **agreed** to establish two new categories in the “Regional Economic Development: Provincial Growth Fund MCA” appropriation in Vote Business, Science and Innovation, which will be used instead of the five categories listed in paragraph 33 above, as follows:

Name	Type	Scope
Supporting Regional and Sector Initiatives	Non-departmental Other Expense	This category is limited to supporting regional economic development through regional, sectoral and infrastructure initiatives, including feasibility studies, and initiatives to build skills, capability and capacity in regions.
Supporting Capital Projects	Non-departmental Capital	This category is limited to capital projects that are expected to make a significant contribution to a region’s growth potential, including investments that enable regions to be well connected from an economic and social perspective.

Initiative No: 10265

\$1 billion in the first year of the Provincial Growth Fund

- 35 **noted** that the Minister of Finance and the Minister for Regional Economic Development have agreed that the following expenditure counts towards the Provincial Growth Fund:
- 35.1 existing funding (totalling \$215.265 million) that advances the objectives of the Provincial Growth Fund [CAB-18-MIN-0045, paragraph 63];
 - 35.2 funding approved in December 2017 to support the One Billion Trees Programme (\$12.800 million in operating funding from 2017/18 through to 2027/28 and a total of \$23.760 million in capital funding) [CBC-17-MIN-0061, paragraph 9];
 - 35.3 funding approved in February 2018 for the Provincial Growth Fund for 2017/18 as a pre-commitment against Budget 2018 (\$98.167 million in operating and \$25 million in capital) [CAB-18-MIN-0045, paragraphs 50-51]
 - 35.4 further funding for One Billion Trees in Vote Forestry approved in Budget 2018 for tree planting and the Hill Country Erosion Programme Expansion (Initiative 10549) and a tagged contingency in Vote Forestry for planting native seedlings (totalling \$132.471 million in operating over 10 years and \$88.800 million in capital);
 - 35.5 a tagged contingency in Vote Business, Science and Innovation of up to \$20 million operating for manifesto commitments to the regions, subject to approval through the Provincial Growth Fund;
 - 35.6 a tagged contingency in Vote Business, Science and Innovation of up to \$10 million capital for manifesto commitments to the regions, subject to approval through the Provincial Growth Fund;
- 36 **noted** that combined with \$285.532 million in funding from the operating allowance and \$88.205 million in funding from the capital allowance towards the Vote Business, Science and Innovation appropriation below, this sums to a total of \$1 billion agreed for the first year of the Provincial Growth Fund:

Funding	Amount (\$m)
Existing operating funding that advances the objectives of the Provincial Growth Fund	135.265
Operating funding approved in December 2017 to support the One Billion Trees Programme	12.800
Operating pre-commitment against Budget 2018 approved in February 2018	98.167
One Billion Trees operating funding approved in Budget 2018	132.471
Tagged contingency for Manifesto Commitments to the Regions – Operating	20.000
Operating funding approved in Budget 2018	285.532
Total operating	684.235

Initiative No: 10265

Existing capital funding that advances the objectives of the Provincial Growth Fund	80.000
Capital pre-commitment against Budget 2018 approved in February 2018	25.000
One Billion Trees capital funding approved in Budget 2018	88.800
Tagged contingency for Manifesto Commitments to the Regions – Capital	10.000
Capital funding approved in Budget 2018	88.205
Capital total	315.765
Grand total	1,000.000

Increase to the Provincial Growth Fund appropriation in Budget 2018

- 37 **agreed** to increase operating expenditure by \$285.532 million and capital expenditure by \$88.205 million for 2018/19 to provide for the Provincial Growth Fund, with a corresponding impact on the operating and debt balances;
- 38 **approved** the following changes to appropriations for the Provincial Growth Fund:

	\$m – increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Vote Business, Science and Innovation Minister for Regional Economic Development					
Multi-Category Expenses and Capital Expenditure: Regional Economic Development: Provincial Growth Fund MCA Non-departmental Other Expenses: Supporting Regional and Sector Investments	-	285.532	-	-	-
Non-departmental capital: Supporting Capital Projects	-	88.205	-	-	-
Total operating	-	285.532	-	-	-
Total capital	-	88.205	-	-	-

- 39 **noted** that Cabinet agreed the following delegations for transferring funding between categories [CAB-18-MIN-0045, paragraph 52]:
- 39.1 authorised the Minister for Regional Economic Development to approve transfers of funding of less than \$1 million, up to \$50 million in each financial year, between categories;
- 39.2 authorised the Minister of Finance, the Minister for Regional Economic Development, the Minister for Economic Development, and the Minister of Transport, together with any other relevant portfolio Ministers (joint Ministers), to approve transfers of funding greater than \$50 million between categories;

Initiative No: 10265

- 40 **agreed** that any under-expenditure in the operating and capital categories established above be carried forward to the following financial year through until 2020/21 to recognise the uncertain timing of project initiation, approval and subsequent expenditure;
- 41 **noted** that the funding increases above count towards the Provincial Growth Fund;
- 42 **agreed** that the “Regional Economic Development: Provincial Growth Fund MCA” appropriation in Vote Business, Science and Innovation will have more detailed end-of-year reporting requirements that will be added to the Estimates, to provide transparency on areas of spending and what was achieved;

Administration of the Provincial Growth Fund

- 43 **noted** that Cabinet authorised the Minister of Finance and the Minister for Regional Economic Development to approve jointly any subsequent changes to appropriations required to implement the Fund; [CAB-18-MIN-0045, paragraph 61]
- 44 **noted** that the Minister of Finance and the Minister for Regional Economic Development will agree on the ongoing costs of administering and supporting the Provincial Growth Fund, after receiving further advice from officials, and will make the necessary adjustments to appropriations;

Transferring unspent funding from 2017/18 to 2018/19

- 45 **noted** that technical initiative 10531 transfers unspent funding from the Economic Development: Regional Growth Initiatives multi-year appropriation to the Regional Projects and Capability category of the Regional Economic Development: Provincial Growth Fund MCA in Vote Business, Science and Innovation;

Correcting error in increase to Sector Investments category

- 46 **noted** that:
- 46.1 in February 2018, Cabinet approved an increase of \$39.500 million to the Sector Investments category of Vote Business, Science and Innovation’s Regional Economic Development: Provincial Growth Fund appropriation [CAB-18-MIN-0045];
- 46.2 this increase should have been approved for the Enabling Sector Investments category;

Initiative No: 10265

47 **approved** the following changes to appropriations for Provincial Growth Fund projects that can be initiated in 2017/18 to correct the error noted in paragraph 46 above:

	\$m – increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Vote Business, Science and Innovation Minister for Regional Economic Development					
Multi-Category Expenses and Capital Expenditure: Regional Economic Development: Provincial Growth Fund MCA Non-departmental Other Expenses: Enabling Sector Investments	39.500	-	-	-	-
Non-departmental Other Capital: Sector Investments	(39.500)	-	-	-	-
Total operating	39.500	-	-	-	-
Total capital	(39.500)	-	-	-	-

Initiative No: 10443

Vote: Business, Science and Innovation

Title: Policy Advice and Related Services - Tourism Reprioritisation

Description: As a result of the baseline review, a total of \$700,000 per annum of departmental Crown funding within Policy Advice and Related Outputs Multi-Category Appropriation, Related Services - Tourism is being reprioritised.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	(0.700)	(0.700)	(0.700)	(0.700)
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	(0.700)	(0.700)	(0.700)	(0.700)

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Policy Advice and Related Outputs (MCA)					
<i>Departmental Output Expense:</i>					
Related Services to Ministers - Tourism (funded by revenue Crown)	-	(0.700)	(0.700)	(0.700)	(0.700)
Total Multi-Category Expenses and Capital Expenditure: Policy Advice and Related Outputs (MCA)	-	(0.700)	(0.700)	(0.700)	(0.700)
Total Operating	-	(0.700)	(0.700)	(0.700)	(0.700)

Initiative No: 10278

Vote: Business, Science and Innovation

Title: Research and Development Tax Credit Implementation

Description: This funding enables the Government to provide businesses with a research & development tax incentive. The tax incentive will provide a stable mechanism to incentivise increased business expenditure on research and development.

New appropriation approval

Name	Period	Type	Category Name	Scope
Research, Science and Innovation: Research and Development Tax Incentive	Annual	Benefits or Related Expenses	N/A	This appropriation is limited to providing a Research and Development (R&D) tax credit to eligible R&D performing businesses.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	70.000	280.000	320.000	350.000
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	70.000	280.000	320.000	350.000

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Benefits or Related Expense: Research, Science and Innovation: Research and Development Tax Incentive	-	70.000	280.000	320.000	350.000
Total Operating	-	70.000	280.000	320.000	350.000

Additional recommendations

- 48 **noted** that expenditure on the Research and Development tax credit will be driven by growth in business expenditure on Research and Development;
- 49 **noted** that this initiative will be implemented through legislation, intended to be passed before April 2019;
- 50 **noted** that the implementation costs for this initiative have been submitted through Vote Revenue (Initiative 10645);
- 51 **agreed** that the Minister of Research, Science and Innovation be appropriation Minister for the above new appropriation;

Initiative No: 10120

Vote: Business, Science and Innovation

Title: Responding to Funding Pressures and Technological Disruption

Description: This funding will ensure that the Ministry of Business, Innovation and Employment is sufficiently resourced to deliver on the Government's communications policy, infrastructure, and digital economy priorities.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	0.800	1.800	1.800	1.800
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	0.800	1.800	1.800	1.800

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Policy Advice and Related Outputs (MCA)					
<i>Departmental Output Expense:</i>					
Policy Advice - Communications (funded by revenue Crown)	-	0.800	1.800	1.800	1.800
Total Multi-Category Expenses and Capital Expenditure: Policy Advice and Related Outputs (MCA)	-	0.800	1.800	1.800	1.800
Total Operating	-	0.800	1.800	1.800	1.800

Initiative No: 10432

Vote: Business, Science and Innovation

Title: Sector Analysis and Facilitation Multi-Category Appropriation - Reprioritisation

Description: A total of \$2 million of departmental Crown funding within Sector Analysis and Facilitation Multi-Category Appropriation is being reprioritised.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	(0.500)	(0.500)	(0.500)	(0.500)
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	(0.500)	(0.500)	(0.500)	(0.500)

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Sector Analysis and Facilitation (MCA)					
<i>Departmental Output Expense:</i>					
Sectoral and Regional Data and Analysis – Economic Development (funded by revenue Crown)	-	(0.500)	(0.500)	(0.500)	(0.500)
Total Multi-Category Expenses and Capital Expenditure: Sector Analysis and Facilitation (MCA)	-	(0.500)	(0.500)	(0.500)	(0.500)
Total Operating	-	(0.500)	(0.500)	(0.500)	(0.500)

Initiative No: 10641

Vote: Business, Science and Innovation

Title: Mangere Refugee Resettlement Centre – Additional Accommodation Blocks

Description: This funding will enable the construction of two new accommodation blocks at the Mangere Refugee Resettlement Centre (MRRC), which would support an increase in the Refugee Quota to 1,500 per annum.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	7.670	-	-	-	-
No Impact	-	-	-	-	-
Total	7.670	-	-	-	-

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Capital Injection:					
Ministry of Business, Innovation and Employment - Capital Injection	7.670	-	-	-	-
Total Operating	-	-	-	-	-
Total Capital	7.670	-	-	-	-

Additional recommendation

52 **noted** that this is a capital component for Initiative 10273 in Vote Labour Market;

Initiative No: 10642

Vote: Business, Science and Innovation

Title: Immigration Visa Services Processing - Addressing Cost Pressures

Description: This funding will be invested in a multi-functional communication platform to support the realisation of benefits from changing Immigration New Zealand's visa services operating model. This platform will be used to integrate back-end biometric systems to facilitate the automated sharing of large volumes of data.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	4.057	5.983	2.492	-
No Impact	-	-	-	-	-
Total	-	4.057	5.983	2.492	-

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Capital Injection:					
Ministry of Business, Innovation and Employment - Capital Injection	-	4.057	5.983	2.492	-
Total Operating	-	-	-	-	-
Total Capital	-	4.057	5.983	2.492	-

Additional recommendation

53 **noted** that this is a capital component for Initiative 10134 in Vote Labour Market;

Initiative No: 10632

Vote: Business, Science and Innovation

Title: Healthy Homes Guarantee Act Implementation

Description: This funding will be used for information campaigns, advice and support to landlords and tenants, compliance monitoring, investigation and enforcement, to support the effective implementation of the Healthy Homes Guarantee Act 2017.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	0.500	-	-	-
No Impact	-	-	-	-	-
Total	-	0.500	-	-	-

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Capital Injection:					
Ministry of Business, Innovation and Employment - Capital Injection	-	0.500	-	-	-
Total Operating	-	-	-	-	-
Total Capital	-	0.500	-	-	-

Additional recommendation

54 **noted** that this is a capital component for Initiative 10266 in Vote Building and Housing;

Initiative No: 10658

Vote: Business, Science and Innovation

Title: Canterbury Earthquakes Insurance Tribunal

Description: This funding will enable the establishment and operation of a tribunal to resolve unsettled residential insurance disputes arising from the Canterbury earthquakes of 2010 and 2011. It will provide an active, individually case managed resolution process for claimants and their insurers. It will also provide access to funded mediation to support the dispute resolution process.

Appropriation changes

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	1.470	-	-	-
No Impact	-	-	-	-	-
Total	-	1.470	-	-	-

	\$m - increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Capital Injections:					
Ministry of Business, Innovation and Employment - Capital Injection	-	1.470	-	-	-
Total Operating	-	-	-	-	-
Total Capital	-	1.470	-	-	-

Additional recommendation

55 **noted** this initiative is the capital component to Initiative 10657 in Vote Building and Housing and is related to Initiative 10297 in Vote Courts.