

# The Treasury

## Budget 2020 Information Release

June 2020

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- [27] 9(2)(ba)(ii) - 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
- [29] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials

- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [36] 9(2)(h) - to maintain legal professional privilege
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [40] not in scope
- [41] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment
- [42] 18(d) - information is already publicly available or will be publicly available soon.

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# Briefing

## VOTE PMC: LEADING AND COORDINATING THE ALL-OF-GOVERNMENT COVID-19 RESPONSE EFFORT

To: Rt Hon Jacinda Ardern  
Prime Minister

Hon Grant Robertson  
Minister of Finance

|          |            |                 |                  |
|----------|------------|-----------------|------------------|
| Date     | 12/05/2020 | Priority        | Urgent           |
| Deadline | 13/05/2020 | Briefing Number | DPMC-2019/20-898 |

### Purpose

This report seeks your agreement to the financial recommendations of one additional Vote Prime Minister and Cabinet initiative to be charged against the COVID-19 Response and Recovery Fund (CRRF) and included in the CRRF Foundational Package, as per the 11 May Cabinet paper “COVID-19 Response and Recovery Fund Foundational Package”.

### Recommendations

The Department of the Prime Minister and Cabinet (DPMC) recommends that you:

1. **note** that on 11 May, through the paper “COVID-19 Response and Recovery Fund Foundational Package”, Cabinet:
  - 1.1. approved a package of initiatives to be charged against the Covid-19 Response and Recovery Fund (CRRF); however, some financial recommendations were still outstanding;
  - 1.2. authorised the Minister of Finance and relevant Appropriation Ministers to approve jointly any changes to appropriations and capital injections, and the establishment of new appropriations where necessary to give effect to a list of initiatives for which financial recommendations were still outstanding;

2. **note** that the following initiative did not have financial recommendations in the 11 May Cabinet paper: *Leading and Coordinating the All-Of-Government Covid-19 Response Effort*
3. **note** that due to the Ministry of Health incurring approximately \$7 million of expenditure against an initial \$10 million appropriated to Vote Health for COVID-19 public health response communications, DPMC has a \$6 million shortfall for funding the COVID-19 Unite communications campaign;

**Either:**

***Option A: Funding to cover all Unite communications campaign costs***

4. **note** that approving \$11.619 million of operating funding now is necessary for DPMC to cover all costs associated with the hugely successful “Unite” communication campaign, contribute to New Zealand’s success in eliminating COVID-19 as we continue to move down through the Alert Levels, and manage perception and contractual risks associated with not following through with commitments made to the contractors;
5. **approve** the financial recommendations for Vote Prime Minister and Cabinet, totalling \$11.619 million operating to cover all DPMC costs for the “Unite” communication campaign, as detailed in the initiative documents at **Attachment A**;

**YES / NO**

**Or:**

***Option B: Funding to cover some Unite communications campaign costs***

6. **note** that approving \$5.619 million of operating funding now will leave DPMC with a \$6 million shortfall for the “Unite” communication campaign, risks adversely affect New Zealand’s success in eliminating COVID-19, and increases the perception and contractual risks with not following through with commitments made to the contractors;
7. **approve** the financial recommendations for Vote Prime Minister and Cabinet, totalling as detailed in the initiative documents at **Attachment B**;

**YES / NO**

***Effect of funding decisions***

8. **agree** that the proposed changes to appropriations and/or capital injections for 2019/20 above be included in the Addition to the 2019/20 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

|  |                         |
|--|-------------------------|
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9. **note** that Cabinet agreed that any and all underspends related to the initiatives in the foundational CRRF package are returned to the Centre;
10. **note** that all communications relating to the CRRF and 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.

|   |   |
|---|---|
| <p>Rt Hon Jacinda Ardern<br/><b>Prime Minister</b></p>  | <p>Hon Grant Robertson<br/><b>Minister of Finance</b></p> |
| <p>...../...../2020</p>   | <p>...../...../2020</p>                                   |
| <p>Clare Ward<br/><b>Executive Director, Strategy,<br/>Governance and Engagement<br/>DPMC</b></p> |   |
| <p>...../...../2020</p>   |   |

**Contact for telephone discussion if required:**

| Name       | Position  | Telephone |      | 1st contact |
|------------|---|-----------|------|-------------|
| Clare Ward | Executive Director, Strategy, Governance and Engagement, DPMC | [39]      | [23] | ✓           |
| Mark Hodge | Senior Advisor, DPMC  |           |      |             |

**Minister's office comments:**

- Noted
- Seen
- Approved
- Needs change
- Withdrawn
- Not seen by Minister
- Overtaken by events
- Referred to

# VOTE PMC: LEADING AND COORDINATING THE ALL-OF-GOVERNMENT COVID-19 RESPONSE EFFORT

## Purpose

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1. This report seeks your agreement to the financial recommendations of one additional Vote Prime Minister and Cabinet initiative, to be charged against the COVID-19 Response and Recovery Fund (CRRF) and included in the CRRF Foundational Package, as per the 11 May Cabinet paper “COVID-19 Response and Recovery Fund Foundational Package”.

## Summary

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2. On 11 May 2020, Cabinet agreed to a package of initiatives to be charged against the CRRF; however, some financial recommendations were still outstanding. Cabinet authorised the Minister of Finance and relevant Appropriation Ministers to approve jointly any changes to appropriations and capital injections, and the establishment of new appropriations where necessary, to give effect to a list of initiatives for which financial recommendations were still outstanding.
3. There is one initiative in Vote Prime Minister and Cabinet that has outstanding financial initiatives yet to be approved: *Leading and Coordinating the All-Of-Government Covid-19 Response Effort*. This initiative relates to the Department of the Prime Minister and Cabinet (DPMC) running the All of Government (AoG) COVID-19 response and the National Emergency Management Agency (NEMA) running of the National Crisis Management Centre (NCMC).
4. DPMC is acting as the host for the current AoG response because of its Chief Executive’s role as Chair of ODESC. The AoG response formally reports to and is accountable to the chair of ODESC (Chief Executive of DPMC). NEMA is a departmental agency, operating autonomously with its own chief executive; however, DPMC is NEMA’s host agency and, as a result, NEMA is funded through Vote Prime Minister and Cabinet.
5. In the 2019/20 financial year, DPMC has extraordinary capital expenditure of \$0.315 million to establish facilities and provide equipment for the AoG response team (e.g. laptops, handsets, keyboards, docking stations, network equipment). DPMC and NEMA have also already incurred or are anticipating extraordinary operating costs of up to \$11.619 million in 2019/20 directly related to their roles in the COVID-19 response (not covered under other appropriations), which include:
  - a) \$5.619 million for:
    - i) \$1.740 million in operating costs for personnel including additional senior leaders to lead and assist with the centralised response<sup>1</sup>, and staff supporting the public information campaign;

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<sup>1</sup> Where possible DPMC and NEMA have sought to draw on expertise from within the existing wider public service. However, given the constraints on many departments’ resources and the rapidly evolving situation, some external, experienced leadership was required to ensure a timely and effective public service response.

- ii) \$3.000 million in operating expenses related to some services supporting the public information campaign, information technology, travel<sup>2</sup>, accommodation, catering, sundries, and the Employee Assistance Programme; and
  - iii) \$0.879 million in contingency to cover a broad range of spend associated with running the NCMC
- b) \$6.000 million for the COVID-19 “Unite” communication campaign (described in more detail in paragraphs 7-10 below).
6. This paper includes financial recommendations to include this initiative in the CRRF Foundational package, details of which will be communicated on Budget Day (14 May 2020).

## **Effective public information is a key part of the fight against COVID-19**

7. A high-profile public information campaign focused on creating behaviour change within the New Zealand public is a key part of the fight against COVID-19. An early priority of the AoG response team was to put in place a comprehensive public information programme including the *Unite Against Covid-19* (“*Unite*”) campaign.
8. The scale of the *Unite* campaign required specialised expertise that is not held permanently within government. Clemenger BBDO Limited and OMD have been contracted to deliver a high-profile COVID-19 campaign focused on ensuring that the New Zealand public and a wide range of stakeholders (e.g. businesses, employers, education providers, community groups) are aware of what is needed to fight COVID-19 and take the action needed.
9. The AoG has been working to \$25 million budget to June 30 from the outset of the response, and has delivered accordingly, at least to the best of its ability given the fast paced and ever changing nature of the situation (particularly at the start of the response).
10. We are confident that part of New Zealand’s success through Alert Level 4 and 3 in containing and eliminating the COVID-19 virus has been due to the *Unite* campaign. As we continue to move down the COVID-19 Alert Levels and start to open the economy back up, continued communication is critical to ensuring that the success to date is not wasted and that we continue to move in the right direction. This includes making sure that the public understands what the current Alert level means, when decisions will happen, and what each New Zealander needs to do to play their part, if we are to successfully transition to something resembling normality in New Zealand.

### **Overview of communications costs to date**

11. To date, \$25 million has been appropriated for the broad COVID-19 related communications activity (across DPMC and the Ministry of Health). However, not all of this was for the AoG *Unite* public information campaign. The funding appropriated so far is:
  - c) \$10 million: initially appropriated to Vote Health as part of the immediate costs for the COVID-19 public health response [CAB-20-MIN-0110 refers];

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2 The default approach to travel is that any travel must be consistent with the corresponding Alert Level. However, some travel costs have been incurred over the course of the response, for example, with NEMA bringing in specialists from around the country to activate the NCMC in the timeframe requested by ODESC (prior to Alert Level 4). Additionally, the travel budget is based on the response lasting several months (not just the period of Alert Level 4).

- d) \$15 million: appropriated to Vote Health on 16 April 2020 for the “Unite” communications campaign.
12. Of this \$25 million, \$18 million is specifically available for the AoG COVID-19 *Unite* communication response being hosted by DPMC:
- a) \$3 million of the \$10m appropriated as part of the original Health package (paragraph **Error! Reference source not found.** The remaining \$7 million of this funding has been applied within the Ministry of Health and includes costs associated with its targeted communications campaign for Māori and Pasifika communities.<sup>3</sup>
- b) \$15m specifically appropriated to Vote Health for the *Unite* campaign (paragraph d).
13. The estimated cost to 30 June 2020 of the highly successful *Unite* campaign and the wider AoG public information programme is \$25 million. This is broken down as follows:

|   |                   |
|---|-------------------|
| Unite campaign strategy and development                 | 2,947,952         |
| Unite campaign media strategy, planning and buying      | 19,478,821        |
| Other campaign costs - web, interpreting services etc   | 874,071           |
| Campaign targeted at communities (Maori, Pasifika etc.) | 1,083,440         |
| Public information personnel costs                      | 615,717           |
| <b>Total</b>  | <b>25,000,000</b> |

14. This leaves DPMC with a shortfall of \$7 million of operating expenditure to cover all of the \$25 million cost of the public information work to 30 June 2020. Of this shortfall, \$1 million for personnel and some other costs is included in the DPMC extraordinary operating costs referred to in paragraph 5 a), and \$6 million is for the for the COVID-19 “Unite” communication campaign referred to in paragraph 5 b) above.
15. DPMC is unable to absorb these costs from within existing baselines. The extent of the COVID-19 response, and therefore the communications requirements, has been substantively larger and more complex than the vast majority of emergencies DPMC and NEMA respond to. The total extraordinary costs of the AoG response, at \$11.619 million, represent around 17 per cent of DPMC’s annual departmental operating baseline. However, there is only minimal opportunity do this as DPMC and NEMA have already reprioritised and redeployed internal resource to support the emergency response. There is therefore minimal residual uncommitted, low priority budget available for reprioritisation, and DPMC and NEMA are unable to meet the above extraordinary costs from existing baselines in 2019/20.

<sup>3</sup> We understand this includes work with Mahi Tahī Media (MTM) and DHB regional Maori Health COVID-19 communications support, an Iwi call centre and health service support, and associated COVID related studio, radio and production work.



16. If the full \$11.619 million of operating funding is not appropriated now then there is a very real risk that the *Unite* campaign will either be stopped, or severely curtailed, and there is still a risk of incurring unappropriated expenditure. The only way DPMC could pull this back to the \$19 million appropriated for the campaign is to stop practically all of the Unite campaign and related activity from next week (commencing 18 May 2020). This means no advertising and no ability to maintain web channels. A small social media campaign would continue but this would not be at the current level.
17. Additionally, there is likely to be a perception risk if DPMC does not follow through on commitments made to the contractors regarding the campaign (i.e. if they go to the media). This may have further flow on effects including risking continued progress towards eliminating the virus in New Zealand and continuing open up the economy.

## Financial Implications

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18. For any financial decisions, expenditure has already been incurred or is committed and we are seeking appropriation for 2019/20 under Imprest Supply. Without this appropriation, some of the expenditure will require retrospective authorisation through validating legislation.

### **Option A: Funding to cover all Unite communications campaign costs**

19. DPMC and Treasury officials strongly recommend approving \$11.619 million of operating expenditure for Vote PMC. This will ensure that the Unite campaign continues to support New Zealand's progress towards elimination of COVID-19 as we move down through the Alert Levels, as well as manage perception and contractual risks with DPMC's engagement with the relevant contractors.
20. If you agree, **Attachment A** provides the financial recommendations necessary to enable this to occur.

### **Option B: Funding to cover some Unite communications campaign costs**

21. However, if Ministers consider that there is insufficient information to support the full scope of the forward Unite communications campaign at this stage, then we have also prepared an alternative set of financial recommendations (**Attachment B**) that would appropriate \$5.619 million of operating funding to Vote PMC.
22. This would enable to cover DPMC's costs to date, but would mean a severe contraction in the Unite campaign from 18 May 2020 onwards as there will be a shortfall in anticipated Unite campaign costs of approximately \$6 million (once existing appropriations have been taken into account).
23. This option is likely to present a perception and contractual risk to DPMC, and may adversely affect New Zealand's success in eliminating the COVID-19 virus as we continue to move down the Alert Levels.

| Attachments:         |  |
|----------------------|--|
| <b>Attachment A:</b> | <b>Initiative Template A:</b> Vote PMC: Leading and Coordinating the All-of-Government COVID-19 Response Effort (\$11.619m opex) |
| <b>Attachment B:</b> | <b>Initiative Template B:</b> Vote PMC: Leading and Coordinating the All-of-Government COVID-19 Response Effort (\$5.619 opex)   |

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# ATTACHMENT A

## Initiative Template A: Vote PMC: Leading and Coordinating the All-of-Government COVID-19 Response Effort (\$11.619m opex)

Initiative No: 12802

**Vote:** Prime Minister and Cabinet

**Title:** Leading and Coordinating the All-of-Government COVID-19 Response Effort

**Description:** This initiative supports the operating costs of leading and coordinating the All-of-Government (AoG) COVID-19 response and the extraordinary capital associated with establishing facilities and equipment for the AoG response team.

### APPROPRIATION CHANGES

|                          | \$m - increase/(decrease) |         |         |         |                    |
|--------------------------|---------------------------|---------|---------|---------|--------------------|
|                          | 2019/20                   | 2020/21 | 2021/22 | 2022/23 | 2023/24 & Outyears |
| Operating Balance Impact | 11.619                    | -       | -       | -       | -                  |
| Debt Impact              | -                         | -       | -       | -       | -                  |
| No Impact                | 0.315                     | -       | -       | -       | -                  |
| <b>Total</b>             | <b>11.934</b>             | -       | -       | -       | -                  |

|   | \$m - increase/(decrease) |         |         |         |                    |
|---|---------------------------|---------|---------|---------|--------------------|
|   | 2019/20                   | 2020/21 | 2021/22 | 2022/23 | 2023/24 & Outyears |
| <b>Capital Injection:</b>   |                           |         |         |         |                    |
| Department of the Prime Minister and Cabinet - Capital Injection                  | 0.315                     | -       | -       | -       | -                  |
| <b>Multi-Category Expenses and Capital Expenditure:</b>                           |                           |         |         |         |                    |
| Emergency Management (MCA)  |                           |         |         |         |                    |
| <i>Departmental Output Expense:</i>   |                           |         |         |         |                    |
| Management of Emergencies (funded by revenue Crown)                               | 11.619                    | -       | -       | -       | -                  |
| Total Multi-Category Expenses and Capital Expenditure: Emergency Management (MCA) | 11.619                    | -       | -       | -       | -                  |
| <b>Total Operating</b>  | <b>11.619</b>             | -       | -       | -       | -                  |
| <b>Total Capital</b>  | <b>0.315</b>              | -       | -       | -       | -                  |

## **Additional Recommendations**

- 1 **agree** that, to ensure funding remains available for leadership and coordination of the AoG COVID-19 response, any amounts that remain unspent in 2019/20 be available for transfer to 2020/21, subject to joint confirmation by the Prime Minister and the Minister of Finance.

# ATTACHMENT B

## Initiative Template B: Vote PMC: Leading and Coordinating the All-of-Government COVID-19 Response Effort (\$5.619m opex)

Initiative No: 12802

**Vote:** Prime Minister and Cabinet

**Title:** Leading and Coordinating the All-of-Government COVID-19 Response Effort

**Description:** This initiative supports the operating costs of leading and coordinating the All-of-Government (AoG) COVID-19 response and the extraordinary capital associated with establishing facilities and equipment for the AoG response team.

### APPROPRIATION CHANGES

|                          | \$m - increase/(decrease) |         |         |         |                    |
|--------------------------|---------------------------|---------|---------|---------|--------------------|
|                          | 2019/20                   | 2020/21 | 2021/22 | 2022/23 | 2023/24 & Outyears |
| Operating Balance Impact | 5.619                     | -       | -       | -       | -                  |
| Debt Impact              | -                         | -       | -       | -       | -                  |
| No Impact                | 0.315                     | -       | -       | -       | -                  |
| <b>Total</b>             | <b>5.934</b>              | -       | -       | -       | -                  |

|   | \$m - increase/(decrease) |         |         |         |                    |
|---|---------------------------|---------|---------|---------|--------------------|
|   | 2019/20                   | 2020/21 | 2021/22 | 2022/23 | 2023/24 & Outyears |
| <b>Capital Injection:</b>   |                           |         |         |         |                    |
| Department of the Prime Minister and Cabinet - Capital Injection                  | 0.315                     | -       | -       | -       | -                  |
| <b>Multi-Category Expenses and Capital Expenditure:</b>                           |                           |         |         |         |                    |
| Emergency Management (MCA)  |                           |         |         |         |                    |
| <i>Departmental Output Expense:</i>   |                           |         |         |         |                    |
| Management of Emergencies (funded by revenue Crown)                               | 5.619                     | -       | -       | -       | -                  |
| Total Multi-Category Expenses and Capital Expenditure: Emergency Management (MCA) | 5.619                     | -       | -       | -       | -                  |
| <b>Total Operating</b>  | <b>5.619</b>              | -       | -       | -       | -                  |
| <b>Total Capital</b>  | <b>0.315</b>              | -       | -       | -       | -                  |

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## **Additional Recommendations**

- 1 **agree** that, to ensure funding remains available for leadership and coordination of the AoG COVID-19 response, any amounts that remain unspent in 2019/20 be available for transfer to 2020/21, subject to joint confirmation by the Prime Minister and the Minister of Finance.