

The Treasury

Budget 2020 Information Release

July 2020

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Key to sections of the Act under which information has been withheld:

- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(b)(i) - 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
- [5] 6(d) - to prevent endangerment of the safety of any person
- [9] 6(e)(iv) - to prevent serious damage to the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the stability, control, and adjustment of prices of goods and services, rents, and other costs, and rates of wages, salaries, and other incomes
- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [26] 9(2)(ba)(i) - 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 to prejudice 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
- [29] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [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
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [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
- [42] 18(d) - information is already publicly available or will be publicly available soon.

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(a).

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Treasury Report: Corrections to the Vote Labour Market Budget package

Date:	15 April 2020	Report No:	T2020/969
		File Number:	SH-2-0

Action sought

	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Authorise technical adjustments to the Vote Labour Market Budget package to remove errors.	20 April 2020
Hon Iain Lees-Galloway Minister for Workplace Relations and Safety Minister of Immigration	Authorise technical adjustments to the Vote Labour Market Budget package to remove errors.	20 April 2020

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
[34]		[39]	N/A (mob) ✓
		[23]	

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: No

Treasury Report: Corrections to the Vote Labour Market Budget package

Purpose of Report

1. Cabinet approved the significant initiatives Budget package on 6 April 2020.
2. The Cabinet minute for each Vote 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 2019/20 Supplementary Estimates, the 2020/21 Estimates and the fiscal forecasts.
3. Officials have identified that the Vote Labour Market recommendations contained several minor errors and inconsistencies. This paper seeks agreement of the Minister of Finance and the Minister for Workplace Relations and Safety/Minister of Immigration to technical adjustments to remove these errors.

Explanation of corrections

Initiative 12318: Extending the Pilot of the Community Organisation Refugee Sponsorship (CORS) Category

4. This initiative provides funding to extend the Community Organisation Refugee Sponsorship (CORS) category pilot for a further three years in order to gather more information on the effectiveness of this method of refugee resettlement.
5. Budget Ministers agreed to delay this initiative by one year owing to border closures restricting entry of refugees. This was reflected in the final Budget Cabinet paper for the related initiatives in Vote Health (12494), Vote Social Development (12483), Vote Education (12493) and Vote Tertiary Education (12506).
6. The delay affected the cost profile of the initiative and marginally reduced costs overall. The change to the cost profile of the Vote Labour Market initiative was not reflected in the final Budget Cabinet paper agreed by Cabinet.

Cost profile as agreed in the Budget:

Vote Labour Market Minister of Immigration	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Immigration Services (MCA)					
<i>Departmental Output Expense:</i>					
Settlement and Integration of Refugees and Other Migrants (funded by revenue Crown)	-	0.980	1.033	1.056	-
Total Operating	-	0.980	1.033	1.056	-

Correct cost profile:

Vote Labour Market Minister of Immigration	\$m - increase/(decrease)					
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Multi-Category Expenses and Capital Expenditure: Immigration Services (MCA) <i>Departmental Output Expense:</i> Settlement and Integration of Refugees and Other Migrants (funded by revenue Crown)	-	0.110	0.920	0.920	0.970	-
Total Operating	-	0.110	0.920	0.920	0.970	-

7. This paper requests that you approve technical changes to appropriations to correctly reflect the cost profile of the delayed initiative.

Initiative 11852: Increasing WorkSafe New Zealand's Capacity to Support the Kigali Amendment to the Montreal Protocol

8. This initiative provides funding to enable WorkSafe New Zealand to implement and operate the licensing regime for refrigeration technicians that work on systems using flammable, toxic or high pressure refrigerants.
9. Funding for this initiative included a repayable capital injection (i.e. concessionary loan) of \$0.985 million to WorkSafe New Zealand, repayable within ten years, to cover the anticipated shortfall of managing refrigeration licensing over the first five-year licensing period.
10. The Budget Cabinet paper noted that prior to the loan being actioned, there would need to be a Memorandum of Understanding between the Ministry of Business, Innovation and Employment and WorkSafe New Zealand, and the Minister of Finance would need to authorise the loan (under section 65L of the Public Finance Act 1989).
11. Cabinet agreed through recommendation 31 in the Vote Labour Market annex that "in the case of a delay in the MoU agreement and/or Ministerial authorisation, the balance of the appropriation as at 30 June 2020 can be transferred to the 2020/21 financial year to ensure that an appropriation is available for the concession expense."
12. However, authorisation to transfer any remaining balance was also intended to apply to the capital expenditure appropriation, which would also be affected by any delay.
13. This paper requests that you approve an additional in-principle transfer for the capital expenditure appropriation.

Initiative 11818: Responding to Increased Claims for Refugee and Protected Person Status

14. This initiative provides funding to increase visa processing capacity for refugee and protected purpose claims in response to a forecasted increase in claims.
15. The funding for this initiative was allocated to the 'Integrity and Security of the New Zealand Immigration System' category of the Immigration Services multi-category-

appropriation, when it should correctly be charged against the 'Settlement and Integration of Refugees and Other Migrants' category of that same appropriation.

16. This paper requests that you approve technical changes to the appropriation to reflect the correct allocation across categories.

Initiative 11798: Complying with Chinese Tax Law for Employees Based in Beijing

17. This initiative provides funding for Immigration New Zealand to be compliant with Chinese tax law while continuing to provide the same net salaries to employees in the Beijing office. The cost of this initiative will be recovered through visa fees and will have no impact on the operating balance and net debt.
18. This initiative was approved by Budget Ministers for inclusion in the Budget package, but was accidentally omitted from the Vote Labour Market Budget package owing to an error in data extraction.
19. This paper requests that you approve the fiscally-neutral appropriation increases required to provide for this initiative.

Recommended Action

We recommend that the Minister of Finance and the Minister for Workplace Relations and Safety/Minister of Immigration jointly:

- a. **Note** that the Vote Labour Market Budget package was approved by Cabinet on 6 April 2020;

Noted

Noted

- b. **Note** that the Cabinet decisions on the Vote Labour Market package included a recommendation authorising the Finance Minister and the Appropriation Minister to make technical adjustments to remove errors and inconsistencies in the package;

Noted

Noted

- c. **Agree** that the proposed change to appropriations for 2019/20 below be included in the 2019/20 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

Agreed/not agreed

Agreed/not agreed

Initiative 12318: Extending the Pilot of the Community Organisation Refugee Sponsorship (CORS) Category – marginal changes to appropriations

- d. **Note** that Budget Ministers agreed to delay this initiative by one year due to border closures restricting entry of refugees, but this was not reflected in the final Budget Cabinet paper agreed by Cabinet;

Noted

Noted

- e. **Agree** to the following technical changes to appropriations, to correctly reflect the one-year delay, with corresponding impacts on the operating balance and net debt:

Vote Labour Market Minister of Immigration	\$m - increase/(decrease)					
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 & Out-years
Multi-Category Expenses and Capital Expenditure:						
Immigration Services (MCA)						
<i>Departmental Output Expense:</i>						
Settlement and Integration of Refugees and Other Migrants (funded by revenue Crown)	-	(0.870)	(0.113)	(0.136)	0.970	-
Total Operating	-	(0.870)	(0.113)	(0.136)	0.970	-

Agreed/not agreed

Agreed/not agreed

Initiative 11852: Increasing WorkSafe New Zealand's Capacity to Support the Kigali Amendment to the Montreal Protocol

- f. **Note** that funding for this initiative included a repayable capital injection (i.e. concessionary loan) of \$0.985 million in 2019/20, repayable within ten years, to cover the anticipated shortfall of the refrigeration licensing memorandum account over the first five-year licensing period;

Noted

Noted

- g. **Agree** to an in-principle capital transfer within the *Workplace Relations and Safety - Capital for WorkSafe New Zealand* appropriation of up to \$0.985 million from 2019/20 to 2020/21, to manage the potential delay to the authorisation of the loan, with the final capital transfer to be approved by the Minister of Finance and the Minister for Workplace Relations and Safety following completion of the 2019/20 audited financial statements of the Ministry of Business, Innovation and Employment (or before-hand if necessary), with no impact on the operating balance and/or net core Crown debt across the forecast period;

Agreed/not agreed

Agreed/not agreed

Initiative 11818: Responding to Increased Claims for Refugee and Protected Person Status

- h. **Agree** to the following technical adjustments to categories within the Immigration Services MCA, so that the funding is correctly allocated to the 'Settlement and Integration of Refugees and other Migrants' category, with no impact on the operating balance and net debt:

Vote Labour Market Minister of Immigration	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Immigration Services (MCA)					
<i>Departmental Output Expenses:</i>					
Integrity and Security of the New Zealand Immigration System (funded by revenue Crown)	-	-	(1.710)	(1.780)	(1.900)
Settlement and Integration of Refugees and Other Migrants (funded by revenue Crown)			1.710	1.780	1.900
Total Operating	-	-	-	-	-

Agreed/not agreed

Agreed/not agreed

Initiative 11798: Complying with Chinese Tax Law for Employees Based in Beijing

- i. **Note** that this initiative enables Immigration New Zealand to be compliant with Chinese tax law while continuing to provide the same net salaries to employees in the Beijing office

Noted

Noted

- j. **Note** that this initiative was approved by Budget Ministers for inclusion in the Budget package, but was accidentally omitted from the Vote Labour Market Budget package owing to an error in data extraction.

Noted

Noted

- k. **Note** that the costs of this initiative will be recovered through immigration fees and will have no impact on the operating balance or net debt

Noted

Noted

- l. **Agree** to the following fiscally neutral adjustments to appropriations to provide for *Initiative 11798: Complying with Chinese Tax Law for Employees Based in Beijing*:

Vote Labour Market Minister of Immigration	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Immigration Services (MCA)					
<i>Departmental Output Expense:</i>					
Assessment and Processing Services (funded by revenue Other)	1.800	4.700	5.050	5.420	5.800
Total Operating	1.800	4.700	5.050	5.420	5.800

Agreed/not agreed

Agreed/not agreed

Kate Williamson
Acting Manager, Skills and Work

Hon Grant Robertson
Minister of Finance

Hon Iain Lees-Galloway
Minister for Workplace Relations and Safety
Minister of Immigration