

# The Treasury

## Budget 2020 Information Release

### August 2020

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#### Cabinet Document Details

Title: **Cabinet Minute CAB-20-MIN-0328.03: COVID-19 Response and Recovery Fund (CRRF) July Package: Vote Business, Science and Innovation**

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**No Information has been Withheld**

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# Cabinet

## Minute of Decision

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### COVID-19 Response and Recovery Fund (CRRF) July Package: Vote Business, Science and Innovation

On 6 July 2020, Cabinet:

- 1 **approved** the attached initiatives for the above Vote for inclusion in the COVID-19 Response and Recovery Fund (CRRF) July package;
- 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/or capital injections to the administering department (where applicable) 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 **authorised** the Minister of Finance and relevant Appropriation Ministers to approve jointly any other changes to appropriations and/or capital injections, and the establishment of new appropriations where necessary, to give effect to the policy decisions outlined in the submission under CAB-20-SUB-0328;
- 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 prior to finalising the 2020/21 Supplementary Estimates;
- 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 an in-confidence-until-announcement basis, of decisions that directly affect that Crown entity for the purpose of planning and preparation of their Statement of Intent;
- 8 **agreed** that any and all underspends related to the initiatives approved in this package be returned to the CRRF, until it ceases to exist, at which point they be returned to the centre;
- 9 **agreed** that the changes to appropriations and/or capital injections for 2020/21 in the attached initiative documents be included in the 2020/21 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
- 10 **agreed** that the expenses incurred under the attached initiative documents be charged against the COVID-19 Response and Recovery Fund established as part of Budget 2020;

- 11 **agreed** that the initiative in the following table be set aside as a contingency item, and that corresponding funding for it be set aside in the between-Budget spending contingency:

### Capital Contingency

Initiative Name	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Addressing the Impact of Border Restrictions on MBIE's Liquidity	-	119.000	-	-	-
<b>Total Capital</b>	-	<b>119.000</b>	-	-	-

- 12 **noted** that the purpose of the “Addressing the Impact of Border Restrictions on MBIE’s Liquidity” contingency is to support MBIE’s cash liquidity for six months through to 30 June 2021 as a result of revenue pressure caused by the COVID-related restrictions on the NZ border and subsequent loss of third party revenue from visa and electronic travel authority application fees;
- 13 **noted** that there is an associated initiative in Vote Business, Science and Innovation (Initiative 13020), which includes capital funding and associated debt impacts;
- 14 **authorised** the Minister of Finance, Minister of Economic Development and Minister of Immigration jointly to make final decisions on drawdowns from, and the approval of expenditure against, this contingency;
- 15 **agreed** that the “Addressing the Impact of Border Restrictions on MBIE’s Liquidity” contingency will expire on 30 June 2021 unless extended;
- 16 **noted** 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.

Michael Webster  
Secretary of the Cabinet

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**Vote:** Business, Science and Innovation

**Title:** Accelerating Energy Efficiency and Fuel Switching in Industry to Reduce Emissions

**Description:** This initiative will provide grants and a contestable fund for fuel switching and innovative projects in the industrial process heat sector, to accelerate the transition to clean, low-emissions energy. It will increase energy efficiency and fuel switching, while stimulating economic activity. It will help overcome the significant financial barriers that prevent firms from investing in carbon abatement or energy efficiency opportunities. In addition, it will fund electricity network connections where fuel switching to electricity (electrification) is identified as the best emissions abatement option.

**New Appropriation Approval**

Name	Period	Type	Category Name	Scope
Energy and Resources: Accelerating Energy Efficiency and Fuel Switching in Industry	Annual	Non-Departmental Other Expenses	N/A	This appropriation is limited to energy efficiency and fuel switching projects that reduce carbon emissions from industrial processes, including electricity network connections.

**Appropriation Changes**

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Operating Balance Impact	-	15.000	20.000	35.000	-
Debt Impact	-	0.007	0.007	0.007	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>15.007</b>	<b>20.007</b>	<b>35.007</b>	-

## Initiative No: 13031

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
<b>Capital Injections:</b>					
Ministry of Business, Innovation and Employment - Capital Injection		0.007	0.007	0.007	
<b>Non-Departmental Other Expense:</b>					
Energy and Resources: Accelerating Energy Efficiency and Fuel Switching in Industry		14.600	19.600	34.800	
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Energy Efficiency and Conservation (MCA)					
<i>Non-Departmental Output Expense:</i>					
Energy Efficiency and Conservation		0.200	0.200	0.100	
Policy Advice and Related Services to Ministers (MCA)					
<i>Departmental Output Expense:</i>					
Policy Advice and Related Services to Ministers - Energy and Resources (funded by revenue Crown)		0.200	0.200	0.100	
<b>Total Operating</b>		<b>15.000</b>	<b>20.000</b>	<b>35.000</b>	
<b>Total Capital</b>		<b>0.007</b>	<b>0.007</b>	<b>0.007</b>	

**Additional recommendations**

- 17 **noted** that funding for this initiative is time-limited to the end of the 2022/23 financial year;
- 18 **agreed** that MBIE will provide a report back to the Minister of Finance, Minister of Energy and Resources, and Minister for Climate Change before the end of 2020, detailing how the funding will be spent and providing an implementation plan;

## Initiative No: 13021

**Vote:** Business, Science and Innovation

**Title:** Additional Resource for Skills and Employment Policy Team to Meet Increased Demand for Employment Policy Advice

**Description:** This initiative will increase the capacity of the Skills and Employment Policy team by providing for additional full-time equivalent (FTE) staff for the next two years. The policy advice function within the Employment Portfolio has been under significant pressure over the last year, and this is expected to continue as the Government focuses on the COVID-19 pandemic recovery. Initiatives such as Social Insurance and the Employment Strategy are likely to create ongoing demand for policy advice. In addition, the long-term economic and labour market impacts resulting from COVID-19 are likely to drive future demand for policy advice in this space beyond the medium-term recovery period. Bringing on additional FTE will help to ensure that the increased and ongoing demand is met.

### Appropriation changes

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	0.158	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>0.158</b>	-	-	-

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
<b>Capital Injection:</b>					
Ministry of Business, Innovation and Employment - Capital Injection	-	0.158	-	-	-
<b>Total Capital</b>	-	<b>0.158</b>	-	-	-

### Additional recommendation

19 **noted** that there is an associated initiative in Vote Labour Market (Initiative 12973), which includes the associated operating funding and operating balance impacts;

## Initiative No: 13019

**Vote:** Business, Science and Innovation

**Title:** Addressing Temporary Migrant Worker Exploitation

**Description:** This initiative will implement an end-to-end package of regulatory, policy and operational changes to reduce temporary migrant worker exploitation. This includes increased investigation and enforcement capacity for the Labour Inspectorate and Immigration New Zealand to address the increased vulnerability of migrant workers caused by the COVID-19 pandemic.

### Appropriation changes

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	1.802	0.491	0.367	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>1.802</b>	<b>0.491</b>	<b>0.367</b>	-

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
<b>Capital Injection:</b>					
Ministry of Business, Innovation and Employment - Capital Injection	-	1.802	0.491	0.367	-
<b>Total Capital</b>	-	<b>1.802</b>	<b>0.491</b>	<b>0.367</b>	-

### Additional recommendations

- 20 **noted** that there is an associated initiative in Vote Labour Market (Initiative 12874), which includes the operating funding and associated operating balance impacts;
- 21 **noted** that Cabinet has approved a corresponding package of policy proposals [CAB-20-MIN-0100];

## Initiative No: 13020

- Vote:** Business, Science and Innovation
- Title:** Addressing the Impact of Border Restrictions on the Ministry of Business, Innovation and Employment's Liquidity
- Description:** This initiative will provide funding to support the Ministry of Business, Innovation and Employment's (MBIE) cash liquidity as a result of revenue pressure caused by the COVID-related restrictions on the NZ border and subsequent loss of third party revenue from visa and electronic travel authority application fees.

## Appropriation changes

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	87.000	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>87.000</b>	-	-	-

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
<b>Capital Injection:</b>					
Ministry of Business, Innovation and Employment - Capital Injection	-	87.000	-	-	-
<b>Total Capital</b>	-	<b>87.000</b>	-	-	-

## Additional recommendations

- 22 **noted** that this initiative will provide funding for MBIE for six months through to 31 December 2020;
- 23 **noted** that there is an associated contingency in Vote Business, Science and Innovation providing funding for the remainder of the 2020/2021 financial year;
- 24 **noted** that the above capital injection for 2020/21 is a maximum and that the cash will only be drawn down as required;



## Initiative No: 13030

- Vote:** Business, Science and Innovation
- Title:** Further Regional Business Partner Advice for Small Businesses
- Description:** This initiative will enable additional business consultancy advice funding through the Regional Business Partner Network.

## Appropriation changes

	Sm - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Operating Balance Impact	-	40.000	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>40.000</b>	-	-	-

	Sm - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Support the Growth and Development of New Zealand Firms, Sectors and Regions (MCA)					
<i>Non-Departmental Output Expense:</i>					
Services to Support the Growth and Development of New Zealand Businesses	-	40.000	-	-	-
<b>Total Operating</b>	-	<b>40.000</b>	-	-	-

## Additional recommendations

- 25 **noted** that in June 2020, the Cabinet Economic Development Committee (DEV) agreed to additional funding of \$40 million for business advice provided through the Regional Business Partner Network, subject to the decisions by Budget Ministers on the next COVID-19 Response and Recovery Fund [DEV-20-MIN-0102];
- 26 **noted** that following the DEV meeting, Budget Ministers have now agreed to the additional funding of \$40 million for the Regional Business Partner Network;

## Initiative No: 12876

**Vote:** Business, Science and Innovation

**Title:** Increasing Official Assignee Resources to Manage the Growth in Personal Insolvency Cases Due to COVID-19

**Description:** This initiative will provide for additional staff resources and case specific costs for the Official Assignee to meet a forecast increase in personal insolvencies due to COVID-19. The additional resources will ensure that cases are administered in a timely manner to maximise benefits to creditors and support debtors burdened with unmanageable debt to receive a 'fresh start'.

## Appropriation changes

	Sm - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24
Operating Balance Impact	-	2.026	4.627	2.565	0.602
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>2.026</b>	<b>4.627</b>	<b>2.565</b>	<b>0.602</b>

	Sm - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Departmental Output Expense:</b>					
Commerce and Consumer Affairs: Official Assignee Functions (funded by revenue Crown)	-	2.026	4.627	2.565	0.602
<b>Total Operating</b>	-	<b>2.026</b>	<b>4.627</b>	<b>2.565</b>	<b>0.602</b>

**Additional recommendation**

27 **noted** that this funding is time-limited to the end of the 2023/24 financial year and does not extend to the 2024/25 financial year and outyears;

**Initiative No: 12889**

**Vote:** Business, Science and Innovation

**Title:** Reducing Energy Hardship and Strengthening the Consumer Voice for Electricity Consumers

**Description:** This initiative has four components. The first is to develop a network of community-level services, and the second is to fund energy efficient household appliances. The third component is the establishment and operation of a cross-sector energy hardship group to ensure initiatives are well-considered and coordinated. The fourth component is establishment and operation of a new electricity consumer advocacy council and secretariat. This initiative will reduce energy hardship and improve advocacy for small electricity consumers.

**New appropriation approval**

Name	Period	Type	Category Name	Scope
Energy and Resources: Assisting Households in Energy Hardship	Annual	Non-Departmental Output Expenses	N/A	This appropriation is limited to specialist advice and support delivered by training service providers to households in energy hardship and assisting with the costs of energy efficient household appliances and devices.
Commerce and Consumer Affairs: Consumer Advocacy Council for Small Electricity Consumers	Annual	Departmental Output Expenses	N/A	This appropriation is limited to the establishment and operation of an independent Consumer Advocacy Council and supporting secretariat for small electricity consumers.

**Appropriation changes**

	\$m - increase/(decrease)					
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	-	3.720	3.910	4.310	5.060	5.060
Debt Impact	-	0.140	0.140	0.140	0.140	0.070
No Impact	-	-	-	-	-	-
<b>Total</b>	-	<b>3.860</b>	<b>4.050</b>	<b>4.450</b>	<b>5.200</b>	<b>5.130</b>

## Initiative No: 12889

	\$m - increase/(decrease)					
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
<b>Departmental Output Expenses:</b>						
Commerce and Consumer Affairs: Consumer Advocacy Council for Small Electricity Consumers (funded by revenue Crown)	-	1.600	1.600	1.600	1.600	1.600
Energy and Resource Information Services (funded by revenue Crown)	-	0.150	0.150	0.150	0.150	0.150
<b>Capital Injection:</b>						
Ministry of Business, Innovation and Employment - Capital Injection	-	0.140	0.140	0.140	0.140	0.070
<b>Non-Departmental Output Expense:</b>						
Energy and Resources: Assisting Households in Energy Hardship	-	1.260	1.650	2.050	2.950	2.950
<b>Multi-Category Expenses and Capital Expenditure:</b>						
Policy Advice and Related Services to Ministers (MCA)						
<i>Departmental Output Expense:</i>						
Policy Advice and Related Services to Ministers - Energy and Resources (funded by revenue Crown)	-	0.710	0.510	0.510	0.360	0.360
<b>Total Operating</b>	-	<b>3.720</b>	<b>3.910</b>	<b>4.310</b>	<b>5.060</b>	<b>5.060</b>
<b>Total Capital</b>	-	<b>0.140</b>	<b>0.140</b>	<b>0.140</b>	<b>0.140</b>	<b>0.070</b>

**Additional recommendation**

28 noted that capital funding decreases in 2024/25 relative to previous years;

## Initiative No: 12886

- Vote:** Business, Science and Innovation
- Title:** Resource Management Act National Direction to Facilitate Development of Renewable Energy Projects
- Description:** This initiative will fund specialist expertise and policy capability for development of national direction instruments under the Resource Management Act 1991 to facilitate the development of renewable energy projects. These national direction instruments and guidance materials will improve planning and consenting outcomes for renewable energy projects.

## Appropriation changes

	Sm - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24
Operating Balance Impact	-	1.000	1.000	0.500	0.500
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>1.000</b>	<b>1.000</b>	<b>0.500</b>	<b>0.500</b>

	Sm - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Policy Advice and Related Services to Ministers (MCA)					
<i>Departmental Output Expense:</i>					
Policy Advice and Related Services to Ministers - Energy and Resources (funded by revenue Crown)	-	1.000	1.000	0.500	0.500
<b>Total Operating</b>	-	<b>1.000</b>	<b>1.000</b>	<b>0.500</b>	<b>0.500</b>

## Additional recommendation

- 29 **noted** that this funding is time-limited to the end of the 2023/24 financial year and does not extend to the 2024/25 financial year and outyears;

**Vote:** Business, Science and Innovation

**Title:** Supporting Renewable Energy Projects in Public and Māori Housing

**Description:** This initiative will fund the installation of fit-for-purpose energy solutions on public and Māori housing. It targets households in energy hardship, utilising the ability to plan and deploy solutions at scale across Crown-owned properties, or through networks where the Crown is already working with Māori housing providers. It will deploy a range of methods and technologies, from established energy efficiency retrofits, through to renewable energy generation solutions or storage and demand management techniques. It will deliver improved health outcomes through healthier homes and lower household energy costs.

### New appropriation approval

Name	Period	Type	Category Name	Scope
Energy and Resources: Energy Solutions for Public and Māori Housing	Annual	Non-Departmental Output Expenses	N/A	This appropriation is limited to the provision of energy solutions on public and Māori housing.

### Appropriation changes

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24
Operating Balance Impact	-	4.000	6.000	8.000	10.000
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>4.000</b>	<b>6.000</b>	<b>8.000</b>	<b>10.000</b>

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Non-Departmental Output Expense:</b>					
Energy and Resources: Energy Solutions for Public and Māori Housing	-	3.700	5.700	7.700	9.700
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Policy Advice and Related Services to Ministers (MCA)					
<i>Departmental Output Expense:</i>					
Policy Advice and Related Services to Ministers - Energy and Resources (funded by revenue Crown)	-	0.300	0.300	0.300	0.300
<b>Total Operating</b>	-	<b>4.000</b>	<b>6.000</b>	<b>8.000</b>	<b>10.000</b>

**Additional recommendation**

30 **noted** that this funding is time-limited to the end of the 2023/24 financial year and does not extend to the 2024/25 financial year and outyears.

## Initiative No: 13000

**Vote:** Business, Science and Innovation

**Title:** Tourism Policy Capability

**Description:** This initiative increases the policy capability of the Ministry of Business, Innovation and Employment (MBIE) to implement the Government's response to COVID-19. Significant policy issues are emerging as the sector recovers and rebuilds as a result of COVID-19. In order to deliver on the Government's tourism recovery package MBIE has established new funding mechanisms and policy programmes. To ensure MBIE moved quickly in its policy response, much of the core policy work programme was paused. This initiative will help MBIE to continue to deliver the productive, sustainable and inclusive growth outlined in the Tourism Strategy, and the additional policy expertise will ensure the delivery of new policy programmes relevant in a post COVID-19 context.

### Appropriation changes

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Operating Balance Impact	-	1.092	0.546	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>1.092</b>	<b>0.546</b>	-	-

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Policy Advice and Related Services to Ministers (MCA)					
<i>Departmental Output Expense:</i>					
Policy Advice and Related Services to Ministers - Tourism (funded by revenue Crown)	-	1.092	0.546	-	-
<b>Total Operating</b>	-	<b>1.092</b>	<b>0.546</b>	-	-