

The Treasury

Budget 2020 Information Release

August 2020

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- [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
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Treasury Report: COVID-19 Response and Recovery Fund (CRRF) - Draft Packages for Round Two

Date:	22 June 2020	Report No:	T2020/1979
		File Number:	BM-2-4-2020-14

Action sought

	Action sought	Deadline
Hon Grant Robertson Minister of Finance	<p>Discuss this report with officials at CRRF/Budget Matters on 23 June 2020</p> <p>Direct the Treasury to prepare near-final packages and supporting material for Budget Ministers on 24 June 2020</p>	23 June 2020

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Phoebe Sparrow	Analyst, COVID-19 Response and Recovery Fund	[39]	N/A (mob) ✓
Corwin Wallens	Project Lead, COVID-19 Response and Recovery Fund		N/A (mob)
Daniel Lawrey	Project Lead, COVID-19 Response and Recovery Fund		N/A (mob)
Paul Helm	Head of Government Finance Profession and Chief Government Accountant	[23]	

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: Yes (attached) – Annex 1

Treasury Report: COVID-19 Response and Recovery Fund (CRRF) - Draft Packages for Round Two

Executive Summary

This report provides advice on draft packages for a second round of COVID-19 Response and Recovery Fund (CRRF) decisions, expected to be taken by Cabinet on 6 July 2020. Annex 1 contains two draft packages for your consideration.

These packages have been developed on the basis that you would like a fiscal buffer of approximately \$15 billion to remain in the CRRF following Cabinet decisions to be taken on 6 July 2020. This buffer corresponds to an envelope of around \$3 billion for decisions between now and 6 July 2020. This \$3 billion includes any other ad hoc charges against the CRRF [25]

Package A (Treasury-preferred package) totalling \$2.66 billion combined operating and capital reflects an approach whereby CRRF Round Two funding is weighted towards cost and revenue pressures. This reflects our previous advice that urgent COVID-19 related cost pressures should take priority over discretionary new spending at this time (T2020/1569 refers). Package A comprises a large number of cost pressure initiatives (\$2.340 billion total operating capital) and a smaller amount of Wave Three spending (\$320.71 million total operating and capital).

You may wish to provide for greater Wave Three spending through CRRF Round Two. If you still intend to operate within an envelope of approximately \$2 billion for CRRF Round Two, we would recommend identifying cost pressures that you do not wish to fund from the Treasury-preferred package in order to support more Wave Three proposals.

If Ministers wish to heavily-weight CRRF Round Two spending towards Wave Three initiatives, Package B outlines our recommended minimum viable cost pressures (\$837.48 million total operating and capital) to allow space to focus more on Wave Three initiatives. We have included all Treasury-supported Wave Three initiatives in this package to allow you to support a selection that meets your preferred fiscal envelope. Package B will allow you to fund one or more significant Wave Three investments, such as the Residential Development Response Fund.

We are meeting with you on Tuesday 23 June 2020 to seek your feedback on this report ahead of your meeting with Budget Ministers on Wednesday 24 June 2020.

Recommended Action

We recommend that you:

- a **note** that Ministers submitted 78 unavoidable cost and revenue pressure initiatives to be considered for the July 2020 round of COVID-19 Response and Recovery Fund (CRRF) decisions, seeking operating funding of \$4.997 billion and capital funding of \$2.362 billion;
- b **note** that 71 proposals relating to Wave Three of the Government's response to COVID-19 have been submitted across six key areas (Business Support, Energy, Housing and Urban Development, International Education, Three Waters, and Waste) seeking operating funding of \$14.129 billion and capital funding of \$1.896 billion;
- c **note** that the remaining balance of the CRRF is \$18.02 billion including decisions taken up to 19 June 2020, which leaves approximately \$3 billion after accounting for a \$15 billion fiscal buffer;
- d **note** that we have developed a Treasury-preferred package that weights funding towards cost pressures and comprises:
 - \$1.019 billion total operating and \$1.320 billion total capital for cost pressures, and
 - \$286.309 million total operating and \$34.4 million total capital for Wave Three initiatives
- e **indicate** if you would like more advice on the treatment of underspends relating to CRRF decisions;

Yes / No
- f **note** the key dates for the coming fortnight to make funding decisions at the Cabinet meeting on Monday 6 July 2020 are outlined in paragraph 45;
- g **indicate** your preferred mix of cost pressure and Wave Three packages, and any changes to initiatives supported in Annex 1 (*please indicate against Annex 1*);
- h **discuss** this report and annexes with Treasury officials at CRRF/Budget Matters on Tuesday 23 June 2020; and
- i **direct** the Treasury to prepare near-final packages and supporting material for Budget Ministers on Wednesday 24 June 2020.

Corwin Wallens
Project Lead, COVID-19 Response and Recovery Fund

Hon Grant Robertson
Minister of Finance

Treasury Report: COVID-19 Response and Recovery Fund (CRRF) - Draft Packages for Round Two

Purpose of Report

1. This report provides you with advice on draft cost pressure packages and 'Wave Three' packages for your consideration ahead of further spending decisions against the COVID-19 Response and Recovery Fund (CRRF) at the Cabinet meeting of Monday 6 July 2020. Annex 1 contains draft packages for your consideration to support final decisions at the Budget Ministers meeting of Wednesday 24 June 2020.

Background

CRRF Spending to Date

2. The COVID-19 Response and Recovery Fund (CRRF) was established on 6 April 2020 to manage the fiscal implications of the Government's response to, and recovery from, COVID-19. The original CRRF balance was set at \$50 billion, which is additional to the \$12.1 billion investment made through the Economic Response Package agreed on 16 March 2020, and some other decisions (e.g., Income Support Stand-Downs) that were managed against the Between-Budget Contingency.
3. Our previous advice details key technical judgements in charging decisions against the CRRF (T2020/917 refers). This includes the treatment of underspends, loans and costs beyond the forecast period.
4. All decisions with fiscal implications, related to COVID-19 and taken since 16 March 2020, have been managed against the CRRF (excluding the \$12.1 billion package referred to in paragraph 2). This includes the CRRF Foundational Package of \$15.9 billion that was agreed on 11 May 2020. Decisions made to date are listed in Table 1.

Round Two CRRF Packages

5. You wrote to Ministers on 4 June 2020 to invite a second round of CRRF funding submissions from Ministers by 15 June 2020. Your letter noted that the long-term impacts of COVID-19 remain uncertain and, for this reason, it is important to retain a fiscal buffer in the CRRF. We understand that you are targeting a buffer of approximately \$15 billion as at 6 July 2020, [33]
6. Any department was eligible to submit initiatives relating to unavoidable cost or revenue pressures. To be in scope for CRRF funding, an unavoidable cost or revenue pressure initiative must demonstrate increased costs or reduction of revenue that are urgent and directly related to COVID-19, and that additional costs (or revenue reductions) cannot be met from existing baselines or reprioritisation without staff redundancies.
7. You also invited a number of Ministers to submit proposals relating to Wave Three of the Government's response to COVID-19. To be assessed by the Treasury, Wave Three initiatives must fall within a number of key focus areas (Business Support, Energy, Housing and Urban Development, International Education, Three Waters, and Waste).

Table 1: CRRF decisions to date

Date agreed	Name of measure/package	CRRF impact (\$m)
Pre-11 May	Pre-11 May decisions	13881.367
11 May	CRRF Foundational Package	15889.159
12 May	COVID Income Relief Payment (net impact)	570.288
18 May	COVID-19 Vaccine Strategy	30.000
18 May	Additional Health measures	315.677
[33]		
1 June	Extension of emergency payment for casual staff in the school sector	4.750
2 June	Wage subsidy extension – threshold change	700.000
3 June	Arbitrating commercial lease disputes	40.000
8 June	Support plan for COVID-19 cases and close contacts in the community	20.000
15 June	Support for foreign nationals experiencing serious hardship due to the impacts of COVID-19	37.600
15 June	A sustainable quarantine and managed isolation system	298.000
Total allocated CRRF		31980.841
Remaining balance of CRRF at 19 June		18019.159

[33]

Approach to Setting Envelopes

8. In order to set appropriate funding parameters for Round Two packages, we have taken a top-down approach, looking at the remaining balance of the CRRF and building in potential funding for other ad hoc funding decisions (i.e., decisions taken outside of main packages).
9. As at 19 June 2020, the remaining balance of the CRRF was \$18 billion. You have indicated that you wish to retain a buffer of approximately \$15 billion of unallocated CRRF funding following Cabinet decisions on 6 July 2020 [33] which any further spending on the COVID-19 recovery would be charged against, including [25]
10. Further ad hoc Cabinet decisions outside of Round Two packages will be charged against the CRRF between 19 June 2020 and 6 July 2020. These decisions are likely to total at least \$1 billion. Therefore, we have assumed an envelope of approximately \$2 billion for the development of Round Two packages, as set out in Table 2.

Table 2: Determining the envelope for Round Two CRRF decisions

Decisions charged against the CRRF	Funding (\$b)
CRRF original balance	50
Decisions up to 22 June	32
Anticipated further decisions up to 6 July 2020	(at least) 1
Buffer for future spending [33]	15
Remaining	2

Underspends from Earlier COVID-19 Decisions

11. You have indicated interest in exploring whether underspends arising from established COVID-19 policies and programmes can be identified and returned to the balance of the CRRF. The following sections detail a number of areas where underspends are anticipated. As a result, there is the option for at least [33] to be returned to the CRRF. We can provide a better estimate of this figure in August.
12. However, the default setting is that any underspends are returned to the centre, rather than added to the balance of the CRRF (T2020/917 refers). As previously advised, this approach is consistent with expectations under the fiscal management approach, and helps simplify the tracking requirements of the CRRF.
13. We can provide further advice if you would like to explore options for returning underspends specifically to the CRRF. This could be used to increase the envelope for Round Two spending or to increase the remaining buffer for future spending.

Business Finance Guarantee Scheme

14. Costs arising from the Business Finance Guarantee Scheme (BFGS) were estimated to be \$583 million. However, uptake of the (BFGS) to date has been lower than expected and it is now apparent these estimates were too high. There are two exercises that need to be completed before a final estimate of the scheme costs can be made, which will enable excess funding to be returned to the centre.
 - The scheme costs based on the current BFGS design need to be re-estimated and audited for the Financial Statements of the Government for the Year Ended 30 June 2020.

[33]

15. We are likely to be able to report back to you in August on the excess funding that can be returned to the centre. [33]

Wage Subsidy

16. A total of \$15.9 billion has been appropriated for the Wage Subsidy Scheme (\$12.0 billion) and Wage Subsidy Extension (\$3.9 billion).
17. The Wage Subsidy Scheme has paid out \$10.9 billion in claims and is now closed for applications. This indicates savings from this scheme of approximately \$1.0 billion. The final savings figure could be slightly higher or lower as the small backlog of claims is processed and as some recipients pay back funds. The funding surplus of \$1.0 billion from the original scheme is already proposed to be transferred to the 2020/21 financial year to cover the costs of the extended scheme (with interim authority under imprest supply). You approved this on 22 June 2020 as part of the Year-End Technical Financial Approvals process (T2020/1806).
18. The Wage Subsidy Extension has been open for applications for just over a week. Officials consider it too early to judge final uptake of the scheme or to make reliable forecasts of any potential savings. We aim to have an estimate of the final expenditure and any savings across both schemes in early July.

Personal Protective Equipment

20. You asked whether government spending on personal protective equipment (PPE) has been fully allocated.
21. To date, \$350 million has been provided to the Ministry of Health for PPE. Of this, approximately \$280-300 million has already been committed. It is expected that the remaining \$50-70 million will be committed shortly or rolled into 2020/21 as the Ministry continues to place orders to ensure that there is sufficient supply for front-line staff and to replenish the national stockpile. The Ministry of Health has sought a further [33] PPE as a cost pressure in this round of CRRF funding. The Treasury has supported \$50 million of this in contingency, subject to a report back to Joint Ministers.

Round Two Submissions

Unavoidable Cost and Revenue Pressures

22. A total of 78 cost pressure initiatives have been submitted for CRRF Round Two, seeking \$4.997 billion total operating and \$2.362 billion total capital. As set out in Table 3, the majority of cost pressure funding is sought by the Social Development, Transport, Health and Education portfolios.

Table 3: Top five Votes seeking cost pressure funding by operating and capital

Operating (\$m)		Total capital (\$m)	
Social Development	[33]	Transport	[33]
Finance (Transport PPP costs)		Tertiary Education	
Health		Health	
Education		Education	
Tertiary Education		Labour Market	
Other		Other	
Total	4,997	Total	2,362

Wave Three Proposals

23. A further 71 initiatives have been submitted as Wave Three proposals for CRRF Round Two, seeking \$14.129 billion total operating and \$1.896 billion total capital. The funding sought across your six key focus areas is set out in Table 4.

Table 4: Wave Three funding sought across focus areas by operating and capital

Operating (\$m)		Total capital (\$m)	
Housing and Urban Development	[33]	Business Support	[33]
Other		Energy	
Three Waters		Other	
Energy		Three Waters	
Waste		Waste	
Business Support		Housing and Urban Development	
International Education		International Education	
Total	14,129	Total	1,896

Treasury Vote Team Assessments

[34]

25. Treasury Vote teams have assessed cost and revenue pressure initiatives using the criteria set out in the guidance issued to departments, which noted that requests must be non-discretionary or present significant service delivery risks if not funded before Budget 2021. Vote teams also considered whether each initiative demonstrates a clear link to COVID-19 and cannot be managed within existing baselines.
26. On this basis, Treasury Vote teams supported cost pressure funding of \$1.016 billion total operating, and \$1.542 billion total capital. Almost no ongoing operating funding for cost pressures (i.e., beyond 2023/24) has been supported.
27. Wave Three initiatives were assessed based on value for money and alignment to your strategic objectives for a productive, sustainable and inclusive economy. Treasury Vote teams supported funding of \$5.993 billion total operating and \$37.53 million total capital.
28. We have not assessed initiatives that were either submitted late, or submitted under Wave Three outside of the specified focus areas. The initiatives we have not assessed are listed at the end of Annex 1.

Draft Packages

29. To remain within your target fiscal envelope, we have reduced the Treasury Vote team assessments and developed 'high' (\$2.340 billion combined operating and capital) and 'low' (\$837 million operating and capital) cost pressure packages for you to consider. Our low cost pressure package reflects a centrally-moderated minimum viable package of critical investments. The high package builds on this to include further high value initiatives that we recommend supporting if overall funding permits.
30. We recently advised on Wave Three spending objectives for Macro Ministers' consideration (T2020/1897 refers). Given the fiscal situation, we recommended

focusing on a small number of prioritised Wave Three initiatives that deliver value for money, are time-limited, meet your strategic economic objectives and complement or enable wider regulatory reforms. At this time, we recommend prioritising critical cost pressures over new spending initiatives.

31. We are aware that the mix of initiatives in a final Wave Three package will depend on [33] To this end, we have developed an illustrative Wave Three envelope of \$321 million (12 initiatives) that could sit alongside a ‘high’ cost pressure envelope as our Treasury-preferred package (Package A: Cost Pressure Focus). In our alternative package (Package B: Wave Three Focus) we have included our minimum viable cost pressure package and all Vote team-supported Wave Three initiatives (\$5.993 billion, 26 initiatives) for you to select from.

Package A: Cost Pressure Focus (Treasury-preferred Package)

32. The Treasury-preferred package (Package A) totals \$2.66 billion combined operating and capital. This package is weighted towards cost and revenue pressures, which reflects our previous advice that urgent COVID-19 related cost pressures should take priority over discretionary new spending at this time (T2020/1569 refers).
33. Package A comprises a large number of cost pressure initiatives (\$2.340 billion total operating capital) and a smaller amount of Wave Three spending (\$320.71 million total operating and capital). Table 5 provides an overview of the main allocations across Votes and Wave Three focus areas.
34. Please note that the initiatives included in the \$320 million Wave Three package are illustrative only, selected from the list of Treasury-supported proposals. If you are interested in funding a package of this size, we suggest exploring scaling options for the significant Waste investment.

Table 5: Package A funding supported (combined total operating and capital)

Cost Pressures by Vote (\$m)		Wave Three by Focus Area (\$m)	
Transport	[33]	Waste	[33]
Health		Other	
Labour Market		Three Waters	
Education		Energy	
Social Development		International Education	
Customs		Business Support	
Other		Housing and Urban Development	
Total	2,340	Total	321

Package B: Wave Three Focus (Alternative Package)

35. If Ministers wish to heavily-weight CRRF Round Two spending towards Wave Three initiatives, Package B outlines our recommended minimum viable cost pressures (\$837.48 million total operating and capital) to allow space to focus more on Wave Three initiatives. We have included all Treasury-supported Wave Three initiatives in this package to allow you to support a selection that meets your preferred fiscal envelope. Package B will allow you to fund one or more significant Wave Three investments, such as the Residential Development Response Fund.

Table 6: Package B funding supported (combined total operating and capital)

Cost Pressures by Vote (\$m)		Wave Three by Focus Area (\$m)	
Health	[33]	Housing and Urban Development	[33]
Labour Market		Three Waters	
Education		Energy	
Customs		Waste	
Justice		Other	
Prime Minister and Cabinet		International Education	
Other		Business Support	
Total	837	Total	5,993

Advice on Specific Initiatives

36. Your earlier feedback flagged a number of questions on submitted initiatives, which we have since followed up.

Vote Social Development

37. You requested further advice on **Removing the Initial Income Stand-down**. The Government removed initial income stand-downs as part of its response to COVID-19 in March 2020 for 6 months until November 2020. [33]
38. You requested further information on the difference between this bid and previous funding provided in this area: **Strengthening Existing Debt Solution Services and Developing a National Approach to Address Problem Debt**. The Debt Solution Services will address larger debt and prevent loan sharks from encouraging clients into more debt on higher interest rates. These providers are different from MSD's other service provider, Building Financial Capability, which was funded through Budget 2020 and the previous CRRF round, and focuses on smaller debt and helping with household budgets.

Vote Health

[33]

40. You requested further information on how funding for the bid **Increased Volumes for the National Telehealth Service (Healthline)** would fit in with earlier funding provided. This initiative received earlier CRRF funding in CRRF for 2019/20 but, without additional funding in 2020/21, the service will not be able to operate at the increased capacity required during the pandemic.

Vote Prime Minister and Cabinet

41. You requested further information on the costings for the bid **Establishment of a New Business Group within the DPMC: COVID-19 All of Government Response Group**. The costings provided for this initiative are credible and lean, especially once scaled.

Vote Labour Market

[33]

Next Steps

43. We would like to discuss this report with you at CRRF/Budget Matters on Tuesday 23 June 2020 and seek your views on what further work is needed to further refine and finalise packages for the Budget Ministers meeting of Wednesday 24 June 2020.
44. The key dates for the coming fortnight are outlined below.
 - Tuesday 23 June (morning) – CRRF/Budget Matters meeting to discuss this report and seek feedback on draft Budget Ministers material
 - Tuesday 23 June (afternoon) – Material sent out for Budget Ministers meeting
 - Wednesday 24 June – Budget Ministers meeting to take decisions on final packages
 - Monday 29 June – Draft Cabinet Paper provided to your Office
 - Tuesday 30 June – Feedback provided to Treasury on the Cabinet paper
 - Tuesday 30 June – CRRF/Budget Matters meeting
 - Friday 3 July (midday) – Cabinet paper lodged for Monday 6 July Cabinet meeting.
45. We have provided your office with a potential 'Plan B' timeline, which allows significantly more time for Ministerial Consultation after the 24 June 2020 Budget Ministers meeting by delegating the agreement of technical financial recommendations until after the Cabinet meeting of 6 July 2020. We can discuss this option in more detail with you at CRRF/Budget Matters on 23 June 2020 if required.
46. We are also working with your office to understand what product (such as a Summary of Initiatives document) should be developed to publish announced initiatives, and your requirements for the scope and timing of this document.

Related advice

[25]

[33]

Summary Tables of Treasury Packages for the CRRF Round Two

Table 1: Summary Table

	Department Submitted	VA Supported	Package A	Package B*
Cost or Revenue Pressures	7,359.335	2,632.022	2,339.993	[33]
Wave 3	16,005.069	5,992.789	[33]	5,992.789
Total	23,364.404	8,624.811	[33]	

*Note that Package B reflects all VA Supported Wave 3 initiatives. Note that if you were to pursue Package B - Wave 3 focus prioritisation would be required to fit within the indicated quantum

Table 2: Cost Pressure and Wave 3 Breakdown by Vote

Vote	Department Submitted		VA Supported		Package A		Package B	
	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital
COVID-19 Unavoidable Cost or Revenue Pressures								
Business, Science and Innovation	[33]	-	11.458	-	11.458	-	9.820	-
Conservation	-	-	[33]	-	[33]	-	14.890	-
Corrections	1.472	0.963	1.472	0.963	1.472	0.963	1.472	0.963
Customs	[33]	-	-	-	-	-	-	[33]
Defence Force	[33]	-	-	-	2.530	-	-	-
Education	-	[33]	[33]	[33]	[33]	121.608	99.764	89.000
Environment	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-
Foreign Affairs and Trade	-	-	7.780	-	7.780	-	-	-
Health	-	[33]	-	-	-	7.000	254.127	-
Justice	-	4.445	49.558	4.445	49.558	4.445	46.091	4.445
Labour Market	-	[33]	25.960	[33]	-	-	-	[33]
Lands	1.000	-	1.000	-	1.000	-	1.000	-
Oranga Tamariki	[33]	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-
Prime Minister and Cabinet	-	[33]	21.489	0.564	21.489	0.564	21.489	0.564
Social Development	-	-	[33]	-	-	-	-	-
Statistics	-	-	2.855	-	2.855	-	2.855	-
Tertiary Education	-	[33]	6.610	-	6.610	-	-	-
Transport	95.511	-	57.090	[33]	57.090	[33]	-	-
Women	[33]	-	1.000	-	1.000	-	1.000	-
Subtotal	4,996.974	2,362.361	1,056.684	1,575.338	1,019.175	1,320.818	452.508	[33]
COVID-19 Wave 3 initiatives								
Arts, Culture and Heritage	[33]	-	[33]	-	[33]	-	[33]	-
Business, Science and Innovation	-	[33]	-	[33]	42.100	-	-	0.910
Communications Security and Intelligence	-	-	-	-	-	-	-	-
Conservation	-	-	-	-	-	-	-	-
Corrections	-	-	-	-	-	-	-	-
Customs	[33]	-	[33]	-	-	-	[33]	-
Defence Force	-	-	-	-	-	-	-	-
Environment	-	-	[33]	[33]	[33]	-	[33]	[33]
Housing and Urban Development	-	-	-	-	-	-	-	-
Internal Affairs	-	1.400	-	1.400	59.909	1.400	-	1.400
Labour Market	-	-	-	-	-	-	-	-
Maori Development	-	[33]	-	-	-	-	-	-
Revenue (IRD-Crown)	-	-	-	-	-	-	-	-
Social Development	-	[33]	-	-	-	-	-	-
Tertiary Education	-	-	25.000	-	25.000	-	25.000	-
Transport	-	-	-	-	-	-	-	-
Subtotal	14,109.125	1,895.944	5,955.259	37.530	286.309	[33]	5,955.259	37.530

Annex One: COVID-19 Response and Recovery Fund Round Two - Treasury Package Advice

Table 1: Summary Table				
Department Sought	VA Supported	Package A	Package B*	
Cost Pressures	7,359.335	2,632.022	2,339.993	[33]
Wave 3	16,005.069	5,992.789	[33]	5,992.789
Total	23,364.404	8,624.811	[33]	

*Note, for Package B (Wave 3 focus) all Wave 3 bids supported by vote teams have been included (at VA supported amounts). If you choose to progress the Package B option, prioritisation between these bids will be required to fit within the overall agreed quantum

Cost pressures assessed as a minimum viable of critical investments - included in Package A and B

Cost pressures recommended for funding in Package A only -builds on green rated cost pressures

Cost pressures not considered to be cost pressures, or carry low risk if not funded

Initiative ID	Priority Area	Wave 3 Category	Vote	Title	Description	VA Assessment	VA Comment	Department Sought (\$m)			Vote Team Assessment (\$m)			Package A - Cost Pressure Focus (\$m)			Package B - Wave 3 Focus (\$m)			MoF Comment - Y to include in BM package
								Opex Total	Opex Avg	Capex Total	Opex Total	Opex Avg	Capex Total	Opex Total	Opex Avg	Capex Total	Opex Total	Opex Avg	Capex Total	
The following initiatives are recommended for funding in Package A (cost pressure focused) only																				
13000	Cost or Revenue Pressure	N/A	Business, Science and Innovation	Tourism Policy Capability	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 and anticipates more to come through Wave 3. 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 we can deliver new policy programmes relevant in a post COVID-19 context.	Support	[34]	1.638	0.410	-	1.638	0.410	-	1.638	0.410	-	-	-	-	
12905	Cost or Revenue Pressure	N/A	Conservation	COVID-19 Cost Pressure Arising from Revenue Losses	This initiative will provide funding to replace third party operating revenue lost as a result of an expected decrease in international tourism and other financial impacts of COVID 19. These revenue streams contribute to funding baseline activities relating to tourism on public conservation land.	Support Scaled	[34]	[33]	-	-	16.970	4.243	-	16.970	4.243	-	-	-	-	
12916	Cost or Revenue Pressure	N/A	Defence Force	Funding for the Royal New Zealand Returned and Services Association (RNZRSA)	This initiative recommends a one-time grant of \$2.53 million be made to the RNZRSA to assist the Association to maintain its current level of support to New Zealand veterans and to deliver its services to them in the face of COVID-19 challenges.	Do Not Support	[34]	2.530	0.633	-	-	-	-	2.530	0.633	-	-	-	-	
12851	Cost or Revenue Pressure	N/A	Education	Providing Digital Identity Required for Online Assessment and Learning	This initiative provides funding essential to the scalable and secure delivery of NCEA online. NCEA online pilots used a temporary username and password. While this approach works for small scale pilots, it creates an administrative burden on schools, lacks robust evidence of identity processes, and does not link to other student accounts such as those used for checking exam results. This bid adds secondary school students to the Education Sector Logon (ESL) system, and links this to school issued usernames and passwords to support online NCEA at scale, however it will also allow those students to further leverage their usernames and passwords for future services such as Te Rito & tertiary online enrolment (subject to additional funding). Led by the Minister of Education.	Support	[34]	13.195	3.299	11.048	13.195	3.299	11.048	13.195	3.299	11.048	-	-	-	
12855	Cost or Revenue Pressure	N/A	Education	Network-as-a-Service and Cybersecurity for Schools	This initiative provides essential funding for delivering NCEA Online. It ensures that schools aging network hardware is upgraded and cybersecurity protection is installed to tackle the increasing risk of phishing scams, data leaks, and exposure to harmful websites. Urgent investment into schools rapidly degrading technology is an essential prerequisite for implementing NCEA Online. If more exams go paperless, we need confidence that our school networks are up to the job. Schools have been clear that they cannot adopt online learning until their networks can cope with daily operations. Without funding, MoE will be unable to support the NCEA Online rollout, and a more drastic intervention by the Minister of Education will be needed further down the line. Led by the Minister of Education.	Support	[34]	27.482	6.871	21.560	27.482	6.871	21.560	27.482	6.871	21.560	-	-	-	

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								Opex Total	Opex Avg	Capex Total	Opex Total	Opex Avg	Capex Total	Opex Total	Opex Avg	Capex Total	Opex Total	Opex Avg	Capex Total		
12860	Cost or Revenue Pressure	N/A	Education	Ongoing Resourcing Scheme Cost Pressure for Teacher Aide Hours	This cost pressure initiative addresses the urgent need for an increase in teacher aide hours for more than 10,000 high and very high needs students in the Ongoing Resourcing Scheme (ORS). The level of student need and resulting demand for teacher aide hours has been higher over the past year than is currently funded, creating an ongoing baseline cost pressure. Funding these cost pressures will ensure that the increased investment in teacher aide hours through COVID-19, intended to support the attendance, engagement and participation of ORS students at school, will not be eroded and the benefits fully realised. Led by the Associate Minister of Education, Hon Tracey Martin.	Do Not Support	Do not support. \$144 million has already been provided for additional teacher aide hours to support high and very high needs students. We recognise there is pressure on ORS funding for teacher aide hours for high and very high needs students. This pressure however pre-exists COVID and is not a result of COVID. This initiative is seeking to relieve this pressure by fully funding demand for ORS, which is a policy change, not an unavoidable cost pressure.	[34]	[33]				-	-	-	19.013	4.753	-	-	-	-
12962	Cost or Revenue Pressure	N/A	Foreign Affairs and Trade	Expo 2020 Covid-19 and Related Postponement Costs	Expo 2020 was due to begin on 20 October 2020, however, owing to the Covid-19 pandemic the Expo has been postponed and will now open on 1 October 2021. Increased costs have been incurred from Covid-19 impacts during the construction phase and additional costs will be incurred from the mothballing of the pavilion until the following year. Expo 2020 is funded by a Non-Departmental Multi-Year appropriation ending June 2021. A new appropriation will be required to appropriate the expenditure for the subsequent financial years to 2022/23.	Support Scaled	We note that the true cost pressures amount to \$7.780 million. There is a risk that COVID may prevent New Zealand from achieving its objectives. However, we consider that providing this funding is preferable to the alternative options. MFAT has indicated that the bid cannot be scaled and NZTE indicated that its CRRF funding cannot be reprioritised to fund all or part of this bid (e.g. personnel costs of \$2.391 million).	[34]	[33]		-	7.780	1.945	-	7.780	1.945	-	-	-	-	
12914	Cost or Revenue Pressure	N/A	Health	NZ Blood Service: Impacts of COVID-19	This initiative provides funding to New Zealand Blood Service (NZBS) to meet operating costs following a reduction in revenue due to a significant drop in demand as a result of COVID-19 Alert Levels 3 and 4. It also recognises the cashflow impact from an increased need to maintain a higher level of inventories of certain critical products due to COVID-19, and other pandemic-related expenses.	Support	Support. Both the revenue loss (to be compensated by the operational funding) and the increased expenses managed through cash reserves (to be replaced by the capital funding) are unavoidable cost pressures due to COVID-19. These pressures can be managed without significant risk of service delivery failure. However, not funding will result in a less effective blood service for New Zealanders as [25]	[34]	3.970	0.993	7.000	3.970	0.993	7.000	3.970	0.993	7.000	-	-	-	
12928	Cost or Revenue Pressure	N/A	Health	Health and Disability Commissioner (HDC) Impacts from COVID-19	This initiative provides funding for the anticipated increase in complaints as a result of COVID-19, including in relation to the deferral of significant amounts of non-urgent care during the response to COVID-19, and the planned increase in delivery of planned care services as part of the recovery from COVID-19.	Support	Support. This bid will provide HDC with funding to cover six FTEs to assess complaints (\$360,000) and ensure HDC has appropriate capacity and oversight to fulfil its role as independent watchdog (\$460,000), which would include two investigator roles and one Senior Legal Advisor role. Support as fits criteria - it is an unavoidable cost pressure driven by COVID-19 (there has been an increase in volume of complaints due to COVID-19 which is expected to continue with the planned care catch-up), the costs cannot be otherwise met, and not funding will result in a less effective HDC for New Zealanders (the existing backlog of open complaints will increase and the time taken to resolve complaints will increase).	[34]	1.000	0.250	-	1.000	0.250	-	1.000	0.250	-	-	-	-	
12930	Cost or Revenue Pressure	N/A	Health	Increased Volumes for the National Telehealth Service (Healthline)	This initiative provides funding for the continued delivery of the National Telehealth Service (Healthline) to meet increased demand in 2020/21 in response to COVID-19.	Support	Support. This funding maintains capacity of the National Telehealth Service (Healthline) to meet increased demand as a direct result of COVID-19. This funding purchases an additional 1,000 calls per day, bringing total capacity to approximately 2,000 calls per day. Healthline continues to receive approximately 2,000-3,000 calls per day. Scaling or not approving this initiative will increase wait times or require the service to decline calls.	[34]	14.600	3.650	-	14.600	3.650	-	14.600	3.650	-	-	-	-	
12939	Cost or Revenue Pressure	N/A	Health	COVID-19 Response: Technology and Services Sustainability	This initiative provides funding to deliver and maintain the operational response through the National Close Contact Service and technology to support the management of COVID-19 provide ongoing infectious disease management in a consistent, equitable, transparent and nationally coordinated fashion.	Support Scaled	Support 20/21 only. Funding maintains National Close Contact Service delivery at an average 50 cases per day (peak capacity 1000) for another 12 months to June 2021, sufficient to handle higher than the peak experienced in March/April (700). The bid involves policy choices to permanently build upon the nationally coordinated contact tracing system developed ad-hoc during the COVID response. We support this goal but Ministers may wish to more explicitly consider the future of contact tracing in line with the health system review. [33]	[34]	[33]		-	30.000	7.500	-	30.000	7.500	-	-	-	-	
12908	Cost or Revenue Pressure	N/A	Justice	Community Law Centres - Meeting the increased need for free legal services after COVID-19	This initiative will provide low-income New Zealanders with access to justice by funding Community Law Centres (CLCs) to meet legal needs due to the repercussions of COVID-19. Ministry of Justice modelling suggests the casework increase caused by COVID-19 will be largely focused on employment, welfare, financial, family and tenancy matters. However, it is not possible to anticipate all legal issues caused by COVID-19, so funding will be associated with all increased casework due to COVID-19.	Support Scaled	Economic downturns increase the demand for Community Law Centre (CLC) services, particularly in relation to tenancy, employment and welfare matters. The initiative would fund an estimated [33] increase in cases resulting from COVID-19 in year one, decreasing thereafter. Scaled funding is recommended as the estimated increases may be overstated, there may be limits on the ability to scale up resources given recent funding increase in CLCs, and as some costs are to replace volunteers, which is discretionary. Ministers could choose to prioritise investment elsewhere as the risks of not funding would be a reduced service level. The initiative evidences a good return on investment and is expected to prevent flow-on costs for the court system.	[34]	[33]		-	3.467	0.867	-	3.467	0.867	-	-	-	-	

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12874	Cost or Revenue Pressure	N/A	Labour Market	Addressing Temporary Migrant Worker Exploitation	COVID-19 is expected to increase the vulnerability of temporary migrant workers to exploitation. Additional funding will be required by MBIE to increase its capacity to ensure that temporary migrant workers are not exploited in the labour market. The funding will implement an end-to-end package of regulatory, policy and operational changes to reduce temporary migrant worker exploitation. The package of changes was agreed by Cabinet in March 2020. [CAB-20-MIN-0100] and is a Coalition Agreement commitment. The end to end package includes: increased investigation and enforcement, an information and education action plan, a migrant exploitation focused reporting and triaging function within MBIE, a new migrant exploitation visa and new infringement offences.	Defer	[33] It seeks funding to implement policy changes already been approved by Cabinet [CAB-20-MIN-0100]. Although migrant exploitation may be heightened due to job insecurity caused by COVID-19, the package of changes supported by this bid are long-term and systemic in nature, rather than in direct response to COVID. While we support the bid in general, it does not meet the criteria for this funding round so should be deferred to Budget 2021. If Ministers would like fund efforts to combat migrant exploitation caused or exacerbated by COVID-19, we suggest focusing on sector-specific prevention funding could be a good short-term alternative to this bid.	[34]	[33]													
12973	Cost or Revenue Pressure	N/A	Labour Market	Skills and Employment Policy Advice: Cost Pressure initiative	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 impacts resulting from COVID-19 are likely to drive future demand for policy advice in this space beyond the medium-term recovery period. It is increasingly unlikely that current policy advice baseline resourcing will be adequate to service this increasing activity and so this initiative will provide funding for [33] FTE in the Skills and Employment team, allowing the Employment Portfolio to service its needs.	Support Scaled	[34] MBIE have a genuine volume cost pressure for FTE in their employment policy area that has been exacerbated by COVID-19 driving an increased interest in this area. They received funding for 2 FTE in 2020/21 to mitigate this cost pressure in Budget 2020. Further funding is sought to provide personnel resources to ensure effective policy advice can be developed. We support time-limited and scaled cost pressure funding for 2 FTE in 2020/21 and 4 FTE in 2021/22 to support MBIE with a realistic goal of recruiting four full time policy analysts for employment activities in the next two years of higher demand for employment policy. It would be possible to further scale this bid to provide only funding for 2 FTE in 2021/22 and no capital component.	[34]	[33]				0.960	0.240	0.158	0.960	0.240	0.158	-	-	-	
12910	Cost or Revenue Pressure	N/A	Social Development	Extending deferrals to manage demand cost pressure - Temporary measures	Funding of \$157.884m is sought to continue some of the temporary measures MSD put in place in March 2020 to manage unavoidable demand in response to COVID-19. Measures to be extended through this initiative are: suspension of the 52-week reapplication requirement; suspension of the requirement to provide subsequent work capacity medical certificates and the temporary removal of initial income stand-downs.	Support	[34] This bid should be supported. It extends some of the temporary measures MSD put in place in March 2020 to manage unavoidable demand in response to COVID-19. This frees up some MSD operational capacity to focus on increased demand in priority areas and maintain efficiency gains. It also reduces compliance costs on beneficiaries. If this bid is not funded it will create additional operational pressure on MSD (who are already under strain), and risks creating complexity and confusion for beneficiaries and staff.	[34]	157.884	39.471	-	157.884	39.471	-	157.884	39.471	-	-	-	-		
12927	Cost or Revenue Pressure	N/A	Social Development	Additional funding for Employment Services Response	This bid seeks funding to proportionately expand MSD's employment responses to COVID-19. As the lead employment services agency, MSD has a critical role in supporting people into and back into the labour market, and in the COVID-19 context, this is to limit long-term dependence on benefits. The initiative seeks to fund employment programmes and services that were unable to be funded from the earlier Wave 2 initiatives: 'Employment Service Response to COVID-19' and components of the FTE targeted Employment and Financial Support Response to COVID-19.	Support Scaled	[34] Support scaled – this initiative seeks further funding to address forecasted demand for MSD's employment services in response to COVID-19. We support the expanded programmes in this assessment and capital. [33] We support scaling because: The costings can be updated to reflect more recent forecasts (central or moderate Budget forecasts). Using the moderate Budget forecasts, we support funding of \$54m in 20/21 and [33] in 21/22. [37]	[34]	[33]										-	-	-	
12960	Cost or Revenue Pressure	N/A	Social Development	Strengthening Existing Debt Solution Services and Developing a National Approach to Address Problem Debt	This initiative will provide funding to four existing specialist Debt Solution services to meet the increased demand of approximately 3,400 clients seeking specialist debt support and debt consolidation services and the development of a comprehensive National Debt Solution approach. These services maximise the flow of potential payments to creditors while sheltering indebted individuals and whanau from the financial, health and social impacts of overwhelming debt due to the impact of COVID-19. This service supplements and increases the effectiveness of the Building Financial Capability (BFC) network.	Support	[34] Support this initiative in full. This initiative meets the cost pressure criteria and provides short-term funding to address volume pressures experienced by the providers due to COVID-19. Volume is expected to continue to increase as government support like the wage subsidy and CIRP ends. Existing Building Financial Capacity services do not have the expertise to address high-debt clients. The services in this initiative can rapidly scale-up this support so it is in place by October 2020. Funding is also supported for 2 MSD FTE to begin progressing a national approach to address problem debt given the expected financial pressures that whanau and New Zealand families will continue to face for some time.	[34]	4.322	1.081	-	4.322	1.081	-	4.322	1.081	-	-	-	-		
12857	Cost or Revenue Pressure	N/A	Tertiary Education	Maintaining Support for International Education (Export Education Levy Funded-Activities)	This initiative provides funding to partially offset the shortfall in revenue for the Export Education Levy (EEL). The EEL is paid by providers with international students, and fund key international education pastoral care and promotion services. To support providers, planned legislative changes propose suspending collecting the EEL for 2021 (in addition to 2020, covered by Budget 2020). COVID-19 has seen a significant drop in international student numbers, [33] Led by the Minister of Education.	Support Scaled	[34] This funding is required to offset the shortfall in revenue for the Export Education Levy (EEL) for the 2021 calendar year following Cabinet's decision to suspend Export Education Levy from 1 January 2020 to 31 December 2021 [CAB-20-MIN-0253 refers]. Funding to offset the suspension of the levy for the 2020 calendar year has been previously provided [CAB-20-MIN-0219.27 refers].	[34]	6.610	1.653	[33]	6.610	1.653	-	6.610	1.653	-	-	-	-		
12956	Cost or Revenue Pressure	N/A	Transport	Supporting the NLTF revenue shortfall and meeting COVID-19 costs	COVID-19 has resulted in reduced forecast revenue from fuel excise duty and road user charges and increased expenditure required from the National Land Transport Fund (NLTF). The NLTF therefore requires financial support to deliver the 2018–21 National Land Transport Programme (NLTP).	Support Scaled	[34] We support scaled funding. In response to advice that the NLTF would face a shortfall of [33] over the period 2020/21- 2023/24, you directed us to carefully scrutinize the quantum of funding sought (T2020/1794 refers). Accordingly this initiative seeks [33] million in funding for 2020/21 only, including [33] million of grant funding to cover COVID-19 costs and [33] million in debt funding to cover revenue loss and provide cashflow for delayed projects that have been delayed. While this is a significant decrease for various reasons, we recommend some minor scaling to the funding for direct COVID-19 costs to match the mid-points of the estimates that NZTA have provided. [38]	[34]	[33]				55.000	13.750	[33]	55.000	13.750	[33]	-	-	-	

The following initiatives are recommended for funding in both Package A and Package B

Initiative ID	Priority Area	Wave 3 Category	Vote	Title	Description	VA Assessment	VA Comment	Department Sought (\$m)			Vote Team Assessment (\$m)			Package A - Cost Pressure Focus (\$m)			Package B - Wave 3 Focus (\$m)			MoF Comment - Y to include in BM package	
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12876	Cost or Revenue Pressure	N/A	Business, Science and Innovation	Increasing Official Assignee resources to manage the growth in personal insolvency cases due to COVID-19	This funding 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'.	Support	Support. There is forecasted to be a spike in insolvencies as a result of COVID-19. The Official Assignee will require additional resourcing to respond. If no funding is provided, there could be a potential backlog of cases, which would result in delays for both debtors and creditors.	[34]	9.820	2.455	-	9.820	2.455	-	9.820	2.455	-	9.820	2.455	-	
12902	Cost or Revenue Pressure	N/A	Conservation	COVID-19 Cost Pressure - Wildlife Institutions Relief Package	A relief package for captive wildlife institutions impacted by the COVID-19 response. Funding will cover critical operational costs to maintain animal welfare; retain specialist jobs; and prevent the collapse of institutions that play a pivotal role in the recovery of New Zealand's threatened species. The institutions also act as strategic tourism assets as part of our nation's economic recovery.	Support	Support. This is a contestable fund that will support 40-50 wildlife institutions who have a conservation focus rather than tourism, therefore STAPP is not as appropriate. Can be scaled if necessary to minimum viable, as DOC have already prioritised 10-12 institutions that are most at risk of closure, and provide the biggest contribution to indigenous biodiversity. Allows institutions to continue in the short-term while they plan to accommodate for longer-term reduction in numbers. Not funding and allowing institutions to close would likely lead to additional costs for the Crown as DOC and MPI would take on responsibility of relocation or possibly euthanasia of indigenous animals. Any unspent funding will be returned to centre after year one.	[34]	14.890	3.723	-	14.890	3.723	-	14.890	3.723	-	14.890	3.723	-	
12988	Cost or Revenue Pressure	N/A	Corrections	Mayfair House COVID-19 Impacts	Additional costs as a result of COVID-19 on the Mayfair House project. This includes additional resource costs due to COVID-19 delays, additional construction costs, and additional rent costs of the decant building.	Support	Support. This initiative addresses COVID-19-related construction delay costs for Corrections' new Head Office, and additional rent, security and storage costs for the temporary accommodation Corrections has decanted to whilst the work on Mayfair House is completed. Very limited scope for scaling.	[34]	1.472	0.368	0.963	1.472	0.368	0.963	1.472	0.368	0.963	1.472	0.368	0.963	
12887	Cost or Revenue Pressure	N/A	Customs	Customs Third Party Revenue Shortfall	This initiative will fund existing border security operations that are usually funded through international passenger and goods levies as COVID-19 restrictions have eliminated international passenger revenue and reduced cargo and freight revenue.	Support	Support. This initiative replaces a third party revenue shortfall directly resulting from the closure of New Zealand's borders due to COVID-19. Failure to replace this revenue in the short-medium term could lead to significant redundancies across all areas of Customs' business; Customs considers it would impact on its ability to protect New Zealand's border.	[34]	-	-	84.000	-	-	84.000	-	-	84.000	-	-	84.000	
12858	Cost or Revenue Pressure	N/A	Education	Transition Support for State and State Integrated Schools That Have Lost International Revenue as a Result of COVID-19	This initiative supports schools to meet cost pressures arising from a sudden decrease in international student revenue due to COVID-19. It supports state and state integrated schools to transition to a lower income stream, minimising disruption for students and staff while continuing to meet existing expenses (mainly staff costs). This initiative also seeks to establish a contingency of [33] over two years for a possible extension of support to enable the rebuilding of the international education market. Led by the Minister of Education.	Support Scaled	Support Scaled. Components of this initiative are COVID-19 related cost pressures. Due to COVID-19, revenue generated from international education has experienced a sudden decrease. Funding will support state and state integrated schools to transition to a lower income stream, minimising disruption for students and staff while continuing to meet existing expenses, mainly staffing costs. [33]	[34]	[33]			20.000	5.000	-	20.000	5.000	-	20.000	5.000	-	
12861	Cost or Revenue Pressure	N/A	Education	Vital Funding to Keep the Ministry's Construction Suppliers Solvent Through COVID-19	This initiative reimburses the unavoidable cost-pressure commitments for 250 Ministry-led and 400 school-led projects and construction activities. Due to construction work ceasing at the start of the COVID-19 lockdown, the Ministry of Business, Innovation and Employment issued guidance for public sector agencies managing construction contracts under NZS 3910:2013 on 7 April 2020. In line with this guidance and the Construction Sector Accord, contractors working on school property projects have the contractual right to claim for fair and reasonable expenses incurred during the lockdown period. Without this funding, the Ministry would be unable to contribute towards an infrastructure-led COVID recovery and would need to slow down its current work programme. Led by the Minister of Education.	Support Scaled	Support Scaled in contingency. This is a COVID-19 related cost pressure. Funding will reimburse school property contractors who claim for expenses incurred during the lockdown. These costs are a contractual obligation for MoE and reimbursing these costs aligns with recent MBIE procurement guidance. The amount of funding sought is an estimate, and we have yet to see details of the Ministry's costing model, so we recommend funding sought to be appropriated is held in contingency until information on actual costs is available.	[34]	[33]			18.000	4.500	89.000	18.000	4.500	89.000	18.000	4.500	89.000	
12864	Cost or Revenue Pressure	N/A	Education	Funding to support schools to manage the immediate costs of COVID-19.	This initiative will create a hardship fund to help schools manage the immediate financial pressures of COVID-19. The impact of COVID-19 was sudden and unexpected, therefore not something that boards of trustees could have planned for. Schools are struggling to manage the increased costs and demands caused by COVID-19 without impacting core service delivery. This initiative provides funding for cleaning and sanitation costs, additional staff to support small schools, and relief teachers. This initiative also supports the school hostel workforce who have been adversely impacted by COVID-19. It will support schools to remain financially viable, meet health and safety requirements and minimise disruption for students and staff. Led by the Minister of Education.	Support Scaled	Support scaled. This is a COVID-19 related cost pressure. We support the components for cleaning costs, hand sanitiser, increased funding for additional relief teachers to the end of Term 4, and providing additional support to principals of small schools. Funding for these components will provide financial support to schools to meet higher health and safety requirements due to COVID-19 and minimise disruption for students and staff. There are further options for scaling within each component if requested. We do not support the extension of the Hostel Wage Subsidy Scheme. Instead, we recommend state school hostels apply for exemption to the wage subsidy scheme as this is the correct process to ensure sufficient oversight and consistency of wage subsidy provisions across different sectors.	[34]	[33]												
12882	Cost or Revenue Pressure	N/A	Health	Combined Pharmaceutical Budget - continuity of supply of medicines and medical devices	This initiative provides funding to PHARMAC to ensure the continuity of supply of medicines and medical devices in response to global supply issues caused by COVID-19.	Support Scaled	Support, scaled. This initiative seeks 4 years of funding to meet the increased costs of essential medicines and medical devices as a direct result of COVID. This funding does not provide for any new medicines. Ministers should note that it is expected that price pressures and supply issues will continue across the forecast period. Treasury supports only 2 years of funding due to the significant uncertainty about what will be required in out years. We recommend agreeing to 2 years of funding now to enable PHARMAC to enter into contracts over the next financial year, and [33]	[34]	[33]			150.000	37.500	-	150.000	37.500	-	150.000	37.500	-	

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12896	Cost or Revenue Pressure	N/A	Health	Funding for Public Health Units, [33]	This initiative will provide funding to enable: the Public Health Units (PHUs) [33] to continue providing critical population and public health services, especially health protection and promotion activities relating to communicable diseases (including COVID-19, measles, and meningococcal disease), water quality, tobacco, alcohol, and hazardous substances in our communities (including radioactive materials and toxic chemicals). [33]	Support Scaled	Support scaled to 20/21 only. Decision should be taken as a package with 22 June cabinet paper to agree a Surveillance Plan and fund testing costs to providers and the lab and ESR testing bid. Funding is for both COVID and non-COVID surveillance, and [33] Treasury has not received a split of COVID/non-COVID funding in time for assessment. Support for 20/21 reflects general pressures on PHUs. [33]	[34]	[33]	-	[33]	[33]										
12898	Cost or Revenue Pressure	N/A	Health	Supporting Family Planning New Zealand with COVID-19 costs and a sustainable recovery	This initiative will provide funding to Family Planning New Zealand (FP) to relieve financial pressures exacerbated by COVID-19.	Support Scaled	Support the \$427,000 for Family Planning (FP) to increase staffing (4 FTE) to reduce wait times for services which have increased significantly (wait times for procedures (IUD/implant) have risen from 2-2.5 to 5-7 weeks) due to increased demand during Levels 3 and 4 because of reduced access to other health services. Increased FTE will result in 375 virtual consults per week which will free-up 260 face to face consults, and reduce wait times by approximately 50% by 4-6 months. If not funded, FP will likely be unable to accept the Ministry's current proposed contract for delivery from 1 July 2020. [33]	[34]	[33]	-	0.427	0.107	-	0.427	0.107	-	0.427	0.107	-			
12901	Cost or Revenue Pressure	N/A	Health	COVID-19 Lab and ESR testing	This initiative funds the costs of undertaking laboratory testing in 2020/21 to detect the COVID-19 virus and potential developments in COVID-19 testing (e.g. the use of serology testing).	Support Scaled	Support, scaled. Directly relates to funding being sought through a 22 June cabinet paper covering costs to providers for administering tests (using common modelling but seeking funding over different time periods) and agreeing a Surveillance Plan. Partly relates to surveillance bid. [34] Recommend appropriating funding for Jul-Sep (\$25.6m) and holding Oct-Dec in contingency (\$15.1m) using medium-scenario volumes to match the decision sought for testing costs on providers and to give Ministers opportunity to further scrutinise the strategic coherence of COVID public health funding. Ministers might wish to consider their overall strategy for COVID preparedness planning before allocating further funding.	[34]	[33]	-	40.700	10.175	-	40.700	10.175	-	40.700	10.175	-			
12904	Cost or Revenue Pressure	N/A	Health	National Health Crisis Centre (NHCC) ongoing additional responsibilities	This initiative provides funding to the Ministry of Health to meet its costs to support COVID-19 outside of its core functions. While the Ministry of Health is absorbing cost associated with its core functions to support COVID-19, additional costs associated with non-core responsibilities are expected to continue operations for the 2020/21 financial year, particularly with respect to ongoing responsibility for Managed Isolation exemption processes (pre transition to MBIE, decision not yet confirmed), supply chain management, Public Health intelligence, and Technical Advisory Group support.	Support Scaled	Support, scaled. The Ministry expects that in 2020/21 they will need [33] million for their additional responsibilities as a result of COVID-19. They can meet [33] million of this from within baselines, and are seeking [33] million of new funding. The Treasury supports providing \$5.8 million only, which would sustain these functions until 31 December 2020. We recommend that the Ministry re assess their ongoing responsibilities in advance of 31 December 2021 and seek additional funding if required.	[34]	[33]	-	5.800	1.450	-	5.800	1.450	-	5.800	1.450	-			
12907	Cost or Revenue Pressure	N/A	Health	Personal Protective Equipment (PPE)	This initiative provides funding to ensure the provision of Personal Protective Equipment (PPE) in 2020/21 that will protect people, including health and disability workers, from communicable diseases, such as COVID-19.	Support Scaled	Support, in contingency. The Ministry has received to date \$350 million for PPE as part of the COVID-19 response. Of this, \$280-300 million has already been committed, with the remaining \$50-70 million to be transferred into the 2020/21 financial year. The Ministry estimates a further [33] million will be required in 2020/21 to continue to supply frontline staff and replenish the national reserve on the assumption that a further outbreak will occur during 2020/21. We recommend supporting \$50 million only and holding the funding in contingency, subject to a report back to Joint Ministers on the Ministry's inventory model, and responds to the recommendations from the Auditor General's report on the Management of PPE in response to COVID-19.	[34]	[33]	-	50.000	12.500	-	50.000	12.500	-	50.000	12.500	-			
12906	Cost or Revenue Pressure	N/A	Justice	Justice Sector Resourcing: additional funding needed to address impacts of COVID-19	The Ministry of Justice is submitting a COVID-19 related costs initiative to help reduce the COVID-19 related backlogs across multiple District Court and High Court jurisdictions. This initiative is seeking time-limited funding for an additional five District Court Judges, four acting High Court judges, one acting Associate Judge and associated staff across the justice sector to support them. This funding will ensure that the jurisdictions that have seen a large increase in court backlogs due to COVID-19, can gradually reduce their backlog to pre COVID-19 levels.	Support Scaled	The funding would resource additional judges and justice sector agencies to address the backlog of court cases (approximately 19,500 estimated) accumulated from COVID-19 while courts were not fully operational. Agencies are pursuing non-cost options to address the issue but this is expected to hold current pressures rather than reduce the backlog. It is possible more can be done to reduce funding required. There was a sizable backlog before COVID-19 and broader systemic issues exist. Other options are unlikely to be implemented quickly. The risk of not funding is a flow-on impact to the remand population and an increasingly slower court system. We recommend [33] Police costs, as these appear over-costed based on a similar initiative funded in Budget 2019.	[34]	[33]		46.091	11.523	4.445	46.091	11.523	4.445	46.091	11.523	4.445			
12870	Cost or Revenue Pressure	N/A	Labour Market	Addressing the impact of border restrictions on MBIE's liquidity	A proposal to address MBIE's 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.	Support	Border agencies received a capital injection for the 19/20 financial year in April [CAB-20-MIN-0148]. This bid has been developed in conjunction with a report-back paper requested in April which will give more detail on MBIE's financial stability and cost-saving measures planned. If the revenue shortfall is not funded, MBIE will not be able to meet its financial obligations for the year. \$87m will be appropriated for the first half of the financial year, and the rest will be held in contingency to cover immigration revenue replacement, visa application refunds, a forecasting margin of error, and buffer in case of unexpected costs. This bid could also be scaled to \$206m by removing the buffer; however this could result in MBIE having to return to request more funding later in the year.	[34]	-	-	[33]	-	-	[33]	-	-	206.000	-	-	206.000		

Initiative ID	Priority Area	Wave 3 Category	Vote	Title	Description	VA Assessment	VA Comment	Department Sought (\$m)			Vote Team Assessment (\$m)			Package A - Cost Pressure Focus (\$m)			Package B - Wave 3 Focus (\$m)			MoF Comment - Y to include in BM package	
								Opex Total	Opex Avg	Capex Total	Opex Total	Opex Avg	Capex Total	Opex Total	Opex Avg	Capex Total	Opex Total	Opex Avg	Capex Total		
12942	Cost or Revenue Pressure	N/A	Lands	Bad and doubtful debt appropriation increase as a result of the impact of COVID-19	The funding requested is for an increase in the provision for bad and doubtful debts as a result of COVID-19.	Support	Support. As a result of COVID-19, increased numbers of Land Information New Zealand's (LINZ) tenants, permit, licence and leaseholders are facing reduction or loss of revenue which will impact their ability to pay the amounts owing to LINZ. This is likely to lead to an increase in bad and doubtful debt expenditure for LINZ in 2020/21. Land Information New Zealand (LINZ) is likely to incur unappropriated expenditure in 2020/21 if this initiative is not supported.	[34]	1.000	0.250	-	1.000	0.250	-	1.000	0.250	-	1.000	0.250	-	
12850	Cost or Revenue Pressure	N/A	Prime Minister and Cabinet	Establishment of new business group within the DPMC: COVID-19 All of Government Response Group	This initiative will ensure government maintains a coordinated all-of-government response to COVID-19. Functions will include: strategy and policy advice to Cabinet; operational coordination; data analytics, monitoring, reporting and insights; and public communications including the Unite campaign and maintaining the COVID website.	Support Scaled	Support scaled. This will fund an AoG Response Group within DPMC (replacing the current NCMC-led AoG response), charged with coordination and leadership as COVID-19 focus shifts from the immediate to the longer term. While [33] less than the amount sought, DPMC can manage through scaling back proposed activities and/or seeking additional secondments. Not funding will mean there is no single function coordinating and focussing the AoG response beyond 30 June (at which point funding for the current, larger-scale AoG response ceases). This will increase risk of uncoordinated programmes and priorities across government, lack of testing agency response plans, loss of focus on response and readiness objectives as agencies return to BAU, and inadequate public information undermining public trust.	[34]	[33]			21.489	5.372	0.564	21.489	5.372	0.564	21.489	5.372	0.564	
12868	Cost or Revenue Pressure	N/A	Statistics	COVID-19 Statistical challenges	Funding is sought to address new challenges in data collection, support critical demands for additional insights and statistics, and to provide timely and reliable measurement of the health of the New Zealand people and economy, in the wake of COVID-19.	Support Scaled	We support part of this initiative due to the increased need for data during the COVID-19 crisis and ongoing need for this data availability. [33] We support the remaining items but, based on further information received by email, recommend scaling the FTEs to mitigate COVID-19's impact on data collection for business, Household Labour Force and Household Economic Surveys from [33] to \$1.316 million [33]. Withholding funding for items we propose be funded would generate a low risk of high-priority data being unavailable, but a moderate risk of other data being of lower quality or being delayed due to Stats NZ's need to reprioritise internally.	[34]	[33]			2.855	0.714	-	2.855	0.714	-	2.855	0.714	-	
12879	Cost or Revenue Pressure	N/A	Women	Additional Funding to Support Women's Non-Governmental Organisations To Deliver Services For Women Affected By COVID-19	This initiative provides additional funding to support women's non-governmental organisations that have seen an increased demand on their services as a result of the COVID-19 pandemic. Budget 2020 approved \$1 million for a COVID-19 Community Fund, with \$250,000 allocated to FY2019/20 and \$750,000 to FY2020/21. The current demand for assistance totals \$13.3 million. It's estimated that [33] of the bids meet the criteria for immediate and urgent needs that are not being met by existing government services and or funding. Without additional funding the Ministry will be declining a large number of applications funding for urgent COVID-19-related needs. Many of the applications are for small amounts and represent excellent value for money in terms of improving wellbeing for women and girls.	Support Scaled	This bid is a cost pressure for NGOs driven by decreased revenue and increased demand of services due to COVID-19. Funding is sought to expand the \$1m contestable fund (funded through CRRF Wave 1) for grassroots NGOs that support women affected by COVID-19. The fund has been oversubscribed as \$13.1m was sought from the \$1m fund. The main rationale for funding would be to support the viability of smaller NGOs that are at risk of dissolving. However, there are other funds available which are likely to be a more appropriate mechanism for considering support for viability (such as the MSD Community Fund). Due to the nature of contestable funds, it is not known what the actual need is, what outputs the funding will purchase and whether this will achieve the desired outcome.	[34]	[33]			1.000	0.250	-	1.000	0.250	-	1.000	0.250	-	
12963	Wave 3	Waste	Environment	Resource Recovery Infrastructure	Funding is being sought for loans and grants to invest in resource recovery infrastructure to support a transition to a low emissions and low-waste future for New Zealand. This will ensure that New Zealand emerges from COVID-19 with a world-leading and resilient system for reducing, recycling and managing its waste and the associated harm that it causes, as well as increased jobs and incomes spread across New Zealand.	Support Scaled	We support \$135.3m (\$102.3m opex and \$33m capex) of the [33] sought by the Minister for the Environment, including full funding for 13 projects contingent on them not being funded through the Infrastructure Reference Group (IRG) contingency, and for two projects contingent on them being further appraised by the PDU. We also support scaled funding for the investment in weighbridges on the basis that it appears to be a high-value, low risk investment necessary for wider waste reforms.	[34]	[33]			102.300	25.575	33.000	102.300	25.575	33.000	102.300	25.575	33.000	
12938	Wave 3	Three Waters	Internal Affairs	Taumata Arowai, New Crown Agent Regulator for Water Services	This initiative will provide funding for a new, dedicated water services regulator, as part of a suite of system-wide reforms to the regulation of drinking water and the associated monitoring costs.	Support	We support funding in full. Additional funding is required for ongoing operating costs once Taumata Arowai is established. This initiative was submitted as a Priority A initiative through Budget 2020, and the amount sought is consistent with Ministers' agreed funding prior to priority aligning packages being deferred. For further consistency with previous agreements by Ministers, we also recommend that funding for 2021/22 onwards be set aside in a tagged contingency, subject to joint Ministers' satisfaction that the overall costs of the regulator are robust, and sufficient work is being carried out to determine an appropriate balance of cost recovery and Crown funding. The total costs of the regulator are likely to be reduced if wider service delivery reforms are successful.	[34]	50.010	12.503	1.400	50.010	12.503	1.400	50.010	12.503	1.400	50.010	12.503	1.400	
12946	Wave 3	International Education	Tertiary Education	International Education Strategic Recovery: Immediate targeted assistance package	This initiative will provide targeted funding to providers of strategic importance to the re-set of international education to preserve the foundations of the sector. Led by the Minister of Education.	Support Scaled	We support this initiative scaled. We consider it sensible to provide targeted assistance to PTEs of strategic importance in order to maintain high-quality provision in the tertiary education sector, particularly whilst border restrictions are in place. It is currently unclear how this funding would be allocated, so we recommend holding it in contingency. We believe this can be achieved at a lower funding amount of \$10m. We note that PTEs are also receiving support through the suspension of the Export Education Levy for 1 January 2020 - 31 December 2021. We have previously noted that private training establishments (PTEs) may be particularly vulnerable due to impacts of COVID-19 [T2020/1444 refers].	[34]	[33]			10.000	2.500	-	10.000	2.500	-	10.000	2.500	-	
12949	Wave 3	International Education	Tertiary Education	International Education Strategic Recovery: Funding for English Language Schools	This initiative will providing funding for English Language Schools to temporarily deliver ESOL to those in need living in New Zealand which has a dual purposes of increasing demand for English Language Schools and providing education to migrants and their dependants. Led by the Minister of Education.	Support	We support this initiative which will improve outcomes for migrants and their dependants whilst also supporting the tertiary education sector.	[34]	1.500	0.375	-	1.500	0.375	-	1.500	0.375	-	1.500	0.375	-	

Initiative ID	Priority Area	Wave 3 Category	Vote	Title	Description	VA Assessment	VA Comment	Department Sought (\$m)			Vote Team Assessment (\$m)			Package A - Cost Pressure Focus (\$m)			Package B - Wave 3 Focus (\$m)			MoF Comment - Y to include in BM package	
								Opex Total	Opex Avg	Capex Total	Opex Total	Opex Avg	Capex Total	Opex Total	Opex Avg	Capex Total	Opex Total	Opex Avg	Capex Total		
12951	Wave 3	International Education	Tertiary Education	International Education Strategic Recovery: Diversification of international education products and services	This initiative will provide a flexible package of funding to test, develop and deliver new products and services to sustain and drive growth in the post-COVID-19 environment. Led by the Minister of Education.	Support Scaled	We recommend that this funding should be held in contingency. We support the unified digital platform, offshore pathways and exploration, market testing and analysis components of this bid, as they closely align with Ministers' strategic objectives for the international education sector.	[34]	[33]	-	10.000	2.500	-	10.000	2.500	-	10.000	2.500	-		
12954	Wave 3	International Education	Tertiary Education	International Education Strategic Recovery: Communications, marketing and brand awareness	This initiative provides funding to support international education communications, marketing and brand awareness so that we can drive and convert demand when circumstances allow and ensure that NZ's brand and reputation does not diminish while borders are closed. Led by the Minister of Education.	Support Scaled	We support this initiative scaled. We recognise that the international education market is likely to become more competitive due to COVID-19, and that New Zealand could capitalise on its decisive COVID-19 response to attract international students [T2020/1444 refers].	[34]	[33]	-	3.000	0.750	-	3.000	0.750	-	3.000	0.750	-		
12955	Wave 3	International Education	Tertiary Education	International Education Strategic Recovery: Enable providers to deliver education offshore and develop quality assurance	This initiative provides funding to develop quality assurance processes and frameworks to monitor off-shore delivery that will enable providers to deliver education offshore. Led by the Minister of Education.	Support	We support this low cost initiative which supports high quality international education provision offshore.	[34]	0.500	0.125	-	0.500	0.125	-	0.500	0.125	-	0.500	0.125	-	
The following are the additional Wave 3 initiatives supported by Vote teams, but not recommended by Treasury in Package A. If you wish to weight CRRF Round Two funding towards Wave 3, we recommend prioritisation between these bids																					
12886	Wave 3	Energy	Business, Science and Innovation	RMA national direction to facilitate development of renewable energy projects	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. This includes amending the National Policy Statement for Renewable Electricity Generation and scoping and (if required) developing complementary National Environmental or Planning Standards. It could also fund work for developing other national direction instruments related to emissions reduction (if such work is commissioned by Ministers). These national direction instruments and guidance materials will improve planning and consenting outcomes for renewable energy projects (and potentially other emissions-reducing activities).	Support	We support this initiative, which provides a relatively low cost option to increase certainty by developing national direction instruments under the Resource Management Act to facilitate the development of renewable energy projects. This should encourage greater levels of future investment.	[34]	3.000	0.750	-	3.000	0.750	-	-	-	-	3.000	0.750	-	
12888	Wave 3	Energy	Business, Science and Innovation	Supporting renewable energy projects in [33] public / Maori housing	This initiative will fund (a) targeted delivery models to improve energy affordability for public and Maori housing, [33] The primary focus is to deliver lower power bills, resulting in healthier homes, improved health outcomes and lower household energy costs. The pilots also will enable evaluation of the costs and benefits of different household- [33] projects to inform any future investment decisions, and grow understanding of how distributed generation solutions could contribute to, for example, climate change goals.	Support Scaled	Support scaled funding. We support the public and Maori housing component. It is well targeted to households in energy hardship and is easier to implement given existing access across Crown-owned properties.	[34]	[33]	-	28.000	7.000	-	-	-	-	28.000	7.000	-		
12889	Wave 3	Energy	Business, Science and Innovation	Reduce energy hardship and strengthen the consumer voice	This initiative has 5 components: develop a network of community-level services to assist households experiencing energy hardship; fund household appliances to help households experiencing energy hardship become more energy efficient; fund a cross-sector energy hardship group to ensure initiatives are well-considered and coordinated; fund a new electricity consumer advocacy council and secretariat; and ensure adequate resourcing for a review of institutional arrangements for energy policy and regulation (contingent on Cabinet decisions in 2020/21). This was a priority-aligning initiative proposed for Budget 2020 that is even more relevant due to the impact of COVID-19 on households and small businesses.	Support	This initiative funds 5 components to reduce energy hardship and strengthen support for energy consumers. We support this funding. It represents good value for money and will help vulnerable households reduce their energy costs at a time of increased energy hardship due to COVID-19.	[34]	[33]	-	-	-	-	-	-	-	-	-	-		
12923	Wave 3	Energy	Business, Science and Innovation	New Zealand's battery: fixing dry year storage to enable 100 percent renewable electricity	This is a multi-stage initiative that will initially deliver comprehensive advice on the technical, environmental, and commercial feasibility of viable energy storage projects, including an assessment against alternatives [33]	Support Scaled	Support scaled We support investigating the pumped hydro option alongside other technological options. However the costings for the investigation are unclear. [33]	[34]	[33]	-	-	-	-	-	-	-	-	-	-		
12940	Wave 3	Business Support	Business, Science and Innovation	Accelerating Digital Enablement for Small Businesses	Our vision is to have the most digitally enabled small businesses in the world. The outcome of government investment would be more resilient and sustainable small businesses, contributing to a productive, sustainable and inclusive economy. Interventions and costs are: Investments to enable small businesses to understand, identify and access digital commerce products [33] Train and accredit digital guides [33]	Support Scaled	Support scaled – we assess [33] to be sufficient to progress the digital enablement work programme in 20/21. Defer the [33] proposed to subsidise the costs of developing digital capability as further work required on how this can be delivered. Do not support [33] at this point.	[34]	[33]	-	-	-	-	-	-	-	-	-	-		
					This investment builds on the \$10m tagged contingency fund from Budget 2020 to support small businesses move into digital commerce.																

Initiative ID	Priority Area	Wave 3 Category	Vote	Title	Description	VA Assessment	VA Comment	Department Sought (\$m)			Vote Team Assessment (\$m)			Package A - Cost Pressure Focus (\$m)			Package B - Wave 3 Focus (\$m)			MoF Comment - Y to include in BM package		
								Opex Total	Opex Avg	Capex Total	Opex Total	Opex Avg	Capex Total	Opex Total	Opex Avg	Capex Total	Opex Total	Opex Avg	Capex Total			
12943	Wave 3	Housing and Urban Development	Housing and Urban Development	Residential Development Response Fund	Evidence suggests that the most widespread issue affecting access to development finance is uncertain demand from buyers. There are also situations where it is unlikely that developers and builders would be able to access suitable finance even with a guaranteed purchaser for completed dwellings. The fund would support the completion of stalled and at-risk developments by: - De-risking the sale of non-KiwiBuild homes within mixed tenure/mixed price point developments; and - Providing more direct financial support for residential development and construction.	Support	Support, but only with significant changes to scope and implementation. Fund should be as independent as possible, invite proposals from the market and make decisions on a commercial basis, allowing public benefits to be funded through existing programmes, and private developments to be selected on the basis of additional activity created/maintained and maximising the number of dwellings supported by the fund. The prospect of funding being returned to the Crown would also be increased with a more commercial rather than mixed model/objective approach.	[34]	[33]													
12929	Wave 3	Three Waters	Internal Affairs	Three waters infrastructure investment and service delivery reform programme	This initiative supports a three-year programme for reforming three waters service delivery arrangements, which will be delivered in parallel with economic stimulus package of Crown investment in water infrastructure. This proposal relates to the Government response to COVID-19, and in particular Wave Three: reset and revitalise the economy.	Support Scaled	[33]	[34]	[33]				[33]				[33]					
The following initiatives were either not supported or not assessed by the Treasury																						
12921	Cost Pressure	N/A	Health	Oxygen supply and related environmental systems	This initiative provides funding for the purchase of supplies and installation of equipment to ensure that if there is a surge in the number of COVID patients, they can receive oxygen at appropriate pressures and that treatment areas are safe.	Support	Support, in contingency. This initiative will bring forward maintenance and improvement projects to support hospital preparedness for a second surge in COVID-19 cases. Due to cost escalation of other capital projects, there is considerable pressure on the Health Capital Envelope (HCE), so we recommend providing funding from the CRRF for these projects. We recommend adding the capital in this initiative [33] to the proposed ringfenced funding in the HCE for health capital pandemic preparedness, providing a total [33] for these projects.	[34]	10.000	2.500	[33]	10.000	2.500	[33]	-	-	-	-	-	-	-	-
12925	Cost Pressure	N/A	Health	National Immunisation Solution	This initiative seeks funding for the full cost of developing a National Immunisation solution (NIS). This will ensure there is an operational NIS ready for when a COVID-19 vaccine is available.	Support	Support in contingency, subject to business case. Not a cost pressure, but the development of a system to track national immunisation coverage is critical to successfully rolling out a COVID vaccine. There are significant risks to compressing delivery into the intended 12 month timeframe. Ministers need to be given assurance on these risks through the business case (expected later this year), including MOH capability/capacity, project governance, and monitoring. Ministers may wish to request frequent monitoring updates on this project.	[34]	14.000	3.500	9.000	14.000	3.500	9.000	-	-	-	-	-	-	-	-
12912	Cost Pressure	N/A	Defence Force	Maintenance and regeneration of Military Capabilities to deliver Defence Policy	This initiative provides for the operating funding for the maintenance and regeneration of platforms required to generate NZDF capabilities that are held ready for military operations and other activities as directed by the Government of New Zealand.	Do Not Support	Do not support. This funding is a duplicate of an IPET request, which we recommend be approved.	[34]	4.679	1.170	-	-	-	-	-	-	-	-	-	-	-	
12926	Cost Pressure	N/A	Defence Force	Development and Acquisition of Military Capabilities to deliver Defence Policy	This initiative provides for the operating funding for the development and acquisition of platforms required to generate the NZDF's capabilities that are ready for military operations and other activities as directed by the Government of New Zealand.	Do Not Support	Do not support. This funding is a duplicate of the IPET request, which we recommend be approved.	[34]	2.945	0.736	-	-	-	-	-	-	-	-	-	-	-	
13001	Wave 3	Business Support	Conservation	COVID-19 Cost Pressure - Tourism Concession Fee Waiver	This funding will enable DOC to support tourism operators by providing a 12-month waiver of fixed and activity fees (crown fees) for all tourism-related concessions to provide short-term relief.	Do Not Support	Do not support. Providing for this waiver gives an inequitable advantage to those tourism reliant businesses that operate on DOC land, in comparison to those that do not. If you wish to provide further support to the tourism industry we recommend that this is done through wider reaching mechanisms such as the use of the Tourism Recovery Fund.	[34]	8.000	2.000	-	-	-	-	-	-	-	-	-	-	-	
12989	Wave 3	Housing and Urban Development	Corrections	Te Maihi o te Whare Maori – Maori and Iwi Housing Innovation (MAIHI) - Northland Regional Corrections Facility	This investment will enable HUD, Kainga Ora and Ara Poutama Aotearoa to partner to increase the supply of healthy and affordable homes. This collaboration targets a reduction in the social harm caused by existing housing stock shortages and quality deficits in Te Tai Tokerau. Ara Poutama Aotearoa will develop a prison-based industry focussed on the assembly of affordable kiteset homes provided by Kainga Ora. These kiteset homes will be assembled at a purpose-built facility located outside the wire at Northern Region Corrections Facility (NRCF). Kainga Ora will certify the quality of these assembled homes, pick them up and deliver to hot spots located within Te Tai Tokerau. This collaboration will see the delivery of 48 high-quality new-built kiteset homes into supply in Te Tai Tokerau.	Do Not Support	Do not support. This initiative funds Corrections to develop a prison-based industry focussed on the assembly of affordable kiteset homes provided by Kainga Ora. The kiteset homes will be assembled at a purpose-built facility located outside the wire at Northern Region Corrections Facility, with up to 130 people gaining trades training, employment skills and experience over four years. While the initiative is likely to provide benefits through increasing employment opportunities for prisoners and reducing reoffending, we consider the link to wave three objectives to be weak. The impact on the economic recovery is likely to be marginal as the benefits are likely to accrue over the longer term. The initiative would be better considered in Budget 2021.	[34]	5.600	1.400	3.600	-	-	-	-	-	-	-	-	-	-	

Annex 2: Initiatives recommended for contingency

Initiatives recommended to be held in contingency if funded (that are recommended for funding in Package A or B)			
ID	Title	VA Recommendation	MoF to indicate Yes or No
12861	Vital Funding to Keep the Ministry's Construction Suppliers Solvent Through COVID-19	Contingency	
[33]			
12887	Customs Third Party Revenue Shortfall	Partial Contingency	
[33]			
12906	Justice Sector Resourcing: additional funding needed to address impacts of COVID-19	Partial Contingency	
12907	Personal Protective Equipment (PPE)	Contingency	
12910	Extending deferrals to manage demand cost pressure - Temporary measures	Contingency	
12929	Three waters infrastructure investment and service delivery reform programme	Contingency	
12938	Taumata Arowai, New Crown Agent Regulator for Water Services	Partial Contingency	
12946	International Education Strategic Recovery: Immediate targeted assistance package	Contingency	
12951	International Education Strategic Recovery: Diversification of international education products and services	Contingency	
12956	Supporting the NLTF revenue shortfall and meeting COVID costs	Contingency	
12963	Resource Recovery Infrastructure	Partial Contingency	
[33]			
12870	Addressing the impact of border restrictions on MBIE's liquidity	Partial Contingency	