

The Treasury

Upcoming Issues Briefing Information Release

July 2022

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Treasury Report: Upcoming Issues Briefing for the Minister - 04 February 2021

Date:	4 February 2021	Report No:	T2021/193
		File Number:	CO-6-2-6

Action sought

	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Note the contents of the attached briefing	9 February 2021

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Gopika Gnanakumar	Senior Analyst, Governance and Accountability [39]	[35]	✓
Andrew Rutledge	Head of the Office of the Secretary		

Minister's Office actions (if required)

Return the signed report to Treasury

Note any feedback on the quality of the report

Enclosure: Yes (attached)

Recommended Action

We recommend that you:

- a **Note** the contents of the attached briefing

Noted

- b **Provide** any feedback you have on the following sections:
 - a. Section 1: Upcoming Minister's meetings
 - b. Section 2: Short Updates
 - c. Section 3: Updates of Key Priorities

In relation to Section 2: Short updates:

- c **Agree** that the Treasury may share non-redacted copies of material from Budgets 2019 and 2020 with the Parliamentary Commissioner for the Environment.

Agree/Disagree

Andrew Rutledge
Head of the Office of the Secretary

Hon Grant Robertson
Minister of Finance

Upcoming Issues Briefing to the Minister of Finance Report

04 February 2021

1. Upcoming Minister Meetings

Proposed agenda items for upcoming Weekly Agency Meeting

Item	Description	Time
1.	Independent Fiscal Institution	15 minutes

Proposed agenda items for upcoming Finance Priorities Meetings

Item	Description	Supporting Material	Date
Proposed forward agenda items (over the next 3-4 weeks)			
1.	Public sector pay issues We are seeking a discussion with the Minister to outline the various employment relations fiscal pressures in the public sector over the next three years and highlight possible options and levers for Ministers. The intent is to support the Minister through policy and Budget decisions to achieve both fiscal and manifesto/ equity priorities.	Slide pack	11 February
2.	Deposit Takers Act		17 February

Possible items for Weekly Agency Meetings and Finance Priorities Meetings

Item	Description	Minister's feedback
1.	Sustainability issues, including insurance, adaptation and mitigation	
2.	Monetary and fiscal policy interaction	
3.	Housing advice (following our 7 December report to you)	
4.	Public Finance System modernisation	
5.	Minister's requests:	

2. Short Updates

Information and process updates. Please indicate if further information is required.

	Topic	Comment	Team Name and Contact	Recommendations and Minister's Feedback
1.	Parliamentary Commissioner for the Environment Request for Budget Package Documents	<p>The Parliamentary Commissioner for the Environment (PCE) has requested a number of documents related to Budget package formation, Budget priority formation and Vote team initiative assessments for Budgets 2019 and 2020. This request relates to a broader inquiry the PCE is conducting into how environmental data and natural capital is considered in the production of Wellbeing Budgets.</p> <p>We have directed the PCE to the Budget information releases. The PCE has requested more information than was provided as part of these releases. Original (non-redacted) copies of Budget Ministers slides are included within the scope of this request. Though such powers have not been invoked in this request, under s19 of the Environment Act 1986 the PCE has the power to require any person to give the PCE any information relating to any matter which is being investigated or inquired into by the PCE. Under s20 of the Environment Act, the PCE and his staff are required to maintain secrecy in respect of information that is obtained through the exercise of these functions and powers.</p> <p>We intend to write to the PCE outlining expectations of information security and confidentiality before any non-redacted documents are shared. Following the PCE's confirmation of these expectations, we intend to provide them with documents relevant to Budget package formation, Budget priority formation and Vote team initiative assessments for Budgets 2019 and 2020. This will include material that would ordinarily be withheld from an Official Information Act request, such as assessments of unfunded initiatives. We seek your agreement that Budget Ministers slides and other package advice, including Vote team assessment of initiatives and Budget priority formation documents, from Budgets 2019 and 2020 may be shared with the PCE.</p> <p>As we have previously reported to you, we had prepared some redacted information relating to the setting of Budget priorities for release to the PCE under the OIA (T2020/3355). This information was provided to the PCE with the redactions we proposed (but following internal legal advice it was not provided under the OIA). Given the general approach we are now taking to the PCE's information request, we are now planning to release this information unredacted (following PCE's confirmation of expectations). However, we need to review this information before it is released, to identify any particularly sensitive information that is not relevant to the request. We will advise you on the status of this material in the next UIB.</p>	<p>Budget Management</p> <p>Tom Hall, [39]</p>	<p>Agree that The Treasury may share non-redacted copies of material from Budgets 2019 and 2020 with the Parliamentary Commissioner for the Environment, as stated in the comments.</p> <p>See recommendation c in T2021/193</p>

	Topic	Comment	Team Name and Contact	Recommendations and Minister's Feedback
2.	Proactive release of the Treasury's 2020 Gift & Hospitality Register	There will be a proactive release of the Treasury's 2020 Gift and Hospitality Register on the Treasury's website on 4 February 2021. There are no notable entries in the Register.	Legal Anthea Williams, [35]	

3. Updates on Key Priorities

Priority Area	State of Play	Upcoming Advice	Minister's Feedback
<p>COVID-19 response</p>	<p>Vaccines and immunisation New Zealand's regulatory process for the Pfizer vaccine is progressing ahead of schedule, and the first shipments are expected from mid-late February 2021. Subject to the vaccines arriving on schedule, the Ministry of Health (MoH) is on track to distribute and administer the first shipments of Pfizer vaccines from mid-February 2021. Vaccine supply will be limited in the short-term, as vaccine manufacturers scale up production. Some manufacturers are experiencing setbacks that could lead to delays in deliveries. In parallel, some jurisdictions have signalled the potential for export controls. Officials are engaging with pharmaceutical companies and international counterparts to manage surety of vaccine supply.</p> <p>The wider elimination strategy DPMC and MoH are continuing to refresh the Elimination Strategy work programme in light of the implications of the new variants of the COVID-19 virus. In the meantime, MoH and Ministry of Business, Innovation and Employment (MBIE) officials are considering options to reduce traveller volumes through managed isolation. We understand MoH has provided advice to Minister Hipkins on options to manage risks after people leave MIQ (i.e. a further test, although this has not been recommended).</p> <p>Cabinet discussed the Trans-Tasman Travel Zone last week and have made no change to the Q1 target date for commencement. We understand that MoH has now provided advice to Ministers on the outbreak response framework for a Trans-Tasman Travel Zone. Further advice to Ministers is expected next week.</p> <p>Business Support Package Implementation of the Business Support Package has been expedited to ensure the new support schemes are available if needed. The Ministry of Social Development is preparing for the Short-Term Absence Payment to be available from 9 February. On 10 February, the Cabinet paper seeking to introduce legislation for the Resurgence Support Payment will be considered by the Cabinet Business Committee. Subject to Cabinet approval and passage through the House, the scheme will be in place from 23 February. Advice on operational details required to implement the agreed settings for the Wage Subsidy Scheme (WSS) will be provided to responsible Joint Ministers in the week of 8 February. Further advice is scheduled for mid/late February on more enduring changes to the WSS (including integrity improvements and the feasibility of an additional repayment rule) and on the childcare scheme (payment rate and funding source). The Treasury is continuing to work with other agencies to align communications as the new support schemes come online.</p>	<p>Business Support Package</p> <ul style="list-style-type: none"> • Advice on operational details required to implement the agreed settings for the WSS – due next week. • Advice on further changes to the WSS and on the childcare scheme (payment rate and funding source) – due mid/late February. 	
<p>Wellbeing approach</p>	<p>Ensuring Delivery</p> <ul style="list-style-type: none"> • DPMC intend to present a Cabinet paper on 22 February seeking money from the Between Budget Contingency to start the Implementation Unit this financial year. We are working with DPMC on details of how the Implementation Unit operates and how the Treasury will work with the unit. • Completed templates for almost all CRRF initiatives were due from agencies on 29 January. These will be used to inform a reprioritisation process as part of Budget 2021, to support the Implementation Unit, and as a baseline for future reporting. <p>Budget Policy Statement</p> <ul style="list-style-type: none"> • The final draft of the Budget Policy Statement was delivered to you for approval on 1 February. Following the labour market data release on 3 February, we finalised the document for print to meet the release date 	<p>Ensuring Delivery</p> <ul style="list-style-type: none"> • An Aide Memoire summarising the CRRF data collection findings due February. 	

[33]

Priority Area	State of Play	Upcoming Advice	Minister's Feedback
	<p>Tuesday 9 February. If substantive changes are required following this last draft we will not be able to meet this timeline.</p> <p>Public Finance Modernisation</p> <ul style="list-style-type: none"> The Treasury has begun engaging with the agencies involved in the first two clusters. We will provide further advice in February/March on the 2021 implementation plan, including draft Terms of Reference for the two cluster spending reviews. [33] <p>Child Poverty</p> <ul style="list-style-type: none"> The next release of Child Poverty data is scheduled for late February. This will show the full impact of the Families Package, but not COVID-19. Initial engagement is due to begin, around the scope of the Child Poverty Report for Budget 2021. 	<p>[33]</p> <p>Child Poverty</p> <ul style="list-style-type: none"> Aide memoire on latest Child Poverty figures – due February [33] 	
Sustainability	<p>Agencies invited by the Minister of Finance, have submitted Budget initiatives, relating to a coherent package of climate change initiatives for Budget 2021. The Treasury is currently assessing these initiatives.</p> <p>On 31 January, the Climate Change Commission (CCC) published its draft package of advice with recommended emissions budgets and an emissions reduction plan for New Zealand. Responding to the CCC will be a major part of the Government's emissions mitigation policy in 2021. The Treasury is currently analysing the Commission's advice and are coordinating with your office on the best opportunity to communicate our views on the draft report.</p>		
Health reform	<p>The DPMC Transition Unit (TU) is continuing work on the key components of health reform. It is expected that papers will be taken to Cabinet in April seeking significant decisions on the system operating model and institutional settings. There will be Ministerial Oversight Group discussions in advance of this.</p>		
Infrastructure	<p>The Treasury is working with Te Waihanga and Waka Kotahi to align the processes for the Transmission Gully Review and Proactive release, and will provide you with advice later in February.</p> <p>The Treasury is currently drafting the new Letter of Expectations for Te Waihanga and will provide you with a draft to amend or agree to send in early February.</p> <p>We expect you will receive the next IRG approval report from Crown Infrastructure Partners (CIP) in two weeks. The Treasury is working with CIP and other agencies to develop advice on a framework for assessing alternative IRG projects.</p> <p>The Treasury is also working with the Ministry of Transport to prepare for next steps for City Centre to Mangere light rail, including further legal advice requested by the Minister of Transport.</p>	<ul style="list-style-type: none"> Treasury Report - Framework for IRG Projects – early February. Treasury Report - Draft letter of expectations for Te Waihanga – early February. Joint Report - OAG preliminary audit results on CRL audit – early February. 	

4. Key Decisions this Week

List of reports requiring decisions from you this week.

	Topic:	Timeframe for Briefing:	Purpose / action:	Deadline for MoF Action (if any)	Minister(s)	Treasury Team and Contact
1.	Project 20	4 February	This report provides advice to progress Project 20 and seeks decisions from the Minister of Finance.	10 February	Minister of Finance Associate Minister of Finance (Hon Parker)	Commercial Performance Juston Anderson, [39]
2.	Radio New Zealand and Television New Zealand Letters of Expectations	4 February	This briefing provides draft Radio New Zealand and Television New Zealand Letters of Expectations for shareholding Ministers to amend or agree to send to the companies.	Mid-February	Minister of Finance Minister for Broadcasting and Media	Commercial Performance Juston Anderson, [39]
3.	Infrastructure Reference Group (IRG) Shovel-Ready Projects	4 February	This paper seeks agreement to a process regarding the remaining unapproved IRG projects that may fail due diligence. The paper also seeks agreement about the allocation of the existing tagged operating contingency associated with the IRG infrastructure investment programme.	12 February	Minister of Finance Minister for Infrastructure Associate Minister of Finance (Hon Parker) Associate Minister of Finance (Hon Dr Woods)	National Infrastructure Unit David Taylor, [39]
4.	Te Waihangā Letter of Expectations 2021/22	4 February	This report will provide you with a draft 2021/22 Letter of Expectations for you to agree or amend before sending to the Chair of Te Waihangā.	12 February	Minister for Infrastructure	National Infrastructure Unit David Taylor, [39]
5.	City Rail Link (CRL)	4 February	This report provides a summary of OAG preliminary audit results on CRL Limited audit and seeking any comments from Ministers.		Minister of Finance Minister of Transport	National Infrastructure Unit David Taylor, [39]
6.	Budget 2021: Uninvited Initiatives	5 February	You will be provided with a list of uninvited initiatives that have been submitted for consideration as part of Budget 2021. The Minister will be asked to consider which of these initiatives should be progressed as part of the Budget process, and which should be removed.	8 February	Minister of Finance	Budget Management Tom Hall, [39]

5. Regular Updates

Lists regular dashboards and other updates you are provided

	Topic:	Timeframe for Briefing:	Purpose / action:	Deadline for MoF Action (if any)	Minister(s)	Treasury Team and Contact
1.	Fiscal Calculator	Regular – Every Friday before Cabinet	The Fiscal Calculator is provided regularly to the Minister of Finance (on the afternoon of Fridays preceding Cabinet). The Fiscal Calculator summarises the fiscal implications of papers to be considered by Cabinet or Cabinet Committees the following week and includes summary information on the remaining balances of the Between-Budget Contingency (BBC), the Budget 2021 operating allowance, and the multi-year capital allowance.		Minister of Finance	Budget Management Tom Hall, [39]
2.	CRRF Calculator	Semi-regular – Some Fridays alongside Fiscal Calculator	The COVID-19 Response and Recovery Fund (CRRF) Calculator is provided to the Minister of Finance when it contains new charges and, when this is the case, will be provided on Fridays alongside the Fiscal Calculator. This is an Excel workbook that summarises: decisions (with fiscal implications) taken in response to COVID-19; upcoming funding requests to be charged against the CRRF; and summary data of decisions taken, including the remaining CRRF balance.		Minister of Finance	Budget Management Tom Hall, [39]
3.	Aide Memoire: Weekly Economic Update publication	Each Friday morning 9:00am for the foreseeable future – published on Treasury website by 12pm each Friday	Advising of the publication of the weekly economic update report produced by the Forecasting team.		Minister of Finance	Forecasting Nairn MacGibbon, [39]

6. Upcoming Cabinet Papers Treasury is aware of

List of Cabinet papers upcoming over next two weeks.

Ministerial Portfolio (and lead agency)	Title/topic	Treasury View	Timeframe for Cabinet Committee	Treasury Contact
Minister of Revenue, Minister of Finance (IR and the Treasury)	Resurgence Support Payment Legislation	This paper seeks Cabinet agreement to introduce legislation into Parliament to give effect to the Resurgence Support Payment. The Treasury supports this paper.	CBC: 10 February	Transitions, Regions, and Economic Development Clara Rowe, ^[39] Jean Le Roux, ^[35]
Minister of Justice	Government response to the Social Services and Community Committee report on matters related to forced adoption	This paper seeks approval of the Government's response to the report of the Social Services and Community Committee, on matters related to forced adoption. There are no immediate financial implications associated with the Government response; however, financial implications may arise relating to adoption law reform, which will be considered by Cabinet when subsequent policy decisions are made. The Treasury has no concerns with this paper.	CBC: 10 February	Justice, Security and Government Services Colin Hall, ^[39]
Overseas Investment (The Treasury)	Implementation of the new investor test	This paper seeks approval for the new, streamlined, investor test in the Overseas Investment (Urgent Measures) Amendment Act to enter into force.	CBC: 10 February.	International John-David Chaker, ^[39]
COVID-19 Response (MBIE)	Managed Isolation and Quarantine charges for temporary entry class visa holders	This paper seeks to implement the proposal that international students (and temporary entry class visa holders) who were residing in New Zealand on 19 March and left New Zealand on or before 19 March 2020, be liable to standard MIQ fees. The Treasury supports this paper.	CBC: 10 February	Skills and Work Nick Carroll, ^[35]
Workplace Relations and Safety (MBIE)	Order to increase the Minimum Wage to \$20.00 from 1 April 2021	This paper implements the decision taken by Cabinet to increase the minimum wage in December. The Treasury supports the paper.	LEG: 18 February	Skills and Work Nick Carroll, ^[35]

7. Upcoming Reports

List of reports upcoming over next two weeks not covered above.

	Topic:	Timeframe for Briefing:	Purpose / action:	Deadline for MoF Action (if any)	Minister(s)	Treasury Team and Contact
1.	Productivity Commission: Funding and Forward Work Programme	4 February	This paper confirms next steps as discussed in the meeting on Wednesday 27 January and present options for funding the Productivity Commission to support your decision at Budget 2021.		Minister of Finance	Economic Strategy Erin King, ^[35] Pip van der Scheer ^[39]
2.	Southern Response Appointments	4 February	This paper seeks agreement to the commencement of the 2021 Southern Response Appointment Round.		Minister of Finance (for noting) Minister Responsible for the Earthquake Commission	Governance and Appointments Gael Webster, ^[39]
3.	Proposal to utilise Greater Christchurch Regeneration savings to fund Project Tāwhaki land acquisition	4 February	This paper provides advice on the proposal to utilise Greater Christchurch Regeneration savings to fund Project Tāwhaki land acquisition.		Minister of Finance Associate Minister of Finance (Hon Dr Woods)	Commercial Performance Juston Anderson, ^[39]
4.	Introductory call with US Treasury Secretary Yellen	4 February	This aide-memoire provides talking points, biographical information and background information for your call with US Treasury Secretary Yellen. We have provided the aide-memoire, in anticipation of the call possibly being scheduled next week.	Before your call with Secretary Yellen (date to be confirmed)	Minister Robertson	International John-David Chaker, ^[39]
5.	Housing objectives for the Reserve bank	4 February	This paper provides advice on the Reserve Bank's monetary policy remit and a direction for the Reserve Bank to have regard to government policy on housing when formulating financial policy.	9 February	Minister of Finance	Macroeconomic and Fiscal Policy Renee Philip, ^[39]
6.	Ngāpuhi Investment Fund Limited: Capital investment	Week of 1 February	This report seeks joint Ministers' agreement to sign the Subscription Agreement for Ngāpuhi Investment Fund Limited, which gives effect to the Crown's investment of \$150 million into the company. We recommend you agree to the recommendations in this report.		Minister of Finance Minister for Treaty of Waitangi Negotiations	Justice, Security and Government Services Colin Hall, ^[39]
7.	New Non-Departmental Expense Appropriation – Ministry of Defence	Week of 1 February	The Minister of Defence is seeking your approval to create a new non-departmental expense appropriation to provide the authority to incur non-capitalisable costs. This is due to the Auditor General's treatment of costs incurred due to COVID-19 delays, and will be offset by a reduction in the existing appropriation. We recommend you agree to the proposal.		Minister of Finance Minister of Defence	Justice, Security and Government Services Colin Hall, ^[39]
8.	^[38]					

	Topic:	Timeframe for Briefing:	Purpose / action:	Deadline for MoF Action (if any)	Minister(s)	Treasury Team and Contact
9.	Social Sector Commissioning: progressing the funding principles key action	Week of 1 February	This report (for noting only by you) provides Minister Sepuloni with an update on the direction of travel for developing funding principles which are a key workstream of the social sector commissioning work programme). It also seeks agreement on the proposed approach to the non-spending initiative through Budget 21 for the commissioning work programme.		Minister for Social Development and Employment Minister of Finance (noting only)	Welfare and Oranga Tamariki Keiran Kennedy, [35]
10.	Tourism Futures Taskforce (TFT), draft report	To be forwarded to Minister of Finance by the Minister for Tourism in early February	We understand that the Minister for Tourism will be forwarding the draft TFT report to you, likely with a covering MBIE briefing. The Treasury has not yet seen the draft.	To note ahead of the final report due April 2021.	Minister of Finance	Transitions, Regions, and Economic Development Alice Ansley, [39] Jean Le Roux, [35]
11.	Revenue Strategy	9 February	This paper seeks agreement to Revenue Strategy to inform the development of the new Tax Policy Work Programme.		Minister of Finance Minister of Revenue	Tax Strategy Daniel White [35]
12.	Approach to long-term stewardship documents in 2021	Week of 8 February	The Treasury intends to publish a combined Long-term Fiscal Statement and Long-term Insights Briefing in September 2021. This report will outline the requirements, scope and proposed consultation for the document, for the Minister of Finance's information and to be discussed if interested.	22 February	Minister of Finance	Macroeconomic and Fiscal Policy Peter Gardiner, [39]
13.	90 day review of the Overseas Investment Emergency Notification Regime	16 February	This paper seeks your decision as to whether the overseas investment Emergency Notification Regime should be kept in place, taking into account the ongoing impacts of COVID-19 on New Zealand.	24 February	Minister of Finance Associate Minister of Finance (Hon Parker) Minister of Foreign Affairs	International Shay Duckworth, [39]
14.	[33]					
15.	Methodology for the confidential reserve price in the Emissions Trading Scheme.	Mid-February (TBC)	On 2 February Cabinet considered a request from the Minister for Climate Change to introduce a Climate Change Response (Auction Price) Amendment Bill which has the purpose of urgently adding a confidential reserve price into auctions of units in the Emissions Trading Scheme (this element was accidentally omitted from the ETS legislation in 2020). The Treasury supports the addition of a confidential reserve price. If the approach is approved by Cabinet, the Minister for Climate Change is then required to consult with the Minister of Finance when setting the methodology for the confidential reserve price. We expect this consultation to take place in the week of 15 February and will provide advice to assist you in responding to the consultation request.	Week of 15 February (TBC)	Minister of Finance	Transitions Regions and Economic Development Tom Wilson, [35]
16.	Inland Revenue funding reprioritisation report	22 February	This paper seeks Joint Ministers approval to reprioritise underspends from Business Transformation to fund cost pressures. The Treasury supports this paper.		Minister of Finance Minister of Revenue	Tax Strategy Caleb Morrall,, [35]