

The Treasury

Budget 2022 Information Release

August 2022

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- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [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] Out of Scope
- [41] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment
- [42] 18(d) - information is already publicly available or will be publicly available soon

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Budget 2022

Guidance for Agencies

September 2021

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1 What this guidance covers

This guidance provides an overview of the Budget 2022 strategy and process, and contains a step-by-step guide for agencies on how to complete and submit Budget initiatives that have been invited by the Minister of Finance.

This guidance covers initiatives with fiscal implications. Guidance on the process for fiscally-neutral technical initiatives will be issued subsequent to this guidance.

1.1 Other resources available

There are **several supplementary documents available on CFISnet** alongside this guidance:

- A Microsoft Word version of the standard initiative template
- A Microsoft Word version of the Ministerial submission letter
- A mocked up initiative template with answers based on an example initiative
- CBAX spreadsheet model, and
- CBAX tool user guidance.

Separate guidance on uploading initiatives to CFISnet will be provided in mid-October.

Further technical guidance will be provided in December 2021 covering:

- How to submit technical initiatives (e.g. fiscally neutral adjustments that require Cabinet agreement)
- March Baseline Update
- Production of financial recommendations and Estimates chapters
- Specific Fiscal Risks
- The Budget moratorium

In addition, guidance on the reporting requirements for the 5-year fiscal forecast will be provided by the end of January 2022.

Initiatives submitted by the **Justice and Natural Resources clusters** will be submitted as part of a three-year operating funding approach, outlined in separate guidance released in early September (see Treasury Circular 2021/08). The initiatives types identified in that guidance as exceptions to the cluster process will be subject to the main Budget process as outlined in this document, including the information requirements below.

If you need any further guidance, contact your Vote Analyst.

1.2 Information security

Each government department has responsibility for designing and implementing its own information security policies and procedures. Agencies providing advice to the Government in the interests of the New Zealand economy have the responsibility to ensure that information passing through their hands is actively managed in line with the sensitivity of the content, and complies with the [Protective Security Requirements \(PSR\)](#) and the [New Zealand Information Security Manual \(NZISM\)](#). Improper exposure of Budget information impacts on the Government of the day, the political process, and agencies.

Further guidance on classifying and handling Budget information is outlined at [Section 6](#) below.

2 Summary of Budget 2022 Strategy

2.1 Context

On Monday 30 August 2021, Cabinet met and agreed to the Budget 2022 strategy. Following this, the Minister of Finance wrote to Ministers summarising the Budget 2022 process and asking them to write back to him with potential initiatives for Budget 2022. These letters were due to the Minister by Thursday 23 September.

Once the Minister has taken decisions on which initiatives to invite for submission in Budget 2022, agencies can begin to develop and submit initiatives in accordance with this guidance.

Allowances

The operating allowance for Budget 2022 as set out in the Budget Economic and Fiscal Update is \$2.7 billion per annum. The Multi-Year Capital Allowance for Budgets 2022 to 2024 is \$8.1 billion, an average of just under \$2.7 billion per Budget.

The operating and capital allowances for Budget 2022 and outyears will be confirmed in the Budget Policy Statement and Half Year Economic and Fiscal Update in December 2021.

	Budget 2022	Budget 2023	Budget 2024
Operating	\$2.7 billion	\$2.7 billion	\$2.7 billion
Capital	 \$8.1 billion		

Initiatives seeking capital funding in Budget 2022 will cover a ten-year period, from 2021/22 to 2030/31 (the current financial year, plus the next nine financial years). The ten-year time horizon more accurately reflects and captures the nature of capital investment. This improves the Government's ability to take a long-term view of capital commitments and increases transparency by better tracking and reporting the cash impacts of capital initiatives over time.

2.2 Budget 2022 priorities

The focus of Budget 2022 is continuing to make progress towards achieving the Government's goals for this term, with a particular focus at Budget 2022 on addressing future issues such as climate change. These goals are:

- keeping New Zealanders safe from COVID-19
- accelerating the recovery and rebuild from the impacts of COVID-19, and
- laying the foundations for the future, including addressing key issues such as climate change, housing affordability and child poverty.

2.3 Wellbeing objectives and Budget Policy Statement

The Public Finance Act 1989 requires the Government to set wellbeing objectives and explain how they are intended to support long-term wellbeing in the Budget Policy Statement

(BPS), and then report on how these influenced Budget decision-making in the Fiscal Strategy Report. The next BPS will be published in December 2021.

These objectives are long-term goals which reflect that sustained investment across multiple Budgets is needed to address some of New Zealand's most significant challenges. They are separate from short-term Budget priorities, which are intended to support the choices and trade-offs required as part of decision-making in Budget 2022, and overarching goals, which are intended to signal the policy areas the Government is focussing on this term.

The Government's wellbeing objectives at Budget 2021 were:

- **Just Transition:** supporting the transition to a climate-resilient, sustainable, and low-emissions economy.
- **Future of Work:** enabling all New Zealanders and New Zealand businesses to benefit from new technologies and lift productivity and wages through innovation
- **Physical and Mental Wellbeing:** supporting improved health outcomes for all New Zealanders, including protecting New Zealanders from the impacts of COVID-19.
- **Māori and Pacific:** lifting Māori and Pacific incomes, skills, and opportunities, including through access to affordable, safe, and stable housing
- **Child Wellbeing:** reducing child poverty and improving child wellbeing, including through access to affordable, safe, and stable housing.

These objectives have been agreed by Cabinet subject to wider consultation. The final versions of the objectives for Budget 2022 will be published in the BPS in December 2021.

2.4 Budget 2022 design

The design of Budget 2022 can be broken down into three streams:

- **Core Budget process:** manifesto commitments and cost pressures.
- **Addressing long-term challenges through multi-year funding:** Climate Emergency Response Fund (CERF) and Health reforms.
- **Public Finance System Modernisation:** Natural Resources and Justice cluster pilots.

As for Budget 2021, initiatives for Budget 2022 are to be submitted only on the invitation of the Minister of Finance. The only exception to this will be the cluster pilot process.

2.5 COVID-19 Response and Recovery Fund (CRRF)

In August 2021, Cabinet agreed to tighten the criteria for the CRRF to directly address future resurgences of COVID-19. Requests for CRRF funding must be strictly time-limited and should demonstrate that costs cannot be met through the reprioritisation of existing baseline funding.

Additionally, all new initiatives funded from the CRRF must relate to:

- core economic response measures to deal with a resurgence, including the Wage Subsidy Scheme, Resurgence Support Payment, Short-term Absence Payment and Leave Support Scheme
- targeted policy responses to the immediate impacts of resurgence-related restrictions on particular demographic groups

- urgent cost pressures that government agencies are facing as part of responding to a COVID-19 resurgence (with a focus on key response agencies), and
- essential public health measures which reduce the risk of resurgences.

Initiatives related to COVID-19 response or recovery that do not meet these criteria should be submitted for funding from Budget allowances. There is no specific funding CRRF or COVID-19 funding track in Budget 2022, so any COVID-related initiatives should be classified as cost pressures or manifesto commitments as appropriate.

3 Budget 2022 Process

The process for Budget 2022 can be described as a core process with some variations to the initiative development and assessment stages for the different streams outlined at [2.4](#):

Core process	A core process for cost pressures, manifesto commitments, and other initiatives not included in the Health and cluster processes.
Climate initiatives	An additional stream of the core process for initiatives eligible for funding from the newly-established Climate Emergency Response Fund (CERF) involving input from Climate Ministers and Climate CEs. These initiatives are still subject to the invitation process and are integrated into the standard initiative submission and assessment processes. See 4.4 for further information on this stream.
Health initiatives	A separate multi-year funding process to address ongoing cost pressures in the health sector. These initiatives are still subject to the invitation process and are integrated into the standard initiative submission and assessment processes.
Cluster pilot initiatives	The Minister of Finance has established two clusters – Justice and Natural Resources – to pilot a different approach to Budgets as part of a programme of work to modernise New Zealand’s public finance system. The cluster agencies will follow a separate process in Budget 2022 aimed at increasing collaboration, improving value for money and strengthening delivery of wellbeing priorities. These initiatives are exempt from the invitation process and subject to separate initiative submission and assessment processes.

All processes will converge at the Budget 2022 package development stage, and remain consistent through the decision-making and production stages.

This guidance primarily covers the core Budget process, along with some information about the CERF process. The Treasury has been working separately with the relevant cluster and health sector agencies on the process and information requirements for their initiatives.

3.1 Invitation process

The Minister of Finance (MOF) wrote to portfolio Ministers on 1 September 2021, summarising the Budget 2022 process and asking them to write back to him with potential

initiatives for Budget 2022. These response letters were due to the MOF by Thursday 23 September.

Treasury Vote teams will provide a light-touch assessment of the deliverability of the submitted initiatives, acknowledging that only limited information on the initiatives will be available. **The MOF will communicate his decisions to portfolio Ministers in mid-October, at which point agencies can begin to prepare and submit initiatives in accordance with this guidance.**

Out-of-scope initiatives will not be accepted. The MOF will be informed of any initiatives which are assessed as out of scope and excluded from consideration through Budget 2022 on the grounds that they do not meet the explicit criteria which has been set out. Treasury will not assess these initiatives and they will not be considered for funding through Budget 2022.

3.2 Initiative development

Initiative submissions for Budget 2022 will need to include detailed information of the outcomes, outputs and costings of the initiative, as well as demonstrating alignment with Budget priorities and strong value-for-money.

Agencies must fill out an initiative submission template for each invited initiative. A Microsoft Word version of the template, along with a mocked up template based on an example initiative, are available as as related files on CFISnet. Further information on the standard information requirements and the additional information required for different types of initiatives can be found at [Section 4](#).

3.3 Initiative submission

Initiatives are due for submission by **5pm, 10 December 2021**. This must be done through two channels:

- **CFISnet** – an entry must be made in the initiatives module in CFISnet for each invited initiative, outlining the core initiative information. Electronic copies of the completed initiative template and any other supporting documents must be uploaded to CFISnet alongside this. Further guidance on entering initiatives on CFISnet will be provided in mid-October.
- **Ministerial submission letter** – Ministers seeking funding through Budget 2022 are required to formally submit initiatives to the Minister of Finance in a submission letter. A template for this letter can be found as a related file on CFISnet.

Note: one letter is to be sent per portfolio, so a Minister with multiple portfolios, and agencies with multiple Ministers, will need to be involved in preparing more than one letter.

3.3.1 Cross-Vote initiatives

Where an initiative encompasses funding across multiple Votes and/or Ministerial portfolios, the initiative should only be submitted once. These initiative's will be referred to in CFISnet as "umbrella initiatives".

In CFISnet, the initiative should be entered by the lead agency only, seeking the total amount of funding across all Votes. In Budget 2022, there will be no need for agencies to

submit blank “dummy initiatives” as in previous Budgets. Instead, the funding breakdown across Votes will be provided to the Treasury’s Budget team, who will create the relevant component initiative(s) from the umbrella initiative entered by the lead agency. This will provide the initiatives needed for financial recommendations in the component Votes, as in previous Budgets.

For the Ministerial submission letters, the initiative should appear in the lead Minister’s letter only, reflecting the funding sought across all Votes. The other Ministers should note in their letter that an initiative has been submitted for their portfolio in another Minister’s letter.

3.3.2 Budget 2022 pre-commitments

Initiatives should be created on CFISnet for any pre-commitments against Budget 2022 allowances agreed during the 2020/21 or 2021/22 financial years. These initiatives require a title and description suitable for publication in the Summary of Initiatives, as well as recording the agreed funding amount. No further information is required and the decisions do not need to be reflected in a Ministerial submission letter.

Any pre-commitments agreed before new spending initiatives are due on **10 December 2021** should be submitted by that date, with any further pre-commitments submitted as soon as possible after Cabinet takes the decision. This will allow for these decisions to be accounted for in package formation and reflected in the Summary of Initiatives as a Budget 2022 initiative.

3.4 Package formation

The Minister of Finance, supported by the Treasury, will develop a package of initiatives for consideration by Budget Ministers. Budget Ministers will agree to a final Budget Package to recommend to Cabinet, and the Budget 2022 Cabinet paper is expected to be prepared for consideration by Cabinet in April 2022.

Timeframes and guidance for preparing financial recommendations for the Budget Cabinet paper will be included in the technical guidance released in December 2021.

3.5 Production

Once the Budget 2022 package is finalised, the Treasury will begin preparing public-facing Budget documents, including the Summary of Initiatives and the Wellbeing Budget Document, as well as compiling the Estimates chapters prepared by agencies. Timeframes and guidance for the Estimates process will be included in the technical guidance released in December 2021.

3.6 Budget 2022 significant process timeline



4 Information requirements for initiatives

Agencies are required to provide information on submitted initiatives by filling out an initiative template and completing corresponding fields on CFISnet. The information requirements vary across initiative types and tracks. This section of the guidance provides detail on each of these initiative types and the information required.

The tables below provide an overview of the information requirements for each initiative:

Initiative type	Overview	Value	Alignment	Delivery
Cost pressures (general)	✓	✓	✓	✓
Cost pressures (exempt)	✓	✗	✗	✓
Manifesto commitments	✓	✓	✓	✓
Savings and non-spending initiatives	✓	✗	✗	✗

Initiative type	Additional information requirements
Climate initiatives	Additional questions in Section 1C of initiative template. Further guidance at 4.4 below.
Child poverty initiatives	Additional questions in Section 1C of initiative template. Further guidance at 4.5 below.
Social sector commissioning initiatives	Additional question in Section 1C of initiative template. Further guidance at 4.6 below.
Gender implications of select EET initiatives	Additional questions at Annex B of the initiative template. Further guidance at 4.7 below.
Significant investment initiatives (including capital)	Additional questions at Annex A of the initiative template. Business case where relevant. Further guidance at 4.8 below.
Data and digital initiatives	Additional question in Section 1C of initiative template. Further guidance at 4.9 below.
Regulatory initiatives	Additional question in Section 1C of initiative template; Regulatory Impact Statement where relevant. Further guidance at 4.10 below.

Justice and Natural Resources cluster initiatives	
Initiatives within the three-year funding envelopes	Initiatives submitted by the Justice and Natural Resources clusters will be submitted as part of a three-year operating funding approach, outlined in separate guidance released in early September (see Treasury Circular 2021/08).
Initiatives outside the three-year funding envelopes	<p>There are several exceptions to the cluster process:</p> <ul style="list-style-type: none"> • Capital initiatives • Technical initiatives • Crown entities which fall under cluster agencies • The Family Violence and Sexual Violence Joint Venture • Initiatives that meet the criteria for the Climate Emergency Response Fund (CERF) • Initiatives that include both cluster and non-cluster agencies, where the lead agency is outside the clusters <p>These initiatives will be subject to the main Budget process as outlined in this guidance, including the information requirements below.</p>

4.1 Overview information

All initiatives are required to provide a high-level overview of the initiative by answering the questions in Section 1 of the standard initiative template. There are three sub-sections:

- Section 1A – basic initiative information such as the title and description.
- Section 1B – total funding sought across the forecast period.
- Section 1C – questions to identify the initiative type and any additional information requirements.

4.1.1 Titles and descriptions

Initiative titles and descriptions are used throughout the development of the Budget package to quickly identify the initiative in question and what it will fund, and distinguish it from other submitted initiatives. They also go on to be included in the Summary of Initiatives published on Budget Day. It is therefore important that initiative titles and descriptions are as clear and concise as possible in conveying the purpose and key points of the initiative.

Process

Titles and descriptions must be entered into the initiative template and submitted on CFISnet **by 5pm, 10 December 2021**. These versions of the title and description will be used for initiative assessment and package development.

There will be two further opportunities to alter the titles and descriptions:

- **During the preparation of financial recommendations for Cabinet** – this will allow for changes to reflect any scaling or other change to the initiative in the final package.
- **Following Cabinet’s agreement to the Budget package** – this will provide an opportunity to reflect any changes required for communicating the initiative to the public (for example by removing sensitive information).

No changes to titles and descriptions should be made outside of these windows. More details about the exact timing of the windows will be provided closer to the time.

There will be limited time available to make these changes, so agencies may wish to discuss possible changes with their Vote Analysts ahead of time.

Titles and descriptions must be consistent with the style guide included at [Annex One](#).

4.2 Cost pressures

There are additional questions for cost pressure initiatives at [Section 2](#) of the initiative template.

Cost pressure initiatives cover existing services and outputs that are facing wage, price, volume and/or other pressures which mean that the administering department considers it cannot continue to deliver the agreed level or quality of service within existing baselines.

- **Volume pressures** – can arise from population growth, changes in population characteristics, or changes in the economic environment. These are client-driven and include pressures arising from a reduction in third-party revenue.
- **Personnel and wage pressures** – these include pressures associated with bargaining and remuneration outcomes, labour market and/or retention issues affecting agencies’ ability to deliver key functions. Do not include generic wage pressures.
- **Price pressures** – these not only include changes in costs of inputs, but also changes in capital-related operating expenditure resulting from increases in the value of capital assets.

To ensure the information requested is proportionate to the size and complexity of the bid, some cost pressure initiatives will be ‘exempt’ from having to complete all sections of the template. The criteria to be considered ‘exempt’ are:

- **Less than \$50 million** over the forecast period, and
- **Non-controversial** e.g. initiatives with limited Ministerial or public interest, and
- **Low risk** e.g. initiatives where there is a high level of confidence around delivery.

The invitation letters sent by the Minister of Finance will identify initiatives that he considers to be exempt, and therefore will not be required to complete all sections of the template (see section [4.3](#) below).

4.3 Value for money

For more detailed guidance on value for money analysis, see [Annex Two](#).

In Budget 2022, value for money is broken down into three components:

- **Value** - identification of wellbeing impacts and outcomes supported by evidence. This component draws on elements of the [Living Standards Framework](#) and [He Ara Waiora](#) to enable analysis of impacts and outcomes from different cultural perspectives and knowledge systems. Initiatives should also identify distributional impacts for Māori, Pacific peoples and children; and demonstrate a robust intervention logic.
- **Alignment** - identification of how initiatives align with agency strategies, the Government’s wellbeing objectives, and relevant cross-government strategies.
- **Delivery** – provision of core information such as well-defined outputs, costings, assurance of effective delivery, and monitoring and evaluation.

More detailed guidance on value for money analysis is included as Annex Two.

Questions relating to the three components of value for money can be found in Sections 3, 4 and 5 of the initiative template.

As outlined in the table below, the value for money component sections of the initiative template (Sections 3, 4, and 5) must be completed for all initiatives in the Budget process, with the exception of the ‘exempt’ cost pressure initiatives as defined in section [4.2](#) above. Sections 3 and 4 of the initiative template do not need to be completed for these initiatives. However, Section 5, which relates to the delivery component of value for money, must still be completed.

Value for money information does not need to be provided for savings and non-spending initiatives.

Value for Money Component	All Initiatives	Exempt Cost Pressure Initiatives	Savings and Non-Spending
Section 3: Value	Required	Not Required	Not Required
Section 4: Alignment	Required	Not Required	Not Required
Section 5: Delivery	Required	Required	Not Required

High-quality value for money analysis and information is critical for supporting Ministerial understanding of how Budget initiatives and sub-packages help the Government achieve its wellbeing objectives and goals, and can inform prioritisation decisions.

Cost benefit analysis

As in previous years, robust cost benefit analysis is required for each initiative. Where possible, a CBAX model should be completed and submitted alongside the initiative, with costs and benefits monetised. If this is not feasible, for example because there is insufficient data available, qualitative information can be provided instead.

Section 3 of the initiative template (Value) includes questions drawing out information on costs and benefits, whether in a monetised, quantitative and/or qualitative form. All answers must demonstrate a strong evidence base.

Additional CBAX guidance has been uploaded on CFISnet alongside this guidance, and training sessions for agencies will be held in October.

4.4 Climate initiatives

There is an additional question for initiatives falling within this category at Section 1C of the initiative template.

A Climate Emergency Response Fund (CERF) has been established to support investments in New Zealand's climate change response over long time-horizons and stretching across multiple Budgets. CERF funding will be allocated to initiatives addressing climate objectives through the annual Budget process.

In Budget 2022, to align with the release of the Government's Emissions Reduction Plan (ERP), the CERF will be focused on emissions-reducing policies. Initiatives seeking funding from the CERF will be required to meet one or more of the following criteria:

- The initiative is included in the ERP
- The initiative will directly reduce emissions
- The initiative's primary objective is to support, remove barriers to or accelerate emissions reductions
- The initiative will support an ao Māori approach to climate response
- The initiative will facilitate the development of such proposals in the future (such as feasibility studies or business cases for such initiatives) or
- The initiative will address the distributional impacts of emissions reducing policy

In addition to meeting these criteria, initiatives should provide a completed [Climate Impacts of Policy Assessment \(CIPA\)](#), including a shadow carbon price for emissions outputs, and meet all other Budget initiative criteria described in this guidance. If your initiative meets the criteria for the Investment Panel process (see [4.8](#)), it will be subject both to these information requirements, and assessment by the Panel.

The implication of these criteria is that initiatives seeking policy capability funding will only be in scope where the capability will support a specific emissions-reducing initiative. If your initiative seeks funding for more general climate-related policy capability, this should instead be sought from the main Budget allowances, or be included in your cluster funding envelope (if you are a cluster agency).

To make decisions on the CERF funding package in 2022, Budget Ministers will draw on the expertise of Climate Change Chief Executives and the Climate Response Ministers Group. Submitting agencies should be aware that any information submitted into the CERF process may be shared under Budget Sensitive classification with these groups, and their supporting officials.

4.5 Child poverty initiatives

There are two additional questions for initiatives falling within this category at Section 1C of the initiative template.

The Public Finance Act (1989) requires the Government to present a report on child poverty with the Budget documents each year. To support this report, initiatives submitted for Budget 2022 must specify if they are likely to have an impact on child poverty, either directly or indirectly. If so, a brief description of the impact must be provided.

The Child Poverty Act 2018 specifies three primary measures of child poverty: low household incomes before housing costs, low household incomes after housing costs, and material hardship. However, no single measure tells a complete story of child poverty as there are many ways to improve children's wellbeing.

Examples of past initiatives with a direct impact for children in poverty are:

- Lifting weekly main benefit rates by between \$32 and \$55 per adult, to bring these rates in line with a key recommendation of the Welfare Expert Advisory Group.
- Reinstating the Training Incentive Allowance, which provides financial support for sole parents to pursue higher qualification levels.
- Continuing to support the sustainability of WellChild Tamariki Ora service providers to deliver child health services including immunisations, health checks and other essential services.

Examples of past initiatives with a less direct impact for children in poverty include:

- Investing in System Infrastructure for the Equity Index (replacing the decile system) to help ensure schools and kura are best supported to mitigate the socio-economic barriers faced by learners, the wider school community, and whānau.
- Providing additional funding to the Commerce Commission. As the market and competition regulator, it is tasked with ensuring markets are competitive which has a flow on impact to costs of living for families of children living in poverty.
- Providing additional funding to Community Law Centres to ensure access to legal services.

Agencies will also be asked whether each initiative aligns with the [Child and Youth Wellbeing Strategy](#), and which of the six high-level wellbeing outcomes it aligns to.

4.6 Social sector commissioning initiatives

There is an additional question for initiatives falling within this category at Section 1C of the initiative template.

The Government has committed to working towards more effective commissioning and working with social service providers. Through the Social Sector Commissioning work programme, a number of agencies have been working together with the sector to develop a set of agreed commissioning principles that can be applied to support the shift to a better system which achieves better outcomes for New Zealanders.

Initiatives submitted for Budget 2022 impacting Non-Governmental Organisations (NGOs) are expected to demonstrate alignment to this work programme and the Government's draft commissioning principles, as outlined in this document: [Social Sector Commissioning: Progress, Principles and Next Steps \(msd.govt.nz\)](https://msd.govt.nz/social-sector-commissioning-progress-principles-and-next-steps)

Initiatives falling into this category are those impacting social sector NGOs, as per the following definitions:

- **NGOs:** NGOs range from traditional not-for-profit organisations through to social enterprises and can include corporations practising social responsibility and for-profit organisations. NGOs are entirely or largely independent of government. The goals of NGOs are often focused on creating social and/or economic value for wider communities.
- **Social Sector:** For the purposes of this work, the social sector includes both government and NGOs, and is defined as: agencies and organisations working with individuals and whānau in particular areas of welfare, housing, health, education, child wellbeing, justice and disability support services. This includes government agencies that fund social sector services in these areas, philanthropic and other funders, and NGOs and other providers that deliver those services within communities.

Contact Maria-Laura Crespo ^[23] for further information on social sector commissioning principles and initiatives.

4.7 Gender implications of select EET initiatives

There are additional questions for initiatives falling within this category at Annex B of the initiative template document.

In Budget 2022, select Education, Employment and Training (EET) initiatives will be required to use the Manatu Wāhine / Ministry for Women's gender analysis tool: "[Bringing Gender In](#)" to describe the gender implications of their initiatives.

This tool is designed for general policy analysis processes, and the frameworks of how to think about gender will be useful in assisting you to complete this template. Initiatives will be analysed for the magnitude of impact on women and girls, the demonstrable or clear intervention logic of investment and output directly supporting women/ wāhine Māori and girls, and how the initiative supports women/ wāhine Māori and girls within the Government's

wider wellbeing objectives – for example, will women be proportionally benefited from the impact and outcomes of the wellbeing objective that you describe?

Analysis of gender implications will be required for a group of select initiatives identified by the Ministry for Women and the EET secretariat group, which have been specified in the Minister of Finance’s invitation letters to relevant Ministers.

For further information, contact Rebecca Barnes at Ministry for Women

[23]

4.8 Significant investment initiatives (including capital)

There are additional questions for initiatives falling within this category at Annex A of the initiative template.

Cost pressures and manifesto commitment initiatives seeking funding for significant investments will be required to provide additional information. The Treasury, in collaboration with the Investment Panel¹ will provide additional advice to the Minister of Finance, offering a system-wide view of significant investment proposals, including capital proposals.

Initiatives fall within the definition of ‘significant investment’ if they seek funding for:

- capital investments, or
- the procurement of digital/data support as a service (such as “on demand” service offerings), or
- funding new lease arrangements, or renewals of lease arrangements, and
- meet the threshold that requires Ministerial or Cabinet approval (as outlined in CO (19) 6).

This advice will consider initiatives against the three-tiered framework of Attractiveness, Achievability and Affordability. This covers the following areas:

- Alignment and contribution to Government priorities and system strategies;
- Climate change adaptation and contribution to net zero emissions;
- Consideration of and commitment to broader outcomes;
- Impact on wellbeing and value creation;
- Governance and system engagement;
- Investment planning, including Business Cases/Strategic Assessments;
- Level of risk (including but not limited to risk profile assessments²);

¹ The Investment Panel (formerly known as the Capital Panel) includes the New Zealand Infrastructure Commission, the New Zealand Procurement and Property Group, the Digital Public Service Branch, the Government Chief Data Steward and the Ministry for the Environment (in their capacity as a climate change expert).

² Further information and guidance can be found at <https://www.treasury.govt.nz/publications/guide/risk-profile-assessment-template>

- Market sounding or pre-procurement market engagement; and
- Agency Investor Confidence Ratings.

Better Business Cases

An appropriate business case is expected to support all significant investment proposals (for more information, see Cabinet Office Circular CO (19) 6), and should be uploaded against the relevant initiative in CFISnet. If a significant investment proposal does not have a business case, it will likely be assessed as “not investment ready” and scored lower in terms of achievability.

There are a range of business cases that may be used depending on the decision being sought, the nature of the programme or project and the associated scale, risk, and uncertainty. Your Vote Analyst can advise on the appropriate type of business case to support the initiative.

Further information and guidance is also available at: www.treasury.govt.nz/betterbusinesscases or email betterbusinesscases@treasury.govt.nz.

4.9 Data and digital initiatives

There is an additional question for initiatives falling within this category at Section 1C of the initiative template.

In the initiative template and on CFISnet, agencies will be asked to identify whether initiatives include funding to support digital and data related investments.

The Government is seeking to take an increasingly strategic and coordinated approach to digital and data investment across agencies. This will ensure the most efficient and effective digital and data investment is undertaken that supports the achievement of the Government’s priority outcomes.

The Government Chief Digital Officer (GCDO), based at DIA, and the Government Chief Data Steward (GCDS), within Statistics NZ, are responsible for leadership of the system for digital and data. GCDO and GCDS have jointly promulgated the ‘Digital, data and ICT investment principles’ (see [Digital, data investment principles](#)) that agencies are required to align all their investments with.

All initiatives put forward for Budget 2022 will be provided to the GCDO and GCDS in advance of the process and should demonstrate their alignment with the digital, data and ICT investment principles as well as other applicable All of Government investment plans and strategies including the [Strategy for a Digital Public Service](#). Contact gcd@dia.govt.nz and datalead@stats.govt.nz for further information.

4.10 Regulatory initiatives

There is an additional question for initiatives falling within this category at Section 1C of the initiative template.

All submitted initiatives in Budget 2022 will need to be classified as regulatory or non-regulatory initiatives. If an initiative is classified as regulatory, departments will need to include the regulatory system(s) the initiative relates to and those that may benefit or may be impacted by this initiative (if it has cross-sector benefits/impacts).

A Budget initiative will be considered *regulatory* where one or more of the following criteria are met:

- The initiative requires the creation or amendment of legislation or regulation;
- The initiative establishes a new regulatory system;
- The initiative addresses a significant risk in an existing regulatory system (for example, risks that may result in the government considering a new regulatory approach);
- The initiative is directly required to implement new legislation on existing regulatory systems (for example, legislation needed to implement the End of Life Choice Act).

Where Cabinet policy approval for the regulatory change has already been obtained, please attach the relevant Regulatory Impact Statement.

For further considerations on implementation monitoring and reporting please refer to the [Government Expectations for Good Regulatory Practice](#). This includes existing and planned arrangements for ongoing monitoring and the planned review process for any affected systems, which departments should refer to in the design and implementation of related initiatives.

4.11 Savings and non-spending initiatives

Savings (including revenue-raising) and non-spending initiatives can be defined as policy initiatives with a neutral or positive fiscal impact, often in support of or off-setting related new spending initiatives.

These initiatives do not need to have been specifically invited by the Minister of Finance. They should be submitted in the same initiatives module as for significant initiatives. Agencies will still need to fill out an initiative template, but **Section 1 (Overview) only**, as well as filling in the relevant fields on CFISnet.

Savings and non-spending initiatives are distinct from technical initiatives, which are initiatives that do not seek new funding over the forecast period and do not carry significant policy implications, but cannot be agreed under Cabinet Office Circular (18)2. Further guidance will be provided in December on how to submit technical initiatives.

5 Initiative assessment and package development

Following initiative submission, Treasury Vote teams will assess individual initiatives against the relevant information provided for each initiative type and funding track. Vote teams may seek further information from agencies to inform their assessments. These assessments will be provided to the Minister of Finance (MOF) along with a first draft package of initiatives.

The MOF will lead the development of the package in consultation with Budget Ministers, the key decision-making grouping made up of the Prime Minister, MOF, and Associate Minister of Finance, Hon Dr Megan Woods. The Treasury will be responsible for supporting the MOF in the development of this package, including assessing individual initiatives and highlighting the key strategic choices for Budget Ministers such as the package's alignment with priorities and the size of the package.

The development of some sub-packages associated with particular streams of the Budget 2022 process will also involve other agencies and Ministers. In particular, cluster agency Ministers will be responsible for developing proposed cluster packages in consultation with the Minister of Finance.

Package development is an iterative process and agencies should expect to be asked to provide additional information about the initiatives that your Minister has submitted.

6 Further guidance on information security

Why is Budget information security important?

Each government department has responsibility for designing and implementing its own information security policies and procedures. Agencies providing advice to the Government in the interests of the New Zealand economy have the responsibility to ensure that information passing through their hands is actively managed in line with the sensitivity of the content, and complies with the [Protective Security Requirements \(PSR\)](#) and the [New Zealand Information Security Manual \(NZISM\)](#). Improper exposure of Budget information impacts of the Government of the day, the political process, and agencies.

Correctly classifying Budget information

Most Budget information should have the security classification IN-CONFIDENCE or BUDGET-SENSITIVE. It is important to avoid overclassifying information as classifications can become devalued or ignored if everything is overclassified.

For instance, some information relating to Budget may be more appropriately classified as IN-CONFIDENCE rather than BUDGET-SENSITIVE, such as information on individual initiatives that do not make reference to the overall Budget package, strategy and priorities, and is not otherwise sensitive.

A high-level overview of the difference between the IN-CONFIDENCE and BUDGET-SENSITIVE classifications is provided in the table below. Further detail can be found in the following resources:

- [Security classifications for policy and privacy information | Protective Security Requirements](#)
- [PSR Guidelines for the Protection of Official Information 2.pdf \(qcsb.govt.nz\)](#)

IN-CONFIDENCE	BUDGET-SENSITIVE
<p>IN-CONFIDENCE classification should be used when the compromise of information is likely to:</p> <ul style="list-style-type: none"> • prejudice the maintenance of law and order • impede the effective conduct of government • adversely affect the privacy of New Zealand citizens. 	<p>The SENSITIVE security classification should be used when the compromise of information is likely to damage New Zealand’s interests or endanger the safety of its citizens. For instance, where compromise could:</p> <ul style="list-style-type: none"> • endanger the safety of any person • seriously damage the economy of New Zealand by prematurely disclosing decisions to change or continue government economic or financial policies • impede government negotiations (including commercial and industrial negotiations).

Handling BUDGET-SENSITIVE information

All agencies should have their own internal policies and processes in place for the handling, storage and sharing of BUDGET-SENSITIVE information. Agencies are responsible for ensuring that their internal policies and procedures are complied with. Particular care should be taken when sharing information on Budget initiatives externally.

Detailed guidelines for handling and transmitting official information can be found in this resource (also linked above): [PSR Guidelines for the Protection of Official Information 2.pdf \(gcsb.govt.nz\)](#).

Annex One: Titles and descriptions guidance

General style guide

- There are strict character limits for titles and descriptions: **120 characters for titles** and **800 characters for descriptions**.
- **Use plain English** suitable for a general audience, avoiding uncommon vocabulary and jargon.³
- **Macrons** are now available on CFISnet and should be used where applicable for Māori words.
- **Uncommon acronyms should be written out in full.** Commonly used acronyms understood by the general public, eg, GST, are acceptable; public sector specific abbreviations, eg, MBIE, DHB, TEC, EPA, MFAT etc., are not.)

Titles

- **Titles should have meaningful first words/beginnings.** Initiatives are listed alphabetically, and it is important that the first word in the title distinguishes it from other initiatives. Generic words such as “*increasing*” “*additional*” and “*establishing*” should be avoided.
- **Titles must make clear reference to the policy or programme,** and the output or outcome intended. For example:
 - Healthy Home Standards – Ensuring Compliance
 - Learning Support – Maintaining Ministry Support Staff
 - Health Infrastructure – Accelerating Work Programme
- **A common stem should be used to indicative related initiatives.** For example:
 - Future of Rail – Core Asset Management
 - Future of Rail – Rail Network Investment Programme

Descriptions

- **Descriptions should begin with the stem statement “This initiative will...”**
- **Descriptions should outline the outputs being purchased and the expected outcomes.** For example:
 - This initiative provides funding to establish a local wagon assembly plant at Hillside, Dunedin to increase employment and youth opportunities and rebuild industry capability.
- **Descriptions should provide contextual information, where relevant,** for example, ‘*this funding contributes to an existing programme that currently receives \$x million per annum*’.

³ In Budget 2021, Te Puni Kōkiri (TPK) used initiatives with titles and descriptions in both English and te reo Māori. The Treasury will work directly with TPK on the process for this in Budget 2022.

Annex Two: Value for money guidance

Overview

With the exception of exempt cost pressures, and savings or non-spending initiatives, all initiatives in the main Budget process need to complete value for money analysis. Effective, high-quality VfM analysis and information is critical for supporting Ministerial understanding of how Budget initiatives and sub-packages help the Government achieve its wellbeing objectives and goals, and can inform prioritisation decisions.

In Budget 2022, value for money is broken down into three components, which will form part of a wider initiative assessment. At a high level, these components can be described as:

- **Value** – identification of the impacts and goals of the initiative, with reference to wellbeing frameworks and distributional analysis.
- **Alignment** – identification of how initiatives align with agency and government strategies and objectives.
- **Delivery** – core information to provide confidence that the initiative can achieve its objectives.

The value for money component sections of the initiative template (Sections 3, 4, and 5) must be completed for all initiatives in the Budget process, with the exception of the ‘exempt’ cost pressure initiatives as defined in section 4.2 above. Sections 3 and 4 of the initiative template do not need to be completed for these initiatives. However, Section 5, which relates to the delivery component of value for money, must still be completed.

Value for money information does not need to be provided for savings and non-spending initiatives.

Value for Money Component	All Initiatives	Exempt Cost Pressure Initiatives	Savings and Non-Spending
Section 3: Value	Required	Not Required	Not Required
Section 4: Alignment	Required	Not Required	Not Required
Section 5: Delivery	Required	Required	Not Required

Cost benefit analysis

As in previous years, robust cost benefit analysis is required for each initiative. Where possible, a CBAX model should be completed and submitted alongside the initiative, with costs and benefits monetised. If this is not feasible, for example, because there is insufficient data available, qualitative information can be provided instead.

Section 3 of the initiative template (Value) includes questions drawing out information on costs and benefits, whether in a monetised, quantitative and/or qualitative form. All answers must demonstrate a strong evidence base.

Additional CBAX guidance has been uploaded on CFISnet alongside this guidance, and training sessions for agencies will be held in October.

Value

Robust value analysis requires a broad identification of impacts and goals; consideration of both short and longer-term impacts; and analysis of distributional differences – all of which are supported by evidence. It also draws on frameworks that enable analysis of wellbeing impacts from different cultural perspectives and knowledge systems. The 2022 Budget template draws on elements of both He Ara Waiora and the Living Standards Framework.

The information below provides guidance on how to complete the questions in **Section 3** of the initiative template. It is split into two sections:

- Wellbeing frameworks – an overview of the two frameworks that agencies are asked to make reference to in answering the value questions;
- Intervention logic – breaking down the components of the initiative that will lead to the intended goal.

Wellbeing Frameworks

For Budget 2022, we are using a modified approach to wellbeing analysis. This includes side-by-side application of He Ara Waiora and the Living Standards Framework, so that our wellbeing analysis reflects a uniquely Aotearoa perspective.

The concepts and components of He Ara Waiora and the Living Standards should be a reference point for answering the questions throughout Section 3 of the initiative template, and there are specific questions on He Ara Waiora in Section 3B.

He Ara Waiora

He Ara Waiora is a framework centred on te ao Māori knowledge and perspectives of wellbeing. It is based in mātauranga Māori (Māori knowledge) and presents a holistic and intergenerational view of wellbeing. A translation of He Ara Waiora would be ‘a pathway to waiora’ – the term ‘waiora’ speaks to a broad conception of human wellbeing, grounded in wai (water) as the source of ora (life). He Ara Waiora is depicted in the illustration below.



There are two elements to He Ara Waiora.

Firstly, the 'ends' are the outcomes or substantive conditions of wellbeing that we are trying to achieve. The 'ends' are:

- **Wairua (spirit, essence)** is at the centre to reflect that it is the foundation or source of wellbeing. Values, beliefs and practices related to wairua are essential to Māori conceptions of waiora.
- **Te Taiao (the natural world)** is paramount and inextricably linked with human wellbeing. Humans have responsibilities and obligations to sustain and maintain the wellbeing of Te Taiao.
- **Te Ira Tangata (the human domain)** encapsulates human activities and relationships, including the relationships between generations. The concept of mana (power, authority) is seen as key to wellbeing.

Secondly, He Ara Waiora articulates 'means', or key principles which are derived from mātauranga Māori. These describe behaviour and process. If done well, they will help us progress towards the ends. If done poorly, our efforts will be undermined. The ends are:

- **Kotahitanga** – working in an aligned, coordinated way.
- **Tikanga** – making decisions in accordance with the right values and processes, including in partnership with the Treaty partner.
- **Whanaungatanga** – fostering strong relationships through kinship and/or shared experience that provide a shared sense of belonging.
- **Manaakitanga** – enhancing the mana of others through a process of showing proper care and respect.
- **Tiakitanga** – guardianship, stewardship.

Given we are asking departments to apply He Ara Waiora for the first time in Budget 2022, we are taking two complementary approaches:

- Most agencies will be asked to undertake a limited application of He Ara Waiora (alongside the LSF) to all initiatives, with a focus on the principles of tikanga and manaakitanga.
- Agencies in the Housing portfolio will be asked to undertake a deeper application of He Ara Waiora (and LSF) with respect to particular initiatives, in order to develop exemplars and lessons for future budgets. This 'exemplar application' will apply all five principles of He Ara Waiora. Separate guidance will be provided to these agencies.

Core He Ara Waiora information being asked of all initiatives

At the first level, all agencies will be asked to provide core information on two He Ara Waiora principles: tikanga and manaakitanga.

Tikanga

Tikanga can be interpreted as a customary system of values and practices that have developed over time and are deeply embedded in the social context. In Budget 2022, applying the tikanga principle puts emphasis on decisions being made by the right decision makers, following a culturally appropriate process, according to tikanga values. For example:

- The initiative has been co-designed, co-developed and/or implemented in partnership with the Treaty partner, relevant agencies, and with affected communities and groups.
- The initiative adopts a high trust model of service delivery (e.g. enabling iwi and Māori, and affected communities and groups, to develop, design and deliver services according to needs as defined by them).
- Te ao Māori perspectives and values, and the values of other affected communities and groups, are meaningfully incorporated into the initiative.

Manaakitanga

In te ao Māori, manaakitanga can be described as the process of showing respect, generosity and care for others. Relationships based on manaakitanga seek to lift the mana of all parties involved.

In Budget 2022, our application of the principle manaakitanga focuses on improved wellbeing and enhanced mana for iwi and Māori, and for other affected communities and groups, demonstrating an ethic of care and mutual respect. Examples of this principle include:

- The initiative takes into account and responds to priorities, values and aspirations of iwi and Māori, iwi by iwi, and of other affected communities and groups, region by region.
- The initiative proposes opportunities to leverage the strengths of iwi and Māori, and affected communities and groups, including existing local solutions and strategies already in place.

- Iwi and Māori, and other affected communities and groups, are involved in the monitoring and evaluation of the initiatives, including direct input into the measures and indicators of success.

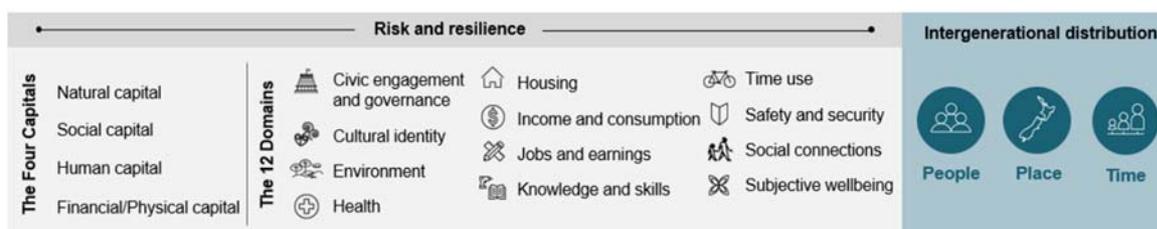
Further information

- He Ara Waiora webpage - <https://www.treasury.govt.nz/information-and-services/nz-economy/higher-living-standards/he-ara-waiora>
- He Ara Waiora – Brief overview - <https://www.treasury.govt.nz/sites/default/files/2021-05/He%20Ara%20Waiora%20-%20brief%20overview%20A3.pdf>
- He Kāhui Waiora - <https://www.treasury.govt.nz/publications/dp/dp-20-02>

The Living Standards Framework

The Living Standards Framework (LSF) is a high-level framework for measuring and analysing intergenerational wellbeing, covering current wellbeing, future wellbeing, and risk and resilience across a range of economic, social and environmental outcome domains. The image below provides a condensed overview of the framework. For a more detailed overview, including definitions of the four capitals, refer to our online [A3 summary](#).

The Living Standards Framework



The table below outlines the LSF’s wellbeing domains for use in the analysis of outcomes in Section 3D.

Wellbeing Domains

Domain	Icon	Description
Civic engagement and governance		People’s engagement in the governance of their country and their civic responsibilities, how ‘good’ New Zealand’s governance is perceived to be, and the procedural fairness of our society.
Cultural identity		Having a strong sense of identity, belonging and ability to be oneself, and the existence value of cultural taonga.
Environment		The natural and physical environment and how it impacts people today.
Health		Our mental and physical health.

Housing		The quality, suitability, and affordability of the homes we live in.
Income and consumption		People's disposable income from all sources, how much people spend and the material possessions they have.
Jobs and earnings		The quality of people's jobs (including monetary compensation) and work environment, people's ease and inclusiveness of finding suitable employment, and their job stability and freedom from unemployment.
Knowledge and skills		People's knowledge and skills.
Safety		People's safety and security (both real and perceived) and their freedom from risk of harm, and lack of fear.
Social connections		Having positive social contacts and a support network.
Subjective wellbeing		Overall life satisfaction and sense of meaning and self.
Time use		The quality and quantity of people's leisure and recreation time (that is, people's free time where they are not working or doing chores).

Intervention Logic

The information provided in Section 3 of the initiative template should communicate the value proposition of the initiative by setting out the links between what is being purchased, what the impact is, and what wellbeing goals will be realised. This helps Ministers and the Treasury understand the intervention logic of the initiative. This section provides examples from the mock initiative template available as a related file on CFISnet, based on the example initiative 'Te Aho Ngārahu' (supporting the development of reo Māori resources in schools).

Agencies may also wish to submit an intervention logic map alongside the initiative submission, as a visual representation of the links among outputs, impacts and goals. An example intervention logic has also been provided below.

Outputs: what is being purchased?

Outputs refers to the goods, services or activities being produced and delivered from the initiative, for example curriculum resources, design and maintenance of online teaching tools.

See Section 3C of the initiative template.

Impacts – what is the direct effect of this initiative?

Impacts refers to the direct, short-term effect of this initiative, which could include who directly benefits from this initiative and in what ways. For example, the increased engagement of students in te reo Māori, increased visibility of te reo Māori in schools.

See Section 3D of the initiative template.

Goals – what are the ultimate goals or objectives this initiative is trying to achieve?

Goals are the longer-term goals of the proposed initiative that the impacts contribute to. Goals include the improvement to people’s lives and wellbeing from this initiative. You are also asked to describe the relationship between the impacts and goals. This can also be represented by an intervention logic map if preferred. For example, the normalisation of te reo Māori in the classroom, attitudinal shift in the wider education community.

See Section 3E of the initiative template.

Evidence – How do we know this will achieve what it says it will?

It’s important to consider the assumptions and evidence which underline the relationship between the initiative’s impacts and goals, and why this initiative is the best course of action to achieve the goals sought. Assumptions will inevitably be required, and there may be some gaps in evidence, so agencies are encouraged to be transparent. Evidence sources could include academic research, public reports, and/or official statistics.

Distributional Analysis

Agencies should discern whether an initiative has a significant direct or indirect impact for the three population groups identified through the Government’s Wellbeing Objectives.

In the instances where an initiative might be targeted and tailored towards multiple population groups please report the distributional impacts for each group. For example, an initiative which seeks funding for additional resourcing for Kura Kaupapa Māori could disproportionately impact on both Māori and children.

All initiatives (except exempt cost pressure initiatives, savings, non-spending and technical initiatives), are required to complete basic distributional analysis information.

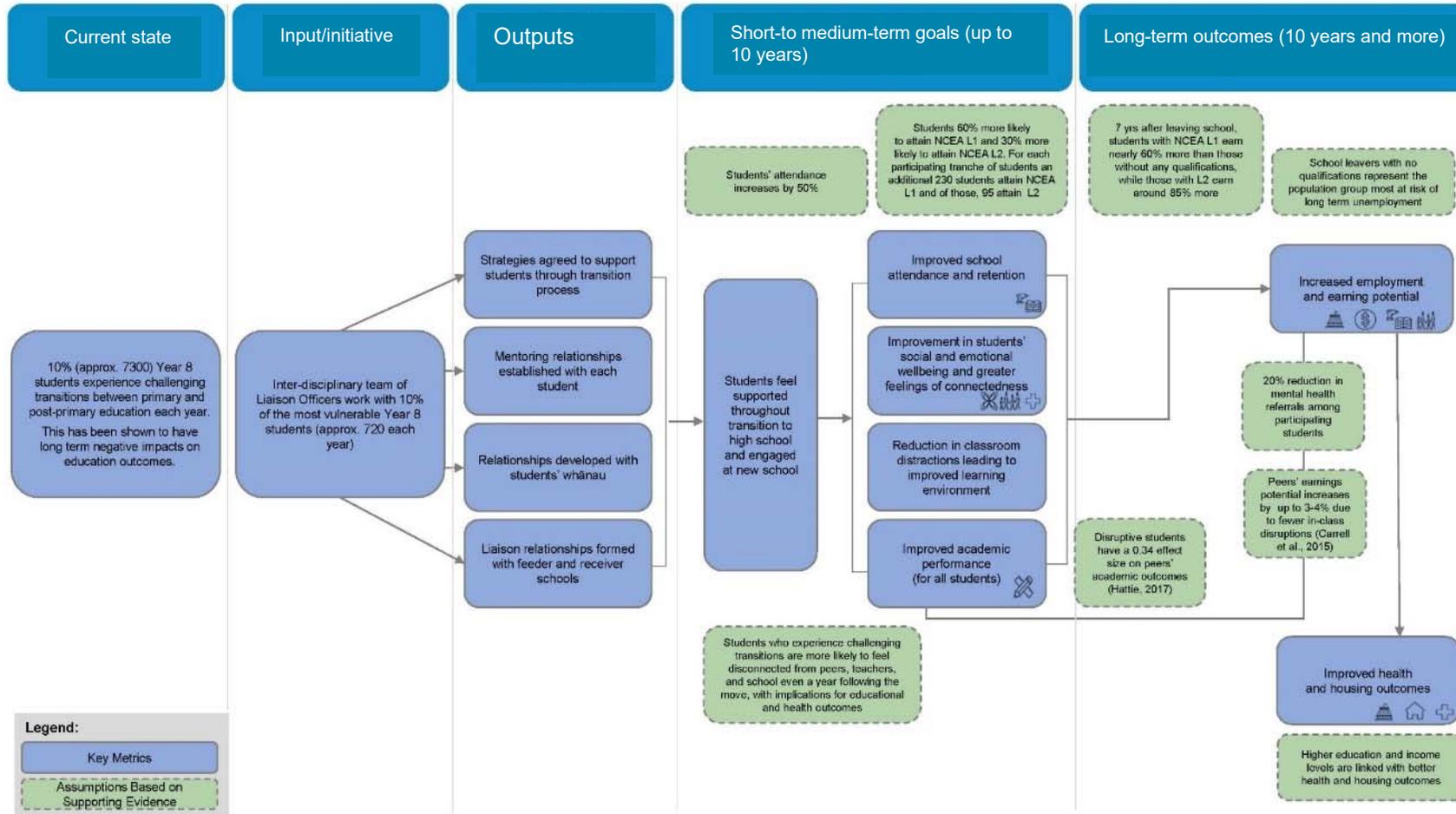
See Section 3F of the initiative template.

Table 1: Distributional Analysis Categories

Category	Guidance
Direct	The initiative has a direct impact on wellbeing goals for the population group, beyond reflecting distribution of the population.
Indirect	The initiative has an indirect impact on wellbeing goals for the population group, beyond reflecting the distribution of the population.

No Impact	The initiative impacts evenly across the population demographics of New Zealand, with no distinctive impacts on the population group relative to the general population.
<i>Initiatives with Direct impacts only</i>	
Category	Guidance
Targeted and tailored	The primary purpose of the initiative is to improve wellbeing goals for this population group specifically. This population group is expected to benefit from the majority of the funding sought, and consultation, collaboration and co-design with the affected population group has been undertaken.
Disproportionate positive impact	The initiative's primary purpose is not necessarily focussed around this population group, although, by way of policy design, geographic location, other characteristics, etc, is expected to have a disproportionately positive impact on wellbeing goals for this population group, relative to the general population group.
Other impact	Where it is not clear that the initiative would have a targeted or disproportionate impact on the good for the population group, select this outcome.

Example intervention logic map



Alignment

The alignment questions in **Section 4** of the initiative template help the Treasury and Ministers understand how an initiative contributes to the Government's goals, wellbeing objectives and, agency and cross-government strategies.

Strategic Alignment

Agencies' strategic planning should be integrated with their spending proposals. Integrating strategic thinking and planning with decision-making enhances effective strategic financial management and overall management of resources. As such, agencies are asked to describe how the proposed initiative aligns with the agency strategy. This could include information on how the initiative fits with your agency's long-term goals and strategic priorities.

Where applicable, please also indicate alignment with other cross-Government strategies and frameworks. Examples are:

- Mental Health and Wellbeing Commission's He Ara Oranga wellbeing outcomes framework
- Child, Youth, and Wellbeing Strategy
- Pacific Wellbeing Outcomes Framework

See Section 4A of the initiative template

Alignment to Government's goals

The Government's goals for this term are:

- Keeping New Zealand safe from COVID-19
- Accelerating New Zealand's economic recovery, and
- Addressing long-term challenges (child, housing, climate).

These goals provide the overarching framework for the Government's investment decisions, so agencies are asked to identify the primary Government goal, (and for long-term challenges, which specific challenge) the initiative aligns with.

See Section 4B of the initiative template

Contribution to Wellbeing Objectives

The Public Finance Act 1989 requires the Government to set wellbeing objectives and explain how they are intended to support long-term wellbeing in the Budget Policy Statement (BPS), and then report on how these influenced Budget decision-making in the Fiscal Strategy Report. The next BPS will be published in December 2021.

These objectives are long-term goals which reflect that sustained investment across multiple Budgets is needed to address some of New Zealand's most significant challenges. These objectives are separate from short-term Budget priorities, which are intended to support the choices and trade-offs required as part of decision-making in Budget 2022, and overarching

goals, which are intended to signal the policy areas the Government is focussing on this term.

The Government's wellbeing objectives at Budget 2021 were:

- **Just Transition:** supporting the transition to a climate-resilient, sustainable, and low-emissions economy.
- **Future of Work:** enabling all New Zealanders and New Zealand businesses to benefit from new technologies and lift productivity and wages through innovation
- **Physical and Mental Wellbeing:** supporting improved health outcomes for all New Zealanders, including protecting New Zealanders from the impacts of COVID-19.
- **Māori and Pacific:** lifting Māori and Pacific incomes, skills, and opportunities, including through access to affordable, safe, and stable housing
- **Child Wellbeing:** reducing child poverty and improving child wellbeing, including through access to affordable, safe, and stable housing.

These objectives have been agreed by Cabinet subject to wider consultation. The final versions of the objectives for Budget 2022 will be published in the BPS in December 2021.

See Section 4C of the initiative template

Delivery

The questions in **Section 5** of the initiative template are aimed at providing confidence in the ability to deliver on investments, which is a critical part of the assessment criteria for Budget 2022. Robust and reliable costings provide confidence that an initiative can feasibly meet its objectives at the level it is funded. Analysis of how an initiative intersects with other initiatives in the system, understanding of any market-capacity limitations, or any other risks which might hamper an initiative's deliverability support confidence that an initiative is able to be delivered.

The new umbrella term of 'Delivery' analysis brings together a number of standard questions from previous initiative templates.

Fit with existing activity

Understanding how the initiative fits with existing services or initiatives ensures visibility and coordination of policy and funding decisions across the system while avoiding unnecessary overlap or duplication.

When outlining how the initiative fits with existing activity, agencies should include an overview of the existing service landscape relating to this initiative and/or the intended target population, including intersections with initiatives delivered across government as well as outside of government (i.e. through NGOs or for-profit organisations), if relevant. Existing funding includes all funding allocated to this, or any similar service/initiative across government, including where it extends beyond one Vote or agency.

For cost pressures, agencies should outline how this additional funding will expand on or maintain existing services. The answer could include, for instance, an explanation of funding decreases or increases and how this aligns with demand/need. Where relevant, it should also highlight if time-limited funding has been provided, why it has been provided (as opposed to fully funding), and when it is due to run out.

See Section 5A of the initiative template

Funding sought by input

In order to understand what specifically the initiative will purchase, please outline the formulas used and key assumptions made to calculate the cost of each input. In particular we will be asking for specific information about FTE costs, where applicable. This information supports Vote Analysts to scrutinise the costings and assumptions behind the amount of funding sought. This information may also be relevant to the subsequent section on implementation readiness.

See Section 5B of the initiative template

Options Analysis

Options analysis supports understanding of alternative viable scenarios. This supports Vote Analysts' understanding of the trade-offs which have been made in selecting the optimal option, scalability of the initiative (up and down), as well as the counterfactual scenario if the initiative is not funded.

Information on options should include alternative options which were considered for addressing the problem or opportunity, and should include alternative funding options, including reprioritisation within baselines, and non-spending arrangements.

See Sections 5C and 5D of the initiative template

Monitoring and evaluation

Information on monitoring and evaluation supports confidence that the agency can provide a reliable basis for tracking performance over time, including the ability to convey to the public and Parliament an understanding of the impacts and value of the expenditure/programme.

Agencies should have a plan for tracking progress prior to submitting an initiative, including data that will be collected to demonstrate progress. This plan should include an outline of the overall evaluation and monitoring methodology for the initiative; how often and to whom monitoring and performance reports will be provided; and when the first report back is expected. If not indicated in the cost breakdown in section 5B, please indicate here what funding is proposed to be allocated to monitoring and evaluation.

Agencies should also describe the performance measures that will be in place for this initiative. Performance measures should be specific, measurable, achievable, relevant and timely (SMART).

See Section 5E of the initiative template

Implementation Readiness

A key component of an initiative's deliverability is its implementation readiness. Agencies should clearly detail the proposed delivery plan, including timeframes, contingency planning and risks to delivery, alongside proposed mitigations.

Key implementation readiness considerations include:

- Market capacity – are there any market constraints in this initiative's outputs?

- Departmental capability/capacity constraints – are there any capacity or capability constraints this initiative may encounter in the delivery agency (i.e. FTE)?
- Delivery risks – are there any risks to delivering this initiative?
- Previous delivery experience – describe delivery of any previous similar activities, particularly the extent to which delivery aligned or differed from the proposed plan.

See Section 5F of the initiative template