

The Treasury

Budget 2022 Information Release

August 2022

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

- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest
- [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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2022 Budget Package: Vote Corrections (Technical Initiatives)

Appropriation Administrator: Department of Corrections

It is recommended that the relevant Appropriation Minister and the Minister of Finance jointly:

- note** that Cabinet has approved the Budget initiative(s) for the above Vote for inclusion in the 2022 Budget package, as detailed in the summary table(s) below:

Summary of Technical Initiative(s) Agreed by Cabinet:

Operating Initiative(s) (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
14384	Software as a Service (SaaS) accounting policy change – Capital to Operating swap for current year impact	18.875	-	-	-	-
14383	Software as a Service (SaaS) accounting policy change – Retrospective Balance Sheet adjustment	-	-	-	-	-
14378	Transfer of funding from Vote Arts, Culture and Heritage to Vote Corrections to fund Art in Prisons initiative	-	1.000	1.000	1.000	-
Total Operating		18.875	1.000	1.000	1.000	-

Capital Initiative(s) (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
14384	Software as a Service (SaaS) accounting policy change – Capital to Operating swap for current year impact	(18.875)	-	-	-	-
14383	Software as a Service (SaaS) accounting policy change – Retrospective Balance Sheet adjustment	-	-	-	-	-
14378	Transfer of funding from Vote Arts, Culture and Heritage to Vote Corrections to fund Art in Prisons initiative	-	-	-	-	-
Total Capital		(18.875)	-	-	-	-

- note** that Cabinet has:

- i. **authorised** the relevant Appropriation Minister and the Minister of Finance (Joint Ministers) jointly to agree to the changes to appropriations (including establishment of new appropriations if necessary) and/or capital injections and related recommendations necessary to give effect to the initiative(s) included in the 2022 Budget package for the above Vote, as detailed in the summary table(s) above;
 - ii. **authorised** Joint Ministers jointly to agree that the proposed changes to appropriations and/or capital injections for 2021/22 approved by Joint Ministers as authorised above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
 - iii. **agreed** that expenses or capital expenditure against appropriations and capital injection authorisations set out in the 2022/23 Estimates and being sought in the Appropriation (2022/23 Estimates) Bill may be met from Imprest Supply until that Bill is enacted and comes into force;
 - iv. **authorised** Joint Ministers to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2021/22 Supplementary Estimates, the 2022/23 Estimates and the fiscal forecasts;
 - v. **authorised** the chief executives of departments that monitor Crown entities directly affected by Budget decisions taken by Cabinet or taken by Joint Ministers as authorised by Cabinet to inform the chair and/or chief executive of a Crown entity, on a Budget-in-confidence-until-Budget-day basis, of decisions that directly affect that Crown entity for the purpose of planning and preparation of their Statement of Intent and/or Statement of Performance Expectations;
 - vi. **noted** that all communications relating to the 2022 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office;
- 3 **agree** to establish new appropriations where required to implement the initiative(s) included in the summary table(s) above, as detailed in the attached initiative document(s);
 - 4 **approve** changes to appropriations and/or the capital injections to the administering department (where applicable) to implement the initiative(s) included in the summary table(s) above, as set out in the attached initiative document(s);
 - 5 **approve** the additional recommendation(s) to give effect to the initiative(s), as set out in the attached initiative document(s);
 - 6 **agree** that the proposed change(s) to appropriations and/or capital injections for 2021/22 detailed in the attached initiative document(s) be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase(s) be met from Imprest Supply;

Vote: Corrections

Appropriation Administrator: Department of Corrections

Title: Software as a Service (SaaS) accounting policy change – Capital to Operating swap for current year impact

Description: A one-off capital to operating swap to manage the impacts of the Software as a Service accounting policy change on current impacted SaaS arrangements in accordance with Treasury guidance for public sector entities. The capital to operating swap is fiscally neutral.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	18.875	-	-	-	-
Net Core Crown Debt Impact Only	(18.875)	-	-	-	-
No Impact	-	-	-	-	-
Total	-	-	-	-	-

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Departmental Output Expenses:					
Re-offending is Reduced (funded by revenue Crown)	0.566	-	-	-	-
Capital Injections:					
Department of Corrections - Capital Injection	(18.875)	-	-	-	-
Multi-Category Expenses and Capital Expenditure:					
Public Safety is Improved (MCA) <i>Departmental Output Expenses:</i>					
Prison-based Custodial Services (funded by revenue Crown)	18.309	-	-	-	-
Total Operating	18.875	-	-	-	-
Total Capital	(18.875)	-	-	-	-

Vote: Corrections

Appropriation Administrator: Department of Corrections

Title: Software as a Service (SaaS) accounting policy change – Retrospective Balance Sheet adjustment

Description: Retrospective adjustment to write-off intangible assets impacted by the Software as a Service accounting policy change from Corrections balance sheet at 30 June 2021 in accordance with Treasury guidance for public sector entities. The retrospective adjustment is a reduction of \$34.947 million from the opening balance and is offset by a reduction in Taxpayers Funds. This is a non-cash expense and does not impact on funding.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	-	-	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	34.947	-	-	-	-
Total	34.947	-	-	-	-

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Departmental Output Expenses:					
Re-offending is Reduced	1.048	-	-	-	-
Multi-Category Expenses and Capital Expenditure:					
Public Safety is Improved (MCA)					
<i>Departmental Output Expenses:</i>					
Prison-based Custodial Services	33.899	-	-	-	-
Total Operating	34.947	-	-	-	-
Total Capital	-	-	-	-	-

Additional Recommendations

- 7 **note** that there has been a recent change in the accounting treatment for Software as a Service (SaaS) arrangements which will be applicable for financial reporting in the 2021/22 fiscal year;
- 8 **note** that the change in the accounting treatment for SaaS arrangements will require a

retrospective adjustment to prior year financial information;

- 9 **note** that to adopt the accounting policy change is a current year decision and an appropriation is required for a retrospective adjustment that results in the write-off of an intangible asset from a department's balance sheet at 30 June 2021;
- 10 **note** that the retrospective adjustment is a non-cash expense and does not impact on funding; and

Vote: Corrections

Appropriation Administrator: Department of Corrections

Title: Transfer of funding from Vote Arts, Culture and Heritage to Vote Corrections to fund Art in Prisons initiative

Description: This initiative transfers \$3 million from the Ministry for Culture and Heritage Creative Arts Recovery and Employment fund in 2021/22 to the Department of Corrections to provide one-off support for the delivery of arts programmes at prison sites to commence in 2022/23 over a three-year period.

The funding is fiscally neutral between the two agencies over the forecast period.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	-	1.000	1.000	1.000	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	1.000	1.000	1.000	-

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Departmental Output Expenses:					
Re-offending is Reduced (funded by revenue Crown)	-	1.000	1.000	1.000	-
Total Operating	-	1.000	1.000	1.000	-
Total Capital	-	-	-	-	-

11 **note** that the corresponding initiative in Vote Arts, Culture and Heritage is Initiative No: 14352.