

The Treasury

Budget 2022 Information Release

August 2022

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- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
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- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
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2022 Budget Package: Vote Labour Market

Appropriation Administrator: Ministry of Business, Innovation and Employment

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 funded 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	2026/27 & Outyears
13835	Additional functions - Fair Pay Agreements	-	2.230	4.259	4.413	4.405	4.405
13734	Align increases to the minimum weekly compensation and LOPE rate with increases to the minimum wage	-	1.000	1.000	1.000	1.000	1.000
13624	Establishment of a social insurance scheme	2.200	1.800	-	-	-	-
13919	Funding Implementation of Holidays Act reforms to achieve easier and lower cost compliance	-	1.289	1.919	1.023	0.831	-
13909	Funding WorkSafe's role under the COVID-19 Public Health Response Act 2021	-	7.716	-	-	-	-
13899	Implementing new Plant and Structures regulations	-	5.540	2.630	1.320	1.030	1.030
13850	Implementing two additional Fair Pay Agreements	-	0.541	1.920	1.866	1.909	1.909
13785	Refugee Quota Programme cost pressures	-	4.215	4.215	2.706	2.706	2.706
13740	Sustaining access to Sexual Abuse Assessment and Treatment Services	-	4.275	4.600	5.079	5.536	5.536
Total Operating		2.200	28.606	20.543	17.407	17.417	16.586

Capital Initiative(s) (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
13909	Funding WorkSafe's role under the COVID-19 Public Health Response Act 2021	-	1.500	-	-	-
13899	Implementing new Plant and Structures regulations	-	1.950	-	-	-
Total Capital		-	3.450	-	-	-

Summary of contingency initiative(s) agreed by Cabinet:

Operating Contingency

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
13623	Contingency Fund to resource te Mahere Whai Mahi Māori (Māori Employment Action Plan)	-	1.000	-	-	-
13624 (14577)	Establishment of a social insurance scheme	-	47.150	4.950	2.050	2.050
14443	Return of tagged contingency funding: Improving the System for Refugee Family Reunification	(6.191)	(1.358)	(1.161)	-	-
Total Operating		(6.191)	46.792	3.789	2.050	2.050

Capital Contingency

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
13624 (14577)	Establishment of a social insurance scheme	-	0.350	-	-	-
14442	Return of tagged contingency funding: Implementing Fair Pay Agreements and Screen Industry Bargaining Systems	(0.500)	-	-	-	-
Total Capital		(0.500)	0.350	-	-	-

2 **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, for each contingency initiative, jointly to agree:
 - a. the work that needs to be completed or other conditions that need to be satisfied before the contingency is drawn down into appropriations;
 - b. whether the draw down into appropriations requires Cabinet approval or the approval of Joint Ministers;
 - c. the expiry date of contingency funding;
 - d. any related recommendations necessary to give effect to the contingency initiative;
 - v. **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;
 - vi. **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;
 - vii. **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: Labour Market

Appropriation Administrator: Ministry of Business, Innovation and Employment

Title: Additional functions - Fair Pay Agreements

Description: This initiative will fund MBIE and the Employment Relations Authority to carry out three new functions:

- backstop determinations, whereby the Authority will fix Fair Pay Agreement (FPA) terms if there is no employer side to bargain,
- coverage determinations, whereby the Labour Inspectorate will decide if an employee is in coverage of an FPA, and
- enforcing regional variations, whereby the Labour Inspectorate will enforce any regional variations in FPA terms.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	-	2.230	4.259	4.413	4.405
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	2.230	4.259	4.413	4.405

* 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:					
Workplace Relations and Safety - Employment Relations Services (funded by revenue Crown)	-	1.726	3.251	3.405	3.397
Non-Departmental Other Expenses:					
Workplace Relations and Safety - Employment Relations Authority Members' Salaries and Allowances (PLA)	-	0.504	1.008	1.008	1.008
Total Operating	-	2.230	4.259	4.413	4.405
Total Capital	-	-	-	-	-

Additional Recommendation

7 **note** that there is an associated initiative in Vote Business, Science and Innovation (Initiative 14563), which includes the associated capital injection and debt impact;

Vote: Labour Market

Appropriation Administrator: Ministry of Business, Innovation and Employment

Title: Align increases to the minimum weekly compensation and LOPE rate with increases to the minimum wage

Description: This initiative seeks to bring forward the timing of ACC’s weekly compensation rate changes to align with the timing of any minimum wage changes (i.e. so these changes all happen at the same time). The most recent minimum wage increase meant a \$35 increase in the minimum and Loss of Potential Earnings weekly rates, but claimants had to wait three months before receiving it.

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	1.000
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	1.000	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
Benefits or Related Expenses:					
ACC - Compensation Entitlements	-	1.000	1.000	1.000	1.000
Total Operating	-	1.000	1.000	1.000	1.000
Total Capital	-	-	-	-	-

Vote: Labour Market

Appropriation Administrator: Ministry of Business, Innovation and Employment

Title: Contingency Fund to resource te Mahere Whai Mahi Māori (Māori Employment Action Plan)

Description: This initiative will establish a Contingency Fund (the Fund) to resource actions across te Mahere Whai Mahi Māori (the Māori Employment Action Plan) under the all-of-Government Employment Strategy (the Strategy). The Fund would provide resource to progress priority and immediate actions in 2022/23, delivering on the Government's commitment to the Strategy and its goal of supporting an inclusive labour market.

Tagged Contingency

	Sm - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Contingency	-	1.000	-	-	-
Capital Contingency	-	-	-	-	-
Total	-	1.000	-	-	-

Additional Recommendation

8 **agree** that funding in 2022/23 to resource actions across te Mahere Whai Mahi Māori (the Māori Employment Action Plan) be held in contingency, and released according to joint agreement by the Minister of Finance, Minister for Social Development and Employment, and Minister for Māori Development;

Vote: Labour Market

Appropriation Administrator: Ministry of Business, Innovation and Employment

Title: Establishment of New Zealand Income Insurance Scheme

Description: This initiative will fund the Accident Compensation Corporation to undertake preliminary work to establish the systems and operational processes for a new levy-funded income insurance scheme to provide income replacement cover for people made redundant or who are incapacitated by a health condition or disability. This work will provide the Accident Compensation Corporation with a sound basis on which to efficiently operationalise an income insurance scheme, and support the development of scheme policy.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	2.200	1.800	=	=	=
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	2.200	1.800	=	=	=

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

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Non-Departmental Output Expenses:					
ACC - Establishment of new income insurance scheme	2.200	-	-	-	-
Multi-Category Expenses and Capital Expenditure:					
Policy Advice and Related Services to Ministers (MCA)					
<i>Departmental Output Expenses:</i>					
Policy Advice and Related Services to Ministers – Income insurance (funded by revenue Crown)	-	1.800	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Policy Advice and Related Services to Ministers (MCA)	-	1.800	-	-	-
Total Operating	2.200	1.800	-	-	-
Total Capital	-	-	-	-	-

Tagged Contingency (14577)

	Sm - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Contingency	-	47.150	4.950	2.050	2.050
Capital Contingency	-	0.350	-	-	-
Total	-	47.500	4.950	2.050	2.050

Additional Recommendations

- 9 **note** that Cabinet is yet to consider whether to proceed with the establishment of new income insurance scheme, and will receive advice from officials in late June/ early July following analysis of public consultation and further advice from ACC on preparatory and implementation work required for implementing the scheme;
- 10 **agree** that the 2022/23 and 2023/24 Non-Departmental Output Expenses: ACC - Establishment of new income insurance scheme funding be held in contingency, and released according to joint agreement by the Minister of Finance and Minister for ACC;

Vote: Labour Market

Appropriation Administrator: Ministry of Business, Innovation and Employment

Title: Funding Implementation of Holidays Act reforms to achieve easier and lower cost compliance

Description: This initiative provides time-limited funding over four years to support the implementation of Holidays Act reforms that seek to provide greater certainty, clarity and transparency on how to meet minimum leave entitlements. It includes developing operational guidance, tools and resources for employers and payroll providers, raising awareness of new rights and obligations for employers and employees, and transitional compliance and enforcement activities to support historic non-compliance being remedied.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26
Operating Balance Impact*	-	1.289	1.919	1.023	0.831
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	1.289	1.919	1.023	0.831

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

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26
Departmental Output Expenses:					
Workplace Relations and Safety - Employment Relations Services (funded by revenue Crown)	-	1.289	1.919	1.023	0.831
Total Operating	-	1.289	1.919	1.023	0.831
Total Capital	-	-	-	-	-

Additional Recommendation

11 **noted** that there is an associated initiative in Vote Business, Science and Innovation (Initiative 14562), which includes the associated capital injection and debt impacts;

Vote: Labour Market

Appropriation Administrator: Ministry of Business, Innovation and Employment

Title: Funding WorkSafe's role under the COVID-19 Public Health Response Act 2021

Description: This initiative enables WorkSafe to deliver a suite of COVID-19 regulatory interventions, enabling proactive and responsive regulatory interventions.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	-	7.716	-	-	-
Net Core Crown Debt Impact Only	-	1.500	-	-	-
No Impact	-	-	-	-	-
Total	-	9.216	-	-	-

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

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Non-Departmental Output Expenses:					
Workplace Relations and Safety - Workplace Health and Safety	-	7.716	-	-	-
Non-Departmental Capital Expenditure:					
Workplace Relations and Safety - Capital for WorkSafe New Zealand	-	1.500	-	-	-
Total Operating	-	7.716	-	-	-
Total Capital	-	1.500	-	-	-

Vote: Labour Market

Appropriation Administrator: Ministry of Business, Innovation and Employment

Title: Implementing new Plant and Structures regulations

Description: This initiative enables the implementation of reforms to enable a critical system change to keep workers healthy and safe. The implementation of the new regulations has been designed to maximise compliance across the system to reduce serious injuries and fatalities by a) proactively engaging thousands of businesses impacted by the regulations about their duties, and b) supporting businesses to comply with their duties.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	-	5.540	2.630	1.320	1.030
Net Core Crown Debt Impact Only	-	1.950	-	-	-
No Impact	-	-	-	-	-
Total	-	7.490	2.630	1.320	1.030

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

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Non-Departmental Output Expenses:					
Workplace Relations and Safety - Workplace Health and Safety	-	5.540	2.630	1.320	1.030
Non-Departmental Capital Expenditure:					
Workplace Relations and Safety - Capital for WorkSafe New Zealand	-	1.950	-	-	-
Total Operating	-	5.540	2.630	1.320	1.030
Total Capital	-	1.950	-	-	-

Additional Recommendations

- 12 **note** that when Cabinet agreed to the regulatory reforms (CAB-21-MIN-0166), implementing the reforms was not expected to require additional Crown funding for the first two years of implementation;
- 13 **note** that while WorkSafe absorbed planning costs in 2020/21 and 2021/22, due to the scale of implementation work identified through planning, additional Crown funding is required to complete this work;

- 14 **note** that no further Crown funding is expected to be required to implement the Plant and Structures regulatory reforms;
- 15 **note** that WorkSafe has produced a Single Stage Business Case for this initiative which can be provided if requested; and

Vote: Labour Market

Appropriation Administrator: Ministry of Business, Innovation and Employment

Title: Implementing two additional Fair Pay Agreements

Description: This initiative provides funding to implement additional Fair Pay Agreements (FPA) per annum in addition to the four funded in Budget 21. This bid will ensure the system is resourced to match the expected annual number of FPAs. This initiative funds bargaining support, dispute resolution services, compliance and enforcement (Labour Inspectorate), vetting and verification, and research and business support to the Employment Relations Authority and regulator decision-making.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	-	0.541	1.920	1.866	1.909
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	0.541	1.920	1.866	1.909

* 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:					
Workplace Relations and Safety - Employment Relations Services (funded by revenue Crown)	-	0.341	1.720	1.666	1.109
Non-Departmental Other Expenses:					
Workplace Relations and Safety – Support for Fair Pay Agreements and Screen Industry occupational bargaining	-	0.200	0.200	0.200	0.800
Total Operating	-	0.541	1.920	1.866	1.909
Total Capital	-	-	-	-	-

Additional Recommendation

16 **noted** that there is an associated initiative in Vote Business, Science and Innovation (Initiative 14564), which includes the associated capital injection and debt impact.

Vote: Labour Market

Appropriation Administrator: Ministry of Business, Innovation and Employment

Title: Refugee Quota Programme cost pressures

Description: This initiative will fund cost increases to support the resettlement of 1,500 quota refugees from 2022/23.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	-	4.215	4.215	2.706	2.706
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	4.215	4.215	2.706	2.706

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

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Immigration Services (MCA)					
<i>Departmental Output Expenses:</i>					
Settlement and Integration of Refugees and Other Migrants (funded by revenue Crown)	-	4.215	4.215	2.706	2.706
Total Multi-Category Expenses and Capital Expenditure: Immigration Services (MCA)	-	4.215	4.215	2.706	2.706
Total Operating	-	4.215	4.215	2.706	2.706
Total Capital	-	-	-	-	-

Vote: Labour Market

Appropriation Administrator: Ministry of Business, Innovation and Employment

Title: Return of tagged contingency funding: Implementing Fair Pay Agreements and Screen Industry Bargaining Systems

Description: This initiative returns funding previously held in the Implementing Fair Pay Agreements and Screen Industry Bargaining Systems tagged operating contingency for reallocation as part of Budget 2022, as this funding is no longer required.

Tagged Contingency

	Sm - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Contingency	-	-	-	-	-
Capital Contingency	(0.500)	-	-	-	-
Total	(0.500)	-	-	-	-

Vote: Labour Market

Appropriation Administrator: Ministry of Business, Innovation and Employment

Title: Return of tagged contingency funding: Improving the System for Refugee Family Reunification

Description: This initiative returns funding previously held in the Improving the System for Refugee Family Reunification tagged capital contingency for reallocation as part of Budget 2022, as this funding is no longer required.

Tagged Contingency

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Contingency	(6.191)	(1.358)	(1.161)	-	-
Capital Contingency	-	-	-	-	-
Total	(6.191)	(1.358)	(1.161)	-	-

Vote: Labour Market

Appropriation Administrator: Ministry of Business, Innovation and Employment

Title: Sustaining access to Sexual Abuse Assessment and Treatment Services

Description: This initiative will allow Sexual Abuse Assessment and Treatment Service (SAATS) to both increase the number of hours it purchases from clinical staff, and the rate it pays per hour, building the service back up to providing consistent 24/7 clinical cover for the service for all existing sites.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	-	4.275	4.600	5.079	5.536
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	4.275	4.600	5.079	5.536

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

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Non-Departmental Output Expenses:					
ACC - Sexual Abuse Assessment and Treatment Services	-	4.275	4.600	5.079	5.536
Total Operating	-	4.275	4.600	5.079	5.536
Total Capital	-	-	-	-	-