

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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Hon Grant Robertson

MP for Wellington Central
Deputy Prime Minister
Minister of Finance
Minister for Infrastructure
Minister for Sport and Recreation
Minister for Racing



Hon Carmel Sepuloni
Minister for Social Development and Employment
Parliament Buildings
Wellington

Dear Carmel

Thank you for your recent engagement on Budget 2022. As you will be aware, we have set a very high bar for the initiatives that will be invited for submission.

Over 560 initiatives were submitted through the Budget 2022 invitation process. Indicative funding sought totals \$64 billion operating and \$9.2 billion capital across the forecast period. That is far beyond the funding available and has required me to make early decisions to allow for an effective Budget process.

Even with early prioritisation, I still need your assistance to support the Budget process. I have had to carefully reduce the number of potential Budget 2022 initiatives through the invitation process. This will reduce wasted effort and ensure that the Budget decision-making stage is as strategic and targeted as possible, supported by robust value-for-money analysis and confidence of delivery.

I ask that you play your part in this focusing of Budget priorities and submit only those invited initiatives in your portfolio that are the highest priority, represent strong value for money and are implementation ready.

When initiatives are submitted in December, I expect these to be accompanied by a clear articulation of relative priorities. This may include a ranking of submitted initiatives within your portfolio, identifying those that are less discretionary and higher priority.

When prioritising, I expect you to focus on the implementation readiness of initiatives and delivery risk. I will be supporting only initiatives that are implementation ready, unless there is clearly articulated reasoning for why an exception to this rule should be considered.

Budget 2022 Invitations

With the above in mind, I have considered the proposals that you outlined in your letters for your Social Development and Employment and Disability Issues portfolios, and the initiatives detailed in Annex 1 are invited for consideration through Budget 2022.

Initiative submission templates and guidance were communicated to your agency on 30 September and are available on CFISnet.

Please note that while I have invited these initiatives to be submitted for consideration, this does not guarantee that they will receive funding. The Treasury will assess the value for money and relative priority of all initiatives, and this advice will help to inform the shape of the final Budget 2022 package considered by Cabinet. Therefore, I expect that all initiatives will be supported by a robust case for funding and a strong evidence base, as well as meaningful and realistic scaling and reprioritisation options.

Delivery of Budget 2022 Initiatives

The Treasury has advised me of potential delivery risks associated with several of the initiatives I have invited. [34]

While I have chosen not to invite several initiatives, I expect that you will further decrease the number of initiatives that you submit to address these concerns.

Ahead of initiative submission, please ensure MSD works closely with the Treasury on a plan to address the delivery risks. I expect you to consider deferring initiatives to a future Budget, and to submit a smaller, prioritised package. If initiatives cannot be deferred, I expect you to outline a clear rationale at initiative submission in December for why funding is required through Budget 2022 despite the concerns articulated above.

COMMENTS ON SPECIFIC INITIATIVES

Initiatives to be submitted separately

The Treasury has advised me that the following initiatives each represent a package of related but distinct initiatives that should be considered separately through the Budget process. As such, I expect you to submit each distinct bid separately, in accordance with Treasury's advice. As with other initiatives, only your highest priority initiatives which demonstrate strong value for money and are implementation ready should be submitted.

- *Sustainable Funding for Community Services (13772)*
- *Growing sector, community and provider capability (13728)*
- *Investment in foundational elements of the Ministry of Social Development's future strategy – Te Pae Tawhiti (13756)*

Agencies should avoid packaging up multiple distinct initiatives under a single overarching initiative as it obscures decision making and significantly complicates the administration of the Budget process.

Significant Investments

I expect for the capital initiatives I have invited that sufficient planning and prioritisation through the business case process will have been undertaken before these initiatives are submitted. I expect that appropriate cross agency engagement will have occurred, and that assurance will have been obtained from across the Investment Management System (including with the Government Chief Digital Office (GCDO) branch for Information Technology initiatives).

If this process is not followed, I am unlikely to approve funding for these capital initiatives.

[33]

Gender Analysis Template

The Ministry for Women and the Treasury have identified selected initiatives in the Education, Employment and Training space that are required to complete an additional gender analysis template. Within your portfolio the initiatives in scope are:

- [33]
- *Ensuring hardship assistance is adequate (13725)*
- *Continuing Employment Support Linked to Industry Training For At-risk Job Seekers Through Mana in Mahi (13746)*

Cross-Agency Work Programmes

Annex 2 outlines a number of initiatives proposed by other Ministers or in Votes other than Vote Social Development that have implications for the Ministry of Social Development.

Initiatives submitted under Vote Social Development

Social Cohesion

The Associate Minister for Social Development and Employment has been invited (in a separate letter) to submit *Investing in Social Cohesion* for consideration through Budget 2022.

Hon Andrew Little, as the lead coordination Minister for the Government's Response to the Royal Commission Report into the Terrorist Attacks on the Christchurch Mosques, will engage with relevant Ministers to ensure that only initiatives that are the highest priority, represent strong value for money, and are implementation ready are submitted. I also expect that MSD will ensure that this initiative is implementation ready and capacity constraints have been considered.

Initiatives submitted under other Votes

[33]

Vote Health - Disabilities

The Minister of Health submitted five bids relating to the disability system. I have invited the following two initiatives to progress through the cost pressure track for the next stage of the Budget process:

- *Disability Support Services - Cost Pressures (13986)*
- *Disability Support System Transformation (14021)*

In line with Cabinet's recent decision to establish a new Ministry for Disabled People as a departmental agency within MSD, I expect you to engage with the Minister of Health and for your agencies to determine the appropriate Vote (Social Development or Health) under which these initiatives should be submitted.

Vote Justice - Preventing family violence and sexual violence

The Minister for the Prevention of Family Violence and Sexual Violence has submitted a package of initiatives with MSD as lead agency for two initiatives. I have asked the Minister to ensure that the package is coordinated to avoid any duplication of funding requests. I expect the package of initiatives to clearly demonstrate they are implementation ready, their relative priority, and why they cannot be met from within existing baselines.

Vote Labour Market – Employment Programmes

You have also submitted three initiatives under Vote Labour Market that are administered by Ministry of Business, Innovation and Employment. I have invited the following initiatives:

- *Establishment of a New Social Insurance Scheme (13624)*
- [33]

[33]

Vote Revenue - Working for Families

I note that Income Support Ministers have agreed that Cabinet will consider the proposed changes to Working for Families tax credits in late November, with the intention of introducing and passing legislation shortly after. The intention is that these changes will be implemented on 1 April 2022.

I intend to recommend that the cost of the changes be pre-committed against the Budget 2022 allowance. Consequently, no further information about this initiative will need to be submitted on 10 December.

I have invited this initiative in my letter to the Minister of Revenue, which invites Inland Revenue to make changes to the Family Tax Credit. MSD administers the Family Tax Credit for some clients receiving main benefit who opt to receive their payment from MSD. I understand any implementation costs for changes to the Family Tax Credit can be absorbed in Vote Social Development baselines, hence you have not submitted an initiative.

Next steps

The proposals that I have not invited you to submit as Budget 2022 initiatives are outlined in Annex 3. These initiatives could be submitted for consideration in future Budgets or funded via other levers such as reprioritisation of baseline funding. As per the expectations that I have previously outlined around fiscal management, I will not support any out-of-cycle funding requests for these initiatives unless there is a compelling case for urgency.

Thank you for your ongoing work.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Grant Robertson', written in a cursive style.

Hon Grant Robertson
Minister of Finance

Annex 1: Initiatives in the Social Development and Employment and Disability Issues portfolios invited for consideration through Budget 2022

* There is an expectation that you provide meaningful scaling options.

** There is an expectation that you provide meaningful scaling options and that each distinct component is submitted as a separate initiative.

CFISnet ID	Title
[33]	
13690	Child Support pass-on
13692	Continuing to Support Maori Entities Delivering Employment Training for Maori Through the Maori Trades and Training Fund
13720	Disability leadership and influence for enhanced wellbeing, and social and economic participation
13725	Ensuring hardship assistance is adequate
13726	Equitable Access to Driver Licence Support for Disadvantaged Communities to Improve Employment and Wellbeing Outcomes
13727	Establishing a New Ministry for Disabled People
13728	Growing sector, community and provider capability **
13732	Improving MSD's Housing Support Products to Better Support Homeless, Housing Insecure, and Low-income New Zealanders (joint initiative with the Ministry of Housing and Urban Development, to be led by MSD)
13741	Improving support for dental treatment for low-income New Zealanders *
13746	Continuing Employment Support Linked to Industry Training for At-risk Job Seekers Through Mana in Mahi
[33]	

13756	Investment in foundational elements of the Ministry of Social Development's future strategy – Te Pae Tawhiti **
[33]	
13772	Sustainable Funding for Community Services **
[33]	
13687	Implementing the Better Later Life Strategy: Employment, Housing and Age Friendly *
[33]	
[33]	

Annex 2: Other initiatives invited for consideration through Budget 2022 that impact the Social Development and Employment portfolio

CFISnet ID	Vote	Title	Comment and/or condition
13900	Vote Revenue	Increases to Working for Families tax credits to support lower income working families	
[33]			
13624	Vote Labour Market	Establishing a new social insurance scheme	
13621	Vote Social Development (JV FVSV)	Preventing family violence and sexual violence: Actioning the prevention shift in Te Aorerekura	Invite subject to submission of specific, prioritised initiatives that can demonstrate implementation readiness and value for money and avoid any duplication of funding requests. Also subject to the Minister for the Prevention of Family Violence and Sexual Violence's coordination of the FVSV package.
13614	Vote Social Development (JV FVSV)	Preventing family violence and sexual violence: Continue and Improve Family Violence Response Coordination	Invite on the condition that this is submitted as a manifesto commitment. Also subject to Minister Davidson's coordination of the FVSV package.
13753	Vote Social Development	Investing in Social Cohesion	Invite subject to coordination by the Lead Coordination Minister for the Government's Response to the Royal Commission's Report into the Terrorist Attacks on the Christchurch Mosque of relevant Ministers to ensure that only initiatives that are the highest priority, represent strong value for money, and are implementation ready are submitted.
13935	Vote Social Development (Ministry of Youth Development)	Strengthen and Safeguard Equitable Access to Developmental Services Which Build Young People's Emotional Intelligence	
13986	Vote Health	Disability Support Services - Cost Pressures	
14021	Vote Health	Disability Support System Transformation	There is an expectation that you provide meaningful scaling options

Annex 3: Budget 2022 initiatives that are not Invited (including those submitted under a Vote other than Vote Social Development)

CFISnet ID	Title
[33]	