



Wellbeing Budget 2023

Support for today
Building for tomorrow

18 May 2023



Wellbeing
Budget 2023
SUPPORT FOR TODAY
BUILDING FOR TOMORROW

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Te Kāwanatanga o Aotearoa
New Zealand Government



BUDGET 2023

Wellbeing Budget 2023: Support for today Building for tomorrow

18 May 2023

Taituarā mai kia whakaora ake!

Taituarā means support and mai denotes direction and immediacy.

Whakaora means to restore or remedy, while ake indicates the intention of on the move, upwards.

Therefore 'Taituarā mai kia whakaora ake!' – 'Support for Today, Building for Tomorrow'.

He Aratohu mō ngā Puka o Te Tahua | Guide to the Budget Documents

A number of documents are released on Budget day. The purpose of these documents is to provide information about the Government's fiscal and policy intentions for the year ahead alongside the wider fiscal and economic picture. The documents released on Budget day are as follows:

Budget at a Glance

The *Budget at a Glance* is an overview of the Budget information and contains the main points for the media and public. This summarises the Government's spending decisions and key points included in the *Budget Speech*, the *Wellbeing Budget 2023*, and the *Budget Economic and Fiscal Update*.

Wellbeing Budget 2023

The *Wellbeing Budget 2023* is the main source of Budget information. It sets out the Government's priorities for the Budget, the approach taken to develop it, and includes an annex with a summary of initiatives included in Budget 2023. It also contains reports on fiscal strategy and child poverty, as required by the Public Finance Act 1989, as well as information on addressing climate change. These outline respectively the Government's short-term fiscal intentions and long-term fiscal objectives, how the Government is progressing towards its child poverty targets, and the Government's response to climate change.

Budget Speech

The *Budget Speech* is the Budget Statement the Minister of Finance delivers at the start of Parliament's Budget debate. The Budget Statement generally focuses on the overall fiscal and economic position, the Government's policy priorities and how those priorities will be funded.

Budget Economic and Fiscal Update

The *Budget Economic and Fiscal Update* includes the Treasury's economic forecasts and the forecast financial statements of the Government incorporating the financial implications of Government decisions and other information relevant to the fiscal and economic outlook. The *Budget Economic and Fiscal Update* also discusses key risks to the economic and fiscal forecasts.

The Estimates of Appropriations

The *Estimates* outline, for the financial year about to start, expenses and capital expenditure the Government plans to incur on specified areas within each Vote, and capital injections it plans to make to individual departments. The *Estimates* are organised into nine sector volumes, with each Vote allocated to one sector. Supporting information in the *Estimates* summarises the new policy initiatives and trend information for each Vote and provides information on what is intended to be achieved with each appropriation in a Vote and how performance against each appropriation will be assessed and reported on after the end of the financial year.

Also released on Budget day:

The Supplementary Estimates of Appropriations

The *Supplementary Estimates* outline the changes to expenses, capital expenditure and capital injections to departments required for the financial year about to end. Supporting information for each Vote provides reasons for the changes to appropriations during the year, related changes in performance information and full performance information for new appropriations.

To download these documents visit www.budget.govt.nz

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Mai i te Pirimia | From the Prime Minister

Budget 2023 is about easing the cost of living pressures New Zealanders are facing, while making targeted investments that will grow our economy in the future.

It's a no-frills budget that befits the times and makes targeted investments where they are needed most.

As Prime Minister I've reprioritised the Government's work programme to focus on the bread-and-butter issues; support with the cost of living, work to drive down inflation and responding to the Auckland floods and Cyclone Gabrielle. That is the focus of the Budget.



This Budget helps makes things a little easier for parents, older New Zealanders, students and children by reducing or removing some of the costs they currently face. Millions of kiwis will pay a little less as a result.

We're helping parents who are particularly under the pump, by making childcare cheaper.

We're helping with health costs by removing prescription charges for medicines.

We're reducing power bills by making Kiwi homes more energy efficient.

And we're permanently cutting the costs of public transport for young New Zealanders, alongside what we've done to date to cut costs for Community Service Card holders.

These initiatives help households now, while also delivering long-term education, health and climate benefits. They're win win.

Budget 2023 includes a massive boost to our nation's infrastructure which has been tested during the recent flooding and cyclone. We saw roads and bridges as well as telecommunications and power wiped out too easily. That can't happen again. We've allocated significant funds to build back more resilient so we can be better prepared for more extreme weather in the future.

Those investments have the benefit of keeping our economy humming, helping us to avoid a recession and supporting New Zealanders into work.

Budget 2023 isn't fancy, nor should it be. It is a practical Budget that does the basics well and makes investments where they are needed. It also locks in funding for programmes that are already working really well – like free and healthy school lunches, apprenticeship training, warmer healthier homes and the successful circuit-breaker programmes that get kids off the streets and reduce crime.

But we need to do more than just respond to the challenges of today, we also need to build for the future. This Budget makes targeted investments in areas I believe are critical to growing our economy and improving productivity – skills, science and technology and infrastructure.

Against a volatile economic backdrop this Budget is stable and resilient.

It is the investment New Zealand needs right now following Cyclone Gabrielle and the Auckland floods, while easing the pressure on households. It is simply what it says on the tin: Support for Today, Building for Tomorrow.

A handwritten signature in black ink, appearing to read 'Chris Hipkins', with a long horizontal flourish extending to the right.

RT HON CHRIS HIPKINS
Prime Minister of New Zealand

Mai i te Minita Ahumoni

From the Minister of Finance

Budget 2023 – Support for Today, Building for Tomorrow is this Government’s fifth Wellbeing Budget.

As with previous Wellbeing Budgets we are looking beyond traditional measures of success and taking an intergenerational approach to ensure we improve New Zealanders lives now and into the future.

Budget 2023 strikes a careful balance between supporting New Zealanders with the cost of living, delivering core public services well, improving the resilience of the country’s critical infrastructure and economy and returning to a more sustainable fiscal position.

The volatile global economic backdrop, including high levels of inflation and domestic challenges, including from Cyclone Gabrielle and the Auckland Anniversary weekend floods, make our balanced and targeted approach essential.

In Budget 2023, net new operating spending of \$4.8 billion per annum is lower than the \$5.9 billion in Budget 2022.

Managing within this operating allowance is possible because of a reprioritisation and savings process that has led to \$4 billion in savings across the forecast period. This has allowed us to target resources where they are needed most at this time.

For Budget 2023, we have focused on targeted cost of living support that will not unnecessarily exacerbate inflation pressures, and will take pressures off Kiwis in their everyday lives. We have a particular focus on supporting parents through reducing costs for early childhood education, scrapping prescription charges and targeted support to reduce household energy bills and public transport costs.

This Budget also invests strongly to deliver core public services, including in health, education and housing. It takes significant steps towards the goals of our Economic Plan, for a high-wage, low-emissions economy that delivers economic security. Investments in the Budget will improve our economic resilience through investing in research, innovation and skills, and infrastructure.



New Zealand's low public debt allows for \$10.7 billion total capital investment from the multi-year capital allowance, coupled with \$6 billion into a new National Resilience Plan, focused initially on rebuilding from Cyclone Gabrielle and then on closing the infrastructure deficit which has built up in this country over decades.

The Government's careful fiscal management has allowed us to commit a \$71 billion of infrastructure investment over the next five years, while keeping net debt well below the 30 percent of GDP ceiling. Long-term investment allows for long-term planning, and a clear programme of work will provide confidence and certainty to the infrastructure sector.

Anchored by the fiscal rules we set at Budget 2022, we remain committed to returning to surplus within the forecast period and keeping net debt below a ceiling of 30 percent of GDP.

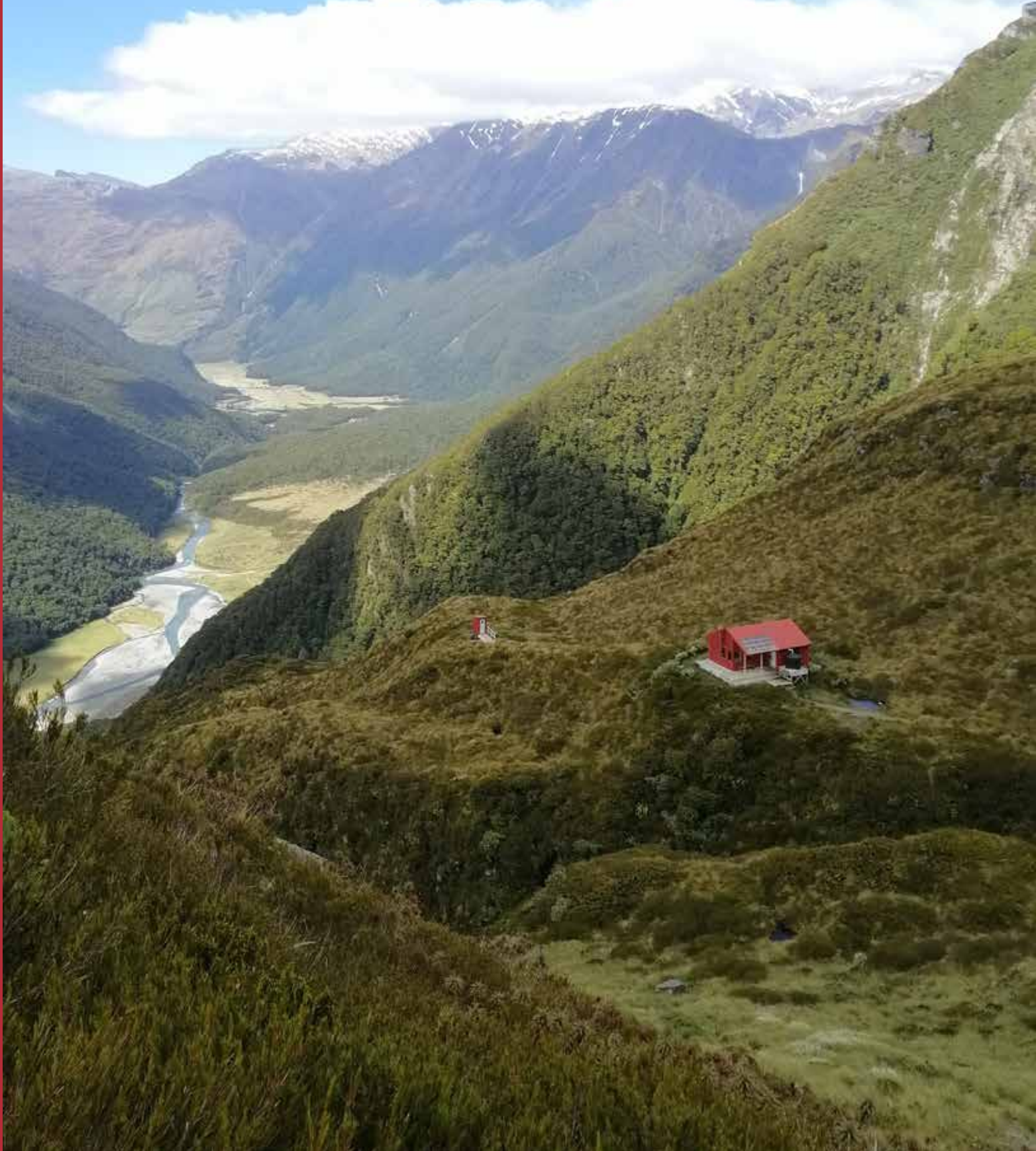
As a Government we have been faced with ongoing severe and unexpected challenges, from natural disasters and cyclones to global pandemics. Through all of those we have supported New Zealanders while also looking to the future and continuing to tackle the country's long-term challenges.

This Budget continues our careful balance – providing support for our people today while building back better for tomorrow.



HON GRANT ROBERTSON
Minister of Finance

Highlights



Te Tahua Toiora 2023 – He Tirohanga Matua

The Wellbeing Budget 2023 – Highlights

COST OF LIVING

Extending 20 hours childcare to two-year-olds, along with increases to childcare assistance funding

Scrapping the \$5 prescription co-payment, making medicine cheaper for over 3 million Kiwis and taking pressure off our health system

Free public transport for children under 13, and permanent half price for under 25s, increasing the number eligible for reduced prices for public transport to 1.6 million people

Lower household energy bills through an expanded Warmer Kiwi Homes Programme, providing 100,000 heating and insulation installations, 7,500 hot-water heat pumps and 5 million LED light bulbs

RECOVERY AND RESILIENCE

Supporting communities and businesses to **recover and rebuild after the North Island weather events**

A new National Resilience Plan to address our infrastructure deficit with an initial \$6 billion investment, starting with Cyclone rebuild

20% rebate for the game-development sector and investing in Industry Transformation Plans for **Horticulture, Digital and Tourism** to support economic resilience

New Science and Innovation Hubs, backed by \$400 million capital investment, plus more than 260 additional researchers and PhD students

DELIVERING SERVICES THAT KIWIS RELY ON

6,600 new student places, plus four new schools as part of a \$3.6 billion operating and \$1.3 billion capital investment in **education**

Delivering **3,000 new public housing places** to improve wellbeing outcomes through access to stable, secure housing

Boosting frontline staff in Health, increasing pay and investing to reduce waiting lists, with more than \$1 billion investment

Increasing supply of **Māori housing**, boosting **Whānau Ora**, education and **Pacific Wellbeing** and languages strategy

FISCAL SUSTAINABILITY

\$4.8 billion per year new operating package – down from last year despite Cyclone recovery costs, **\$10.7 billion new capital package**

\$4 billion in savings through reprioritisation and efficiencies to fund higher priorities like cost of living and core public services

Aligning the Trustee tax rate with 39% top tax rate to create fairness and remove a potential loophole

Return to surplus in 2025/26 – same length of time as after the Global Financial Crisis

Investments



Ngā Haumitanga o te Tahua 2023

Budget 2023 Investments

Budget 2023 responds to the immediate financial pressures affecting New Zealanders, while ensuring that we are improving the resilience of Aotearoa New Zealand's critical infrastructure and investing in a more productive economy. The volatile global economic backdrop and domestic challenges, including from Cyclone Gabrielle and the Auckland Anniversary weekend floods, make our balanced and targeted approach essential so we can support New Zealanders today while building for tomorrow.

Recent Budgets have had a significant focus on keeping New Zealanders safe from COVID-19 and accelerating the recovery and rebuild from the pandemic. While COVID-19 continues to persist and still requires significant resources for vaccination and related programmes, new challenges have arisen that require significant Government investment. Our investment package for Budget 2023 is focused on the following priorities:

- supporting New Zealanders with the cost of living
- delivering the services New Zealanders rely on
- recovery and resilience, and
- fiscal sustainability.

In Budget 2023, net new operating spending of \$4.8 billion per annum is lower than the \$5.9 billion in Budget 2022. New Zealand's low public debt allows for \$10.7 billion total capital investment from the multi-year capital allowance, coupled with a \$6 billion National Resilience Plan, focused on closing the infrastructure deficit which has built up in this country over decades. Managing within a lower operating allowance this Budget has been made possible through tough decisions and a reprioritisation and savings process that has led to a total of \$4 billion in savings, which has allowed us to target resources to where they are needed most at this time.

Supporting New Zealanders with the cost of living

Constrained supply chains as a result of the COVID-19 pandemic and geopolitical tensions, including the ongoing war in Ukraine, continue to affect the day-to-day lives of many New Zealanders due to their effect on prices in our economy on essentials like fuel and food. Persistent high inflation means low- and middle-income households have been under pressure, and although wage growth is forecast to outstrip inflation in coming years, ongoing targeted support is required.

The Government has already delivered significant support through the rise and peak of inflation, including via the Cost of Living Payment, reductions to fuel excise duty and road user charges, and half-price public transport. In addition, since 1 April 2023 more than 1.4 million New Zealanders have benefited from increased assistance to help with the cost of living – including families, people receiving main benefits, students and superannuitants.

For Budget 2023, we have focused on targeted cost of living support that will not unnecessarily exacerbate inflation pressures, and which will take pressures off Kiwis in their everyday lives.

Backing parents with young children

The early years are a very important time for children's brain development, providing the foundations for positive life outcomes, including lifelong learning and wellbeing. Cost should not be a barrier to parents wishing to enrol their kids in Early Childhood Education (ECE). Supporting parents to do this is not only good for their children, but positive for the economy as well, by providing parents the ability to enter or re-enter the workforce. Budget 2023 provides greater support for parents to access ECE, and support for the education sector to provide quality services to the children they teach and care for.

- **Extending the 20 Hours ECE Subsidy to two-year-olds** (\$1.2 billion total operating). Access to quality ECE is important for education and wellbeing outcomes for children, while also representing a significant cost on households. Through Budget 2023, the 20 Hours ECE Subsidy is being extended to two-year-olds (from the current three- to five-year-olds). Based on average costs in 2023, families who were not previously receiving childcare subsidies would save an estimated **\$133.20 a week in childcare costs** if a 2-year-old child attended ECE for at least 20 hours a week.

This funding will also reduce the ECE service fees that parents and caregivers pay by increasing the subsidy rate by 4.6 percent. These measures will help parents, caregivers and families to manage their living costs, while also enabling greater access to ECE where cost has previously been a barrier.

- **Working towards pay parity for teachers in education and care services** (\$339.3 million total operating). There is currently a pay gap between certificated teachers working in education and care services and their counterparts working in kindergartens. This is the third tranche of funding to deliver pay parity to help attract and maintain high-quality teachers in education and care services.
- **Cost adjustment for ECE services and a sustainability grant for Playcentre Aotearoa** (\$260 million total operating). Similar to other sectors, the ECE sector is dealing with increased costs to provide current services. This funding will provide an average increase of 5.3 percent to a mix of full and partial early learning subsidy rates, which will help providers to manage the increasing provision costs and maintain quality and affordable early learning for children, parents and whānau. This funding will also provide a one-off \$3 million grant to support the sustainability of Playcentre Aotearoa, an ECE service provided across New Zealand.

Access to childcare is an important factor for parents and caregivers to be able to enter or remain in employment, education or training. The Government funds targeted childcare assistance for low- to middle-income working families and whānau. From 1 April 2023, more families have been able to access Childcare Assistance due to a \$189.4 million total operating investment to increase income thresholds for the Childcare Subsidy and Out of School Care and Recreation Subsidy.

The current childcare assistance system is administratively burdensome for both parents and providers as applications have to be submitted manually, and this is affecting the uptake of this support. In Budget 2023, **we are investing \$21.9 million total operating and \$13.3 million total capital to improve access to and the take up of childcare assistance** by delivering a new online application process for parents and making administrative changes to create a more efficient service for parents and providers. We are also expanding the eligibility criteria for Flexible

Childcare Assistance (FCA), which supports parents with the costs of informal childcare outside of business hours, where formal care is not available. Changes also include extending the number of weeks people can use the FCA and indexing rates to the consumers price index.

On average, women have lower KiwiSaver balances and retirement income than men – with parenting representing one of the main reasons. In Budget 2023, the Government is enhancing the KiwiSaver scheme for parents (\$19.6 million total operating). Through this funding the **Government will pay a matching KiwiSaver ‘employer’ contribution to paid parental leave recipients**. This recognises the unpaid nature of childcare and incentivises recipients of paid parental leave to save for their retirement. This is further support for parents wishing to take time off work during the first critical months of their baby’s life following the 2018 increase of paid parental leave to 26 weeks. Since 2016/17, paid parental leave maximum rates for employed and self-employed people have increased by 25 percent.

Supporting family and household budgets

Currently most New Zealanders pay a prescription cost of \$5 per medicine. Last year more than 29 million items were dispensed that attracted this co-payment. Through **Budget 2023 the Government is removing this prescription co-payment for all at a cost of \$618.6 million**.

For some people this cost is a barrier to receiving the healthcare they require and is traded off to purchase other necessities. More than 135,000 adults did not collect their prescriptions because of cost in 2021/22. Research from Otago University shows that low-income households that had this co-payment removed were less likely to be admitted to hospital and spent fewer days in hospital overall than similar households that continued to face the payment.¹ This funding will reduce inequitable access to medicines and reduce poor health outcomes due to cost-related non-collection of prescriptions. It will also avoid unnecessary pressure being placed on the health system because of people who are unable to afford prescribed medicines.

Warm, dry homes are key to the health and wellbeing of the people who live there. Many low-income homes lack adequate insulation and efficient heating. Through **Budget 2023, \$402.6 million will support the extension and expansion of the Warmer Kiwi Homes programme beyond June 2024**. Over four years, this investment will provide more than an estimated 100,000 installations of heating and insulation, 7,500 hot-water heat pumps and 5 million efficient LED light bulbs. This funding will help individuals, families and whānau with the cost of living through lower energy bills, while also improving wider health outcomes and reducing emissions through lower electricity consumption. This funding also provides additional low-cost energy-efficiency measures, funds a programme to target hard-to-reach households, and delivers basic repairs to ensure warm, dry homes.

At a time when family budgets are stretched due to high global food prices, the Government will continue to take pressure off parents in low-to-middle income areas to ensure their children can have a decent school lunch. Research shows how nutritious food and full tummies help children to focus in the classroom and improve their ability to learn. The Ka Ora, Ka Ako Healthy School Lunches programme currently provides healthy lunches daily to approximately 220,000 primary- and secondary-aged children in eligible schools and kura. Through Budget 2023, **\$323.4 million total operating is being provided to continue delivering these free lunches in schools**. This has been estimated to save a family with two students, on average, **\$60 per week**.

¹ Impact of removing prescription co-payments on the use of costly health services: a pragmatic randomised controlled trial | BMC Health Services Research | Full Text (biomedcentral.com)

The Government is **expanding the Community Connect public transport concession, with ongoing half-price public transport fares for under 25-year-olds and free public transport for children under 13**. Community Connect already provides half-price public transport for Community Service Card holders. This investment of \$327.4 million total operating will help passengers meet the costs of accessing public transport and encourage increased service use, while also supporting New Zealand to achieve its climate change goals. Free fares for under 13s could save an average household of two children who are day-to-day users of public transport **over \$30 per week**, based on typical fares in urban centres.

As part of the expansion of the Community Connect scheme, the Government is also providing funding for ongoing half-price fares for all users of Total Mobility, a transport service for people unable to use public transport due to impairment.

Delivering the services that New Zealanders rely on

The Government provides critical services that New Zealanders rely on day-to-day, including health, education, welfare and infrastructure. It is important that we protect and strengthen these services so they can keep supporting Kiwis' lives. The recent spike in inflation has not only placed pressure on household budgets, it has also increased the costs of delivering Government services for individuals, families and businesses. Our focus is on providing frontline services that are high quality and accessible.

Education

Education is critical to the success of New Zealand's economy and society now and in the future. In recognition of this, we are investing \$3.6 billion total operating and \$1.3 billion total capital in education initiatives to boost skills, improve achievement and attendance, and lift pay to attract and retain teachers.

Quality schools and classrooms are important for both students and teachers, and contribute to educational success. In Budget 2023, the Government is providing:

- \$400 million total capital and \$55.4 million total operating to continue the National Education Growth Plan, which will add approximately 6,600 student places to the school network and four new schools.
- \$50 million total capital and \$13.1 million total operating to extend the Ngā Iiti Kahurangi school infrastructure programme to 175 more schools, which will deliver property improvements to small, isolated schools across New Zealand.
- \$120 million total capital and \$27 million total operating to modify school buildings, with modifications such as automatic doors, lifts and bathroom refits, to support the needs of students.
- \$112.5 million total capital and \$21.9 million total operating to expand Māori medium education infrastructure across kura, which will support meeting the Government's objective of 30 percent of ākonga Māori learning in Māori medium education environments by 2040.
- \$157.4 million total capital and \$41.3 million total operating to support 33 school projects that require funding as part of the Christchurch Schools' Rebuild programme following the 2010 and 2011 earthquakes.

Further to the \$260 million total operating being provided to ECE providers to meet rising costs, **we are providing \$233.9 million total operating for schools' operational grants and \$521 million total operating for tertiary tuition and training subsidies.** This overall investment of \$1 billion will help ensure education providers are sufficiently resourced to deliver quality educational outcomes across the entire education and training system.

Alternative education is important for students who are at risk of or are disengaged from mainstream education. In Budget 2023, we are **investing \$41.1 million total operating to support students at risk of disengagement to better engage with learning.** Of this, \$25.3 million will support more than 2,000 teenagers in Years 9-13 in Alternative Education, through addressing historical underfunding and improving education experiences. Additionally, \$15.8 million will be provided to design and implement local approaches to supporting Primary and Intermediate aged students.

In order to provide quality education to children and young people it is critical that we have a sufficient teacher supply. We are extending funding in Budget 2023 (\$23.6 million total operating) to **boost Initial Teacher Education enrolments and incentivise overseas teachers to move to New Zealand** through providing a relocation grant for trained teachers. This funding will also assist former teachers to return to the profession and help match graduates and returning teachers with long-term positions. This investment will support over 1,700 teachers to enter or return to the profession across Aotearoa.

As part of our COVID-19 package in 2020, we launched the **Apprenticeship Boost** programme, with additional funding in Budget 2022 due to the scheme's success in helping attract 16,000 new apprentices between August 2020 and April 2022. The Government is further extending this programme through to 31 December 2024 to ensure there is a strong pipeline of skilled workers for key industries. The investment of \$77.1 million total operating (\$17.1 million of which is new funding in Budget 2023) will enable an estimated **30,000 apprentices to start or continue receiving support.**

Community support

Budget 2023 includes a number of investments to deliver core welfare and employment services, while also assisting communities to build their resilience and capacity.

In March 2023, we announced additional support for low-income New Zealanders through **lifting main benefits by 7.22 percent in line with inflation.** This investment through Budget 2023 of \$311.3 million total operating will **support approximately 354,000 people** with the cost of living.

We are continuing to support New Zealanders who are struggling financially, including by investing \$29.2 million total operating in Budget 2023 to fund **Building Financial Capability** providers to deliver financial advice and debt services across New Zealand. This includes meeting demand for one-to-one services, peer-led support and wraparound support for people with complex needs. We are also **investing \$28.5 million total operating in Food Secure Communities** initiatives, such as funding for the New Zealand Food Network to distribute bulk, surplus food to communities who need it most. \$6 million of this investment is for food support in regions affected by the recent weather events.

The Government funds various **employment programmes to support New Zealanders to develop their skills and find work opportunities**. Through Budget 2023, we are investing \$190.1 million total operating and \$47.5 million total capital to continue, pilot or expand a number of these programmes and services. This includes permanently reinstating the Training Incentive Allowance to support sole parents, disabled people and their carers to study by assisting with associated costs (\$80.1 million total operating and \$47.5 million total capital). Disabled New Zealanders will also be supported into work through six trial health and employment services in the Oranga Mahi programme (\$36.3 million total operating).

As part of our response to COVID-19, we funded Community Connectors to help individuals, families and whānau access Government support. We are providing **\$28.5 million total operating to retain approximately 100 Community Connectors for a further two years**, which will enable continued access to support in trusted settings.

In 2022, the Government established Whaikaha – Ministry of Disabled People to support tāngata whaikaha and disabled people, and their whānau, carers and supporters. In Budget 2023, **the Government is providing \$863.6 million total operating to protect these services**, responding to increases in demand and inflationary pressures for disability support services.

Currently there is a minimum wage exemption for around 800 disabled employees in New Zealand, which means they are paid less than the minimum wage for their work. Through Budget 2023, we are beginning the work to end this discriminatory practice by providing \$27.3 million total operating and \$10 million total capital to introduce a wage supplement to support businesses to employ disabled New Zealanders. This supplement will replace the minimum wage exemption and **enable disabled employees to be paid at least the minimum wage – improving their wellbeing outcomes and upholding their mana in the workplace**.

In Budget 2020 we established the Homelessness Package tagged contingency and have drawn down a further \$30.2 million total operating to support our Budget 2023 initiatives. This funding includes \$6.2 million to support the Local Innovation and Partnership Fund for **pilot projects that aim to reduce or address homelessness**, and \$24 million to expand the supply of rangatahi-focused youth transitional housing.

Health

We saw the start of health system transformation in 2022 as Te Whatu Ora – Health New Zealand, and Te Aka Whai Ora – Māori Health Authority assumed the functions of 20 District Health Boards (DHBs). To enable the success of this new system, Budget 2022 provided record levels of health investment, and for the first time, two years of funding was announced at once to enable longer term planning. This package included sufficient funding to remediate historic DHBs deficits and gave the certainty for health entities to share resources, support new models of care, and invest for the longer-term. This two-year approach was enabled by charging pre-commitments against both the Budget 2022 allowance and the Budget 2023 allowance.

There has been marked progress over the last 12 months in delivering against reform:

- Budget 2022's record commitment will enable an investment of over \$1 billion in increasing wages and staff numbers this financial year, including \$63 million for progressing safe staffing. This investment will focus on areas facing greatest demand and allows for an additional 500 new nurses.

- By 30 June 2024, we expect no patients (excluding those waiting for orthopaedic surgery) to be waiting longer than 12 months for treatment, from the date a decision to treat is made. This will be achieved through investment in timely and effective provision of hospital and specialist services.
- Baseline funding has been reallocated to support the health needs of New Zealanders:
 - \$99 million has been put towards winter 2023 initiatives
 - \$118 million allocated to reduce waiting lists by freeing up inpatient hospital beds
 - \$20 million in spending to improve health equity for Māori and Pacific peoples.
- Savings are starting to be realised through the elimination of the duplicated functions of DHBs, with \$10 million in savings already released from the disestablishment of executive leadership roles of the former District Health Boards, on top of other savings in areas such as insurance.
- More than \$2.2 billion has been appropriated to remediate historical non-compliance with the Holidays Act. Current staff are expected to be remediated by 30 June 2024, with payments beginning next quarter. Payments to former staff are expected to begin by the end of this year.

Boosting pay for our frontline staff

The public sector workforce has a significant role in delivering public services, with wages making up a sizeable portion of Government investment.

In 2022, the Government agreed to progress a public sector pay adjustment (PSPA), with the intention of taking a joined-up approach for negotiating settlements that are fair, equitable, affordable, and align with the Government's ambition to prioritise low-paid roles in pay settlements. The PSPA offer applies to staff within a range of workforces, including education, health and other frontline services.

Through Budget 2023, we are providing \$2.3 billion total operating to support in-scope agencies to give effect to the PSPA. This is in addition to existing funding that agencies have already set aside for remuneration increases and any reprioritisation, as well as the multi-year funding we pre-committed for the health, justice and natural resources sectors at Budget 2022.

As part of Budget 2023 we are also increasing wages for Defence Force personnel, including both military and civilian staff, in particular for skilled lower ranks and new recruits.

Supporting Māori and Pacific aspirations and opportunities

Our investments in Budget 2023 support Māori and Pacific wellbeing and culture, as well as provide targeted support for whānau and tamariki, through investments in education and upgrades to housing and infrastructure. In Budget 2023 we have included a number of targeted investments to support Māori and Pacific peoples.

Housing is an area where Māori and Pacific peoples are significantly at risk of experiencing poor outcomes, and this is why Budget 2023 provides sizeable investments in key infrastructure. The Te Ringa Hāpai Whenua Fund will be extended to further invest in infrastructure on whenua Māori (\$22.9 million total operating) and \$200 million total operating funding will be provided to increase the supply of Māori housing and repair Māori properties. Last year, Budget 2022 provided \$49.3 million total operating to build homes for Pacific families in Eastern Porirua, which are currently being built.

We are continuing to foster the growth of Māori and Pacific languages, cultures and identities. To deliver the Pacific Languages Strategy we will improve access to Pacific language learning resources (\$13.3 million total operating). We are also supporting te reo Māori revitalisation (\$10.4 million total operating). Key Māori cultural institutions will receive investments to maintain and grow their impact, including Te Matatini (\$34 million total operating) and the Matariki public holiday (\$18 million total operating). The New Zealand Māori Arts and Crafts Institute will also be protected through Budget 2023 investments (\$5.8 million total operating).

Our investments in education and whānau demonstrate our commitment to laying the strongest foundations for our tamariki and supporting households experiencing cost of living pressures. To strengthen Māori education, we are investing to improve educational outcomes and attendance (\$39.9 million total operating) and upgrade the infrastructure of Māori medium schools (\$21.9 million total operating, and \$112.5 million total capital). To ensure families continue to receive the support they need, Budget 2023 invests in Whānau Ora (\$35 million total operating) and further expands its services (\$68.7 million total operating). We will also provide targeted support for wāhine hapū and their pēpi in their first 1,000 days (\$64.4 million total operating).

Recovery and resilience

The COVID-19 pandemic and recent extreme weather events have demonstrated the importance of strengthening our resilience as a country, particularly as climate-related events become more common. Budget 2023 invests in support for communities affected by the North Island weather events to recover and rebuild, as well as a new National Resilience Plan to deliver the medium- and long-term infrastructure investments New Zealand needs. The Climate Change chapter (page 35) provides information on the Budget 2023 Climate Emergency Response Fund package, which further supports adaptation, reducing emissions, and cost of living pressures.

Budget 2023 also takes significant steps towards achieving the goals of our Economic Plan, for a high-wage, low-emissions economy that delivers economic security. We need to improve our economic resilience through investing in research, innovation and skills in particular.

Building for tomorrow

The Government has been making substantial investments into New Zealand's infrastructure over recent years. We have been turning around decades of infrastructure deficit as well as looking at addressing the lack of long-term planning and funding. We have invested \$45 billion in infrastructure projects over the past five years, and in 2019 established Te Waihanga – New Zealand Infrastructure Commission to look at how our infrastructure is planned and resourced.

Te Waihanga's *New Zealand Infrastructure Strategy, Rautaki Hanganga o Aotearoa* identifies the challenges we will face over the next 30 years and the change needed in our approach to infrastructure. Alongside Budget 2023, we are releasing our **Infrastructure Action Plan** in response to the Strategy. This will be crucial to continuing to deliver the infrastructure transformation required.

The Government's careful fiscal management has allowed us to commit a further \$71 billion of infrastructure investment over the next five years, while keeping net debt well below the 30 percent of GDP. Long-term investment allows for long-term planning, and a clear pipeline of work will provide confidence and certainty to the infrastructure sector.

Budget 2023 provides a **\$10.7 billion total capital package** for a range of projects, including:

- **Housing:** \$3.1 billion total capital and \$465 million total operating to build **an additional 3,000 new public housing places by 30 June 2025**. New Zealand's housing crisis was never going to be fixed overnight, and requires ongoing investment after the previous Government's sell-off of state houses. Due to the rising cost of building products and services around the world, Budget 2023 also invests \$707 million total operating and \$3.6 billion total capital to cover cost increases under the existing build programme funded through Budget 2020.
- **Education:** Key investments include \$400 million total capital and \$55.4 million total operating to continue the National Education Growth Plan, which will add approximately 6,600 student places to the school network and four new schools; and \$112.5 million total capital and \$21.9 million total operating to expand Māori medium education infrastructure across kura, which will support meeting the Government's objective of 30 percent ākonga Māori learning in Māori medium education environments by 2040.
- **Rail:** New Zealand's national rail network is critical for passenger transportation and rail freight services. It provides Kiwis with transport choice, reduces emissions, and benefits the economy. In Budget 2023, we are providing \$369.2 million total operating to **restore a resilient and reliable national rail service**. This funding will enable KiwiRail to continue network services for all rail users and provide the platform for projected growth on rail. We are also investing \$197 million total capital and \$9.4 million total operating in the **Auckland City Rail Link** project, to address cost increases, including those due to COVID-19. Once completed, this project will **provide a key link within Auckland's public transport network**, improving service frequency and travel times.
- **Biosecurity:** It is important that we protect New Zealand's economy and unique biodiversity from pests and diseases. To support this goal, in Budget 2023 the Government is **funding the establishment of a new plant health and environment laboratory in Auckland**. This investment is critical to the management of current future biosecurity risks and supports future industry growth.

Te Whatu Ora reports on 110 of their key projects with a combined value of approximately \$7.8 billion. This includes 75 projects in design and construction phases worth \$6.2 billion. Two major projects that Te Whatu Ora is currently undertaking includes significant hospital redevelopments with New Dunedin Hospital (\$1.6 billion) and Pihi Kaha – Whangārei Hospital (\$759 million for Stage One). Careful management of cost pressures and prioritisation ensures that the health system continues to deliver projects in a challenging fiscal and construction environment.

National Resilience Plan

As the Infrastructure Action Plan lays out, we need to futureproof our infrastructure for New Zealand's growing and changing population and climate change events, and to make use of developing technology available to us. The ability of infrastructure systems to function during adverse conditions and quickly recover after events is fundamental to the wellbeing of communities.

The North Island weather events have added a level of urgency to our infrastructure investment planning and highlighted the importance of resilience in the face of climate change and increasing extreme weather events.

In addition to the \$71 billion committed of infrastructure investment over the next five years, we are **funding the initial phase of a National Resilience Plan to support significant medium- and long-term infrastructure investments** which focus on the resilience of New Zealand's critical infrastructure and support the Infrastructure Action Plan. We are committing an initial \$6 billion to the programme, with plans for further funding in future Budgets. Given recent weather events, the programme will first focus on projects that support recovery and building back better. Priority will be given to reinstating road, rail, and local infrastructure as well as telecommunications and electricity transmission investments.

As indicated at Budget 2022, the change to the debt ceiling as part of the Government's fiscal strategy means we can use our balance sheet more effectively to support long-term productive investments, such as, the National Resilience Plan.

Ongoing support for communities affected by recent extreme weather

We are continuing our support for the communities, businesses and whānau affected by the Auckland Anniversary weekend floods and Cyclone Gabrielle. In the immediate aftermath of the events, we made several urgent investments, including:

- **business support.** We have announced \$149 million of support for primary-sector and non-primary-sector businesses to date, to help them clean-up and get back up and running.
- **infrastructure repairs.** We topped up the National Land Transport Fund in late February, to support \$250 million of immediate repairs to state highways, bridges and local roads.
- **temporary accommodation.** We continue to provide temporary accommodation assistance to people who cannot return to their homes.
- **community support.** We have surged support for families and communities affected by the events, including via the provision of Civil Defence Emergency Management payments to help cover weather-related costs (food and clothing), a package for NGOs and community groups, and a \$15 million investment to accelerate the Māori recovery.

We know that the rebuild will take time, and we are committed to standing with the affected regions and supporting the recovery for the long term. Budget 2023 builds on our earlier investments and supports the next stage of the recovery. It invests a total of \$941 million operating and \$195 million capital to support the recovery and invest in regional resilience.

Budget 2023 continues the work to restore the connectivity of affected regions, rebuild damaged infrastructure, and boost the resilience of communities. We are focused on meeting the immediate infrastructure needs in affected regions, and further funding will be made available through our National Resilience Plan. Immediate investments that we are making at Budget 2023 include:

- **partnering with local government to improve flood protection in the affected regions.** Budget 2023 includes an initial \$100 million for co-investment with local councils on projects to improve regional resilience to future climate change-exacerbated flood events.
- **reinstating our roads and rail network.** In addition to the National Land Transport Fund top up we have already made, Budget 2023 makes a further \$475 million investment in rebuilding our railways, state highways, bridges, and local roads.
- **repairing damaged schools.** Budget 2023 funds the repair and rebuild of schools damaged by the extreme weather events, to get local schools back on their feet and minimise disruption to the education of our tamariki.

Budget 2023 also includes further funding for:

- **ensuring the provision of temporary accommodation for dislocated families.** We are making further investments to ensure ongoing support for whānau who cannot return to their homes.
- **supporting the health response.** Extreme weather has impeded the provision of some health services and put additional pressure on the mental wellbeing of affected populations. Budget 2023 continues our work to respond to these health needs. It will boost the accessibility of primary and acute health services and mental health support in the affected regions, including for Māori and Pacific populations and young people.
- **maintaining our support for vulnerable people.** As the affected regions transition from their emergency footing to recovery, Budget 2023 provides ongoing support for vulnerable people. This includes \$11 million to top up community support funds and reduce food insecurity, funding to help businesses retain staff and displaced workers to find new employment quickly, and \$13.1 million to help connect individuals and whānau to the support they need.
- **helping rebuild damaged whānau homes.** We are also providing additional funding to repair dozens of homes owned by vulnerable Māori whānau that were damaged in the recent events.
- **ongoing support for the primary sector and rural communities.** Budget 2023 also continues our support for the recovery of the primary sector and rural communities, with an additional \$30 million committed to address time-sensitive health and safety and animal welfare challenges.

The Government is committed to a regionally-led recovery where local voices are central to Government decisions. The establishment of the Cyclone Gabrielle Recovery Taskforce – chaired by Sir Brian Roche and including representatives from business, local government, iwi and unions – and Ministerial leads for each affected region are central to this effort. Budget 2023 commits a further \$20 million to support the structures underpinning this locally-led response.

Delivering on our Economic Plan

While we are focusing on immediate cost of living pressures and recovery work, it is essential that we continue delivering our economic plan to build a high-wage, low-emissions economy. The world economy is in a period of structural and geopolitical volatility and the impacts of climate change are increasingly being felt. Budget 2023 investments are the building blocks for addressing New Zealand's long-standing challenges, and also lay the groundwork for taking advantage of opportunities to build a sustainable, globally competitive economy.

Gaming sector development

Budget 2023 includes \$160 million total operating to establish a 20 percent rebate for video game developers, which will help grow and protect New Zealand's domestic game-development sector.

This sector is rapidly growing and is a strong contributor to New Zealand's GDP, bringing in more than \$400 million in 2022. It is a great example of a sector that has high skill and high wage jobs that aligns with our economic plan. It is also a competitive sector, with several Australian states having rebate schemes. The final design of the scheme will be the subject of consultation, but it is planned to offer up to \$3 million in rebate funding per year to individual studios.

Science and technology

Budget 2023 includes significant investments in research and development to deliver on the Te Ara Paerangi Future Pathways reforms of our public research system, consistent with our commitment to increase research and development expenditure to 2 percent of GDP:

- \$400 million total capital and \$51 million total operating for **multi-institution research, science and innovation collaboration hubs** in the Wellington region focused on health and wellbeing; oceans, climate and hazards; and advanced manufacturing, biotech and energy futures.
- \$55.3 million total operating for **research fellowships and an applied doctoral training scheme**, to fill skills gaps and grow a sustainable research system in New Zealand.
- \$37.6 million total operating for New Zealand to associate with the European Union's Horizon Europe Initiative, so that our researchers can work closely with their European Union counterparts on the big global challenges like climate change and health.
- The Research and Development Tax Incentive (RDTI) continues to provide a 15 percent tax credit for businesses on eligible Research and Development (R&D) expenditure. In 2023, the Government also opened applications for an in-year payments scheme. This allows businesses to gain an interest free government loan that can be used towards R&D costs when the costs are incurred, with the loan repayable when the corresponding RDTI credit is available.

We are also responding to New Zealand's productivity challenge by unleashing business potential. We will invest a further \$74.7 million operating in our Industry Transformation Plans:

- \$29.9 million total operating to coordinate focused services for the **horticulture technology sector**, which will support sectors affected by the cyclone to develop more productive ways of operating over time.
- \$26.6 million total operating to support businesses to upskill to address **digital skills gaps**, and increase women's participation in the technology sector from 27 percent to 50 percent by 2030.
- \$18.2 million total operating for implementing the tourism Better Work Action Plan, including an **accreditation system for tourism** employers.

Fiscal sustainability

Anchored by the fiscal rules we set at Budget 2022, we remain committed to returning the operating balance before gains and losses (OBEGAL) to surplus within the forecast period and keeping net debt below a ceiling of 30 percent of GDP. This commitment is supported in Budget 2023 through a combination of savings (to reduce spending), reprioritisation (to redirect funding from one activity to another), and integrity-enhancing measures to the tax system.

The *Fiscal Strategy Report 2023*, from page 59, sets out in more detail the Government's fiscal strategy for Budget 2023 and the years ahead.

Savings and reprioritisation

\$4 billion total operating of savings and reprioritisation has been used to provide further room for new spending in Budget 2023 and to top up the Climate Emergency Response Fund.

Significant reprioritisation of existing funding includes:

- \$280 million total operating from reducing funding set aside for Fees Free tertiary education, used to offset new spending at Budget 2023, and
- \$385.8 million total operating from the COVID-19 Health tagged contingency (while still leaving enough to support our COVID-19 response for this winter), used to offset new spending in Budget 2023.

The Government has also recently refreshed its priorities to focus on the issues most important to New Zealanders. This has also yielded significant savings:

- \$364.7 million total operating from stopping the TVNZ/RNZ merger (and total capital cost of \$306.1 million)
- \$585.1 million total operating from stopping the Clean Car Upgrade Scheme and the Social Leasing Scheme Trial (which has been returned to the Climate Emergency Response Fund), and
- \$500 million total operating from the refocused Water Services Reform Programme.

Revenue

Budget 2023 supports fiscal sustainability through improving the integrity of our tax system, by bringing the trustee tax rate into line with the top personal bracket. The change will increase tax payments by trusts and help ensure that the top marginal tax rate applies more comprehensively to individuals with annual incomes over \$180,000. The change includes an exemption for trusts dedicated to supporting people with disabilities. It will come into force on 1 April 2024, after enabling legislation has been through a select committee process.

The increased trustee tax rate is expected to raise \$1.1 billion total operating over the forecast period. The change supports fairness, economic efficiency and wellbeing. More information about the Government's revenue strategy is provided in the *Fiscal Strategy Report 2023*, on page 71.

Wellbeing Outlook and Approach



Te Ara me te Angana Toiora

The Wellbeing Outlook and Approach

Te Angana Toiora | The Wellbeing Outlook

Budget 2023 is our fifth Wellbeing Budget, in which New Zealanders' overall wellbeing drives the decisions we make, and we measure progress on a broader range of metrics than the more traditional fiscal and economic considerations. This wellbeing outlook provides an overview of Aotearoa New Zealand's current state of wellbeing. It provides a short update on the relevant sections of the Budget Policy Statement (BPS) published in December 2022.²

New Zealand's wellbeing at a glance

The Treasury's first wellbeing report, *Te Tai Waiora*³, provided a broad perspective on the range of things that matter for wellbeing. It highlighted that New Zealand is a good place to live in many ways and that many aspects of life have improved over the past 20 years. We enjoy cleaner air, longer life expectancy, and higher incomes. However, New Zealand faces wellbeing challenges, particularly around mental wellbeing, education, and housing quality and affordability – and these challenges tend to be experienced more by our younger people. These issues are long-standing but have not lost their urgency.

New Zealand has relatively high levels of many aspects of wealth to support our future wellbeing. Future New Zealanders will benefit from New Zealand's increasing stock of physical capital and human capability. High social cohesion bodes well for future wellbeing, although there are challenges to maintaining this.

New Zealand's strength and resilience to global forces continues to be tested by the combination of an international economic downturn, globally high inflation, and a geopolitical situation dominated by war, trade disputes, and residual supply chain issues. While the economy has fared better than expected, significant challenges remain. Many of the macroeconomic trends identified in December's BPS have persisted, with a global economic downturn, a tight labour market, and rising interest rates continuing to put pressure on New Zealand's economy. These have contributed to increasing pressure on households as the cost of living increases.

Aspects of the natural environment are deteriorating as a result of intensive resource use and a changing environment. Recent extreme weather events in the North Island highlight that more frequent and severe climate-related hazards are having an effect on individuals, firms, and communities. They also illustrate the importance of building our resilience to climate change and its impacts.

² <https://www.treasury.govt.nz/publications/budget-policy-statement/budget-policy-statement-2023>

³ <https://www.treasury.govt.nz/publications/wellbeing-report/te-tai-waiora-2022>

New Zealand has weathered many shocks in recent memory and our wellbeing has generally held up well. Absorbing these shocks has affected our wealth and we need to rebuild our resilience to the future shocks we know will come.

Impact of recent extreme weather events on wellbeing

The Auckland Anniversary Weekend floods and Cyclone Gabrielle caused widespread catastrophic flooding across large parts of the North Island, causing devastation to some communities. Specific impacts (structured under the Treasury's *Living Standards Framework* four domains of national wealth) include:

- **Human capability:** Eleven fatalities were tragically confirmed from Cyclone Gabrielle, and four from the Auckland Anniversary Weekend floods. Hundreds of people across the North Island had to leave their homes, and many remain unable to return. We know that the personal recovery for those affected by these events is going to be tough. That is why the Government has surged support, including mental wellbeing services, in the affected regions.
- **Natural environment:** Significant damage was caused by woody debris (including forestry slash) and sediment. The recently announced Ministerial Inquiry is urgently considering the impact of related land-use practices on the environment and communities. Getting affected rural communities back on their feet as quickly as possible remains a Government priority, given the criticality of our farmers, growers, and other rural businesses to local economies.
- **Social cohesion:** The aftermath of the events saw communities come together and support one another, with extraordinary stories of selflessness emerging all over the country. As we recover, we are committed to a locally-led, central Government-supported approach where local voices are heard. This is why we have established lead regional Ministers and bespoke regional recovery structures, which will coordinate regional recovery activities between local and central government, iwi, and community groups in each of the affected areas. The Cyclone Gabrielle Recovery Taskforce (with representatives from business, local government, iwi, and unions) will help to align these locally-led recovery plans with the work of government agencies and the private sector.
- **Financial and physical capital:** These events have caused significant damage to homes, businesses, and infrastructure. The Treasury estimates that the damage will total between \$9 and \$14.5 billion. This comprises \$5 – \$7.5 billion of damage to central and local government infrastructure (eg, transport and water), as well as losses suffered by households and businesses. The events have also caused an estimated \$400 – \$600 million in output losses in the first half of 2023, primarily from lost agricultural and horticultural production. Persistent annual losses of approximately \$100 million are also anticipated beyond 2023.

Human capability

Human capability includes our knowledge and education, physical and mental health, and cultural capability.

The value of New Zealand's human capability has been steadily increasing over the past two decades. This is measured by estimating the value of expected lifetime earnings from educational achievement. However, *Te Tai Waiora* also raised concerns about declining trends in educational achievement which may play out into lower human capability over time.

The labour market remains strong with continued growth in employment. The unemployment rate remains at historically low levels and labour force participation reached its highest ever rate since the Household Labour Force Survey began, suggesting that increasing numbers of New Zealanders have been drawn into the labour force as a result of the opportunities for good work.

Economic activity has also benefitted from the return of international tourism (overseas visitor levels have returned to over 70 percent of pre-COVID-19 levels as of February 2023) and increased construction activity (up 5.6 percent in the year to December 2022). Wages continue to rise, with average hourly earnings up 7.6 percent in the year to March 2023. This will provide some support to household budgets which are being increasingly affected by increased mortgage interest rates. There are some early signs of easing labour market constraints, with the recovery of net inward migration to 52,000 in the year to February 2023 helping to meet demand for critical skills.

Good health supports opportunities to develop human capability, while poor health can have a cascading impact in a range of wellbeing domains. COVID-19 has continued to disrupt the provision of health care. Patterns of inequality in healthcare access appear to have deepened, for example immunisations of young children falling, especially for Māori and Pacific children. An increasing share of the population has been reporting psychological distress over the last 10 years, particularly among young people (15 to 24 year olds).

Natural environment

Wealth in the natural environment refers to all aspects of the natural environment needed to support life and human activity, and is valued for spiritual, cultural, and economic reasons.

Most people in New Zealand continue to enjoy a high level of environmental quality. However, some long-standing issues persist. In *Environment Aotearoa 2022*, the Ministry for the Environment reports that there are multiple environmental issues facing New Zealand, such as land-use change, invasive species, and pollution. While New Zealand's air quality continues to improve, freshwater sources are being degraded in areas transformed by human activities. These issues put pressure on environmental wellbeing as well as individual and national wealth.

Environment Aotearoa 2022 also highlights the complex impacts of climate change on our natural environment, especially our marine environments through ocean acidification and increased sea surface temperatures. Rainfall patterns are also changing, and short-term drought frequency is increasing, threatening native ecosystems and agricultural production.

The *Climate Economic and Fiscal Assessment* (CEFA) report from the Treasury and the Ministry for the Environment, published in April this year, summarises what we currently know about the potential economic and fiscal impacts of climate change for Aotearoa New Zealand, based on available evidence. It shows that the costs of climate change will be large and felt unevenly across different sectors and groups, and that the choices made by governments, businesses, and households will all influence how the impacts of climate change play out.

Social cohesion

Social cohesion refers to the willingness of diverse individuals and groups to trust and cooperate with each other in the interests of all, supported by shared intercultural norms and values.

Te Tai Waiora highlights that people in New Zealand largely have a high degree of trust in each other. This engenders a spirit of reciprocity and supports a strong sense of community and civic engagement. The Organisation for Economic Co-operation and Development’s (OECD’s) Better Life Index reports that 95 percent of New Zealanders believe they know someone they could rely on in a time of need, higher than the OECD average of 91 percent. New Zealanders have demonstrated a high level of civic engagement in recent elections – our voter turnout was 82 percent in the 2020 general election, also higher than the OECD average of 69 percent.

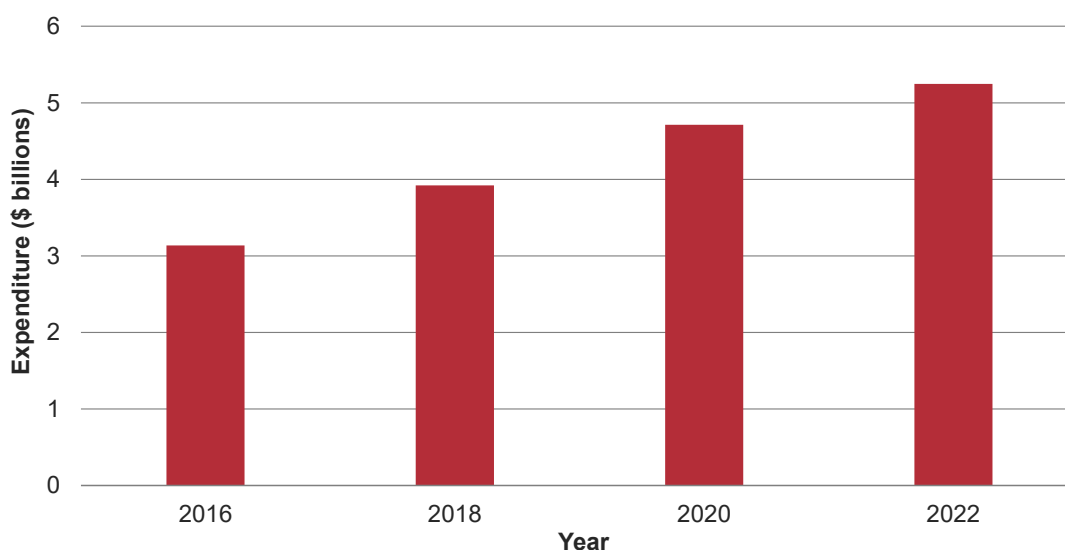
Recent surveys show that people in New Zealand have increased rates of trust in government in recent years. The 2022 Institute for Governance and Policy Studies Trust Survey reported that the percentage of people in New Zealand that have “high trust” in the government to do what is right for New Zealand rose from 48 percent in 2016 to a high of 74 percent in 2021 – although this has since fallen to 61 percent in 2022. The Kiwis Count survey also showed that as of March 2023, 84 percent of New Zealanders trust public services based on their personal experience, the highest result to date for this measure. However, levels of trust differ between ethnic groups and there are challenges in maintaining our high levels of social cohesion, such as disinformation.

Financial and physical capital

This aspect of wellbeing refers to tangible, human-made assets like buildings and machinery; knowledge-based property assets like research and development, arts and literature; and financial assets like currency, bank deposits, and loans and equity.

Research and Development (R&D) activity has grown significantly in recent years, with total R&D expenditure by business, government, and higher education reaching over five billion dollars in 2022 – an 11 percent increase compared with 2020, and a 67 percent increase compared with 2016. The number of businesses reporting R&D expenditure in 2022 was approximately 2,300, 45 percent more than 2016.

Figure 1 – Research and development (R&D) expenditure



Source: Data from Stats NZ. All figures are nominal. All sectors

New Zealand's housing remains among the least affordable in the OECD. New Zealanders spend greater shares of their incomes on housing on average than most other OECD countries, and the houses they live in are more likely to be crowded, unstable, and unhealthy. Despite house prices easing by 16.8 percent since their November 2021 peak, they remain above their pre-COVID-19 level in nominal terms.

Building consents data suggests demand for building housing has returned to around its pre-COVID-19 level, with new residential building consents falling 9 percent in February 2023 to 3,206 monthly consents (seasonally adjusted). This is likely due to falling house prices, rising interest rates, and cost pressures weighing on intentions. While disruption from the Auckland Anniversary Weekend flooding and Cyclone Gabrielle may have contributed to the fall, the slowdown in consents is consistent with expectations of softening domestic construction activity. Activity is likely to be supported by rebuild and recovery work from the recent severe weather events, although this is not expected to fully offset the slowdown in construction activity.

New Zealand households have developed a stronger financial buffer in recent years as the average household savings rate has increased. Households saved 3.9 percent of their net disposable income in September 2022, which is more than they did in 2017 to 2019.

Te Ara Toiora | The Wellbeing Approach

Since its introduction in 2019, the wellbeing approach has become embedded in Aotearoa New Zealand's wider public finance system. It centres on the idea that people's quality of life cannot be determined by traditional economic measures alone, and is integral to Budget 2023.

The wellbeing approach emphasises collaboration across the Government and communities, and focuses on ensuring that the wellbeing of all New Zealanders is at the heart of investment decisions. It is driven by an intergenerational view that works across multiple Budgets to put into action our wellbeing objectives. Budget 2023 builds on our significant investments in previous Budgets to assist New Zealanders with cost of living pressures, take action on climate change and meet our manifesto commitments, while building a strong and sustainable economy resilient to future shocks. Health, housing and education are key areas of focus.

Our wellbeing approach to Budget 2023

The wellbeing objectives

The Public Finance Act requires the Government to set wellbeing objectives for each Budget and explain how they are intended to support long-term wellbeing in New Zealand. The objectives are intended to be enduring, to ensure there is sustained investment across multiple Budgets to address New Zealand's most significant intergenerational challenges. They are informed by extensive wellbeing analysis, and also incorporate advice from sector experts and the Government's Chief Science Advisors. The wellbeing objectives are separate from the Government's shorter-term goals and focus areas, which are intended to support the choices and trade-offs required as part of Budget decision-making.

In the Budget Policy Statement⁴ in December 2022, the Government made changes to the Future of Work and Physical and Mental Wellbeing objectives, following the publication of Te Tai Waiora,⁵ the Treasury's first Wellbeing Report. It did so to increase emphasis on improving our young people's foundational literacy and numeracy skills, educational experience and mental health outcomes.

Our wellbeing objectives for Budget 2023 are:

1. **Just Transition:** supporting New Zealanders to transition to a climate-resilient, sustainable and low-emissions economy.
2. **Physical and Mental Wellbeing:** supporting improved health outcomes for all New Zealanders, particularly the mental wellbeing of our young people.
3. **Future of Work:** equipping New Zealanders with and enabling New Zealand businesses to benefit from new technologies and lift productivity and wages through innovation.
4. **Māori and Pacific Peoples:** lifting Māori and Pacific peoples' incomes, skills and opportunities, including through access to affordable, safe and stable housing.
5. **Child Wellbeing:** reducing child poverty and improving child wellbeing, including through access to affordable, safe and stable housing.

⁴ <https://www.treasury.govt.nz/publications/budget-policy-statement/budget-policy-statement-2023>

⁵ <https://www.treasury.govt.nz/publications/wellbeing-report/te-tai-waiora-2022>

This Budget makes a strong contribution to all five of the wellbeing objectives, as outlined in the following table.

Wellbeing objective	Budget 2023 contribution
Just Transition	<p>Achieving a just transition means boosting our energy independence by shifting towards a low-carbon economy in a way that supports workers, businesses and communities. Specific initiatives to support this include:</p> <ul style="list-style-type: none"> • \$120 million total operating to support the provision of electric vehicle charging infrastructure • investments to continue to deliver public transport across New Zealand, and permanently removing or reducing the costs of accessing public transport for under-25-year-olds and Total Mobility Scheme users • a \$300 million capital injection for New Zealand Green Investment Finance Limited to ensure it can fund low emissions projects into the future • \$402.6 million total operating to expand the duration and scope of the Warmer Kiwi Homes programme.
Physical and Mental Wellbeing	<p>Good physical and mental health and timely access to care and support are fundamental to New Zealanders' long-term wellbeing. Specific initiatives to support this include:</p> <ul style="list-style-type: none"> • \$863.6 million total operating to support tāngata whaikaha Māori and disabled people and their families • \$3.1 billion total capital and \$465 million total operating for 3,000 new public housing places, for delivery by 30 June 2025 • \$618.6 million total operating to remove the cost of prescription co-payments for an estimated 3 million New Zealanders. This is in addition to the 2023 component (\$1.3 billion per annum operating for cost pressures) of the Health multi-year funding package agreed at Budget 2022.
Future of Work	<p>Enabling all New Zealanders to benefit from the changing nature of work requires an investment in expanding access to training and technology infrastructure. Specific initiatives to support this include:</p> <ul style="list-style-type: none"> • \$521 million total operating to support a 5.3 percent increase in tertiary tuition and training subsidies to maintain quality and accessibility • \$55.3 million total operating to help meet the Government's commitment to increasing investment in research and development to 2 percent of GDP • \$80.1 million total operating and \$47.5 million total capital to permanently reinstate the Training Incentive Allowance for higher-level study • \$400 million total capital and \$51 million total operating for the construction and maintenance of research, science and innovation centres in the Wellington region.

Wellbeing objective	Budget 2023 contribution
Māori and Pacific Peoples	<p>The ability for many Māori and Pacific peoples to have mana āheinga (the capability to decide on their aspirations and realise them) and build mana whanake (the power to grow sustainable, intergenerational prosperity) is impeded when health, education, housing and social welfare systems do not address multifaceted, intergenerational disadvantage. Specific initiatives to support this include:</p> <ul style="list-style-type: none"> • \$200 million total operating to support Māori-led housing supply, capability building and repairs to maintain the momentum created through existing Māori housing delivery programmes • \$68.7 million total operating for Whānau Ora Commissioning Agencies to expand their services, improve quality and meet the demand increase • \$64.4 million total operating for Ngā Tini Whetū to provide targeted support for 650 Māori whānau during their pēpi's first 1,000 days • \$14.1 million total operating to grow the capability of the Pacific workforce.
Child Wellbeing	<p>Investing in a good start in life for our children is one of the most important ways we can ensure the wellbeing of New Zealanders. Specific initiatives to support this include:</p> <ul style="list-style-type: none"> • \$323.4 million total operating and \$1.7 million total capital to provide the 25 percent of ākonga (~220,000 children) experiencing the greatest socioeconomic barriers to education with access to a nutritious lunch on every school day • \$339.3 million total operating and \$4.6 million total capital to close the pay gap between certificated teachers in early education and care services and their counterparts in kindergartens • \$73.7 million total operating to improve school attendance • \$1.2 billion total operating and \$1.8 million total capital to extend the 20 hours early childhood education subsidy to two-year-olds.

Wellbeing frameworks

The Living Standards Framework and He Ara Waiora are used in the Budget process to support the robust use of wellbeing analysis and evidence. The frameworks drive thinking about policy impacts across different dimensions of wellbeing, as well as long-term and distributional issues. In preparing Budget 2023 we have used the Living Standards Framework, which was refreshed in 2021, to support our Wellbeing Budget approach. This version of the framework includes a new institutions and governance level, culture as underpinning the wealth of New Zealand, and several changes to the wellbeing domains to better reflect the wellbeing needs of groups such as Māori, Pacific peoples and children.

We have also continued the use of He Ara Waiora in recognition of the national and cultural context unique to New Zealand. He Ara Waiora consideration was applied to the whole Budget package, not only to the initiatives that are focused on supporting Māori.

In Budget 2023, several initiatives (Westport Flood Resilience; Research, Science and Innovation Workforce; Māori Housing Supply; Ka Ora, Ka Ako Healthy School Lunch Programme; and Delivering Pay Parity for Teachers) were invited as 'exemplar initiatives'. These exemplars demonstrated how He Ara Waiora could be effectively applied, with a goal of building capability on the use of the framework and lifting the quality of analysis.

Looking towards future Budgets, the aim is to extend our application of He Ara Waiora to the 'ends', or key waiora domains where we hope to achieve measurable outcomes. The current waiora domains are Wairua, Te Taiao and Te Ira Tangata. More information on He Ara Waiora can be found on the Treasury's website.⁶

Value for money

As in Budget 2022, this Wellbeing Budget continues the use of the Treasury's approach to evaluating the value for money of proposed investments, including their effects on wellbeing. The approach incorporates information in three areas:

- **Value:** The wellbeing impacts and benefits of proposed initiatives, supported by relevant evidence and options analysis. This includes information on wellbeing outcomes using the Treasury's Living Standards Framework and He Ara Waiora, and on distributional impacts on Māori, Pacific peoples, children, the environment and women and girls.
- **Alignment:** How well the proposed initiative aligns with the Government's wellbeing objectives, strategies and goals.
- **Delivery:** Information on costings, risks, market constraints and dependencies to provide confidence and assurance of effective and efficient delivery of proposed initiatives.

Putting multi-year funding into practice

At Budget 2022, we began transforming our health system, introducing a new multi-year funding approach to better address long-term challenges and support the successful establishment of the new health entities. This began with a two-year package of investments over 2023 and 2024. For more information on what we have achieved since Budget 2022, refer to the Investments chapter at page 14.

At Budget 2022, we also established a pilot where two clusters of agencies in the justice and natural resources sectors developed joint spending proposals covering Budgets 2022 to 2024 (providing greater funding certainty in the medium-term). This was intended to support inter-agency collaboration and medium-term planning, and help Ministers to collectively direct spending and make trade-offs across related areas. These clusters have been working to establish ongoing regular reporting and monitoring frameworks.

Funding certainty has allowed both clusters to better consider longer-term spending priorities to determine their key areas of focus. For example, the shared goal of the Justice Cluster is to improve the performance of the justice system, including the experiences of those who interact with it. Using police resources, the cluster has expanded the Fast Track intervention programme, which aims to reduce youth re-offending through providing immediate and intensive community-led support for apprehended children and their families. Together with a funding increase to police staffing levels to match population growth, this programme will support the safety and wellbeing of our communities.

⁶ <https://www.treasury.govt.nz/information-and-services/nz-economy/higher-living-standards/he-ara-waiora>

Gender Budgeting

For the first time, Budget 2023 includes a gender budgeting 'snapshot'. Gender budgeting is a powerful tool for understanding how and to what extent people will be affected differently by initiatives depending on their gender. Applying a gender lens ensures that budgets can support a gender-equitable, inclusive future and do not embed inequalities further. Fifteen agencies (triple the number of agencies from last year's pilot) participated in the Gender Budgeting Exercise for Budget 2023 and covered 27 initiatives. Manatū Wāhine Ministry for Women supported agencies to identify the anticipated impacts on women and girls, particularly for Māori, through a Gender Budgeting Toolkit. The initiatives included in the exercise are likely to achieve targeted outcomes for whānau, pregnant women, sole parents and sole mothers, wāhine Māori, Pacific women, disabled women, working women and ākonga students. Building on the success of a prior prototype, the **Ngā Tini Whetū** initiative will provide targeted support for 650 wāhine hapū and their whānau and tamariki. It will deliver this by extending its focus to include the wellbeing of hapū māmā, whānau and pēpi in their first 1,000 days, supporting a healthy start to life.

Nearly half of all ākonga (48 percent) in schools receiving or eligible for the **Ka Ora, Ka Ako Healthy School Lunches programme** are girls. While girls directly benefit from the same overall positive impacts, nutritional lunches also improve the regularity and health of menstrual cycles, which is directly linked to nutrition. This mana-enhancing initiative reduces stress and grocery bills for whānau. The programme also supports teen parent units, providing healthy lunches to wāhine hapū, which supports their immediate health, mitigates the health risks of food insecurity, and is the earliest possible intervention for their babies.

Women have different experiences in the world of work than men, and this can put women at an economic disadvantage. Compared to men, women experience higher rates of unemployment and underemployment, often work in less secure, more precarious employment, and undertake greater caring and family responsibilities. Pacific women are a priority focus under the **Pacific Employment Action Plan**. Funded projects including Tupu Tai, a public sector internship programme for Pacific students which attracts a high proportion of women (60 percent to 70 percent), and the Pacific cadetship scheme, which has at least 50 percent of placements reserved for women will help address systemic workforce issues affecting Pacific women and girls.

Funding to permanently reinstate the Training Incentive Allowance will support sole parents and disabled people and their carers to enter higher education and training. Since 2021, the initiative has supported approximately 5,000 clients, of whom 90 percent have been women. The flow-on impacts for tamariki and the intergenerational benefits of parents holding educational qualifications will be particularly beneficial for sole parents, who make up 75 percent of clients and who are disproportionately women. The long-term impacts of improving women's education, which supports entry to higher-pay employment, can reduce gender and ethnic pay gaps. The **wage supplement to replace the minimum wage exemption** is expected to directly improve the incomes and wellbeing of disabled women, including wāhine Māori, alleviating financial stress and aiding independence.

Gender analysis of the **Industry Transformation Plans (ITP)** has highlighted an opportunity to address the underrepresentation of women in male-dominated sectors such as manufacturing, agriculture and technology. The **ITP Digital Technology package** aims to increase women's participation in the technology sector from 27 percent to 50 percent by 2030, through initiatives such as 'Learn while you earn' opportunities and supporting employers to foster attractive, supportive working environments to attract and retain a diverse workforce.

Transport agencies participated in the pilot for the first time, recognising the gender dimension of transport. As women are more likely to have lower income levels than men, work part time or casually, and have greater caring responsibilities, they are more likely to rely on public transport and use it in off-peak hours. Women, particularly Māori and Pacific women, are also less likely than men to have driver licences, affecting their independence and access to employment and training. Budget 2023 includes funding to support the delivery, connectivity, and sustainability of public transport across New Zealand and enhance women's employment opportunities. For example, the **Future of Rail** initiative aims to increase the number of women working in KiwiRail's workforce from 18 percent to 21 percent by 2025. Additional funding to **maintain public transport services** will ensure everyone in New Zealand has access to safe and reliable public transport, particularly the women and girls who are more reliant on these services or who make multiple trips per day.

Budget 2023 funds several initiatives aimed at supporting victims and survivors of family and sexual violence and eliminating violence, both online and offline. The gendered impacts of **abuse in care** for women, girls and Māori cause particular and distinct harms, including medical, emotional and physical harms. **Improvements in accessing care records** to make fit-for-purpose services will benefit survivors, of whom 40 percent have been identified as women by the Royal Commission of Inquiry into Abuse in State Care, and support the wider Crown response and redress. One in three women experiences intimate partner violence, and wāhine Māori are more likely to be subjected to violence than any other ethnicity or gender. Nearly three-quarters of women (73 percent) affected by family violence do not interact with formal services or go through formal channels. Investments in **the Violence Help Portal** (part of Te Aorerekura) will provide women experiencing violence with increased and faster access to information, advice, referrals and crisis support. **Violent misogyny is a risk factor for radicalisation, and a common feature of violent extremism and terrorism.** Initiatives funded under the **Christchurch Call** can reduce online and offline violence and violent rhetoric against women and girls, supporting women and girls to stay safe online.

Climate Change



Te Hurihanga Āhuarangi | Climate Change

Acting on climate change for a more resilient economy

Acting on climate change is key to supporting the wellbeing, prosperity, and resilience of Aotearoa New Zealand and our people. Budget 2023 continues to position New Zealand to seize the advantages of a low-emissions and climate-resilient economy and helps to support families and households experiencing cost of living pressures.

However, acting on climate change also presents opportunities for New Zealand to improve living standards for our people and make our economy more resilient. Climate action can help us to reduce our reliance on volatile global energy markets, develop new, low-carbon industries, improve the health of our natural environment, and enable a fair and just low-carbon transition.

While we have made progress decarbonising some areas of our economy, there remains significant opportunity to decarbonise others, including areas that are most exposed to future volatility in global energy prices. Measures such as additional domestic renewable energy, improving the energy efficiency of homes and decarbonising private transport and freight are all measures that can help reduce household energy bills, while we make progress toward a low-emissions economy.

Climate change is already affecting our economic security and wellbeing. It is making extreme weather more frequent, costly, and damaging; and it is placing high burdens on governments, communities, and iwi to prepare for and rebuild after disaster.

The historic flooding in the upper North Island and devastating impacts from Cyclone Gabrielle demonstrate the high economic and personal costs that climate change is placing on New Zealanders. It reminds us of the high stakes we are dealing with in our work to mitigate future climate change and reinforces the importance of strengthening our resilience to expected hazards.

Budget 2023 will help us to better address the risks and realise the opportunities presented by climate change, by supporting households to reduce emissions, accelerating our transition to a low-emissions and climate-resilient economy and building our resilience to climate change and its impacts.

Domestic and international commitments

New Zealand's response to climate change balances both our international and domestic commitments to reduce greenhouse gas emissions and avoid the worst impacts of climate change.

Through our Nationally Determined Contribution (NDC) under the Paris Agreement, we have committed to reducing our net emissions to 50 percent below gross 2005 levels by 2030. This reflects our contribution to the global effort to mitigate climate change and limit global warming to within 1.5°C above pre-industrial levels.

Through the *Climate Change Response Act 2002*, we have also legislated a number of longer-term domestic emissions reduction targets. These include:

- reducing net emissions of all greenhouse gases, other than biogenic methane, to zero by 2050
- reducing biogenic methane emissions by 24-47 percent relative to 2017 levels by 2050 (with an interim reduction target of 10 percent by 2030)
- meeting our first three emissions budgets (across the period 2022 to 2035) that will act as “stepping stones” towards the 2050 targets.

Our first *Emissions Reduction Plan* (released May 2022) lays out the Government’s strategy to achieve these targets and, in particular, to meet our first emissions budget (2022 to 2025). It also lays the foundations for plans and policies to meet our second (2026 to 2030) and third (2031 to 2035) emissions budgets. Importantly, the *Emissions Reduction Plan* shows the range of actions being taken across New Zealand, by those in government, business, and communities to achieve our collective goal of mitigating climate change.

The first emissions budget caps net emissions at 290 megatonnes (Mt) of carbon dioxide equivalent (CO₂e) in the period 2022 to 2025 and the second caps emissions at 305Mt CO₂e in the period 2026 to 2030. Budget 2022 made an important contribution to achieving these domestic climate targets as well as our international climate commitments, with investments frontloaded to support the implementation of the first *Emissions Reduction Plan*. The quantified abatement impact of initiatives funded last year has been estimated to drive between 49.46Mt CO₂e and 159.6Mt CO₂e across the first three emissions budgets.

Budget 2023 builds on this progress, while also positioning New Zealand to better manage and adapt to the risks posed by climate change. Quantified abatement of initiatives funded through the Climate Emergency Response Fund (CERF) in Budget 2023 has been estimated to drive emissions reduction by 4.3Mt CO₂e in the first two emissions budgets. Importantly, some investments within the Budget 2023 CERF package will play a critical role in removing barriers to abatement, so actual emissions reductions may be greater. For example, this figure does not include emissions reductions from initiatives such as for expanding electric vehicle (EV) charging infrastructure or additional funding for the Clean Car Discount scheme, since these have indirect impacts that are difficult to quantify with certainty.

The comparatively low abatement impacts in this year’s climate change package relative to last year’s reflect the Government’s decision to make a large initial investment in Budget 2022 in activities that will help us meet our domestic and international emissions targets. Additionally, the criteria for funding through the CERF were expanded this year to include spending on adaptation activities, which will help to reduce the vulnerability and exposure of New Zealanders to the impacts of climate change. This makes comparisons between the climate impacts of the 2022 and 2023 packages challenging, as the benefits of adaptation cannot be appropriately measured by emissions reductions.

Ngā Kōrero Āhuarangi me te Ōhanga – Climate Economic and Fiscal Assessment 2023

In April 2023, the Treasury and the Ministry for the Environment released a joint report on the potential economic and fiscal impacts of climate change on New Zealand. Based on available evidence, the report, *Ngā Kōrero Āhuarangi me te Ōhanga – Climate Economic and Fiscal Assessment 2023*, finds that the economic impacts of climate change are expected to be large, wide-ranging and unevenly felt. In particular, the physical impacts of climate change, such as from more frequent and severe storms, floods, and droughts, are expected to have greater impacts on key economic sectors, such as energy, transport, agriculture, and forestry. The choices and actions that government, businesses and households take now and in the future to mitigate and build resilience to climate change will help determine the size of these impacts for New Zealand.

The report also expects large future fiscal costs from climate change and from our actions to respond to it. Its new analysis finds that meeting our first NDC represents a large fiscal cost, which depends on both domestic and international factors. Domestically, the degree to which we underachieve or overachieve on our emissions budgets will determine the size of the overseas emissions reductions that we will need to invest in to reach our international target. Internationally, market prices will determine the cost to New Zealand of making this investment.

By supporting resilience-building activities and additional domestic emissions reductions to achieve our emissions budgets, investments made in Budget 2023 will help to lower the future economic and fiscal costs of climate change. Maintaining New Zealand's strong economic and fiscal resilience will be a key factor in meeting the challenges of climate change successfully.

Some impacts of climate change are inevitable due to historic and ongoing emissions and the long-lived nature of many greenhouse gases in the atmosphere. That is why adapting to climate change, by adjusting our systems in response to its expected impacts, is critical alongside our emissions reduction programmes.

Our first *National Adaptation Plan* (released in August 2022) outlines how the Government plans to manage the risks caused by the changing climate, as a first step towards meeting the longer-term goal of building a more climate-resilient New Zealand. While much of our immediate focus as a Government is still on rebuilding from the North Island weather events, the occurrence of the events is a reminder that we need to enhance our resilience to, and be prepared for, climate hazards before they happen. Budget 2023 invests \$167.4 million in building our resilience to future climate events.

Spending from the Climate Emergency Response Fund

In the Budget Policy Statement for Budget 2022, the Government established the CERF as a permanent feature of the annual Budget process. The CERF supports New Zealand's climate change objectives by providing dedicated funding to initiatives that support the transition to a low-emissions and climate-resilient economy.

The CERF is an enduring, multi-year fund that has to date been sized proportionally to the cash proceeds from the New Zealand Emissions Trading Scheme (NZ ETS) over a four-year rolling forecast. The CERF's balance has been updated regularly at Economic and Fiscal Updates to reflect changes to the forecasts of NZ ETS cash proceeds. In the *Half Year Update 2022*, the balance of the CERF was \$3.6 billion.

For Budget 2023, we have refreshed the criteria for CERF funding to include activities that help us adapt to climate change, in addition to those that help us to mitigate it. An initiative is eligible for funding from the CERF if it:

- is included in an *Emissions Reduction Plan*, or directly supports emissions reductions (domestically or internationally)
- is included in a *National Adaptation Plan*, or directly reduces vulnerability or exposure to the impacts of climate change
- supports a Te Ao Māori approach to the climate response
- addresses the distributional impacts of climate change or the climate policy response, or
- supports the development of any initiatives meeting these criteria in the future.

To date, the CERF has allocated \$5.7 billion in climate-related spending. This includes \$865 million of commitments prior to Budget 2022, a \$2.9 billion package at Budget 2022 to implement the Government's first *Emissions Reduction Plan*, and a \$1.9 billion package in Budget 2023 to remove barriers to emissions reduction and enhance our resilience to climate change.

The size and make-up of the Budget 2023 CERF package reflects the scale and breadth of the challenge ahead of us, whilst prioritising resources according to where they can have the greatest impact. Investments made this year directly support households to reduce emissions, help accelerate our transition to a low-emissions and climate-resilient economy and build our resilience to climate change and its impacts.

Since its establishment, the CERF has been sized proportionally to the Treasury's forecast cash proceeds from the NZ ETS. These are updated in each *Economic and Fiscal Update*. The forecasts in the *Budget Update 2023* show that since the *Half Year Update 2022*, cash proceeds from the NZ ETS have fallen by \$2.7 billion in the forecast period, largely due to reductions in the secondary market price of New Zealand Units.

Budget 2023 makes investments that will strengthen the integrity of the NZ ETS and increase confidence in the market for New Zealand Units. However, in the interim, instead of reducing the size of the CERF proportionally to reflect lower NZ ETS cash proceeds, Cabinet has decided to return \$605.8 million of savings from reprioritised Budget 2022 CERF initiatives to the CERF, and top up the Fund with an additional \$1.9 billion. This leaves \$1.5 billion remaining in the CERF for us to continue supporting high-priority climate initiatives. This decision reflects our enduring commitment to facing the climate challenge and the fact that we cannot delay taking climate action. We will review the size of the CERF again at the next *Half Year Update*.

Prioritising high-value climate initiatives

In addition to the new investments in Budget 2023, **\$605.8 million** allocated at Budget 2022 is being returned to the CERF to focus on high-priority climate initiatives that deliver good value for money.

When we established the CERF, Cabinet agreed that the Treasury should work with the recipients of funding to track climate-related spending through the fund along with its impacts. By monitoring and reporting on the progress and impact of spending on climate initiatives, we are able to identify the impact of our investments and use that information to inform funding decisions.

Given the role of Waka Kotahi in the recovery from the North Island weather events and the significant work already underway to improve transportation equity and reduce emissions, the Government has decided to return funding from the **Clean Car Upgrade Scheme – Vehicle Scrappage** and **Clean Car Upgrade Scheme – Social Leasing Trial** to the CERF to allow resources to be directed to the most urgent and highest-priority initiatives. The climate change package in Budget 2023 builds on the significant investments made in low-emissions transportation in Budget 2022, including by funding high-value initiatives such as **supporting the public transport workforce** and **improving the affordability of public transportation**.

In Budget 2023 the CERF also provides additional funding for the **Clean Car Discount scheme**. Monitoring of the scheme has showed it outperforming initial expectations and incentivising record low-emissions vehicle uptake, while reducing New Zealand's reliance on imported fossil fuels and lowering transport emissions. Updated forecasts project that the programme, alongside the Clean Car Standard, will collectively reduce emissions by an additional 50 percent out to 2035 over and above what was forecast when it started.

Some other initiatives from Budget 2022 have also recorded lower-than-expected costs, including the **Community Connect programme**, allowing this funding to also be returned to support the Budget 2023 CERF package.

Supporting households to reduce emissions

In the past several years, our economy's strength and resilience has been repeatedly tested by unprecedented and unimagined global shocks. While our economy and people have had the strength and flexibility to absorb these shocks, some effects have flowed through to families and households, putting pressure on living standards and the cost of living.

Households have large potential to help drive climate action, though these choices need to be enabled at a system level by Government decisions. Managing immediate pressures can, however, sometimes come at the expense of addressing longer-term priorities. That is why significant investments in Budget 2023 will go towards addressing the dual challenges of climate change and the cost of living.

Budget 2023 provides **\$402.6 million to expand the duration and scope of the Warmer Kiwi Homes programme**, so it can continue to reach roughly 26,500 homes a year through to 2026/27. Since its establishment in 2018, the Warmer Kiwi Homes programme has delivered more than 100,000 home insulation and heating retrofits to low-income households, helping to mitigate energy hardship, reduce emissions, and improve the health and wellbeing of families and whānau across New Zealand. This new spending will also expand the scope of the current Warmer Kiwi Homes programme, so that new low-cost energy-saving interventions can also be delivered to eligible homes. These include measures such as LED lighting improvements, water heating retrofits, and basic home repairs.

Extending the Warmer Kiwi Homes programme

The Warmer Kiwi Homes programme offers Government grants to eligible lower-income homeowners to cover 80 percent of home insulation costs and up to 80 percent of the cost of an efficient heater. Further top ups from community organisations in some centres have made the cost of insulation and heating even lower or no-cost.

New investments made in Budget 2023 will provide funding to the Energy Efficiency and Conservation Authority (EECA) to extend the programme's existing insulation and heating components until 2026/27 and expand its coverage to include outreach to hard-to-reach households, the provision of new low-cost energy-saving devices, and basic home repairs. These new investments will allow this highly successful programme to continue to deliver health, social, environmental, and economic benefits to households and families into the future.

Households will also be supported with **\$327.4 million in funding to reduce the cost of public transportation**. This investment will **extend the Community Connect programme** to offer free public transportation to children under 13, and half-price transportation to Total Mobility passengers and passengers aged 13 to 24.

This funding also coincides with a **\$49.3 million investment in our public transport workforce**, to ensure we have the people in place to sustainably deliver high-quality services that will encourage people to move out of cars and into public transport.

Accelerating our transition to a low-emissions and climate-resilient economy

Budget 2023 helps to accelerate our transition to a low-emissions and climate-resilient economy, by expanding our low-emissions infrastructure and improving our energy security.

Since its establishment in 2019, New Zealand Green Investment Finance Limited (NZGIF) has been an important player in the work to finance and incentivise climate innovation and emissions reductions. Budget 2023 provides **\$300 million to recapitalise NZGIF** and ensure it can fund a pipeline of low-emissions projects into the future.

New Zealand Green Investment Finance Limited

In the first *Emissions Reduction Plan*, the Government committed to building on the success of NZGIF. Recapitalising NZGIF in Budget 2023 will allow it to continue to accelerate investment into our low carbon future. Recent examples of this investment are included below.

Partnership with Kinetic: In March 2023, NZGIF signed a \$50 million financing deal with Kinetic, Australasia's largest bus transport operator, to help decarbonise public transport in New Zealand with electric buses and associated infrastructure. This agreement is expected to deliver more than 150 zero-emissions buses to New Zealand, which could lead to an abatement of more than 100 kilotonnes (Kt) CO₂e.

Investing in renewable energy on-farm: In December 2022, NZGIF invested \$10 million in Solagri Energy to support the roll out of solar energy to farms throughout New Zealand. The agreement is expected to finance around 120 solar arrays over three years, with an expected emissions impact of 36.1Kt CO₂e over the life of the arrays.

Providing support for solar: In early 2022, NZGIF issued a \$10 million Letter of Credit to solarZero to support the continued purchase of batteries and other solar hardware from Panasonic New Zealand. The Letter of Credit supports solarZero's deployment of solar installations and the growth of its distributed storage network.

Decarbonising private transportation helps to reduce both our domestic emissions and our reliance on global fossil fuel markets. However, households looking to switch to EVs want to be certain they will have access to charging facilities when they need them. Budget 2023 helps to provide greater certainty to New Zealanders adopting EVs by investing **\$120 million to expand EV charging infrastructure**. This will expand the growing national network of EV charging hubs across New Zealand, by adding 25 hubs each containing up to 20 chargers. We kicked off with two pilot charging hubs at high-traffic, high-visibility locations on key travel routes in the North and South Island, and we will begin rolling out the additional hubs in areas like Kaikōura, Tūrangi, and Tirau.

As New Zealand transitions to a low-emissions and climate-resilient economy, some regions and sectors will be more impacted than others. For example, areas with economies that are highly reliant on high-emissions industry will face technological and cost barriers to decarbonising. Budget 2023 provides **\$32.5 million to accelerate the adoption of green hydrogen as a means to decarbonise energy in hard-to-abate sectors**.

Emissions pricing is widely regarded as one of the most efficient mechanisms through which to incentivise the adoption of lower-emission behaviours and processes. The Government is committed to working with the agriculture sector to measure, manage, and reduce agricultural emissions and adapt to climate change. Budget 2023 also invests **to set-up and operate an agricultural emissions pricing scheme**.

Budget 2023 will also invest **\$38 million to design and implement a new regulatory regime for the NZ ETS and a centralised exchange for New Zealand Unit trading** to improve the integrity, efficiency and trust in the NZ ETS as the system matures.

Building our resilience to climate change and its impacts

While rebuilding after recent extreme weather events is still front of mind for many New Zealanders, looking ahead to enhance our capacity to anticipate, withstand and respond to future climate impacts is also critical.

Not all communities in New Zealand have reliable access to affordable energy. Remote areas and offshore islands in particular can face barriers connecting to the electricity grid and higher risk of energy outages from natural hazards such as earthquakes, storms, and floods. Residents in many of these areas also pay higher-than-average energy prices and are most exposed to severe weather events that can cause power outages, which will become more intense and more frequent with climate change.

Distributed renewable energy generation close to the point of consumption can significantly reduce energy costs for these areas, while building community resilience to climate change and its impacts. Budget 2023 provides **\$50 million for distributed renewable energy projects that will enhance the energy resilience of low-income and energy-insecure communities**. This funding will help to address the distributional impacts of climate change, in addition to building resilience to its impacts and helping to reduce emissions. On top of this, Budget 2023 supports a **\$10.7 million investment to reduce diesel generation and establish a renewable energy system on the Chatham Islands**, helping to further mitigate emissions and high electricity costs faced by residents.

Supporting areas at risk of climate hazards is also important to building resilience to climate change and its impacts. Repeated severe floods in the Westport area have demonstrated its high vulnerability and exposure to the effects of climate change and the significant challenges it faces in adapting. Evidence also suggests that the community is at high risk of future floods, with climate change expected to increase their frequency and severity. That is why Budget 2023 will provide **\$22.9 million to increase Westport's resilience to future flooding**. This funding will help to build structural flood protection for the Westport urban area, strengthen planning to manage future flood risk and support activities to build the resilience of exposed properties and neighbourhoods. In this way the Government can support locally led climate solutions, the lessons from which can be drawn on to support other areas facing similar challenges.

Budget 2023 further provides **\$24.7 million to improve our data on both the impacts of climate change and adaptation and mitigation responses taken in New Zealand**. It also provides **\$19.9 million to support resilience to climate change for iwi, hapū and the wider hapori whānui by expanding both data quality and access**. This funding will ensure that these groups have the information they need to make decisions about climate change, adaptation, resource management and resilience of communities.

Budget 2023 also invests **\$39.2 million in improving the mapping of New Zealand's coastline and identifying coastal areas at significant risk of climate-related hazards and natural disasters**. New Zealand's people, infrastructure, and numerous environmental assets located near and on the coast are forecast to become increasingly exposed to hazards generated by climate change-induced sea-level rise and more frequent storms and surge events. This initiative will help communities, businesses and local and central government to better understand the risks, plan for and adapt to future climate hazards.

Financing the transition to a low-emissions and climate-resilient economy through Sovereign Green Bonds

The annual funding provided through the CERF is only one mechanism through which the Government is supporting the transition to a low-emissions and climate-resilient economy. Green Bonds are another instrument that the Government uses to provide finance for specific public sector initiatives with climate and environmental benefits, such as energy efficiency, clean transport, natural resource and land use, and climate change adaptation.

The Government launched its Sovereign Green Bond Programme in November 2022 with an inaugural \$3 billion issuance that will mature in 2034. New Zealand Debt Management has since issued an additional \$600 million, bringing the total up to \$3.6 billion as of the end of April 2023. Green Bonds are issued as part of the overall Crown borrowing programme to help finance New Zealand's climate transition. At least 50 percent of the total Green Bond proceeds will be allocated to current and future expenditures, with the remainder allocated to expenditures from the previous financial year.

The Sovereign Green Bond Programme is another step forward in aligning government assets and expenditures with a low-carbon and climate-resilient future. Projects financed by Green Bonds are subject to additional scrutiny and, over time and as the programme matures, reporting requirements will help to ensure that high-value projects are delivered along with increased transparency around climate outcomes. Budget 2023 expenditures on climate change initiatives are being reviewed for Green Bond Programme eligibility.

Child Poverty



Te Pōharatanga Tamariki

Child Poverty Report 2023

This is the fifth report on child poverty released with the Budget. It shows the progress we have made in reducing child poverty against the child poverty reduction targets set in 2018.

Budget child poverty reporting requirements

The Child Poverty Reduction Act 2018 amended the Public Finance Act 1989, introducing section 15EA, which requires the supporting information for the main Appropriation Bill (the Budget) to include a report on child poverty. The report must:

- a) discuss any progress made, in the most recent completed financial year, in reducing child poverty consistent with the targets under the Child Poverty Reduction Act 2018
- b) indicate whether and, if so, to what extent, measures in or related to that Bill will affect child poverty.

The most recently completed financial year is 2021/22, which is the fourth year of reporting on the targets under the Child Poverty Reduction Act 2018. This report addresses paragraph (a) by providing a high-level view of recent trends up to and including 2021/22, before discussing the expected impact of Budget 2023 to address paragraph (b).

It comes at a time when we are facing considerable challenges after Cyclone Gabrielle and other recent extreme weather events, inflation pressures, and a volatile and uncertain global environment.

In these challenging economic times, the Government remains committed to reducing child poverty and improving child wellbeing, and making Aotearoa New Zealand the best place in the world to be a child or young person.

Child poverty is measured against nine child poverty measures set out in the Child Poverty Reduction Act 2018. The latest figures released by Stats NZ for 2021/22 show that eight out of nine child poverty measures have seen statistically significant reductions since the baseline year of 2018. This is testament to the comprehensive package of investments we have put in place over several years to support families and whānau.

These investments include the benefits of the enduring changes we have implemented to reduce child poverty and increase incomes, such as our \$5.5 billion Families Package⁷, successive main benefit increases, indexing main benefit payments so they increase at the same rate as the average wage annually, increases to the minimum wage, increases to the Working for Families Family Tax Credit, and implementing and expanding the Ka Ora, Ka Ako Healthy School Lunches Programme across the country.

In addition, the extensive package of income and other supports put in place since the start of the COVID-19 pandemic, as well as a very effective public health response, have helped avoid the big increases in child poverty rates that might have been expected. The package has included temporary supports such as the COVID-19 Wage Subsidy Scheme, the ongoing COVID-19 Income Relief Payment, the 12-month residential rental freeze and temporarily doubling the Winter Energy Payment.

Looking ahead, a key Government priority is supporting New Zealanders with the cost of living, particularly low-income households and those affected by Cyclone Gabrielle and recent flooding. The package of support announced to take effect from 1 April this year is now helping approximately 1.4 million people with the cost of living. The package includes an additional lift in main benefits in line with inflation, making more families eligible for Childcare Assistance, and earlier measures that include the extension of half-price fares on public transport, and fuel tax cuts to the end of June this year. For Community Services Card holders, public transport is permanently half price.

Legislation sets out how child poverty is measured

The Child Poverty Reduction Act 2018 specifies three primary measures⁸ of child poverty (and six supplementary measures): the after-housing-costs fixed-line measure (AHC50), which focuses on household incomes after the cost of housing, eg, after rent has been paid; the before-housing-cost moving-line measure (BHC50), which measures incomes before paying for housing costs; and material hardship, which aims to measure the living standards of a household through access to the basics. Given the complexity of the issue, it is important that these measures are considered together, as no single measure tells us the complete story of child poverty on its own. More information about these measures is outlined in the following table.

⁷ The Families Package was introduced in 2018 as part of the Government's focus on reducing child poverty and ensuring children get the best start in life. The package included changes to several income support payments and introduced two new payments, Best Start and the Winter Energy Payment.

⁸ Persistent poverty is the fourth primary measure, targets for which are required for and after the financial year commencing on 1 July 2025.

	After-housing-costs, fixed-line measure (AHC50)	Before-housing-costs, moving-line measure (BHC50)	Material hardship
What does this measure?	The number of children in households with incomes much lower than a typical 2018 household, after they pay for housing costs and adjusting for the cost of living.	The number of children in households with much lower incomes than a typical household in the measurement year.	A direct measure of living standards and households going without the basics. It picks up the impact of the level of income and other resources, the costs of housing and other essentials, and other social and personal factors.
How do we measure it?	The threshold line is 50 percent of the median household income in 2017/18 adjusted for cost of living increases, and after housing costs are removed.	The threshold line is 50 percent of the median household income in the year measured.	The threshold line is a lack of six or more of the 17 items in the material deprivation index, which includes things like having two pairs of shoes in good condition and not putting off visits to the doctor.
What does this tell us?	How many children are in households that have very low incomes relative to previous years, after considering housing costs and increases to the cost of living.	How many children are in households that have much lower incomes than typical households. An increase in median incomes leads to an increase in the threshold, which can make it harder to lift households out of poverty.	How many children are in households that do not have access to the essential items for living.

Child poverty has reduced across almost all measures

Child poverty has decreased for eight of the nine child poverty measures since the baseline year of 2018

The latest figures released by Stats NZ for 2021/22 show that eight out of nine child poverty measures have seen a statistically significant reduction since the baseline year of 2018. This compares with the rates reported last year, for 2020/21, which indicated that five out of nine measures were statistically significantly lower than the baseline year.

Child poverty rates in the past two years are now lower than they have been over the past 10 to 15 years on the respective measures we have comparable data for; and rates have almost halved on two of them. The percentage of children living in poverty on the AHC50 measure (which measures child poverty after housing costs) decreased from 30.5 percent in 2008/09 to 15.4 percent in 2021/22. The percentage of children living in material hardship has decreased from 18.1 percent in 2012/13 to 10.3 percent in 2021/22.

We have made significant progress against child poverty targets

The Government has set ambitious 10-year targets that aim to more than halve child poverty rates by 2027/28 compared to the baseline year of 2017/18. To monitor and support progress in achieving the 10-year targets, the Government has also set three-year intermediate targets. In the first three-year target period, the Government achieved two of the three targets (AHC50 and Material Hardship) and made significant progress on the third target, BHC50. The latest data is for the first year of the second intermediate target period, which covers 2021/22 to 2023/24, which is why compliance with the targets is not being assessed this year.

Progress against targets

	After-housing-costs, fixed-line measure	Before-housing-costs, moving-line measure	Material hardship
	<i>How many households have very low incomes relative to previous years, after considering housing costs and increases in the cost of living?</i>	<i>How many households have much lower incomes than typical households?</i>	<i>How many households do not have access to the essential items for living?</i>
	↓ 77,000 fewer children in AHC50 poverty since 2017/18	↓ 45,600 fewer children in BHC50 poverty since 2017/18	↓ 28,700 fewer children in material hardship since 2017/18
The share of children living in poverty in 2017/18 was...	22.8%	16.5%	13.3%
By 2021/22, this reduced to... ⁹	15.4% ↓ 7.4 percentage points since 2017/18	12% ↓ 4.5 percentage points since 2017/18	10.3% ↓ 3 percentage points since 2017/18

⁹ Notes on data: Stats NZ made substantial downward revisions to the previously reported rates for 2020/21 (ie, decreased child poverty rates) to take into account more up-to-date data. Under the Act, compliance must be based on the rates published in the target year but, regardless, this would not have affected the Government Statistician's original assessment of compliance with the targets. The sample size for the 2021/22 Household Economic Survey used to measure child poverty rates was much smaller than normal (8,900 households compared to the targeted 20,000 households as designed) because the COVID-19 pandemic disrupted data collection. Stats NZ has advised that the statistics are appropriate for use in reporting rates of child poverty under the Act. However, national rates, and particularly rates for sub-populations, are subject to higher levels of uncertainty than in previous years.

There are different child poverty trends across specific population groups

Stats NZ has been able to produce reliable annual estimates of child poverty rates by ethnicity since 2018/19 onwards, and for children impacted by disability¹⁰ since 2019/20 onwards.

2021/22 rates	After-housing-costs, fixed-line measure	Before-housing-costs, moving-line measure	Material hardship
All children	15.4%	12%	10.3%
Māori children	16.8% ↓ 5.6 percentage points* over the past 3 years	14.5% ↓ 3.4 percentage points	18.8% ↓ 3.8 percentage points
Pacific children	19.4% ↓ 2.1 percentage points over the past 3 years	19.5% ↓ 0.9 percentage points	25.6% ↓ 2.6 percentage points
Children impacted by disability	15.7% ↓ 4.8 percentage points* over the past 2 years	17.9% ↑ 1.4 percentage points	21.1% ↑ 0.3 percentage points

* Indicates there was a statistically significant change.

The 2021/22 data shows statistically significant decreases in the AHC50 poverty measure for tamariki Māori and children impacted by disability:

- There are 15,700 fewer tamariki Māori living in poverty on the AHC50 measure than in 2018/19 (the first year for which reliable annual statistics are available for tamariki Māori).
- There are 20,700 fewer children impacted by disability living in poverty on the AHC50 measure compared to 2019/20 (the first year for which reliable annual statistics were available for this group of children).

However, as in previous years, disparities continue to be evident in material hardship rates for Māori and Pacific children and children impacted by disability, and on the BHC50 measure for Pacific children and children impacted by disability, compared to New Zealand children overall.

¹⁰ Children impacted by disability are disabled children and children in households where at least one person is disabled.

We are continuing to work towards reducing child poverty

The reduction in child poverty to date has been a significant achievement by the Government. We remain committed to meeting our intermediate and 10-year child poverty targets, while recognising that this is a particularly challenging time, with a global economy that is volatile and still recovering from the impacts of COVID-19, high global inflation and the economic impacts of recent extreme weather events. We know that continuing to make progress towards the targets will be challenging in this environment.

However, our strong economic and financial management has ensured that the Government books are in solid shape. We are therefore well positioned to keep a strong focus on children and low-income families and whānau, and to provide assistance that will help take the pressure off households' budgets and support New Zealanders with cost of living pressures.

We have set the following second intermediate targets and ten-year targets:

	After-housing-costs, fixed-line measure <i>How many households have very low incomes relative to previous years, after considering housing costs and increases in the cost of living?</i>	Before-housing-costs, moving-line measure <i>How many households have much lower incomes than other households?</i>	Material hardship <i>How many households do not have access to the essential items for living?</i>
Second three-year target for 2023/24	15%	10%	9%
The ten-year target by 2027/28	10%	5%	6%

Investments through Budget 2023 will support families and whānau living in poverty with the cost of living

For this year's Budget, we have focused on making significant investments that will support families and whānau with children living in poverty by reducing household costs in a range of areas and helping with the cost of living.

We know that low and middle-income families spend a large proportion of their incomes on fixed costs, such as food and transport. Childcare can also be a significant cost to families, and can affect workforce participation for parents. In Budget 2023 we are supporting families and whānau with the cost of living by investing over \$2.5 billion to reduce household costs. We are:

- extending 20 hours Early Childhood Education (ECE) to two-year-olds, supporting families and whānau with the cost of childcare. Based on average costs in 2023, families who were not previously receiving childcare subsidies would **save an estimated \$133.20 a week** in childcare costs if a 2 year-old child attended ECE for at least 20 hours a week.
- improving accessibility and take up of Ministry of Social Development (MSD) Childcare Assistance by making it easier to apply for childcare subsidies. This is in addition to increasing income thresholds for MSD Childcare Assistance as announced in November 2022 as a pre-commitment against Budget 2023. This makes over 10,000 additional children eligible for MSD childcare support. This has benefitted eligible two-parent families by an **additional \$252 per week**, and sole parent families by an **additional \$92 per week**¹¹.
- continuing to provide approximately 220,000 children experiencing the greatest socio-economic barriers to education with daily healthy lunches, which can save families up to \$30 a week per child. This has been estimated to save a family with two students, on average, **approximately \$60 per week**.
- providing additional support to those on main benefits by lifting main benefits by 7.22 percent (in line with inflation) through the Annual General Adjustment, meaning a family on a benefit with children will receive **an extra \$40.86 a week** and a sole parent will receive **an extra \$31.83 a week**.
- **removing \$5 prescription co-payments** for all New Zealanders to ease the impacts of the cost of medication. Last year more than 29 million items were dispensed that attracted a co-payment. An estimated 135,000 adults did not collect their prescriptions because of cost in 2021/22. This is particularly the case for low-income families and whānau.
- extending Community Connect by providing half price public transport to everyone aged 13 to 24 and Total Mobility Passengers, and free public transport for children aged 5 to 12, making approximately 770,000 additional people eligible for half price or free fares. This is in addition to half price public transport being made permanent to around one million Community Service Card holders, including eligible tertiary students, from 1 July 2023. Ministry of Transport data suggests that students make 9.5 trips per week on public transport. Free fares for children under 13 **could save an average household of two children who are day-to-day users of public transport over \$30 per week**, based on typical fares in urban centres.
- providing **further funding for Whānau Ora Commissioning Agencies** to expand their services, improve quality, and meet demand increases. Our investment will expand service delivery to rural communities, service options for whānau, and opportunities to further address emergency needs including temporary housing, kai sovereignty, and meeting essential living costs.
- **extending and expanding the Warmer Kiwi Homes programme** to reduce household electricity consumption, helping households with the cost of living by lowering energy bills.

In combination, these initiatives mean families and whānau will have more of their income to spend on essential items, and they will help to lift families out of poverty.

¹¹ These scenarios are based on a family with two parents both working 40 hours per week on \$26 per hour with two children under five who will not have been eligible for childcare assistance, and a sole parent in the same situation.

These initiatives will help us meet our goals of reducing child poverty

The Treasury uses the latest economic forecasts to estimate child poverty rates¹²

To estimate what will happen in the next five years, the Treasury projects the most recently reported child poverty rates in the future based on key income support packages and forecasts of the economy. Future household incomes and poverty levels depend on expected changes in wages, self-employment, interest rates, the cost of living and welfare payments, along with many other economic indicators such as the employment rate.

The modelling is best expressed as a range, based on a 95 percent margin of error. This accounts for survey sample uncertainty but not uncertainties related to economic forecasts, the take-up of welfare payments, or lags in the administrative data used in Stats NZ's reported rates. As with all forecasts, uncertainty increases the further we look into the future. Relative poverty indicators, such as the moving-line BHC50, are particularly sensitive to changes in the economic outlook.

We are making progress towards the second intermediate targets

AHC50 target

We are on track to meet the AHC50 child poverty target for 2024. This measure tells us how households with low incomes are doing relative to previous years and the impacts of housing costs. Our projections estimate that fixed AHC50 child poverty rates will be 13.4 percent \pm 1.9 percentage points in 2024 and will achieve the 2024 target of 15 percent. The modelling estimates that the fixed AHC50 rate will be 12.7 percent \pm 1.9 percentage points at the end of the forecast period (2027).

Our projections suggest that wage inflation and indexation policies will begin to increase after-housing-cost incomes faster than the cost of living from 2023 onwards, leading to an overall downwards trend in fixed AHC50 poverty rates over the forecast period.

BHC50 target

The BHC50 measure tells us how low-income households are doing relative to other households. BHC50 poverty can behave counter-cyclically: it can increase if the median income increases faster than the incomes of low-income households, and conversely it can decrease if the median income falls faster than the incomes of low-income households.

The BHC50 child poverty target for 2024 falls within the margin of error of the forecast rate in that year. This suggests the target may be met, although we would advise caution when interpreting this, given the uncertainties in the projections. The child poverty reduction target for 2024 is 10 percent, and projections estimate that relative BHC50 child poverty rates will be 11.8 percent \pm 2.2 percentage points in 2024.

The modelling estimates that the relative BHC50 rate will be 12.6 percent \pm 2.4 percentage points at the end of the forecast period (2027). Our projections show a sustained increase in relative BHC50 child poverty rates between 2023 and 2026 without further policy measures being introduced. These increases will likely be driven by the projected median income (which sets the BHC50 poverty threshold) growing faster than the projected incomes of low-income households with children.

¹² These results are not official statistics. They have been created for research purposes from the Integrated Data Infrastructure (IDI) which is carefully managed by Stats NZ. The results are based in part on tax data supplied by Inland Revenue to Stats NZ under the Tax Administration Act 1994 for statistical purposes. Any discussion of data limitations or weaknesses is in the context of using the IDI for statistical purposes, and is not related to the data's ability to support Inland Revenue's core operational requirements.

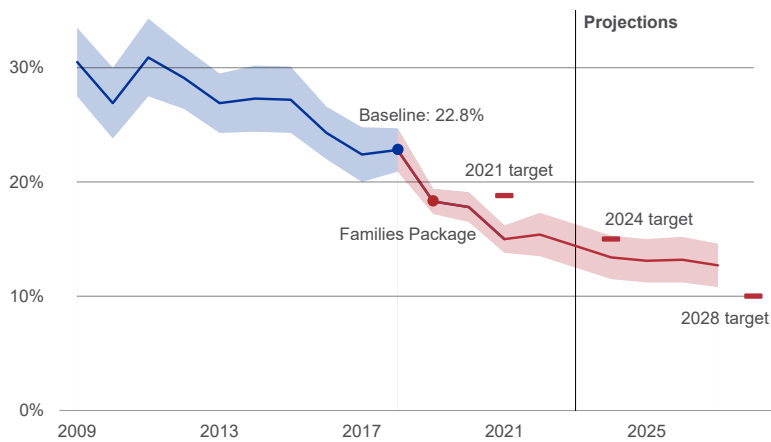
Material hardship

The changes we are making through Budget 2023 will reduce household costs and support families and whānau to manage the rising cost of living, and will likely have an impact on material hardship. The Treasury’s model cannot estimate material hardship, which is affected by many factors, including income, household costs and other non-financial support. We do know it can reduce with government policies that reduce cost of living pressures for low-to-middle income households. Material hardship has been trending downwards, but it is too soon to say if we will meet the second intermediate target in 2024.

AHC50

After-housing-costs, fixed-line measure

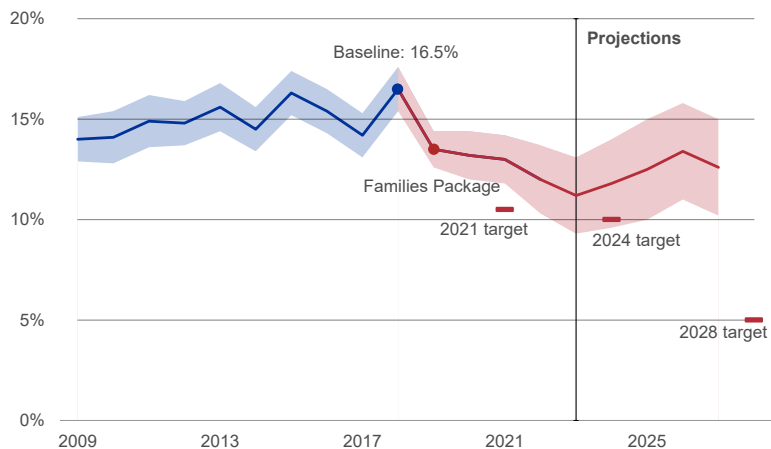
How many households have very low incomes relative to previous years, after considering housing costs and increases to the cost of living?



BHC50

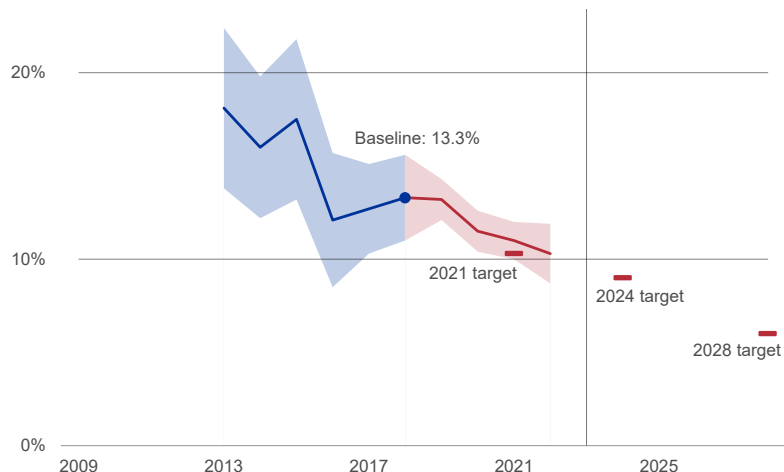
Before-housing-costs, moving-line measure

How many households have much lower incomes than middle-income households?



Material hardship

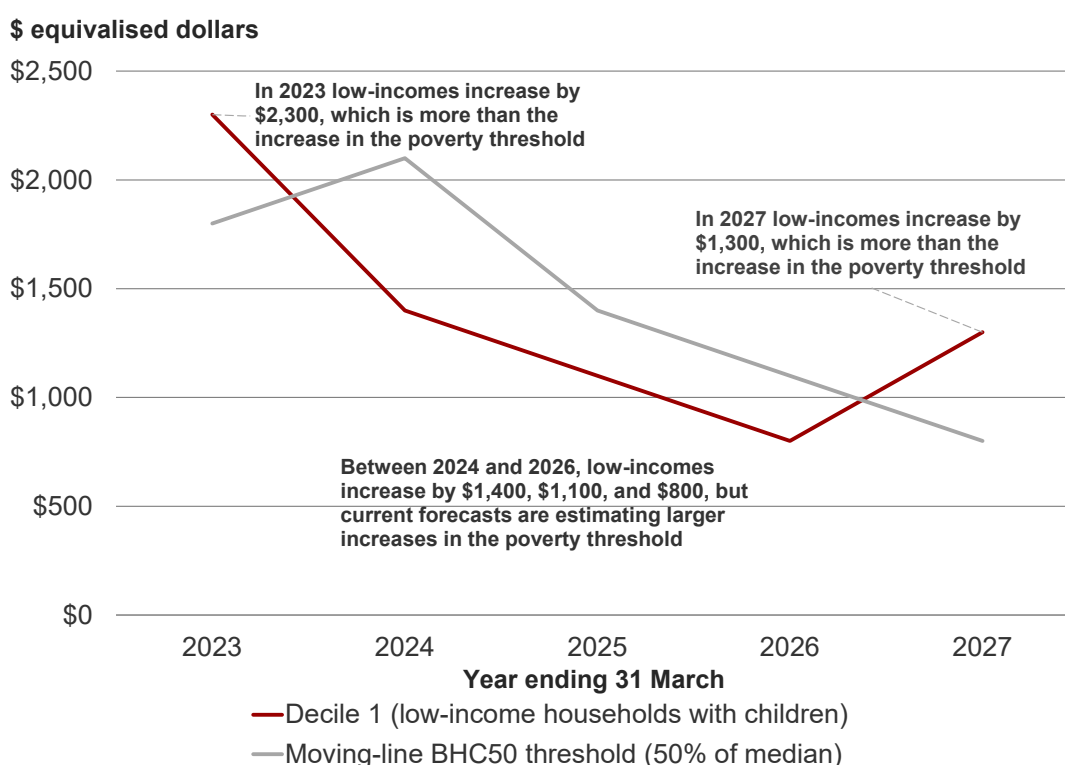
How many households do not have access to the essential items for living?



Median household incomes are expected to rise faster than the incomes of low-income households with children

Although incomes are expected to rise for low-income households with children, median household incomes (which set the relative BHC50 poverty line) are expected to rise faster in some years over the forecast period, causing some low-income households with children to go into BHC50 poverty, even though their incomes are increasing. The estimated annual increase (equivalised dollars) for Decile 1¹³ incomes for households with children are forecast to grow from \$27,600 to \$32,200 through to 2027. At the same time, the BHC50 threshold is forecast to increase from \$25,800 to \$31,300.

Estimated annual increase (\$ equivalised dollars)



We will continue to focus on meeting our 10-year child poverty reduction targets

Looking forward, our plan to reduce child poverty and meet our 10-year targets is based on making progress in three key areas: supporting families with the cost of living; increasing incomes for families; and making changes to support the wider wellbeing of families and whānau.

The Welfare Overhaul work programme is ongoing, with key priorities across the income support and transfer system. This includes continuing the review of Working for Families to see how we can best support families and whānau on the lowest incomes receiving tax credits. We are also prioritising a review of hardship assistance, and increasing income adequacy and the accessibility of income support. In addition to continuing to focus on direct support, we are investing in MSD's Te Pae Tawhiti Programme. This programme will improve MSD's systems and processes, making it easier and simpler to get help through the welfare system, and thereby providing better support to New Zealand's most vulnerable families and whānau.

¹³ Decile 1 is the bottom 10% of households when ordered from lowest income to highest income.

Budget 2023 supports child wellbeing across a range of initiatives

Improving child wellbeing goes beyond targets. Child wellbeing is complex, and it requires us to provide the right kind of support so children can achieve their potential. Although we are not able to model the size of the impact of these initiatives on child poverty rates, the following initiatives will still make a material difference to the lives of families, whānau and children living in poverty.

Further changes in the education and childcare sector to ensure equity, affordability, and accessibility

Education is central to breaking intergenerational cycles of disadvantage, and ensuring children and young people have the support they need. In addition to the support outlined above, we are investing in education by:

- providing funding to **add approximately 6,600 student places** to the school network and **to build four new schools**, to meet increased demand for school places
- providing additional funding for the **Christchurch Schools Rebuild Programme** to support 33 schools' projects
- building **learning support in Kaupapa Māori and Māori medium schooling**, ensuring children and young people with learning support needs are supported to reach their potential
- investing in **strengthening Pacific Early Learning Education** to improve Pacific early learning services' ability to provide high quality education that reflects the cultures, identities, and languages of its communities.

Changes to support parents to enter and remain in employment

Supporting parents into sustainable and suitable employment, where appropriate, will help children living in poverty by lifting family and whānau incomes. We are:

- **permanently reinstating the Training Incentive Allowance** to support people into higher-level study. The Allowance provides non-taxable financial assistance to sole parents and disabled people and their carers, to help them participate in study up to undergraduate level
- providing further funding for the **Oranga Mahi employment programme**, which is trialling health and employment services in partnership with health agencies and community groups to improve wellbeing and employment outcomes for disabled people and people with health conditions
- continuing to fund the **Mayors Taskforce for Jobs**, providing support to regional and provincial councils to continue delivering community-based employment solutions, primarily for young people aged 16 to 24 not in education, employment or training.

Further investment in public housing to ensure children have access to affordable, safe and stable housing

- Living in a safe, warm and dry home is essential to children’s wellbeing. To support this outcome, we are providing funding to build an **additional 3,000 public housing places** to support the most vulnerable New Zealanders into housing.

Changes to ensure children have their basic needs met

- We are **continuing to invest in the community food sector**, to ensure access to affordable, healthy and culturally appropriate food for under-served communities. This includes maintaining community food distribution infrastructure, and providing seed funding for food security initiatives such as social enterprises and māra kai.
- Further funding for **100 Community Connector positions** to ensure people have access to short-term support to prevent and reduce the impacts of hardship. Connectors will support and advocate for individuals and whānau until they are connected with the appropriate services.
- The **establishment of the Children and Young People’s Commission** will strengthen system-level advocacy for all New Zealand children and young people. The Government’s investment will support the enhanced functions and activities of the Commission, including practical commitment to Te Tiriti o Waitangi and upholding the wellbeing of children and young people.
- Funding for **Ngā Tini Whetu** to provide **targeted support for 650 Hapū Wāhine and their whānau during their first 1,000 days**. Following a successful initial prototype delivered through Te Pou Matakana, this funding will extend the focus of the programme to include the wellbeing of hapū māmā, pēpē and whānau in their first 1,000 days.

Changes to support disabled families and children with disabilities

- Continued **cost pressure funding for Whaikaha**, the Ministry of Disabled People, established in July 2023, will enable the continued delivery of support for tangata whaikaha Māori and disabled people and their families. This will contribute towards improved outcomes for disabled people, including disabled children and young people.
- Under current legislation, employers are able to pay some disabled employees less than the minimum wage. We will **introduce a wage supplement to replace the minimum wage exemption**, which will ensure the approximately 800 disabled employees in New Zealand are paid at the minimum wage rate and at the same time protecting their jobs. This will improve the incomes of disabled workers and uphold their mana in the workplace.

Changes to address harm caused by family violence and sexual violence

- All children should live in a home where they feel safe, and we are continuing our investment towards eliminating family and sexual violence. Further **investment in Te Aorerekura**, our national strategy to eliminate family violence and sexual violence, will help break intergenerational cycles of violence. We will achieve this through further investment, such as taking a kaupapa Māori approach to specialist sexual violence services. Continued funding for the Family Violence Help Portal and new funding for advocates to support children in Women's Refuge sites will help safeguard the most vulnerable in our communities from violence and abuse.

Fiscal Strategy



Te Rautaki Moni Tūmatanui

The Fiscal Strategy

The economic outlook

The New Zealand economy has emerged from the COVID-19 pandemic in a solid position with modest growth anticipated over 2023

The New Zealand economy expanded by 2.4 percent over the 2022 calendar year, but growth remains relatively volatile following COVID-19 and the emergence of new challenges such as the ongoing war in Ukraine and high rates of inflation.

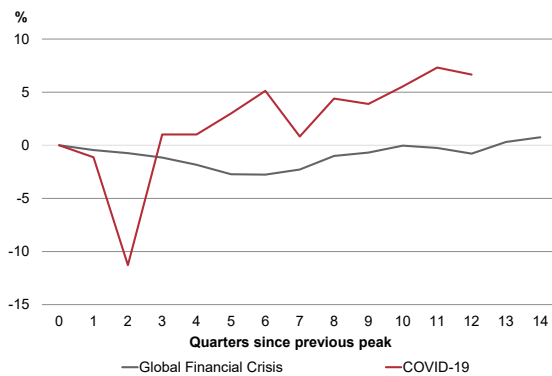
The Public Finance Act 1989 requires the Minister of Finance to present to the House on Budget Day a report on the Government's fiscal strategy.

Sections 26J-26L of the Public Finance Act 1989 prescribe the required content of this report. This chapter and pages 23 to 33 of the Wellbeing Outlook and Approach chapter constitute the Fiscal Strategy Report required by the Public Finance Act.

The post-COVID-19 economic recovery has been faster than following the GFC...

The recovery from COVID-19 continues to exceed that following the global financial crisis (GFC), with economic activity now 6.7 percent ahead of the pre-COVID-19 peak. In contrast, at the comparable point in time following the onset of the GFC, activity was 0.8 percent below pre-GFC levels (Figure 2). OECD data highlights that New Zealand's economic recovery has been amongst the top 10 OECD countries and is broadly comparable to Australia's (Figure 3). Strong demand in the economy has resulted in record low rates of unemployment. Unemployment is now at 3.4 percent, and has been below 4 percent for seven consecutive quarters.

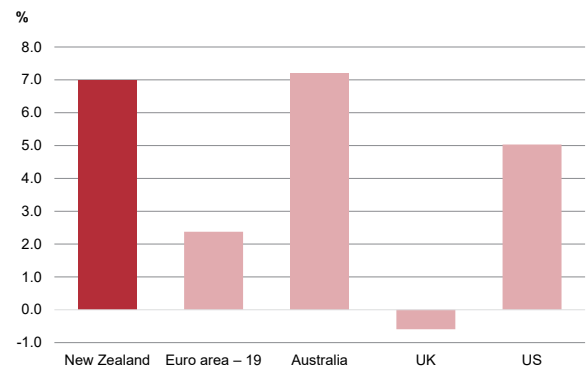
Figure 2 – Economic recoveries: Change in real production GDP since the previous peak



Sources: Stats NZ, the Treasury

Note: The 2007 December quarter is the reference quarter for the peak value of real production GDP before the GFC and the December 2019 quarter is the reference quarter for the peak value before the COVID-19 crisis.

Figure 3 – Change in real expenditure GDP between 2019 and 2022 December quarter



Source: OECD

...but high inflation continues to be a challenge globally

Strong demand, together with constrained supply, have contributed to high inflation both in New Zealand and abroad. The war in Ukraine also contributed to record fuel prices in the first half of 2022, although a combination of falling world oil prices and reduced fuel excises have seen pump prices fall back to late-2021 levels. Annual consumers price index (CPI) inflation peaked at 7.3 percent in June 2022, before easing to 6.7 percent at the start of 2023. With rising prices putting pressure on household budgets, the Government has taken a number of steps to reduce the impact on households including supporting approximately 1.35 million people through the cost of living payments announced in May 2022. Supporting New Zealanders with the cost of living is a key priority for Budget 2023.

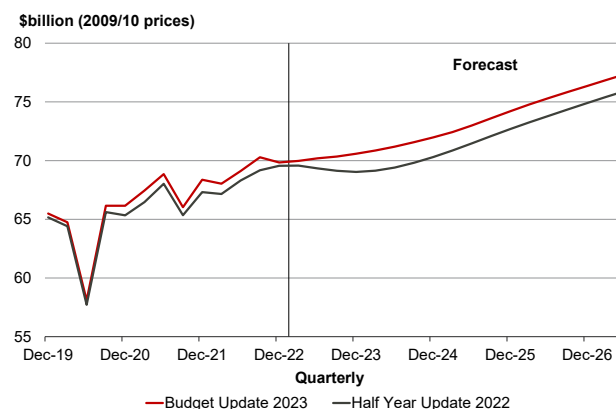
Repairing damage from recent severe weather events is a key focus...

Severe weather in the North Island at the start of 2023 caused widespread disruption and damage to people’s lives and properties, the scale of which will be felt across parts of the economy for some time. In the shorter term, the economic impacts will be concentrated on primary industries that suffered significant loss of crops and capital stock. Consumers are facing higher prices for affected products – notably fresh produce. Over time, the impacts will largely come through increased demand to rebuild infrastructure, homes and businesses. The Government’s prudent fiscal management has ensured there is fiscal headroom to respond to shocks such as these, as well as future shocks.

...and the Treasury no longer forecasts a mild recession in 2023

Economic activity associated with the recovery and rebuild from the North Island weather events and the continued recovery of international tourism means the Treasury no longer forecasts a recession in 2023. The economic forecasts include around \$9 billion of cyclone-related rebuild and recovery investment activity over the forecast period (with a further \$1 billion occurring beyond the forecast period) across both the public and private sectors. Approximately \$5 billion of this relates to local and central government infrastructure.

Figure 4 – Gross domestic product



Sources: Stats NZ, the Treasury

There is, however, particular uncertainty regarding March 2023 quarter activity and it would not take much movement to see another negative quarter follow the weaker-than-expected December 2022 GDP result.

Monetary policy has responded to inflationary pressures with higher interest rates, which have a significant influence on the outlook...

Globally, central banks raised interest rates over 2022 to reduce demand and inflationary pressures. The Reserve Bank of New Zealand increased the official cash rate from 0.25 percent in October 2021 to 5.25 percent in April 2023. Higher interest rates have contributed to house prices falling by nearly 17 percent from their peak, with further declines expected to amount to a total decline in the quarterly house price index of 21 percent, between the December 2021 and June 2024 quarters.

High interest rates are expected to contribute to modest economic growth over 2023, with consumer spending volumes impacted by high consumer prices, falling house prices and rising mortgage costs.

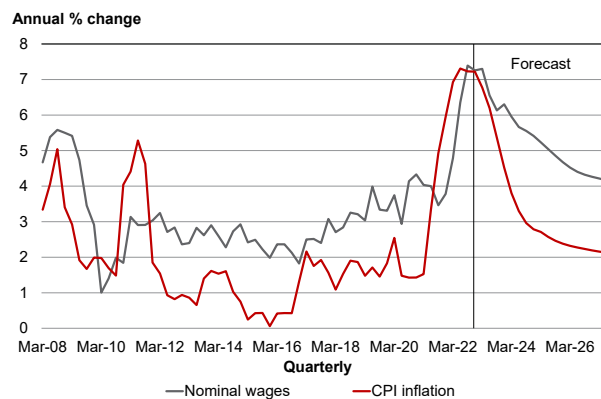
...contributing to rising unemployment but declining inflation

The Treasury forecasts unemployment will rise to 5.3 percent by the end of 2024, a lower peak than the 5.5 percent forecast at the *Half Year Update*. Weaker demand is expected to drive inflation below 4 percent by the start of 2024, and towards 2 percent by the end of the forecast period.

As inflation eases, interest rates are predicted to fall from early 2024, to around 3 percent by the end of the forecast period. This supports a pickup in economic growth which averages 3 percent in the final two years of the forecast.

Households have been under pressure as prices increased faster than wages. Inflation outstripped wage growth in the year to June 2022, but wages and prices grew at a similar pace in the year to December 2022. The Treasury forecasts that real wages will grow strongly throughout the forecast period (Figure 5), which will provide some relief to households.

Figure 5 – Inflation and wage growth



Sources: Stats NZ, the Treasury

The recent widening of the current account deficit is expected to reverse

New Zealand's current account deficit has increased considerably over the past year with an annual deficit of 8.9 percent of GDP recorded in the year to December 2022. There have been widening deficits across the goods, services and income components of the current account. Poor growing conditions for produce during 2022 constrained goods exports, while strong domestic demand has seen imports increase. The annual services deficit continues to show the effects of COVID-19 on international tourism, while high international freight costs have boosted transport services imports. Rising interest rates affect debt servicing costs in the income balance.

The Treasury's forecasts are for the current account deficit to narrow to just below 4 percent of GDP by the end of the forecast period. The continued recovery in international tourism, together with moderating freight costs play the largest role in this improvement. In addition, weakening consumer demand reduces import demand in the shorter term, although investment related to the North Island weather events will contribute to import demand over the forecast period.

Slower nominal GDP growth leads to lower forecast tax revenue

Nominal GDP growth is slightly weaker than forecast at the *Half Year Update*. In part this reflects a lower terms of trade as a more fractious global trade environment means that downward pressure from globalisation on the prices of many tradable goods is less marked than has been the case in the past couple of decades. Consequently, import prices are relatively more expensive. Lower nominal GDP is reflected in lower forecasts for tax revenue relative to the *Half Year Update*.

A sustainable fiscal strategy

The Government borrowed in response to COVID-19 and will support households and businesses to recover from the North Island weather events

Since 2020, New Zealand has faced significant economic challenges including COVID-19, the effects of the war in Ukraine and most recently the North Island weather events. The Government's fiscal strategy has adapted each year to reflect the challenging and changing economic context and support the wellbeing of New Zealanders. The Government's fiscal performance for each year has been consistent with our fiscal strategy as set out in the annual Fiscal Strategy Reports.

Our prudent fiscal strategy of running surpluses and reducing net debt before COVID-19 put us in a stronger fiscal position than many countries to use our balance sheet to protect lives and livelihoods during the pandemic. While the Government's fiscal response to the pandemic led to higher net debt and a period of operating deficits, it also led to a stronger-than-expected economic recovery. New Zealand also has the lowest excess mortality rate in the OECD across the full period of the pandemic.¹⁴ The strength of our policy response to COVID-19 helped to prevent a deeper and longer-lasting recession as well as the associated impacts on New Zealand's wellbeing and living standards.

The recent North Island weather events have battered communities and highlighted the need to invest in climate resilience. The stronger-than-expected recovery from COVID-19 means the Government is in a fiscal position that better enables us to support households and businesses in the response to the North Island weather events, and to begin a longer-term programme of investing in the resilience of our transport networks and communities at risk from climate change-exacerbated extreme weather events.

We are embedding the fiscal rules announced at Budget 2022 to ensure a sustainable fiscal approach

Fiscal rules are important for ensuring responsible fiscal management and guiding our fiscal strategy decisions. At Budget 2022 we introduced two new fiscal rules that reflect the economic context beyond the global shock that was COVID-19 and support long-term fiscal sustainability. The fiscal rules are:

- returning the operating balance before gains and losses (OBEGAL) to a surplus and aiming for small surpluses thereafter, as the **primary fiscal rule**
- a net debt ceiling that complements the OBEGAL target while allowing more fiscal space to fund high-quality capital investments that will improve productivity and living standards. Maintaining net debt below this ceiling will ensure a sufficient fiscal buffer for economic shocks or natural disasters.

¹⁴ Cumulative deaths per 100,000 population.

This moved New Zealand's fiscal strategy more explicitly towards a 'golden rule', where the Government may fund new capital investment that benefits multiple generations from increases in debt but does not borrow to fund current operating expenses in normal times. These fiscal rules enable the Crown balance sheet to help stabilise and support the economy.

Our fiscal strategy will continue to focus on reducing deficits to support monetary policy, with the intention of returning to an OBEGAL surplus by 2025/26

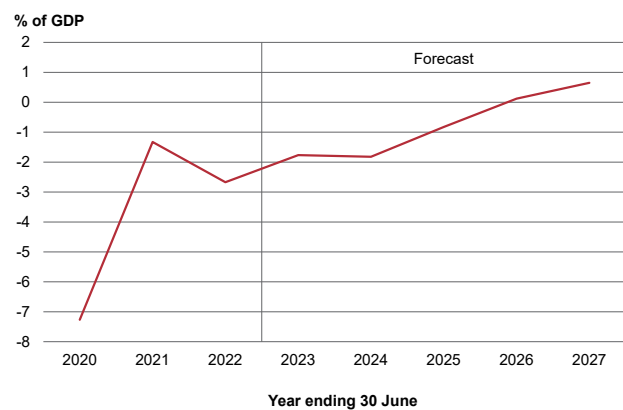
The forecast for returning to surplus in 2025/26 is one year later than what was forecast at Budget 2022 and has been necessary due to current economic and fiscal conditions. The current track for OBEGAL will mean a return to surplus in the same timeframe as following the GFC.

The near-term weakening of the fiscal position reflects the required fiscal response to the North Island weather events and the impact of inflation on delivering core government services, as well as a weaker-than-expected outlook for tax revenue. However, this does not jeopardise achieving our fiscal rules and still represents a significant improvement on Budget 2021 forecasts, when an OBEGAL surplus was not projected until 2026/27. Despite the weaker near-term OBEGAL outlook, net debt is near its peak and will then decline through the remainder of the forecast period.

The forecast return to OBEGAL surplus is underpinned by a steady decline in Government expenditure as temporary COVID-19 support measures unwind. Core Crown expenditure as a share of GDP peaked at 34.6 percent in 2021/22 and is expected to fall to 31.5 percent by the end of the forecast period. Meanwhile, core Crown revenue is forecast to hold steady between 32 and 33 percent.

Along with responding to extreme weather events, persistently high inflation has meant that the cost of delivering core government services has increased, and in response to these factors we have chosen to slightly increase the operating allowances set at the *Budget Policy Statement 2023* for this Budget and future Budgets. We have increased the operating allowances to meet these cost pressures, rather than reduce delivery of important public services. The uplift to future Budget allowances is a responsible decision and does not reflect a change in the Government's fiscal strategy. The Treasury's modelling of cost pressures shows that the increased future Budget allowances are needed for expected cost pressures and do not provide for significant new discretionary spending.

Figure 6 – OBEGAL through to 2026/27



Source: The Treasury

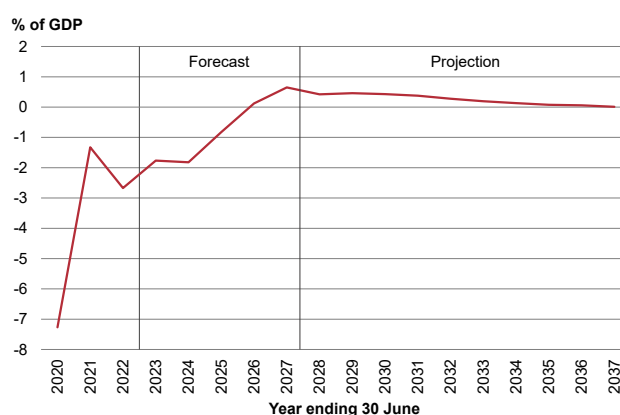
Once OBEGAL returns to a surplus, our aim is to maintain surpluses in the long run

Maintaining small surpluses on average will ensure that, over time, operating expenses do not add to net debt as a share of GDP and are aligned with the ‘golden rule’ approach. While our aim is to run surpluses in normal times, deficits will sometimes be necessary to support the economy following shocks, in order to smooth the impact on the wellbeing of New Zealanders. We will target an amount of surplus in normal times that allows us to run deficits following shocks, without contributing to net debt as a share of GDP in the long-run. To achieve this, our objective is to run average surpluses in the range of 0 percent to 2 percent of GDP on average over time.

Ensuring a path back to surplus requires tough decisions to ensure New Zealanders’ dollars are lifting the wellbeing of all, while not unnecessarily prolonging the fiscal deficit. As with Budget 2023, we will approach future Budgets with restraint to ensure a sure footing for our public finances for generations to come. Extraordinary events such as COVID-19 and the North Island weather events require the Government to respond with support and assistance commensurate with the needs of the people affected. However, that support must be targeted and temporary, with spending levels normalising as the effect of the event subsides.

To support fiscal sustainability, we will be introducing a fiscal sustainability and effectiveness programme. This will ensure we can deliver for New Zealanders in what will likely continue to be a challenging fiscal and economic environment. This aligns with our fiscal strategy to move beyond the necessary period of fiscal stimulus during COVID-19, and to ensure all public spending is contributing to the wellbeing of New Zealanders to the greatest extent possible.

Figure 7 – OBEGAL through to 2036/37



Source: The Treasury

Figure 7 shows that the Government is expected to maintain an average surplus in the range of 0 to 2 percent of GDP over the forecast and projection period. The average OBEGAL surplus from 2025/26 to 2036/37 is 0.3 percent of GDP, assuming projected operating allowances are \$3.5 billion per year and capital allowances are \$7 billion per year from Budget 2026, growing at 2 percent per year in subsequent years. The OBEGAL surplus projections also assume that CERF expenditure over the projection period is set equal to cash proceeds from the New Zealand Emissions Trading Scheme (NZ ETS) auctioned units. See the section on fiscal projections and assumptions for more detail on the fiscal projections.

At Budget 2022 we adopted a new net debt measure to better measure New Zealand’s fiscal sustainability

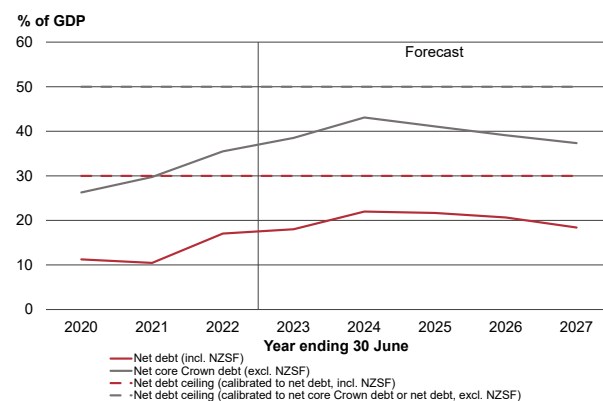
The new net debt measure is more closely aligned with net debt measures used internationally, and better captures borrowing under the control of the Government and assets that provide offsets to that borrowing. We also recalibrated our debt ceiling to align with the new net debt measure. To support transparency, for the time being the Treasury will publish both the old and current net debt measures at the *Budget* and *Half Year Economic and Fiscal Updates*.

Debt remains at prudent levels throughout the forecast and projection periods...

The fiscal position is expected to improve over the forecast period. The Treasury's *Budget Update* shows that net debt is expected to peak in 2023/24 at 22 percent of GDP. New Zealand's strong economic recovery from the pandemic means that net core Crown debt (the old debt measure prior to Budget 2022) is expected to peak at 4.9 percentage points lower than forecast at Budget 2021.

New Zealand's fiscal position has been recognised by global credit rating agencies. S&P Global Ratings and Fitch Ratings both reaffirmed New Zealand's domestic currency ratings, at AAA and AA+ respectively, in September 2022, while Moody's Investors Service sovereign credit rating for New Zealand has been maintained at Aaa since 2002.

Figure 8 – Net debt measures and corresponding debt ceiling



Source: The Treasury

Table 1 – Net debt measures

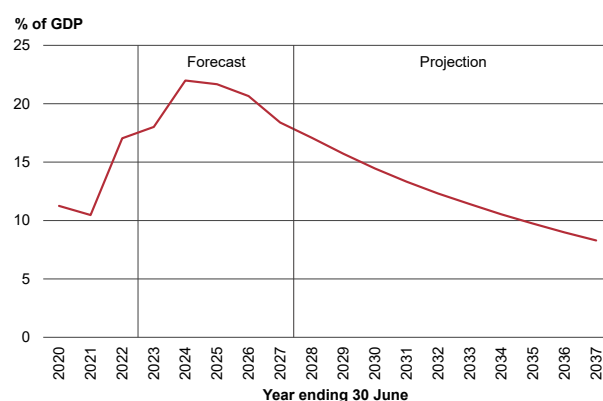
Year ending 30 June (percent of GDP)	2023	2024	2025	2026	2027
Net debt (new measure)	18.0	22.0	21.7	20.7	18.4
Net core Crown debt (old measure)	38.5	43.1	41.1	39.1	37.3

Source: The Treasury

The long-term projections of net debt (both the new and the old net debt measures) in the *Budget Update* show a declining trajectory, well below the ceiling of 30 percent of GDP.

This assumes projected operating allowances are \$3.5 billion per year and capital allowances are \$7 billion per year from Budget 2026, growing at 2 percent per year in subsequent years, and projected CERF expenditure is set equal to cash proceeds from NZ ETS auctioned units.

Figure 9 – Net debt through to 2036/37



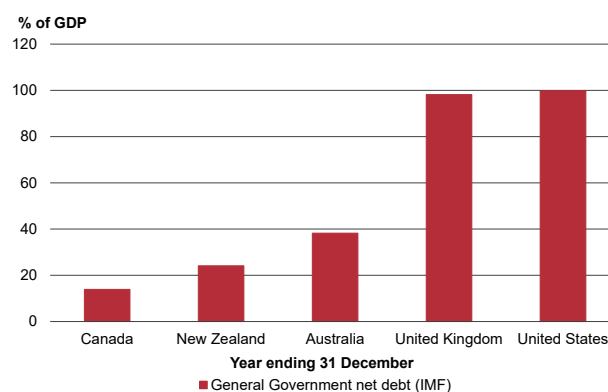
Source: The Treasury

... and New Zealand continues to have some of the lowest public debt in the world

Even at its peak, New Zealand's net debt as a share of GDP remains low compared to many of our international peers.

The International Monetary Fund (IMF) publishes a general government net debt indicator which is an internationally comparable measure of net debt. This indicator shows New Zealand's net debt at 24.1 percent of GDP in 2024, compared to 13.9 percent in Canada, 38.2 percent in Australia, 98.2 percent in the UK and 99.8 percent in the US (Figure 10).

Figure 10 – IMF general government net debt in 2024



Source: IMF World Economic Outlook Database, April 2023

The Government's short-term intentions and long-term objectives for fiscal policy accord with the principles of responsible fiscal management

The Public Finance Act 1989 (PFA) requires the Government to set short-term intentions and long-term objectives for five variables: total debt, total operating expenses, total operating revenue, the operating balance and total net worth.

The Government's short-term intentions relate to the years 2023/24 to 2025/26 while the long-term objectives relate to the 10 years beginning 2023/24. New short-term intentions and long-term objectives were set at the Budget 2022 *Fiscal Strategy Report* to reflect the new fiscal rules of the Government.

Budget 2023 updates the short-term intention for the operating balance. The change in the operating balance intention is due to a combination of economic and fiscal factors that include the Government's fiscal response to the North Island weather events, the increasing cost of delivering core government services, and our Budget 2023 priority to support New Zealanders with the cost of living. These factors mean our intention to return the operating balance (before gains and losses) to surplus by 2024/25 has changed to achieving surplus by 2025/26. This is consistent with our long-term objective of maintaining an average surplus in the range of 0 to 2 percent of GDP, reflected in Table 3. The long-term objectives and the rest of the short-term intentions remain the same as at Budget 2022.

All short-term intentions are consistent with the long-term objectives. Further, the *Budget Update* is consistent with all short-term intentions, as it shows net debt well below the ceiling of 30 percent of GDP, and OBEGAL returning to a surplus in 2025/26 and then maintaining a surplus of 0.3 percent of GDP on average from 2025/26 to 2036/37, within the target range of 0 to 2 percent of GDP.

The Government has been guided by the principles of responsible fiscal management in setting its short-term intentions and long-term objectives for fiscal policy. All short-term intentions and long-term objectives are consistent with the principles. For example, and with reference to specific principles:

- Maintaining net debt below the self-imposed ceiling of 30 percent of GDP will ensure total debt is maintained at prudent levels, thereby providing headroom to the Government to respond to adverse economic shocks that may require total debt and net debt to temporarily increase.

- Returning to an operating surplus (before gains and losses) by 2025/26 and maintaining an average surplus in the range of 0-2 percent of GDP thereafter (subject to economic and fiscal conditions) will ensure that, on average, total operating expenses do not exceed total operating revenues over the forecast and projection period.
- Combined, the short-term intentions and long-term objectives ensure the Crown's resources are managed effectively and efficiently and support the objectives of monetary policy.

Table 2 – Short-term intentions for the next three years in the 2023 Fiscal Strategy Report

	2023 Fiscal Strategy Report	2022 Fiscal Strategy Report
Debt	Maintain total debt at prudent levels. Maintain net debt at below 30 percent of GDP based on new net debt measure including the New Zealand Super Fund, subject to significant shocks. Gross debt is forecast to be 44.2 percent of GDP at the end of the forecast period. Net debt is forecast to peak at 22 percent of GDP in 2023/24 and reduce over the forecast period to 18.4 percent of GDP in 2026/27.	Maintain total debt at prudent levels. Maintain net debt at below 30 percent of GDP based on new net debt measure including the New Zealand Super Fund, subject to significant shocks. Gross debt is forecast to be 36.1 percent of GDP at the end of the forecast period. Net debt is forecast to peak at 19.9 percent of GDP in 2023/24 and reduce over the forecast period to 15 percent of GDP in 2025/26.
Operating balance	Our intention is to return to an operating surplus (before gains and losses) by 2025/26, subject to economic and fiscal conditions. The operating balance (before gains and losses) is forecast to be 0.1 percent of GDP in 2025/26. The operating balance is forecast to be 1.5 percent of GDP in 2025/26.	Our intention is to return to an operating surplus (before gains and losses) by 2024/25, subject to economic and fiscal conditions. The operating balance (before gains and losses) is forecast to be 0.6 percent of GDP in 2024/25. The operating balance is forecast to be 2.1 percent of GDP in 2024/25.
Expenses	Our intention is to ensure expenses are consistent with the operating balance objective. Core Crown expenses are forecast to be 32 percent of GDP in 2025/26. Total Crown expenses are forecast to be 40 percent of GDP in 2025/26.	Our intention is to ensure expenses are consistent with the operating balance objective. Core Crown expenses are forecast to be 29.8 percent of GDP in 2025/26. Total Crown expenses are forecast to be 38.2 percent of GDP in 2025/26.
Revenue	Our intention is to ensure revenue is consistent with the operating balance objective. Total Crown revenues are forecast to be 40.2 percent of GDP in 2025/26. Core Crown revenues are forecast to be 32.9 percent of GDP in 2025/26. Core Crown tax revenues are forecast to be 30.4 percent of GDP in 2025/26.	Our intention is to ensure revenue is consistent with the operating balance objective. Total Crown revenues are forecast to be 39.8 percent of GDP in 2025/26. Core Crown revenues are forecast to be 32.2 percent of GDP in 2025/26. Core Crown tax revenues are forecast to be 29.8 percent of GDP in 2025/26.
Net worth	Our intention is to maintain net worth consistent with the operating balance objective. Total net worth attributable to the Crown is forecast to be 38.8 percent of GDP in 2025/26. Total Crown net worth is forecast to be 40.6 percent of GDP in 2025/26.	Our intention is to maintain net worth consistent with the operating balance objective. Total net worth attributable to the Crown is forecast to be 32.1 percent of GDP in 2025/26. Total Crown net worth is forecast to be 33.6 percent of GDP in 2025/26.

Table 3 – Long-term objectives (LTO) for at least the next ten years

	LTO for 2023 Fiscal Strategy Report	Explanation of how the LTO accords with the principles of responsible fiscal management as set out in section 26G(1) of the Public Finance Act 1989
Debt	Maintain total debt at prudent levels. Maintain net debt at below 30 percent of GDP based on new net debt measure including the New Zealand Super Fund, subject to significant shocks.	The LTO for debt is consistent with all of the principles of responsible fiscal management. For example, it is consistent with principle (a): <i>Reducing total debt to prudent levels so as to provide a buffer against factors that may impact adversely on the level of total debt in the future by ensuring that, until those levels have been achieved, total operating expenses in each financial year are less than total operating revenues in the same financial year</i> , because the LTO is for total debt to be maintained at prudent levels.
Operating balance	Once the operating balance (before gains and losses) has returned to a surplus, our long-term objective is to maintain an average surplus in the range of 0 percent to 2 percent of GDP, subject to economic and fiscal conditions. This will ensure that, on average, over a reasonable period of time that total operating expenses do not exceed total operating revenue.	The LTO for the operating balance accords with all the principles of responsible fiscal management. For example, it is consistent with principles (b): <i>Once prudent levels of total debt have been achieved, maintaining those levels by ensuring that, on average, over a reasonable period of time, total operating expenses do not exceed total operating revenues</i> ; and (f): <i>When formulating fiscal strategy, having regard to the interaction between fiscal policy and monetary policy</i> , because maintaining an average surplus in the range of 0 percent to 2 percent of GDP, subject to economic and fiscal conditions, will ensure that prudent levels of debt are maintained and will allow sufficient flexibility in fiscal policy to support monetary policy through the business cycle.
Expenses	The Government will ensure operating expenses support a responsible and proportionate role for the Government in maintaining a productive, sustainable and inclusive economy, consistent with the debt and operating balance objectives.	The LTO for expenses accords with all the principles of responsible fiscal management. For example, it is consistent with principles (d): <i>Managing prudently the fiscal risks facing the Government</i> ; and (g): <i>When formulating fiscal strategy, having regard to its likely impact on present and future generations</i> , because ensuring that operating expenses support a responsible and proportionate role for the Government in maintaining a productive, sustainable and inclusive economy will enable the Government to prudently manage fiscal risks and have regard to present and future generations.
Revenue	The Government will ensure a progressive taxation system that is fair, balanced and promotes the long-term sustainability and productivity of the economy, consistent with the debt and operating balance objectives.	The LTO for revenue accords with all of the principles of responsible fiscal management. For example, it is consistent with principle (e): <i>When formulating revenue strategy, having regard to efficiency and fairness, including the predictability and stability of tax rates</i> , because the Government's objectives for the tax system are progressivity, reducing inequality and horizontal equity.

	LTO for 2023 Fiscal Strategy Report	Explanation of how the LTO accords with the principles of responsible fiscal management as set out in section 26G(1) of the Public Finance Act 1989
Net worth	The Government will use the Crown's net worth to maintain a productive, sustainable and inclusive economy, consistent with the debt and operating balance objectives.	The LTO for net worth accords with all of the principles of responsible fiscal management. For example, it is consistent with principles (c): <i>Achieving and maintaining levels of total net worth that provide a buffer against factors that may impact adversely on total net worth in the future</i> ; and (h): <i>Ensuring that the Crown's resources are managed effectively and efficiently</i> , because using the Crown's net worth to maintain a productive, sustainable and inclusive economy will ensure that the Crown's resources are managed effectively so to provide a buffer against factors that may impact adversely its resources.

Source: The Treasury

Operating and capital allowances

The Budget 2023 operating allowance is set at \$4.8 billion per annum, a slight increase from what was announced in the *Budget Policy Statement 2023* (BPS). The operating allowance is a net figure, with new spending offset by savings and reprioritisation totalling \$4 billion. The operating allowances for Budget 2024-2026 have been increased from those published at BPS to \$3.5 billion per annum to reflect the higher cost of delivering public services.

The Multi-year Capital Allowance (MYCA) was increased by \$9.1 billion at the BPS. This brought the total unallocated MYCA to \$12 billion. Budget 2023 provides a further increase to the MYCA of \$8.5 billion, of which \$6 billion is ring-fenced for our National Resilience Plan (NRP), bringing the total to \$20.5 billion. After Budget 2023 allocations (including all decisions made after the BPS) and the \$6 billion for the NRP, \$3.1 billion remains in the MYCA for allocation across Budgets 2024 to 2026.

Table 4 – Budget allowances

\$billions	Budget 2023	Budget 2024	Budget 2025	Budget 2026
Operating allowances at the <i>Budget Policy Statement 2023</i> (per year)	4.5	3.0	3.0	3.0
Operating allowances at Budget 2023 (per year)	4.8	3.5	3.5	3.5
Multi-year Capital Allowance at the <i>Budget Policy Statement 2023</i>	← 12.0 →		→	
Multi-year Capital Allowance at Budget 2023	← 20.5 →		→	
Multi-year Capital Allowance allocations at Budget 2023				
Allocations at the <i>Budget Policy Statement 2023</i>	0.7*			
Budget 2023 capital package	10.7			
National Resilience Plan (unallocated envelope)	← 6.0 →		→	
Unallocated capital allowance			← 3.1 →	

* The *Half Year Update* (page 33) reflected \$0.8 billion charged against the MYCA. This has since been revised to \$0.7 billion.

Source: The Treasury

The Climate Emergency Response Fund

Climate change remains one of the most pressing long-term challenges facing New Zealand. Recent Treasury analysis in the *Climate Economic and Fiscal Assessment* shows that the cost of both mitigating and adapting to climate change will be significant. Managing these costs is a key part of the Government's fiscal strategy, requiring us to make significant investments across multiple Budgets through the Climate Emergency Response Fund (CERF). In Budget 2023, the CERF has supported a spending package of \$1.9 billion over the forecast period, with initiatives focusing on a mix of mitigation, adaptation and cost of living initiatives.

To date, the CERF has been sized proportionally to Treasury's forecast cash proceeds from the auctioned New Zealand Units (NZUs) under the Emissions Trading Scheme (ETS). In the *Budget Update*, the Treasury has updated its forecasts for ETS cash proceeds from 2023/24 to 2026/27. Since the *Half Year Update*, forecasts have been revised down by \$2.7 billion, largely due to reductions in the secondary market price for NZUs. However, in order to provide a consistent and certain signal about our future climate spending, Cabinet has agreed to return \$605.8 million of savings from reprioritised Budget 2022 CERF initiatives to the CERF and to top up the fund by an additional \$1.9 billion. This leaves \$1.5 billion remaining in the CERF. We will review the size of the CERF again at the *Budget Policy Statement* for Budget 2024.

Table 5 – Climate Emergency Response Fund

\$billions	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
CERF at the <i>Half Year Update</i> 2022	←		3.6			→
Budget 2023 spending package	←		-1.9			→
Revised ETS cash proceed forecasts	←		-2.7			→
Savings from Budget 2022 initiatives	←		+0.6			→
Additional borrowings		←	+1.9			→
CERF after Budget 2023 allocations		←	1.5			→
Forecast ETS cash proceeds at <i>Half Year Update</i> 2023		←		TBC		→
Indicative CERF at Budget 2024		←		1.5 + TBC		→

Managing revenues and expenses

The Government is removing fiscal stimulus measures as we move beyond COVID-19

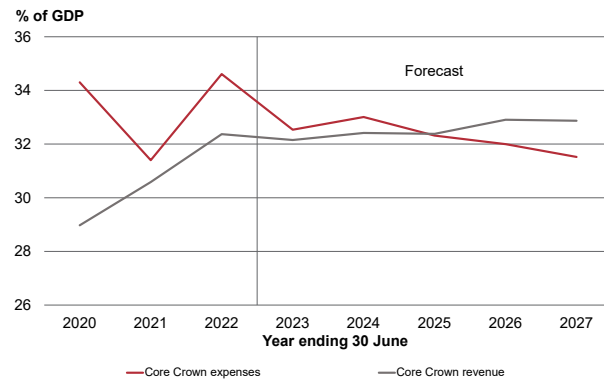
The Government's strategy for managing expenditure is to take a balanced approach towards removing fiscal stimulus measures, while responding to the North Island weather events and ensuring the public services that New Zealanders rely on continue to be adequately funded in a high inflation environment. Budget 2023 supports this strategy as core Crown expenses, which peaked in 2021/22 due to the Government's response to COVID-19, are expected to decline by the end of the forecast period, from 34.6 percent in 2021/22 to 31.5 percent of GDP by 2026/27. Our strategy for managing expenditure has also been supported by Budget 2023 through a comprehensive savings and reprioritisation exercise. This ensures high value for money from spending and minimises any inflationary pressures from government spending, thereby supporting the objectives of monetary policy.

Looking to the forecast period, the Government will continue to take a balanced and careful approach to managing expenditure. Outyear Budget allowances from 2024/25 to 2026/27 are smaller than during COVID-19.

Wage growth and higher interest rates means increases to revenue...

As a share of the economy, core Crown revenue is expected to increase marginally from 32.4 percent of GDP in 2021/22 to reach 32.9 percent of GDP by 2026/27. In dollar terms, core Crown revenue is expected to increase in each year of the forecast period, reaching \$159.4 billion by 2026/27 as nominal GDP grows.

Figure 11 – Core Crown expenses and core Crown revenue



Source: The Treasury

...with minor changes to the Government's Revenue Strategy

The Government's objective for the tax system is to ensure a progressive taxation system that is fair, balanced and promotes the long-term sustainability and productivity of the economy, consistent with the debt and operating balance objectives.

Under the Public Finance Act 1989, the Government is required to publish its Revenue Strategy in the *Fiscal Strategy Report*. The Revenue Strategy has been slightly amended from Budget 2022 in Budget 2023 to reflect changes to the trustee tax rate, which come into effect on 1 April 2024.

Public finances, including government revenue, are important for wellbeing. Public policy supports New Zealanders' wellbeing when the social benefits of government expenditure outweigh the social costs of raising revenue. Government revenue underpins many of the Government's overarching policy goals by funding the social expenditure needed to meet these challenges. In some cases, revenue policy has a more direct role in contributing to these goals, through stimulating economic activity in some areas and shifting socially costly behaviours in others. This includes policies that promote housing affordability and mitigate climate change.

Government revenue needs to be sufficient to ensure a sustainable fiscal outlook. The level of revenue will be maintained to be consistent with the objective of returning the OBEGAL to surplus and maintaining an average surplus over time in the range of 0 percent to 2 percent of GDP thereafter. A sustainable revenue base is critical for managing fiscal pressures over the long term. These pressures relate to the ageing population, healthcare costs, infrastructure demand and the need for resilience to climate change and other shocks. There is also rising global concern with inequality and many countries, including New Zealand, face the challenge of fostering inclusive growth.

The Government's objective for tax policy is to raise sufficient revenue in an efficient and fair manner. In so doing, the Government fosters the public's trust in the tax system and its administration. The public's continued confidence, in turn, supports compliance and broader social cohesion. The tax system is efficient when economic costs of raising revenue are minimised, subject to the Government's revenue and fairness objectives. The Government upholds the fairness of the tax system by striving for:

- **Progressivity:** individuals with a higher income, and therefore ability to pay, should pay a greater proportion of their income in tax.
- **Reducing inequality:** the tax system should help in limiting excessive wealth inequality over the longer term.
- **Horizontal equity:** the principle that people that are in the same position should pay the same amount of tax.

The Government previously took action to improve the progressivity of the tax system by introducing a new top personal income tax rate of 39 percent on income over \$180,000. To advance its progressivity objective further the Government will now ensure this rate applies in appropriate cases by matching the tax rate on trusts with the new top income rate of 39 percent. This change will apply from 1 April 2024. Legislation to implement the change will be introduced on Budget Night and will be the subject of a select committee process. Limited exceptions will apply to prevent over-taxation:

- **Estates** – as estates settle the affairs of the deceased, the new rate may result in over-taxation to the beneficiaries of the estate. To mitigate this, estate income distributed within 12 months would be decreased to the beneficiaries' marginal rate, not 39 percent.
- **Trusts settled for disabled persons** – as disability trusts will often hold income for extended periods for non-tax related reasons, rules will apply to treat all income at the disabled beneficiary's marginal rate.

To keep the system fair multinational businesses must pay their share of tax. The international tax framework needs to adapt to shifts in the global economy, including increased cross-border activity and digitalisation. New Zealand is working with the OECD to find a multilateral solution to the challenges that the digital economy poses for international taxation. If a multilateral solution is not possible, we need to be prepared to put in place our own rules to ensure multinationals pay a fair share of tax.

To support the transparency of the tax system, Inland Revenue has invested in improving the evidence base on the impacts of the tax system. In particular, Inland Revenue has released its report on high-wealth individuals which analysed effective tax rates of the wealthiest families in New Zealand and will continue to develop evidence and insights on the impacts of the tax system.

The Government is also introducing a Tax Principles Bill to legislate a reporting framework that will require officials to provide data on and assess the performance of the tax system against a set of high-level principles. This regular reporting will enhance the public's understanding of the New Zealand tax system and inform the public debate about tax policy.

An aim of our Revenue Strategy is to continue to maintain the broad base for income and consumption taxes, with few specific concessions for particular economic activities, goods or services. This strategy achieves 'neutrality' in the tax treatment of different investments, which promotes efficiency, macroeconomic stability and productivity.

Managing our assets and liabilities

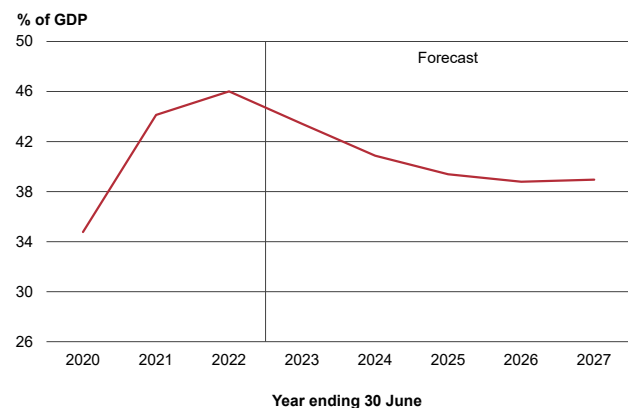
Net worth has cushioned the impact of COVID-19

COVID-19 and the Government's response has had a substantial impact on the Crown's net worth. The Crown's liabilities increased during this period, which was required by our strategy to provide support to businesses and individuals during the COVID-19 pandemic.

The Crown's net worth continues to be stronger than 2022 *Budget Update* forecasts. The most recent year end results show the Crown owned \$501.8 billion of assets and had \$327.5 billion of liabilities as of 30 June 2022, with the Crown's share of the net worth being \$167 billion.

Net worth is forecast to increase by \$22.8 billion over the forecast period, from \$174.3 billion in 2022/23 to \$197.1 billion by 2026/27 and largely reflects the forecast operating balance results (excluding minority interests). As a share of the economy, net worth is expected to fall across the forecast period, reaching 40.7 percent of GDP by 2026/27 (Figure 12).

Figure 12 – Net worth attributable to the Crown



Source: The Treasury

By the end of the forecast period, gross debt, which mostly consists of New Zealand Government Bonds and excludes Reserve Bank settlement cash and Reserve Bank bills, is expected to be \$214.5 billion (44.2 percent of GDP).

Our investments will improve the wellbeing of New Zealanders...

As outlined in the BPS, the Government's wellbeing objectives for Budget 2023 are:

- **Just Transition:** supporting New Zealanders to transition to a climate-resilient, sustainable, and low-emissions economy.
- **Physical and Mental Wellbeing:** supporting improved health outcomes for all New Zealanders, particularly the mental wellbeing of our young people.
- **Future of Work:** equipping New Zealanders and enabling New Zealand's businesses to benefit from new technologies, and lift productivity and wages through innovation.
- **Māori and Pacific Peoples:** lifting Māori and Pacific peoples' 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 guided the Government's Budget 2023 decisions. For example, Budget 2023 includes a number of initiatives aimed at raising living standards and supporting wellbeing for Māori, Pacific peoples, and children, as well as providing targeted support for whānau and tamariki, through investments in education and upgrades to housing and infrastructure.

The Government's ceiling on net debt of 30 percent of GDP allows borrowing for long-term investments, spreading the cost across generations. In this Budget we have sought to balance market capacity constraints while needing to deliver targeted infrastructure investments that support the delivery of the Government's wellbeing objectives. We are therefore focusing our capital investment the highest priority projects for improving the wellbeing of New Zealanders. We are also continuing to develop a longer-term pipeline of investments to provide certainty for the market, to enable it to build and invest in capacity and capability.

Significant capital investments we are funding in Budget 2023 include:

- \$3.6 billion total capital to deliver the current public housing build programme
- \$3.1 billion total capital for 3,000 new public housing places for delivery by 30 June 2025
- \$1.3 billion total capital for investments in the Education sector
- \$197 million total capital to support delivery of the City Rail Link.

... and we are launching a new plan for lifting public investment over the medium term

Before the North Island weather events, the Government had taken significant steps to address New Zealand's infrastructure deficit. In partnership with Te Waihanga, we have set the foundations for taking a longer-term, more strategic view to infrastructure investment to improve the way we plan, fund, deliver and maintain New Zealand's infrastructure. The North Island weather events add urgency to our infrastructure investment intentions and highlight the importance of investing in our resilience to climate change-exacerbated extreme weather events.

To deliver on our ambitions for lifting the level of public investment over the medium term, Budget 2023 will fund the initial phase of a National Resilience Plan (the Plan). The Plan will form a significant component of our sustainable fiscal strategy, as we invest in wellbeing and productivity-enhancing initiatives while maintaining a prudent level of debt to ensure the Government can support New Zealanders through significant economic shocks.

The first 1-5 years of the Plan will focus on investing in the resilience of New Zealand's critical infrastructure, as well as the response to the North Island weather events. The initial focus of investments will be road, rail, and local infrastructure reinstatement and telecommunications and electricity transmission investment. To fund these, in Budget 2023 we have ring-fenced an envelope of \$6 billion from the MYCA. The Plan is aimed at supporting large medium- and long-term infrastructure investment that:

- enables us to build back better from the North Island weather events
- addresses our infrastructure deficit (as identified in the Infrastructure Strategy by Te Waihanga), and
- develops a credible pipeline of infrastructure investment that mitigates the deficit.

This reflects a pivot in our strategy for managing our assets and liabilities, by increasing our liabilities and borrowings in the near term, in order to increase our assets in the medium term. This approach will seek to deliver enhanced wellbeing and productivity outcomes for New Zealanders. The fiscal rules adopted last year provide for increases in net debt up to 30 percent of GDP, which means we can use our balance sheet more effectively to fund productivity and wellbeing enhancing investments, that are by necessity planned and delivered over a longer time-horizon.

To deliver on this enhanced level of investment we will need to do things differently. The Government has already started delivering the specific actions in response to the Infrastructure Strategy prepared by Te Waihanga. Alongside Budget 2023 we have released the Infrastructure Action Plan to provide further clarity on the sequence of actions planned and underway that respond to the Infrastructure Strategy and send a strong signal about our ambitions.

Contributions to the New Zealand Superannuation Fund

The combination of the Government's contributions to the NZSF and the NZSF's earnings are projected to increase its size to \$85 billion by 2027. Growing the size of the NZSF will help it achieve its primary role of smoothing the cost of superannuation payments in the face of demographic pressures and easing the burden on future generations of taxpayers to meet the increased costs of the New Zealand Superannuation. The calibration of the OBEGAL fiscal rule factors in an allowance for contributions to the NZSF to ensure NZSF contributions do not add to the level of net debt to GDP over time.

Table 6 sets out the contributions to the NZSF over the forecast period. The estimated amount of the annual capital contribution to the NZSF is calculated in accordance with the formula in section 43 of the New Zealand Superannuation and Retirement Income Act 2001. Over the next five years, the Government's contribution to the NZSF is forecast to be \$8.6 billion in total.¹⁵

Table 6 – Contributions to the NZSF

Year ending 30 June \$billions	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
NZSF contributions	2.6	1.6	1.5	1.6	1.4

Source: The Treasury

Fiscal projections and assumptions

The fiscal projections in Table 7 show the Government is on track to meet its long-term objectives of maintaining average surpluses in the range of 0 percent to 2 percent of GDP and keeping debt below the ceiling. These projections are based on a set of modelling assumptions described on the Treasury website.¹⁶ These assumptions are based on trend or long-run averages for growth rates or levels of key economic, fiscal and demographic variables, and generally assume no policy changes beyond those built into their forecast base.

The key assumptions in the projections are as follows:

- Other than for the areas of welfare-related expenses and interest costs, spending growth is largely determined by operating allowances, which are assumed to be \$3.5 billion in Budget 2027, growing at 2 percent per year for subsequent Budgets.
- Capital allowances are assumed to be \$7 billion in the first projected year of 2027/28, growing at 2 percent per year for subsequent years.
- Both operating and capital expenditure on the Climate Emergency Response Fund (CERF) is projected, with their combined total set equal to projected cash proceeds from auctioned ETS units.

¹⁵ Table does not sum to this figure due to rounding.

¹⁶ <https://treasury.govt.nz/information-and-services/financial-management-and-advice/fiscal-strategy/fiscal-strategy-model>

The assumptions for projected allowances are the same as those shown in the Fiscal Strategy Report 2022 except for the starting projected operating allowance (which was lower, at \$3 billion) and CERF expenditure which was not projected beyond the end of the forecast base of the projections, although ETS cash proceeds were. The medium-term fiscal outlook is weaker at Budget 2023 compared to Budget 2022, mainly due to a forecast base of lower revenue and higher expenses and incorporating higher projected operating allowances and CERF expenditure.

However, this projection scenario is consistent with all of the Government's long-term objectives for fiscal policy. It shows net debt remaining well under the 30 percent of GDP ceiling and declining not only as a percentage of GDP but also in nominal dollar terms. Also, while OBEGAL surpluses fall over the projection years, it remains in surplus and averages 0.3 percent of GDP over the 12 years from returning to surplus in 2025/26 to the end of the projections in 2036/37.

Projecting the various fiscal variables requires projections of a number of economic variables. The projection of these economic variables applies Stats NZ's demographic projections, policy settings, and growth or level values based on outturn data over the last decade or more. Several economic variables, such as the unemployment rate, CPI inflation, annual labour productivity growth, average weekly hours worked, and nominal average hourly wage growth are projected to transition back to long-run stable assumptions over the early years of the projection period. Once this transition has happened, the economy is assumed to grow at trend growth rates, with no economic cycles in the projections.

Table 7 – Summary of fiscal projections

Year ending 30 June	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	...	2037
percent of GDP	Forecasts					Projections						
Core Crown revenue	32.2	32.4	32.4	32.9	32.9	32.8	32.7	32.6	32.5	32.4	.....	31.9
Core Crown expenses	32.5	33.0	32.3	32.0	31.5	31.8	31.7	31.7	31.7	31.7	.....	31.6
Core Crown residual cash	-5.7	-6.5	-0.1	0.0	0.0	-0.8	-0.6	-0.6	-0.7	-0.7	.....	-0.8
Total Crown revenue	39.5	40.1	39.8	40.2	40.0	39.9	39.8	39.8	39.7	39.5	.....	39.0
Total Crown expenses	41.1	41.8	40.5	40.0	39.2	39.4	39.3	39.2	39.2	39.2	.....	38.9
Total Crown OBEGAL ¹	-1.8	-1.8	-0.8	0.1	0.7	0.4	0.5	0.4	0.4	0.3	.....	0.0
Total Crown operating balance ²	1.1	-0.3	0.6	1.5	2.0	1.8	1.9	1.9	1.9	1.8	.....	1.7
Net debt ³	18.0	22.0	21.7	20.7	18.4	17.1	15.7	14.5	13.3	12.3	.....	8.3
Net core Crown debt ⁴	38.5	43.1	41.1	39.1	37.3	36.4	35.3	34.5	33.7	33.1	.....	31.0
Core Crown borrowings ⁵	47.7	50.5	51.6	50.8	49.6	48.1	46.6	45.3	44.2	43.3	.....	39.6
Total Crown net worth	45.4	42.9	41.3	40.6	40.7	40.7	40.8	41.0	41.3	41.6	.....	42.5
Net worth attributable to the Crown ⁶	43.4	40.9	39.4	38.8	39.0	38.9	39.0	39.3	39.5	39.8	.....	40.8

Notes

- 1 Operating balance before gains/(losses)
- 2 Excludes minority interests
- 3 Includes Crown entity borrowings (excl. Kiwi Group borrowings) and financial assets of the NZSF and core Crown advances
- 4 Excludes financial assets of the NZSF and core Crown advances
- 5 This indicator is a proxy for total debt and includes unsettled purchases of securities
- 6 Excludes assets and liabilities belonging to minority interests

Source: The Treasury

He Whakarāpopototanga o ngā Kaupapa

Summary of Initiatives

Budget 2023

In Budget 2023, the Government is investing an average of \$4.8 billion per year in new operating spending. The Government is also investing \$10.7 billion in new capital spending from the Multi-Year Capital Allowance.

Table 8 provides a breakdown of Budget 2023, including offsets from revenue and savings, as well as reprioritisation of unspent funding, such as from tagged contingencies. For total expenditure by Vote, see the *Estimates of Appropriations* for 2023/24.

Table 8 – Budget 2023 net expenditure breakdown

	Budget 2023 Operating Average (\$m)	Operating Total ¹⁷ (\$m)	Capital Total ¹⁸ (\$m)
Budget Breakdown			
Budget 2023 new spending	3,509	14,145	9,980
North Island weather events	235	941	195
Multi-Year Health spending	1,563	6,252	-
Multi-Year Clusters	419	1,675	-
Other Pre-commitments	266	1,063	272
Savings and Reprioritisation*	(853)	(3,412)	253
Revenue	(325)	(1,301)	-
Total	4,813	19,363	10,700

* Total operating savings managed through the Budget 2023 is \$4,018 million. This includes \$606 million of operating savings has been used to top up Climate Emergency Response Fund (see Table 9).

¹⁷ Operating funding over 5 years (2022/23 to 2026/27).

¹⁸ Capital funding over 10 years (2022/23 to 2031/32).

Climate Emergency Response Fund

In Budget 2023, the Climate Emergency Response Fund has supported a \$1.9 billion spending package.

Table 9 – Budget 2023 Climate Emergency Response Fund allocations

	Operating Total (\$m)	Capital Total (\$m)
Climate Emergency Response Fund	1,572	300
Savings and reprioritisation	(606)	-

Detailed breakdown by Vote

This section provides the titles, descriptions and funding amounts of each initiative, organised by Vote for the following sections:

- Budget 2023 Initiatives by Vote
- Budget 2023 Initiatives for North Island Weather Events Response and Recovery Package
- Budget 2023 Climate Emergency Response Fund Initiatives by Vote, and
- Budget 2023 Savings and Revenue Initiatives.

How to read the tables in the Annex

This section outlines the key components included for each initiative. The *Estimates of Appropriations* provide information to Parliament on the expenses and capital expenditure the Government plans to incur for the upcoming financial year. The Estimates are organised into nine volumes that can be referred to for supporting information on the Vote. Related appropriations are grouped within 'Votes' (eg, Vote Health includes all health-related appropriations administered by the Ministry of Health).

Estimates	Vote
Volume 1 – Economic Development and Infrastructure Sector	Building and Construction Business, Science and Innovation Transport
Volume 2 – Education and Workforce Sector	Education Tertiary Education Education Review Office Labour Market
Volume 3 – External Sector	Customs Defence Defence Force Foreign Affairs
Volume 4 – Finance and Government Administration Sector	Audit Communications Security and Intelligence Finance Internal Affairs Office of the Clerk Ombudsmen Parliamentary Service Prime Minister and Cabinet Public Service Revenue Security Intelligence Statistics

Estimates	Vote
Volume 5 – Health Sector	Health
Volume 6 – Justice Sector	Attorney-General Corrections Courts Justice Parliamentary Counsel ¹⁹ Police Serious Fraud
Volume 7 – Māori Affairs Sector	Māori Development Te Arawhiti
Volume 8 – Natural Resources Sector	Agriculture, Biosecurity, Fisheries and Food Safety Conservation Environment Forestry Lands ²⁰ Parliamentary Commissioner for the Environment ²¹
Volume 9 – Social Services and Community Sector	Arts, Culture and Heritage Sport and Recreation Housing and Urban Development Oranga Tamariki Pacific Peoples Social Development Women

Initiative Title	Annual operating funding (\$m)					Operating funding over 5 years (\$m)	Capital funding over 10 years (\$m)
	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Vote							
Vote Name 1		10.000	10.000	10.000	10.000	40.000	5.000
Vote Name 2	10.000	10.000	10.000	10.000	10.000	50.000	5.000
Vote Name 3		(5.000)	(5.000)	(5.000)	(5.000)	(20.000)	-
Tagged contingency		5.000	5.000	5.000	5.000	20.000	-
Tagged contingency						5.000	-

Funding amounts for some tagged contingencies are withheld due to commercial sensitivity.

Brackets indicate negative numbers, which reflects a reduction in expenditure or an increase in revenue.

¹⁹ Vote Parliamentary Counsel is not part of the Justice cluster.

²⁰ Vote Lands is not part of the Natural Resources cluster.

²¹ Vote Parliamentary Commissioner for the Environment is not part of the Natural Resources cluster.

Budget 2023 Initiatives by Vote

Agriculture, Biosecurity, Fisheries and Food Safety

Animal Welfare Regulatory Compliance and Enforcement Activities – Cost Pressures

This initiative provides funding to maintain animal welfare compliance work for domestic pets. This addresses cost pressures faced by the Society for the Prevention of Cruelty to Animals (SPCA) impacting its current delivery of this work.

This initiative is outside the Budget 2022 Natural Resources Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	2.304	2.304	2.304	2.304	2.304	11.520	0.780

Eradicating Mycoplasma bovis from New Zealand

This initiative provides funding to continue eradication activities on the remaining infected properties, pay any eligible compensation, and to transition the Mycoplasma bovis programme to a National Pest Management Plan for long-term surveillance.

This initiative is outside the Budget 2022 Natural Resources Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	-	23.100	23.030	20.395	11.264	77.789	-

Plant Health and Environmental Capability – Establishing Core Biosecurity Infrastructure

This initiative provides funding for the construction and commissioning of a new plant health and environment laboratory in Auckland, with enhanced biosecurity capability, and the associated ongoing asset ownership costs. The tagged contingency amount is not reported for commercial sensitivity reasons.

This initiative is outside the Budget 2022 Natural Resources Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	-	4.342	-	-	-	4.342	37.689
Tagged Contingency	-	-	-	-	-	-	-

Māori Commercial Aquaculture Claim Settlements

This initiative provides funding to enable the Ministry for Primary Industries to deliver future Crown settlement obligations under the Māori Commercial Aquaculture Claims Settlement Act 2004.

This initiative is outside the Budget 2022 Natural Resources Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	74.369	15.468	4.700	1.200	1.200	96.937	-

Outdoor Access Commission – Cost Pressures

This initiative provides funding for the Outdoor Access Commission to continue to deliver core functions, including creating and maintaining public access to the outdoors for New Zealanders, advising on access opportunities to land sold to overseas investors and providing maps of public outdoor access.

This initiative is outside the Budget 2022 Natural Resources Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	-	1.806	1.806	1.806	1.806	7.224	-

Arts, Culture and Heritage**Artist Resale Royalty Scheme – Implementation**

This initiative provides funding to implement an Artist Resale Royalty scheme in New Zealand which will enable eligible visual artists (or their estates) to claim a 5 percent royalty each time their artwork sells on the secondary art market. The scheme will be managed by a non-government collection agency.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Arts, Culture and Heritage	-	0.189	0.255	0.255	0.255	0.954	-

Creative Careers – Final Pilot Year

This initiative provides funding to deliver the fourth and final year of the Creative Careers pilot programme. Administered by the Ministry of Social Development, the programme delivers services to creative professionals to develop business and career skills that will enable participants to have sustainable careers, increased income, and overall improved satisfaction in their creative profession.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Arts, Culture and Heritage	-	2.000	-	-	-	2.000	-

Culture and Heritage Crown Obligations – Cost Pressures

This initiative provides funding to address cost pressures in meeting legal obligations associated with memorials managed by the Ministry for Culture and Heritage and other heritage sites.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Arts, Culture and Heritage	5.000	-	-	-	-	5.000	-

Domestic New Zealand Screen Production Grant – Cost Pressures

This initiative provides funding for eligible New Zealand film and television productions that are already provisionally approved for the New Zealand Screen Production Grant.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Arts, Culture and Heritage	20.600	-	-	-	-	20.600	-

Matariki – Building the Momentum of Te Rā Aro ki a Matariki/Matariki Public Holiday

This initiative provides funding for iwi-based events and resources that support whānau, hapū and iwi to grow and lead their practices and customs relating to Te Kāhui o Matariki. It also provides funding to build broader public awareness and understanding of Matariki and the Matariki public holiday at a national level.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Arts, Culture and Heritage	-	4.700	4.700	4.300	4.300	18.000	-

Te Matatini – Funding to Stimulate the Sustainable Growth of Kapa Haka

This initiative provides funding to expand the scope and role of Te Matatini by embedding a rohe-based Kapa Haka network that would administer funding in line with their mana motuhake ki te kāinga approach. This funding contributes to the biennial national Kapa Haka festival, to provide equitable resourcing for Kapa Haka and to support Te Matatini to achieve its vision of strong rohe delivering excellence through Kapa Haka. The new approach will be reviewed after two years.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Arts, Culture and Heritage	-	17.024	17.024	-	-	34.048	-

Business, Science and Innovation

Fuel Regulatory Backstop Implementation

This initiative provides funding to establish a regulatory regime under the Fuel Industry Act 2020, which will allow certain wholesale fuel prices to be investigated and set by the Commerce Commission. The initiative will benefit consumers of engine fuel by promoting competition, leading to downward pressure on engine fuel prices.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	1.000	1.000	1.000	1.000	4.000	-

Future Pathways Programme – Implementation

This initiative provides funding for policy, operations and programme management, including specialist services and inputs, to continue to run, expand and deliver the Te Ara Paerangi – Future Pathways programme.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	2.636	3.200	-	-	-	5.836	0.030

Game Development Sector Rebate

This initiative provides funding for delivering and administering a 20 percent rebate on expenditure incurred by game development businesses. The rebate aims to support sustainable growth and job creation in mid- to large-sized game development studios to strengthen the domestic sector.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	40.000	40.000	40.000	40.000	160.000	0.500

Geohazards Science Services – Cost Pressure

This initiative provides funding to maintain GeoNet and the National Seismic Hazard Model (NSHM) for 2023/24. The funding will enable GNS Science to maintain specialist capability and datasets of national significance related to geohazards including earthquakes, volcanoes, tsunamis and landslides.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	25.100	-	-	-	25.100	6.700

GNS Science Critical Science Capability – Cost Pressure

This initiative provides funding for GNS Science to retain critical research capability for climate change, hazards, and energy-related science until 2026/27.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	-	4.750	4.750	4.750	14.250	-

Grocery Industry Competition – Regulatory Regime

This initiative provides funding for the Commerce Commission to monitor the grocery industry and to undertake reporting and enforcement roles in relation to anticipated legislation regulating the grocery industry. A Grocery Commissioner will be appointed in the Commerce Commission to lead this role. The anticipated Grocery Industry Competition Act is intended to support competition, fair trading, and transparency in the grocery industry for the long-term benefit of consumers.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	6.979	7.286	7.286	7.286	28.837	-

Horizon Europe Association – Access to the European Union’s Research and Innovation Funding Programme

This initiative provides funding for New Zealand to associate with Horizon Europe Pillar II, the European Union (EU)’s main research and innovation framework and funding platform. Association will allow New Zealand researchers and organisations to participate in the programme on equal terms with entities from the EU Member States and other Associated Members.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	-	10.210	13.690	13.740	37.640	-

Industry Transformation Plans – Agritech Horticulture Technology Catalyst

This initiative provides funding for the Horticulture Technology Catalyst, a priority action under the Agritech Industry Transformation Plan. The Catalyst implements three key service areas: the Industry Connector, Talent Development and Project Support and Facilitation. The Catalyst aims to increase collaboration across the New Zealand horticulture technology sector and the sector’s international connections, grow industry talent, and facilitate the successful commercialisation of research and projects.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	5.912	7.845	8.000	8.148	29.905	-

Industry Transformation Plans – Enhancing the Digital Technology Skills and Talent Pipeline

This initiative provides funding for a targeted implementation of the Digital Skills and Talent Plan as well as priority actions identified by the Digital Technologies Industry Transformation Plan. This includes funding for growing ‘learn while you earn’ and other work-integrated pathway models; enabling industry to transform its workforce practices; and implementing the Skills Framework for the Information Age.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	11.483	7.694	5.034	2.401	26.612	0.400

Industry Transformation Plans – Tourism Better Work Action Plan Implementation

This initiative provides funding to implement the Tourism Better Work Action Plan. This will increase capabilities and opportunities by upskilling workers, raising employment standards, building cultural competency, increasing productivity, and helping the industry attract and retain workers.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	6.547	6.832	2.722	2.122	18.223	-

Insurance Claims Resolution Service

This initiative provides funding for the New Zealand Claims Resolution Service (NZCRS). The NZCRS supports homeowners with Toka Tū Ake EQC and/or private insurance claims against a residential property that has been damaged by any natural disaster event. The service provides early, independent advice and case management to support homeowners to achieve fair resolution as well as access to support on legal and wellbeing issues.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	6.465	6.465	6.465	6.465	25.860	-

Major Events Fund – Cost Pressure

This initiative provides funding to secure additional major events, deliver sustained targeted benefits and improve fund purchasing power in an increasingly competitive global market. It will help offset event cost increases, fund a prospecting strategy that delivers targeted outcomes, and dedicate funding to leverage activity for social, cultural and economic benefits.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	3.530	3.530	3.530	3.530	3.530	17.650	-

Māngere Refugee Resettlement Centre Construction Projects – Cost Pressures

This initiative provides funding for construction projects around Te Āhuru Mōwai o Aotearoa – Māngere Refugee Resettlement Centre.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	-	-	-	-	-	4.500

New Zealand Trade and Enterprise – Exporter Support Cost Pressure

This initiative provides funding to maintain exporter support and other New Zealand Trade and Enterprise services at current levels.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	-	9.923	9.923	9.923	29.769	-

Regional Business Partners Network – Cost Pressures

This initiative provides funding to maintain the Regional Business Partner Network and support small and medium enterprises to develop their management capability, through connection with networks, training providers and other resources.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	0.800	0.800	0.800	0.800	3.200	-

Research, Science and Innovation – Building a Skilled and Talented Workforce

This initiative provides funding for research fellowships and an applied doctoral training scheme. It is part of working towards the Government's commitment to increasing investment in Research and Development to 2 percent of GDP.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	4.590	10.790	16.900	22.984	55.264	0.003

Science City – Capital Investment for Co-Location of Research Capability

This initiative provides funding for construction, maintenance, and related support activities for multi-institution research, science and innovation collaboration centres in the Wellington region focused on health and wellbeing; oceans, climate and hazards; and advanced manufacturing, biotech and energy futures.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	-	6.000	12.000	16.000	17.000	51.000	400.000

Small Business Services – Business.govt.nz Cost Pressure

This initiative provides funding for maintenance, development, content creation, and promotion for the business.govt.nz service, a wide-reaching programme providing small to medium businesses with business resources, tools, and trusted guidance from across government and the private sector.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	1.168	1.197	1.688	1.701	5.754	3.200

Tourism Capability – Cost Pressure

This initiative provides funding for tourism policy capability to continue resourcing key government policies, including freedom camping and the Tourism Industry Transformation Plan.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	1.565	1.565	1.565	1.565	6.260	-

Communications Security and Intelligence**Government Communications Security Bureau – Building Critical Cyber Resilience**

This initiative provides funding to the Government Communications Security Bureau's National Cyber Security Centre for technical advice and engagement to improve the cyber resilience of critical national infrastructure. Contingency funding is provided to enable the National Cyber Security Centre to operationalise the mandate for the Government Chief Information Security Officer.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Communications Security and Intelligence	-	1.748	2.015	2.747	2.722	9.232	-
Tagged Contingency	-	-	0.453	1.717	1.786	3.956	-

Government Communications Security Bureau – Inflation-Driven Cost Pressures

This initiative provides funding to the Government Communications Security Bureau to meet inflationary pressures relating to ICT, property, and travel.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Communications Security and Intelligence	-	2.593	2.593	2.593	2.593	10.372	-

Conservation

Molesworth Recreation Reserve – Purchase of Farming Assets and Ongoing Management of Reserve

This initiative provides funding for the purchase and ongoing management of farming assets on the Molesworth Recreation Reserve from Pāmu Landcorp, in accordance with the existing lease agreement.

This initiative is outside the Budget 2022 Natural Resources Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Conservation	16.510	0.076	0.076	0.076	0.076	16.814	7.931

Corrections

Corrections' Waters Infrastructure Programme – Phase 2

This initiative provides funding, held in contingency, for addressing the critical compliance risks and asset failures identified by investigations carried out in Phase 1 of Corrections' Waters Infrastructure Programme, a 16-year programme designed to address the risk levels and cost pressures impacting Corrections' waters infrastructure.

This initiative is outside the Budget 2022 Justice Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	-	4.480	4.880	4.640	4.720	18.720	56.000

Courts

Maintaining Momentum Across Te Aorerekura – Improved Access to Family Violence Programmes in Court and the Community

This initiative provides funding for the Ministry of Justice and the Department of Corrections to expand access to family violence programmes for participants involved in family violence District Court proceedings and those serving sentences in the community for family violence offences.

Te Aorerekura is funded outside the Budget 2022 Justice Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Courts	-	2.146	3.380	6.194	8.369	20.089	-
Corrections	-	0.227	0.227	0.227	0.227	0.908	-

Customs

New Zealand Customs Service – Remuneration Cost Pressure

This initiative provides funding to enable the New Zealand Customs Service to meet cost pressures relating to salaries and wages.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Customs	-	2.963	4.977	7.016	7.016	21.972	-

Defence Force

Defence Force Housing Programme – Tranche 1

This initiative provides funding, held in contingency, to commence addressing the ageing infrastructure and building conditions within the New Zealand Defence Force housing estate at Waiouru, Linton, and Burnham Military Camps, and Base Ohakea.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	-	0.300	1.000	3.100	5.700	10.100	75.400

Defence Force – Operations Cost Pressure

This initiative provides funding to meet inflationary pressures relating to fuel and construction, corporate digital enablers, estate maintenance, and critical platform maintenance.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Defence Force	-	5.700	5.750	5.750	5.750	22.950	-

Defence Force – Remuneration Cost Pressure

This initiative provides funding to enable the New Zealand Defence Force to provide remuneration uplifts for its staff.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Defence Force	-	104.900	104.900	104.900	104.900	419.600	-

Frigate Communications Upgrades – Phase 2

This initiative provides funding for the installation of an upgraded communications system that will allow the Anzac Frigates to continue to be interoperable, when operating at home and abroad, in a modern and secure digital communication environment.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Defence Force	-	-	-	1.519	1.921	3.440	-

Frigate Maintenance and Sustainability Upgrades – Phase 1

This initiative provides funding to replace or stabilise critical systems to ensure the Anzac Frigates are safe and seaworthy and can undertake the breadth of deployment and military response options.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Defence Force	-	0.500	0.500	0.500	0.500	2.000	57.000

Network Enabled Army – Communications Capability for the Bushmaster Armoured Vehicles

This initiative provides funding, held in contingency, to enable the delivery of communications capability for the newly arriving Bushmaster Armoured Vehicles, supporting their operational deployment and interoperability with partners.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	-	-	6.040	10.990	15.030	32.060	58.000

Ohakea Infrastructure Programme – Phase 2

This initiative provides funding, held in contingency, for the Ohakea Infrastructure Programme, which addresses shortfalls with the age, condition, compliance, and fitness of infrastructure at Base Ohakea.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Vote Defence Force	-	0.844	2.524	5.446	7.281	16.095	74.639

Veterans' Affairs Frontline Staff – Cost Pressure

This initiative provides funding for additional frontline staff for Veterans' Affairs so that veterans receive their entitlements under the Veterans' Support Act 2014 more promptly.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Defence Force	-	0.250	0.250	0.250	0.250	1.000	-

Education

Alternative Education – Cost Pressure

This initiative provides funding to increase the per place rate for alternative education to \$16,536. This will support over 2,000 Years 9 – 13 students annually who are at risk of becoming, or already are disengaged from education, to re-engage. It also funds the regional implementation of intensive support options for younger cohorts, including ongoing funding of Te Tupu Managed Moves.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	7.589	11.342	11.092	11.092	41.115	0.255

Attendance Turnaround Package – Cost Pressures

This initiative provides funding to address volume and inflationary pressures, and to develop a business case to improve the Attendance Services case management system. It seeks to improve quality, understanding and use of data, and effectively engage with evidence based local collaboration activities to support school attendance and engagement. It also provides new roles to support schools to turnaround irregular attendance.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	5.408	20.737	16.921	15.321	15.321	73.708	-

Boarding Allowances – Increased Support for Isolated Students

This initiative provides funding to increase boarding student allowances by approximately 4.5 percent for geographically isolated students, particularly those on offshore islands.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	0.255	0.510	0.510	0.510	1.785	-

Christchurch Schools Rebuild Programme

This initiative provides funding for the ongoing Christchurch Schools Rebuild Programme following the 2010 and 2011 earthquakes. There are 33 school projects that will be supported by this additional capital investment.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	5.900	11.800	11.800	11.800	41.300	157.350

Critical Local Histories – Programme Expansion

This initiative provides funding to expand the Critical Local Histories programme, which involves working with local iwi and hapū to support the development of culturally relevant history curricular. High levels of interest from iwi and schools in this program have led to a need for expansion and additional funding. This funding will allow the Crown to work with iwi over the next five years.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	0.240	2.415	2.415	2.415	2.415	9.900	0.017

Curriculum Insights and Progress Study Expansion

This initiative provides funding to address cost pressures for the Curriculum Insights and Progress Study (previously the National Monitoring Study for Student Achievement). The Curriculum Insights and Progress Study is a uniquely New Zealand tool for understanding how learners progress and achieve in relation to the NZ Curriculum. Updates can be made to studies in line with the refreshed NZ Curriculum and provide insights to Ministry of Education and teachers to better inform teaching practices.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	2.336	3.091	3.048	3.048	11.523	1.116

Cybersecurity and Managed IT Services – Cost Pressure

This initiative provides funding to maintain cybersecurity and managed digital services to kura and schools to better protect the education sector against rapidly escalating cyber-attacks and privacy breaches. This delivers the next phase of the Cybersecurity and Managed IT Services initiative that was funded through Budget 2022.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	31.000	-	-	-	31.000	8.100

Early Childhood Education Services Cost Adjustment and Sustainability Grant for Playcentre Aotearoa

This initiative provides funding for an increase of 5.3 percent to a mix of full and partial early learning subsidy rates. This will aid funded early learning services to manage the increasing costs of provision and maintain quality and affordable early learning for children, parents, and whānau. This initiative will also provide a one-off grant to support the sustainability of Playcentre Aotearoa.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	38.514	72.901	73.894	74.732	260.041	-

Early Learning Pay Parity Opt-In Rates – Cost Pressure

This initiative provides funding to extend pay parity in early learning. More services than anticipated have opted in to the pay parity scheme and this initiative will ensure sufficient funding is available to support these services to deliver pay parity to early learning teachers.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	15.416	31.122	-	-	-	46.538	-

Education Payroll Services – Cost Pressure

This initiative provides funding to support Education Payroll Limited to manage increased costs associated with delivery of accurate, timely and secure fortnightly payroll to an average of 96,000 employees.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	5.790	5.710	1.860	1.860	15.220	-

Equitable Digital Access – Programme Extension to June 2024

This initiative provides funding to continue free home internet access for up to 18,000 student households until June 2024. The programme initially started as part of Government's COVID-19 distance learning programme and now extends access to new students and their whānau who have become eligible since the programme began.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	15.480	-	-	-	15.480	-

Hāwera School Network Regeneration Project

This initiative provides funding for the construction of temporary teaching spaces and the design of a combined high school and intermediate school in Hāwera.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	0.375	0.750	0.750	0.750	2.625	10.000

Holiday Pay – Correcting Historic Underpayment for Long-Term Relievers

This initiative provides funding to remediate an estimated 22,000 long-term relievers in state and state-integrated schools and kura for historic underpayments of their contractual holiday pay. This funding will cover the estimated cost for historical remediation and one year of additional cost to pay long-term relievers correctly.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	57.893	9.300	-	-	-	67.193	-

Investing in Māori Education – Strengthening Partnerships

This initiative provides funding to programmes that improve educational outcomes for ākonga Māori and their whānau. The Ministry of Education will work with partners to improve outcomes around attendance, ending streaming, and nurturing language, culture and identity through kapa haka. Māori Education Peak Bodies will be supported to lead and partner with the Ministry on programmes with aligned aspirations for tamariki and rangatahi. There is also increased funding for science, technology, engineering, and mathematics programmes for ākonga Māori.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	8.617	9.607	10.597	11.070	39.891	-

Kāhui Ako | Communities of Learning – Cost Pressure

This initiative provides funding to continue Kāhui Ako – Communities of Learning programme until the end of December 2023. A Community of Learning (Kāhui Ako) is a group of education and training providers that form around children and young people's learning pathways, and work together to help them achieve their full potential.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	6.890	-	-	-	6.890	-

Ka Ora, Ka Ako | School Lunch Programme

This initiative provides funding to continue the Ka Ora, Ka Ako School lunch programme until the end of December 2024. Ka Ora, Ka Ako plans to provide approximately 25 percent of ākonga in New Zealand (approximately 220,000 students) access to a nutritious lunch, focusing on schools who have most learners experiencing socioeconomic barriers to education. This initiative contributes to reducing food insecurity and financial hardship for families and whānau.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	158.397	164.959	-	-	323.356	1.654

Land Purchases Reimbursement for New Schools – Cost Pressure

This initiative provides funding to reimburse land acquisitions and associated site work costs. The purchase of land for new schools supports delivery of the National Education Growth Plan and expanding the School Property Portfolio to meet demand across New Zealand.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	2.500	5.000	5.000	5.000	17.500	100.000

Learning Support in Kaupapa Māori and Māori Medium Schooling

This initiative provides funding for specialised Learning Support Coordination and facilities in schools and kura providing Kaupapa Māori and Māori medium education. It provides resourcing for Māori-led design and delivery of solutions to strengthen the capacity and capability of these schools and kura to plan and coordinate responses to the learning support needs of ākonga in partnership with whānau.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	1.924	5.219	8.991	9.112	25.246	15.171

Learning Support Modifications to School Buildings

This initiative provides funding for the purchase and installation of special needs modifications in schools, including automatic doors, lifts, fencing, hoists, and bathroom modifications over a period of two years.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	2.250	6.750	9.000	9.000	27.000	120.000

Librarians, Library Assistants, and Science Technicians Pay Equity Claims – Implementation

This initiative provides funding to support the implementation of the Librarians, Library Assistants, and Science Technicians Pay Equity Claims. Funding will resource personnel to work with schools and kura to ensure that they receive accurate funding, and that the sector is supported to understand the changes to employment settings.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	2.140	0.391	-	-	2.531	-

Māngere Refugee Education Centre – Cost Pressures

This initiative provides funding to continue delivering vital and effective education services to refugee and migrant students at Pokapū Whakamātau Rerenga – the Māngere Refugee Education Centre. This continues support for students to achieve National Certificate of Educational Achievement Level 2 at similar rates to domestic students.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	0.349	0.349	0.349	0.349	1.396	-

Māori Medium Education Infrastructure – Programme Expansion

This initiative provides funding to remediate projects, site acquisitions, and provision of roll growth classrooms to kura delivering Māori Medium Education. Maintenance funding is also provided to Puna Reo and Kōhanga Reo early childhood centres. This investment is needed to meet the Government objective of 30 percent of ākonga Māori learning in Māori medium education environments by 2040.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	4.781	3.128	5.815	8.156	21.880	112.500

Marlborough Schools – Co-location of Marlborough Boys' and Girls' Colleges and the Relocation of Bohally Intermediate

This initiative provides funding to progress the design of the co-location of Marlborough Girls' and Boys' Colleges and the rebuild and relocation of Bohally Intermediate School in Marlborough.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	0.916	1.831	1.831	1.831	6.409	36.620

National Education Growth Plan

This initiative provides funding to continue the expansion of the School Property Portfolio by delivering roll growth classrooms and new schools in accordance with the National Education Growth Plan. The funding will enable the delivery of approximately 200 roll growth teaching spaces, 100 short term roll growth classrooms, and four new schools. This will add approximately 6,600 student places to the School Network.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	2.920	9.070	16.710	26.690	55.390	400.000

Ngā Iti Kahurangi Programme – Programme Expansion

This initiative provides funding to extend the Ngā Iti Kahurangi programme to 175 more schools, which delivers property improvements to small, isolated schools in line with the Ministry of Education's Quality Learning Environment standards. The programme upgrades school energy efficient LED lightbulbs, insulation, acoustic panels, residual current devices, and carpet tiles.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	1.875	3.750	3.750	3.750	13.125	50.000

New Zealand Qualification Authority's Specialist Workforce – Remuneration Cost Pressure

This initiative provides funding to maintain payrates for 9,500 contracted Specialist Workforce of the New Zealand Qualifications Authority. The workforce is necessary for the integrity and operation of the National Certificate of Educational Achievement and Scholarship secondary school assessment process.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	6.000	6.000	-	-	12.000	-

Pacific Early Childhood Education – Cost Pressure

This initiative provides funding to continue time-limited funding to strengthen and support Pacific early learning services. The funding will deliver targeted professional learning and development, guidance, and support for staff at Pacific early learning services.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	0.064	2.621	2.621	-	5.306	-

Pay Parity for Teachers in Education and Care Services

This initiative provides funding to close the pay gap between certificated teachers in education and care services closer to pay parity with kindergarten teachers. This initiative also provides funding for an allowance for teachers who work in Māori or Pacific based immersion services.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	59.549	92.745	93.038	93.928	339.260	4.571

Public Private Partnership Schools Expansion Programme – Increasing Capacity

This initiative provides funding, held in contingency, to expand five existing Public Private Partnership schools to their maximum planned capacity. This expansion will address current and forecast roll growth pressures and increase total student places in the schooling network. The contingency amount is not reported due to ongoing negotiations.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	-	-	-	-	-	-	-

Quality Teaching, Learning, and Curriculum – Supporting Professional Development

This initiative provides funding to help ensure equitable and resilient curriculum support and professional development provision for schools, kura and kaiako to respond to high demand. It includes specific programmes to help teachers support Māori and Pacific children and will provide equitable opportunities across English and Māori mediums, sectors, and regions.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	7.000	12.000	7.000	-	-	26.000	-

Refugee and Migrant Education in Schools – Cost Pressure

This initiative provides funding to continue delivering specialist support for refugee and migrant students in schools, helping them to achieve the National Certificate of Educational Achievement Level 2 at similar rates to domestic students. Additional student arrivals from Ukraine and Afghanistan (outside of the refugee quota) and changes to the migrant levies' settings due to COVID-19 have affected traditional funding sources and led to cost increases.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	1.716	1.716	1.716	1.716	6.864	-

Reinvesting in the School Property Portfolio – Cost Pressure

This initiative provides funding for re-investment in the School Property Portfolio. This funding is critical to ensure proper maintenance of 2,100 schools across New Zealand.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	-	-	-	90.080	90.080	-

Schools' Operational Grants – Cost Adjustment

This initiative provides for an increase of 3.5 percent in funding for schools to employ staff and meet inflationary pressures to purchase supplies, utilities and other essentials required to operate. This initiative also includes additional funding to extend the donations scheme to newly eligible schools in 2024.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	35.035	66.492	66.204	66.196	233.927	-

Schools Payroll Remediation Programme – Cost Pressure

This initiative provides funding for the Schools Payroll Remediation programme, which identifies and corrects errors in payroll data and processes. The main objective of the programme is ensuring that school sector employees receive their correct Holidays Act entitlements. Additional funding is required for staffing costs to remediate Holidays Act payments.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	12.244	12.992	8.212	6.083	39.531	-

School Transport Driver Wage Increases

This initiative provides funding to restore wage relativity between school bus drivers and public transport drivers.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	6.590	6.590	6.590	6.590	26.360	-

Support Services – Addressing Lost Learning

This initiative provides funding for a suite of tutoring and support services for students in years 7 and above in schools and kura to address 'lost learning' as a result of COVID-19 (\$20 million) and initiatives to support more teachers in the education workforce (\$23 million). This targeted funding is largely limited to the 2022/23 financial year, with the exception of some scholarships. This initiative was funded as a pre-commitment against the Budget 2023 operating allowance.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	37.667	3.840	2.120	-	-	43.627	-

Teacher Supply – Extending Time-Limited Funding

This initiative provides funding for several critical teacher supply initiatives that boost Initial Teacher Education enrolment, incentivise overseas teachers to move to New Zealand, assist former teachers to return to the profession, and help match graduates and returning teachers to long-term positions.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	21.072	-	-	-	21.072	-
Social Development	-	2.568	-	-	-	2.568	-

20 Hours Early Childhood Education Subsidy – Extension to Two-Year-Olds

This initiative provides funding to extend the 20 Hours Early Childhood Education (ECE) subsidy to two-year-olds (currently only available for three to five-year-olds). This is intended to reduce the cost for parents by reducing service fees. This will help parents manage their day-to-day living costs while also providing scope for additional uptake of ECE for parents where cost has been a barrier to participation. There is a reduction in Vote Social Development costs because the extension of 20 hours ECE to two-year-olds will likely result in lower demand for the Childcare Subsidy as many parents will take up the ECE subsidy instead.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	127.481	367.362	371.875	374.902	1,241.620	1.845
Social Development	-	(2.696)	(13.179)	(13.492)	(13.867)	(43.234)	-

Education Review Office

Education Review Office – Operations Cost Pressure

This initiative provides funding to meet the increased costs of maintaining the Education Review Office's (ERO) operations. This will primarily fund increased operating costs such as travel, IT and property costs.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education Review Office	-	0.754	0.754	0.754	0.754	3.016	-

Independent Children's Monitor – Operations Cost Pressures

This initiative provides funding for the Aroturuki Tamariki – Independent Children's Monitor to meet the costs of operating as a departmental agency hosted by the Education Review Office from 1 May 2023.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education Review Office	-	0.700	0.700	0.700	0.700	2.800	-

Environment

Climate Change Commission – Agricultural Emissions Pricing Function

This initiative provides funding for the Climate Change Commission to provide regular advice to Ministers to inform decisions on agricultural emissions levy rates.

This initiative is outside the Budget 2022 Natural Resources Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Environment	-	3.000	3.000	3.000	3.000	12.000	-

Climate Change Commission – Remuneration Cost Pressure

This initiative provides funding for the Climate Change Commission to address wage pressures.

This initiative is outside the Budget 2022 Natural Resources Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Environment	-	0.651	0.651	0.650	0.650	2.602	-

Environmental Protection Authority – Hazardous Substances Cost Pressures

This initiative provides funding to enable the Environmental Protection Authority to continue to deliver its hazardous substances work, in particular enhancing capacity to process the current backlog of hazardous substances applications. It also incorporates Māori consultation, reassessments of emerging issues, and associated compliance activity.

This initiative is outside the Budget 2022 Natural Resources Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Environment	-	1.147	1.653	1.653	1.653	6.106	-

Environmental Protection Authority – Operations Cost Pressures

This initiative provides funding for the Environmental Protection Authority to continue its core work programmes protecting the environment and people's health.

This initiative is outside the Budget 2022 Natural Resources Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Environment	0.558	6.069	6.275	6.275	6.275	25.452	-

Finance**Elevate NZ Venture Fund – Capital Commitments**

This initiative provides funding to the New Zealand Capital Growth Partners' Elevate NZ Venture Fund to complete the Government's \$300 million investment into early-stage venture capital markets, to help grow sustainable venture capital markets and attract greater investment into New Zealand start-ups.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Finance	-	-	-	-	-	-	40.500

Rau Paenga – Central Crown Infrastructure Delivery Agency – Establishment

This initiative provides funding for Rau Paenga (Central Crown Infrastructure Delivery Agency) to provide vertical and horizontal infrastructure project delivery services to other Crown agencies.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Finance	12.500	25.000	25.000	25.000	12.500	100.000	-

Foreign Affairs**Antarctica New Zealand – Operations Cost Pressure**

This initiative provides funding for Antarctica New Zealand to maintain core outputs supporting science, protecting the environment and maintaining New Zealand's permanent presence in Antarctica.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Foreign Affairs	-	1.100	1.100	1.100	1.100	4.400	-

Antarctica New Zealand – Remuneration Cost Pressure

This initiative provides funding to Antarctica New Zealand for wage-related cost pressures.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Foreign Affairs	-	0.546	0.546	0.546	0.546	2.184	-

Ministry of Foreign Affairs and Trade – Inflation-Driven Cost Pressures

This initiative provides funding to the Ministry of Foreign Affairs and Trade to meet the increased cost, driven by inflation, of maintaining New Zealand's diplomatic service, including its presence in 60 locations globally.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Foreign Affairs	-	10.250	10.250	10.250	10.250	41.000	-

Health

Health and Disability Sector Support Worker Minimum Wage Rates Adjustment

This initiative provides funding to meet an agreed 3 percent minimum wage increase for the health and disability sector support workers from 1 July 2022. This increase builds on previous wage increases under the Support Workers (Pay Equity) Settlements Act 2017.

This initiative is outside the multi-year Health spending announced at Budget 2022.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Vote Health	2.806	2.806	2.806	2.806	2.806	14.030	-
Vote Social Development	1.956	1.956	1.956	1.956	1.956	9.780	-
Vote Oranga Tamariki	0.245	0.245	0.245	0.245	0.245	1.225	-
Vote Corrections	0.002	0.002	0.002	0.002	0.002	0.010	-

Removing Prescription Co-payments for all New Zealanders

This initiative provides funding to remove the \$5 cost of prescription co-payment for all New Zealanders. This will also result in changes to the level of Temporary Additional Support and Disability Allowance paid.

This initiative is outside the multi-year Health spending announced at Budget 2022.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Health	-	170.197	174.452	178.813	183.284	706.746	-
Social Development	-	(12.765)	(25.381)	(25.090)	(24.913)	(88.149)	-

Housing and Urban Development

Kāinga Ora – Baseline Funding to Deliver Crown Products or Legislative Services

This initiative provides funding for urban delivery, climate change and sustainability activities, Māori engagement and the delivery of housing related Crown products.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Housing and Urban Development	-	71.921	-	-	-	71.921	-

Māori Housing Supply, Capability Building and Repairs

This initiative provides funding to support Māori-led housing supply, capability building and repairs. This will maintain momentum created through existing Māori housing delivery programmes such as Whai Kāinga Whai Oranga and deliver on manifesto commitments on Māori housing.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Housing and Urban Development	-	37.500	37.500	37.500	37.500	150.000	-
Māori Development	-	12.500	12.500	12.500	12.500	50.000	-

Ministry of Housing and Urban Development – Cost Pressures

This initiative provides funding to enable the Ministry of Housing and Urban Development to progress critical and significant work programmes, including fulfilling increasing expectations around Māori housing and Crown monitoring.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Housing and Urban Development	-	2.726	3.359	3.695	3.695	13.475	-

Ministry of Housing and Urban Development – Organisation Support Services

This initiative provides funding to deliver technology that will enable Enterprise Planning, which connects people, financial and contract data to improve forecasting, planning and reporting processes for the Ministry of Housing and Urban Development.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Housing and Urban Development	-	0.410	0.410	0.410	0.410	1.640	2.900

Property Provider Management System

This initiative provides funding to enable the development of a purpose-built technology solution to interact with housing providers about their properties, contracts, and services.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Housing and Urban Development	-	0.050	0.656	0.656	0.656	2.018	3.451

Public Housing Supply – Additional 3,000 places

This initiative provides funding for 3,000 new public housing places for delivery by 30 June 2025.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Housing and Urban Development	-	-	90.000	185.000	190.000	465.000	3,100.000

Public Housing Supply – Cost Pressures

This initiative provides funding for cost pressures within the public housing programme due to changing operating conditions (cost of construction and interest rates). In addition to public housing, this initiative provides additional financing funding for the Tāmaki Regeneration Company.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Housing and Urban Development	-	-	-	340.000	367.000	707.000	3,613.200

Transitional Housing – Extension

This initiative provides funding beyond 30 June 2023 for the use of motels as transitional housing for the chronically homeless.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Housing and Urban Development	-	90.560	85.530	-	-	176.090	-

Internal Affairs**Ethnic Communities Graduate Programme – Building a Pipeline of Ethnic Talent in the Labour Market**

This initiative provides funding to support the graduate programme within the public service for ethnic communities.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Internal Affairs	-	0.145	0.150	0.154	0.159	0.608	-

Foreign Interference Work Programme

This initiative provides funding to support engagement with ethnic communities to assess the impact of foreign interference activities in New Zealand.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Internal Affairs	-	2.250	2.250	2.250	2.250	9.000	-

Statutory Inquiry Administration – Cost Pressure

This initiative provides funding to support legislative responsibilities related to Public and Government Inquiries established under the Inquiries Act 2013.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Internal Affairs	-	0.400	0.796	1.752	1.752	4.700	-

Vote Internal Affairs – Inflation-Driven Cost Pressures

This initiative provides funding for the Department of Internal Affairs to meet non-remuneration cost pressures driven by inflation.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Internal Affairs	-	1.566	1.566	1.566	1.566	6.264	-

2023 General Election Transition Support for the Executive and Ministerial Information Management

This initiative provides funding to meet costs which may be incurred by the Department of Internal Affairs to manage the transition of incoming and outgoing Ministers and staff following the 2023 General Election.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Internal Affairs	1.013	5.794	2.837	2.037	2.037	13.718	0.250
Tagged Contingency	-	4.534	0.255	0.255	0.255	5.299	-

Justice

Criminal Cases Review Commission – Cost Pressure

This initiative provides funding for 6.5 FTE to continue to meet the legislative function of the Criminal Cases Review Commission – Te Kāhui Tātari Ture, and to manage a higher than anticipated volume of applications in a timely manner. This supports access to justice for people who have been wrongfully convicted, particularly for Māori who comprise 38 percent of applications to Te Kāhui Tātari Ture.

This initiative is outside the Budget 2022 Justice Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Justice	-	1.204	1.204	1.204	1.204	4.816	-

Maintaining Momentum Across Te Aorerekura – Building a Monitoring, Evaluation, and Learning Function

This initiative provides funding to build a monitoring, evaluation, and learning function. This will include data collection, and the continuation of a pilot online insights and learning portal.

Te Aorerekura is funded outside the Budget 2022 Justice Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Justice	-	0.891	1.034	1.034	1.035	3.994	-

Maintaining Momentum Across Te Aorerekura – Family Dispute Resolution – Child Participation Cost Pressures

This initiative provides funding to support the Family Dispute Resolution service to comply with its new legislative obligation, as well as to provide children who are the subject of a dispute an opportunity to participate in decisions affecting them. Funding supports eight new Child Specialist FTEs and the development of best practice guidance, policies, and tools for supporting and protecting the children of parents involved in disputes.

Te Aorerekura is funded outside the Budget 2022 Justice Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Justice	-	0.901	1.440	1.464	1.529	5.334	-

Law Commission – Operations Cost Pressure

This initiative provides funding to enable the Law Commission – Te Aka Matua o te Ture to meet its statutory functions and continue existing service levels.

This initiative is outside the Budget 2022 Justice Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Justice	-	0.212	0.212	0.212	0.212	0.848	-

Office of the Privacy Commissioner – Cost Pressure

This initiative provides funding for additional FTE in the Office of the Privacy Commissioner to continue support for agencies in meeting their minimum Privacy Act 2020 obligations.

This initiative is outside the Budget 2022 Justice Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Justice	-	0.779	0.779	0.780	0.780	3.118	-

Labour Market

Employment Relations Authority Low-Level Dispute Resolution – Cost Pressure

This initiative provides funding for seven new Employment Relations Authority members and nine new MBIE-provided administration staff and frontline regulatory officers to meet high demand for statutory services and address significant cost pressures.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Labour Market	-	2.657	4.085	4.200	4.320	15.262	-
Business, Science and Innovation	-	-	-	-	-	-	0.598

Employment Services – Cost Pressures

This initiative provides funding for Employment Services to maintain current service levels to meet its obligations as the employment regulator, given high demand in the employment system.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Labour Market	-	2.212	2.077	2.077	2.077	8.443	-

Immigration Portfolio – Cost Pressures

This initiative provides funding for cost pressures in the immigration portfolio, which cannot be offset by forecast increases to third party revenue from immigration fees and levies. These cost pressures mainly relate to personnel required to manage the demand on visa processing services.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Labour Market	-	12.458	-	-	-	12.458	-
Tagged Contingency	-	-	8.458	8.458	-	16.916	-

WorkSafe New Zealand – Operations Cost Pressure

This initiative provides funding to meet non-discretionary remuneration and inflationary cost pressures being experienced by WorkSafe New Zealand, as well as critical cost pressures associated with the establishment of an independent WorkSafe ICT system. This initiative is entirely levy funded by the Health and Safety at Work Levy, with no impact on the operating allowance for Budget 2023.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Labour Market	-	6.791	5.712	5.712	5.712	23.927	-

Lands

Software as a Service – Cost Pressure

This initiative provides funding to upgrade key IT services in need of replacement to modern 'service as a software' solutions to maintain support and security requirements. The funding will cover the cost of implementation and customisation.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Lands	0.338	0.338	0.338	0.336	-	1.350	-

Survey and Title Line of Credit

This initiative provides funding to establish a repayable Line of Credit of up to \$85 million over three years to maintain the Survey and Title memorandum account. This will help Land Information New Zealand (LINZ) to operate its Survey and Title platform (Landonline) while developing and implementing the New Landonline platform. LINZ will only draw down on the Line of Credit as needed.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Lands	-	-	-	-	-	-	85.000

Māori Development

Ngā Pēhanga Utu – Tautuku Whai Ture, Mata Whakawhirinaki o Te Tumu Paeroa

Te Tumu Paeroa Regulatory and Fiduciary Compliance – Cost Pressures

This initiative provides funding for increased staff required to meet new legislative and regulatory compliance costs, including individual asset management plans for 1,433 trusts administered by the Māori Trustee. This initiative also supports infrastructure and capital works for Te Ringa Hāpai Whenua.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Māori Development	-	2.000	2.000	2.000	2.000	8.000	-

Tāpoi Māori Aotearoa – Te Whakatūnga i te Rāngai Tāpoi Māori mō te Anamata

New Zealand Māori Tourism – Positioning the Māori Tourism Sector for the Future

This initiative provides funding for New Zealand Māori Tourism to continue business support and engagement with Māori tourist operators across the country, improving their capability and resilience as visitor numbers and demand for support increases. This funding for the sector will lift the profile of Māori tourism leading to increased employment, income and wellbeing for whānau Māori.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Māori Development	-	2.000	2.000	2.000	2.000	8.000	-

Tahua Whanaketanga Māori – Pēhanga Utu

Māori Development Fund – Cost Pressures

This initiative provides funding for the Māori Development Fund to respond to costs pressures. This fund invests in targeted interventions and tools to advance the social, economic and cultural enhancement of Māori, consistent with their aspirations and to support thriving whānau.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Māori Development	-	2.325	2.325	2.325	2.325	9.300	-

Te Mahi ki Tua – Ārahitanga Māori

Future of Work – Māori Leadership

This initiative provides funding to support Māori leadership in the Future of Work Governance and Forum.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Māori Development	-	0.300	0.300	-	-	0.600	-

Te Rāngai Pāpāho Māori – Te Whakaū i te Whakapūmāutanga, te whai kia Nui Ake ngā Ihirangi Pāpāho Māori

Māori Media Sector – Ensuring Sustainability and a Fuller Range of Māori Media Content

This initiative provides funding for the creation of diverse te reo Māori content for delivery on a range of platforms, and the creation of content that reflects Māori stories and perspectives. It will also support the operational functions of the Māori media sector, the development of workforce capability and capacity and to lift Māori incomes, skills and opportunities in the sector. This will strengthen the Māori media sector to ensure its sustainability and provide for a fuller range of content that reflects Māori language, culture, stories, and perspectives.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Māori Development	-	-	25.500	25.500	-	51.000	-

Te Whai Wāhi ki te Pūtea mō ngā Pakihi Māori

Access to Capital for Māori Businesses

This initiative provides funding for the joint work programme between the Government and the National Iwi Chairs Forum – Pou Tahua – on Māori access to capital. This work programme will develop a shared analysis of the issues affecting Māori organisations and potential solutions and responses, both fiscal and non-fiscal, including a potential capital investment fund.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Māori Development	0.100	0.400	-	-	-	0.500	-
Tagged Contingency	-	0.400	0.390	-	-	0.790	-

Te Whakaroanga o Ngā Tini Whetū ki te Tuku Tautoko Hāngai Atu ki ngā Wāhine Hapū me tō rātou Whānau i tō rātou 1,000 Rā Tuatahi

Ngā Tini Whetū Extension to Provide Targeted Support for Hapū Wāhine and their Whānau in their First 1,000 Days

This initiative provides funding for Ngā Tini Whetū to provide targeted support for 650 hapū wāhine and their whānau during their first 1,000 days. Following a successful initial prototype delivered through Te Pou Matakana, this initiative will utilise the existing infrastructure to further test the model by extending its focus to include the wellbeing of hapū māmā, pēpē and whānau in their first 1,000 days.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Māori Development	-	11.513	17.658	17.658	17.608	64.437	-

Te Whakaroanga o Te Tahua Te Ringa Hāpai Whenua

Te Ringa Hāpai Whenua Fund Extension

This initiative provides funding to continue to support infrastructure investment on whenua Māori (Māori Freehold Land) by enabling 'shovel ready' projects to lift productivity through improving and growing existing operations, diversification, or preparing for new ventures. The Māori Trustee will be able to apply to this fund for any infrastructure relating to environmental regulations on whenua Māori it administers.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Māori Development	-	5.733	5.733	5.733	5.733	22.932	-

Te Whare o te Reo Mauriora – Te Tautoko Whakarauora Reo Māori ki te taumata Hapori, me te Whakapakaritanga Hononga ā-Rautaki

Te Whare o Te Reo Mauriora – Supporting Reo Revitalisation Through Community-level and Strategic Relationship Building

This initiative provides funding for te reo Māori revitalisation efforts at a micro-level, delivered by Te Mātāwai. This will be achieved through new staff on the ground to support iwi, communities, and whānau as locally based reo champions and to provide administrative support; staff to build strategic capability and capacity of Te Mātāwai for partnership with government; and additional funding for the functioning of the Pae Motuhake throughout the country.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Māori Development	-	2.606	2.606	2.606	2.606	10.424	-

Te Whare Toi Whakairo o Aotearoa – Kaupapa Toi Māori

New Zealand Māori Arts and Crafts Institute – Protecting Toi Māori Cost Pressure

This initiative provides funding to support the New Zealand Māori Arts and Crafts Institute (NZMACI) to continue to operate and maintain its national cultural heritage obligations. NZMACI is part of the Rotorua-based tourism entity Te Puia and supports Māori tourism by promoting toi Māori through training future carvers and weavers.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Māori Development	2.000	3.820	-	-	-	5.820	-

Whānau Ora – Ngā Pēhanga Utu Utunga Rawa, Utu ā-Haora

Whānau Ora – Inflation-Driven and Renumeration Cost Pressures

This initiative provides funding to maintain the level of support provided to over 57,000 whānau through Whānau Ora. The additional funding reflects the increasing cost of delivering support due to inflation, and wage indexation to maintain the Whānau Ora workforce and a resilient provider network.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Māori Development	-	8.750	8.750	8.750	8.750	35.000	-

Whānau Ora – Te Whakawhānui i te Kaupapa ki te Whakapiki i te Tokomaha o te Whānau ka Tautokona, me te Whakapai i te Kounga Oranga

Whānau Ora – Expanding the Reach to Increase the Number of Whānau Supported and Improve the Quality of Living

This initiative provides funding for Whānau Ora Commissioning Agencies to expand their services, improve quality and meet demand increases. This initiative will expand service delivery to rural communities, service options for whānau, and opportunities to further address emergency needs including temporary housing, kai sovereignty, and meeting essential living costs.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Māori Development	-	18.750	18.750	15.600	15.600	68.700	-

Office of the Clerk

Hansard Production System Replacement

This initiative provides funding for a replacement Hansard Production System, as the current platform will shortly become unsupported.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Office of the Clerk	-	0.404	0.404	0.404	0.404	1.616	-

Office of the Clerk – Operations Cost Pressure

This initiative provides funding to ensure the Office of the Clerk can continue to deliver services in the face of projected cost pressures for its broadcasting and other contracts and activities.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Office of the Clerk	-	0.352	1.049	1.751	2.494	5.646	-

Office of the Clerk – Remuneration Cost Pressure

This initiative provides funding to ensure the Office of the Clerk can attract and retain the specialised, highly-skilled workforce necessary to maintain delivery of core services to the House of Representatives, Select Committees, Members of Parliament, and the public.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Office of the Clerk	-	1.102	1.102	1.102	1.102	4.408	-

Oranga Tamariki**Abuse in Care – Enabling Progress on the Crown Apology and Accompanying Tangible Actions for Survivors of Abuse in Care**

This initiative provides funding to enable to the Crown to immediately progress reconciliatory actions in response to the Royal Commission's recommendation that the Crown should deliver an apology to survivors of abuse in care. Funding will contribute to a main apology event, to be presented by an appropriate Crown representative, and accompanying tangible actions to support the apology.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Oranga Tamariki	0.933	-	-	-	-	0.933	-
Tagged Contingency	-	2.791	2.709	0.183	0.183	5.866	0.519

Abuse in Care – Enabling the Crown Response Unit's Continued Design and Implementation Planning for a New Redress System

This initiative provides funding to enable the Crown's continued response to the Abuse in Care Royal Commission of Inquiry's redress findings and recommendations, and to begin design work to develop a new redress system for survivors of abuse in care.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Oranga Tamariki	-	11.084	-	-	-	11.084	-

Abuse in Care – Interim Response: Continuing Agency Engagement on the Crown Response

This initiative provides funding, held in contingency, for agencies to undertake significant policy and design work to develop the future redress system to support the Crown's response to the Abuse in Care Royal Commission of Inquiry.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	-	5.162	2.009	0.900	-	8.071	-

Abuse in Care – Interim Response: Continuing the Interim Listening Service for Survivors of Abuse in Care

This initiative provides funding for an interim listening service for survivors to share their experiences, thereby facilitating healing.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	-	7.010	6.946	-	-	13.956	-
Internal Affairs	1.384	-	-	-	-	1.384	-

Abuse in Care – Interim Response: Improvements to Records Processes for Survivors of Abuse in Care

This initiative provides funding, held in contingency, to improve records processes and improve survivors' experiences of requesting, receiving and understanding their care records.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	-	4.825	3.384	-	-	8.209	-

Care Response for Disability Support Service-eligible Tamariki and Rangatahi – Cost Pressure

This initiative provides funding to enable Oranga Tamariki to continue to provide appropriate care responses for its tamariki and rangatahi whaikaha cohort. Price pressures inherent in serving this cohort have arisen as the result of the repeal of section 141 of the Oranga Tamariki Act 1989, pay equity claims and implementation of the Fairer Funding Framework.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Oranga Tamariki	-	17.410	17.410	-	-	34.820	-

Maintaining Momentum Across Te AorereKura – Court Support Service for Tamariki and Rangatahi Sexual Violence Witnesses

This initiative provides funding to establish a new dedicated psycho-social court support service for tamariki and rangatahi witnesses (including primary complainants and any other witnesses to a crime) in sexual violence proceedings across Aotearoa. Psychosocial support aims to address emotional, mental, spiritual and social needs. The service will address a gap in specialist court support to reduce retraumatisation, better enable the healing of young survivors and reduce the intergenerational effects of family and sexual violence.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Oranga Tamariki	-	0.432	1.240	2.118	3.259	7.049	-

Partner-Provided Services – Cost Pressure

This initiative provides funding to ensure that Oranga Tamariki can maintain delivery of targeted partner-provided prevention, early support and statutory services in response to wage and inflationary pressures.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Oranga Tamariki	-	15.665	15.665	15.665	15.665	62.660	-

Oranga Tamariki – Remuneration Cost Pressure

This initiative provides funding to ensure Oranga Tamariki meets contractual obligations to its nearly 4,700 employees. This will assist in retaining staff and will therefore provide stability to the whānau and communities they serve.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Oranga Tamariki	13.628	56.031	56.527	56.527	56.527	239.240	-

Pacific Peoples

Pacific Businesses – Supporting Growth, Resilience and Sustainability

This initiative provides funding to support the economic growth, resilience and sustainability of Pacific-owned businesses. This funding will promote economic growth by increasing the capability and capacity of Pacific businesses. Further, this investment will continue to support the Pacific Business Trust's transition to become the Pacific Economic Development Agency.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Pacific Peoples	-	1.800	1.350	-	-	3.150	-

Pacific Community Resilience and Wellbeing Fund

This initiative provides funding to support the development of targeted programmes to strengthen the Pacific workforce. It will also help develop a new Pacific commissioning approach to effectively distribute funding within the community. This initiative supports the implementation of the All-of-Government Pacific Wellbeing Strategy.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Pacific Peoples	-	3.515	3.515	3.515	3.515	14.060	-

Pacific Data and Digital Inclusion

This initiative provides funding to address systemic data equity issues and improve digital inclusion for Pacific peoples. This funding is to build the capability within the Ministry for Pacific Peoples and Pacific communities to establish a work programme to strengthen the design, use, and access to Pacific data.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Pacific Peoples	-	1.671	-	-	-	1.671	-

Pacific Employment Action Plan – Implementation

This initiative provides funding to implement two priority actions of the Pacific Employment Action Plan, which aims to improve labour market outcomes for Pacific peoples. The initiative includes ongoing funding for the Tupu Tai public sector internship programme, the development of a Pacific Workers Toolkit to support cultural inclusiveness in the workplace, and a contestable fund for community-led employment and training initiatives for Pacific peoples.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Pacific Peoples	-	4.175	3.968	3.968	0.647	12.758	0.012

Pacific Languages Strategy – Fostering Languages and Wellbeing

This initiative provides funding to support the key objectives of the Pacific Languages Strategy 2022-2032. The initiative invests in: a public information campaign on the economic and wellbeing benefits of multilingualism; drawing together high-quality resources in an accessible online resource hub; and funding innovative Pacific media and broadcasting content.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Pacific Peoples	0.050	2.500	4.648	3.767	2.350	13.315	-

Tupu Aotearoa Programme – Increasing Employment and Education Pathways for Pacific People

This initiative provides funding to address cost pressures within the Tupu Aotearoa programme with a focus on those regions affected by recent weather events. The programmes will aim to identify opportunities to enhance employment and training services and address barriers faced by Pacific peoples.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Pacific Peoples	-	1.034	-	-	-	1.034	-

Parliamentary Counsel

Continuing the Government's Legislative Programme – Cost Pressure

This initiative provides funding to increase workforce capacity and to continue to progress the Government's legislative programme.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Parliamentary Counsel	-	1.863	2.379	2.379	2.379	9.000	-

Parliamentary Service

Parliamentary Service – Remuneration Cost Pressure

This initiative provides funding to ensure the Parliamentary Service can attract and retain the specialist workforce necessary to maintain delivery of core services.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Parliamentary Service	0.815	1.884	1.884	1.884	1.884	8.351	-

Parliamentary Service – Supplier Cost Pressures

This initiative provides funding to ensure the Parliamentary Service can manage supplier cost pressures, including in relation to payroll system replacement, technology, and facilities.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Parliamentary Service	1.277	2.884	2.118	2.118	2.118	10.515	-

54th Parliament – Remuneration Cost Pressure

This initiative provides funding for increased salaries and wages for parliamentary offices and Member support staff. Salaries are set for a three-year period aligning with the parliamentary term, under a remuneration system that incorporates both market movement and step (tenure)-based increases.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Parliamentary Service	-	1.506	1.999	3.108	3.369	9.982	-

54th Parliament: Security Measures and Member Support Staff – Cost Pressure

This initiative provides funding to enhance security measures at Members' homes and electorate/community offices and at Parliament, and to enable Members of Parliament to attract and retain staff with the necessary skills and experience.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Parliamentary Service	-	3.128	3.585	3.637	3.650	14.000	-

Police

Next Generation Critical Communications – Approval of Public Safety Network Implementation Business Case

This initiative provides future funding to implement a new critical communications system for Emergency Services (Police, Fire and Emergency New Zealand, St John and Wellington Free Ambulance).

This initiative is outside the Budget 2022 Justice Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Police	-	-	-	58.683	87.895	146.578	-

Prime Minister and Cabinet

Co-ordination of the Multi-stakeholder Process to Advance the Christchurch Call Work Programme

This initiative provides funding for continued coordination of the multi-stakeholder process for a further year to advance the Christchurch Call work programme which will better prevent the spread of terrorist and violent extremist online content.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Prime Minister and Cabinet	-	1.568	-	-	-	1.568	-

Countering Foreign Interference – Enhancing Infrastructure Resilience

This initiative provides funding to develop options for enhancing the resilience of New Zealand's critical infrastructure system in the face of growing foreign interference risks.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Prime Minister and Cabinet	-	1.511	1.911	0.883	0.883	5.188	-

Disaster Relief Fund Contributions – Increasing Funding to Local Authorities Following Emergency Events

This initiative provides funding to accommodate increasing demand for contributions to Disaster Relief Funds, which support affected communities through providing relief to assist in recovery from emergency events.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Prime Minister and Cabinet	-	0.100	0.100	0.100	0.100	0.400	-

Government Implementation Unit

This initiative provides funding to support the Government Implementation Unit for a further two years to drive delivery and help to identify issues and potential solutions early for priority government programmes and projects.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Prime Minister and Cabinet	-	1.954	1.954	-	-	3.908	-

Tsunami Monitoring and Detection Network – Cost Pressure

This initiative provides funding to maintain minimum service levels for the 15 DART (Deep-ocean Assessment and Reporting of Tsunami) buoy assets to ensure they continue to provide New Zealand and the Southwest Pacific with adequate warning systems to identify risk and mitigate the harm arising from a tsunami.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Prime Minister and Cabinet	-	1.800	1.600	4.200	3.000	10.600	-

Revenue

Global Anti-Base Erosion Tax Rules for New Zealand – Impairment

This initiative reflects the impairment related to tax imposed on some large multinational enterprises operating in New Zealand, where their income, in either New Zealand or other countries where they operate, bears an effective tax rate of less than 15 percent.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Revenue	-	-	-	-	0.140	0.140	-

Inland Revenue – Technology Cost Pressures

This initiative provides funding to meet inflationary cost pressures associated with technology and as a service expenditure.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Revenue	-	15.000	6.600	7.600	7.600	36.800	-

KiwiSaver – Administrative Costs for the Government Contribution to Paid Parental Leave Recipients

This initiative provides funding to enable the Government to make payments which match KiwiSaver 'employer' contributions for paid parental leave recipients. It also provides funding for Inland Revenue to facilitate this work.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Revenue (Department)	-	-	0.050	0.180	0.180	0.410	0.100
Revenue (Crown)	-	-	6.000	6.420	6.799	19.219	-

Security Intelligence**New Zealand Security Intelligence Service – Additional Funding**

This initiative provides funding for the capabilities and activities of the New Zealand Security Intelligence Service.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Security Intelligence	-	0.180	0.155	0.155	0.155	0.645	-

New Zealand Security Intelligence Service – Inflation-Driven Cost Pressures

This initiative provides funding to New Zealand Security Intelligence Service to meet inflationary pressures relating to ICT, property, and travel.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Security Intelligence	-	1.495	1.495	1.495	1.495	5.980	-

Social Development**Ākonga Youth Development Community Fund – Extension**

This initiative provides funding for youth development providers to deliver targeted support for at-risk, vulnerable young people (age 12 to 24 years). This funding will allow the Ākonga Fund to continue for a further two years, and will support including early interventions and mentoring, mental health and wellbeing support, and upskilling young volunteers.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	6.100	6.100	-	-	12.200	-

Building Financial Capability – Cost Pressure

This initiative provides funding for Building Financial Capability providers to deliver a suite of financial advice services. It will allow providers to continue to deliver core services and debt services, including microfinance, at current levels in 2023/24 and at a lower level from 1 July 2024.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	7.297	7.297	7.297	7.297	29.188	-

Childcare Assistance – Improving Accessibility and Supporting Take-Up

This initiative provides funding to improve the accessibility of Childcare Assistance. Specifically, the initiative will enable applications for Childcare Assistance to be made online. It also expands eligibility criteria, extends the duration period, and indexes the rates of Flexible Childcare Assistance to inflation, which will support parents with informal care costs when formal care is not available. Finally, it aligns the Guaranteed Childcare Assistance Payment rate with the highest Childcare Assistance subsidy rate and indexes it to inflation.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	1.296	5.522	7.460	7.600	21.878	13.284

Childcare Subsidy and Out of School Care and Recreation (OSCAR) Subsidy – Increase to Income Thresholds

This initiative provides funding to increase the number of families who can benefit from Childcare Assistance due to an increase to the income thresholds for the Childcare Subsidy and the Out of School Care and Recreation (OSCAR) Subsidy to reflect wage growth since 2010. This change took effect on 1 April 2023.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	-	47.601	48.581	48.563	189.391	-

Children and Young People's Commission – Establishment of New Entity

This initiative provides funding to establish and maintain the Children and Young People's Commission (previously the Office of the Children's Commissioner). This funding supports the implementation of a new board of commissioners, a secretariat, and a new operating model, which will ensure that the new Commission is appropriately resourced to meet its legislative obligations.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	0.350	7.667	-	-	-	8.017	1.300
Tagged Contingency	-	-	7.756	7.756	7.756	23.268	-

Community Connectors – Addressing Unmet Need in the Community

This initiative provides funding for approximately 100 Community Connectors for two years to provide short-term support to individuals and whānau to prevent and reduce the impacts of hardship. Connectors will support and advocate for those they work with until they are connected with appropriate services.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	(13.167)	25.801	15.901	-	-	28.535	-

Collective Bargaining Commitments – Ministry of Social Development Remuneration Cost Pressures

This initiative provides funding for remuneration increases arising from collective bargaining commitments, particularly the implementation of a new performance and remuneration framework for managers and senior specialists, and continuing to fund the existing framework for general staff. The amounts are not reported due to bargaining sensitivities.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	-	-	-	-	-	-

Discretionary Increase to Main Benefits

This initiative provides funding for a one-off increase to main benefit rates to align these rates to the increase in the Consumers Price Index (CPI). This change took effect on 1 April 2023. The package also provides additional funding for Building Financial Capability services in the current financial year through a fiscally neutral transfer.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	15.760	68.136	73.566	76.486	77.319	311.267	-

Employment Programmes – Cost Pressures

This initiative provides funding for employment programmes and services that previously received time-limited funding. It includes funding to continue the Direct Career Guidance Service, Connected (a job search and preparation website, phone line and centres across the country), and Supporting Offenders into Employment. Investment in the Direct Career Guidance Service and Connected form part of the Ministry of Social Development's response to gaps identified in the Review of Active Labour Market Programmes.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	13.815	11.900	2.500	2.500	30.715	-

Employment Programmes – Direct Career Guidance Service Improvements

This initiative provides funding to improve and grow the Direct Career Guidance Service. This is a support service for people who want to transition into new or different work. It includes both a phone service and a face-to-face service located in Connected spaces in MSD service centres.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	1.000	1.000	-	-	2.000	-

Employment Programmes – Early Response Redeployment Support and Rapid Return to Work

This initiative provides funding to ensure people who experience or are at risk of economic displacement can access Early Response Redeployment Support (ERRS) and Rapid Return to Work (RRTW). ERRS collaborates with employers and local service providers to offer tailored support to help businesses considering redundancies to retain and/or retrain their employees and help redundant workers to transition to new employment or upskilling opportunities. RRTW is a phone and email service that supports people for up to six weeks after losing a job.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	7.450	0.150	-	-	7.600	-

Employment Programmes – Mayors Taskforce for Jobs and Ngā Puna Pūkenga Cost Pressure

This initiative provides funding to continue delivery of the Mayors Taskforce for Jobs Community Resilience Programme (MTFJ) and Auckland Council's Ngā Puna Pūkenga (NPP) partnership for an additional two years. MTFJ provides support to regional and provincial councils to deliver community-based employment solutions, primarily for people aged 16-24 not in education, employment, or training. NPP supports Aucklanders into sustainable employment, and is closely aligned to Auckland Council procurement and the Auckland Strategic Plan 2050.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	14.000	14.000	-	-	28.000	-

Employment Programmes – Oranga Mahi

This initiative provides funding for six health and employment trial services that support disabled New Zealanders to find and retain work, along with operational support to support the continued delivery of the Oranga Mahi programme. Oranga Mahi services are delivered in partnership with health agencies and community organisations to improve employment and wellbeing outcomes for disabled people and people with health conditions.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	18.185	18.077	-	-	36.262	-

Employment Programmes – Vocational Rehabilitation Services for Musculoskeletal Pain

This initiative provides funding to pilot the delivery of vocational rehabilitation and pain management services for 150 people living with musculoskeletal pain or impairments. It will also enable MSD to evaluate an existing rural vocational rehabilitation service. These services will assist people to stay in or move into work through cooperation between the person, rehabilitation professionals, employment specialists and employers.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	1.658	1.736	-	-	3.394	-

Employment Service in Schools – Cost Pressure

This initiative provides funding to continue Employment Services in Schools (ESIS) in five regions. ESIS supports disabled students with careers and transition support, work experience, placements and on-the-job employment support to participate fully in the labour market. It also supports employers to provide appropriate work environments and equips whānau and schools to assist the transition into education, employment, and training.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	2.000	-	-	-	2.000	-

Food Secure Communities – Cost Pressure

This initiative provides funding for a further two years of Food Secure Communities for the community food sector, ensuring access to affordable, healthy, and culturally appropriate food. Specifically, it will help maintain community food distribution infrastructure, as well as supporting food security initiatives, such as social enterprises and māra kai. This continues some elements of the existing Food Secure Communities programme, which received funding as part of the Government's response to COVID-19.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	(2.300)	13.800	11.000	-	-	22.500	-

Growing a Diverse and Resilient Social Sector

This initiative provides funding to establish contestable funds to help strengthen the capability, resilience, and diversity of the social sector by funding community, provider, and sector groups, especially those that work with Māori, Pacific and other ethnic communities. It includes three main components: investment in community capability (eg, skill development and IT system improvements); boosting the capability of the social sector workforce (including accreditation); and supporting peak bodies and networks to enable participation in Social Sector Commissioning.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	4.400	0.900	-	-	5.300	-

Growing Up in New Zealand Research – Cost Pressure

This initiative provides funding for four years to continue the Growing Up in New Zealand (GUiNZ) longitudinal study. GUiNZ provides in-depth insights that can be used to design effective interventions. The funding will allow GUiNZ to proactively engage with rangatahi who have lost contact and supporting them to remain in the study, and engagements with survey participants at 14 and 16 years.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	10.834	7.083	11.739	0.344	30.000	-

Inquiry into Christchurch Terrorist Attack Response – Continued Implementation of Recommendations

This initiative provides funding to continue implementing the recommendations from the Royal Commission of Inquiry into the terrorist attack on Christchurch masjidain. It includes funding for the continuation of the Kaiwhakaoranga Case Management Service, the Collective Impact Board, and the Christchurch Mosques Attack Payment, all for one further year.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	0.994	-	-	-	0.994	-

Maintaining Momentum Across Te Aorerekura – Accessible Family Violence and Sexual Violence Services for Disabled People

This initiative provides funding to establish a time-limited, contestable fund, to support MSD-funded family violence and sexual violence service providers to better meet the accessibility needs of disabled people. Providers who apply to the fund will receive an independent, specialist assessment of the accessibility of their organisation and services, with a plan for recommended improvements and funding to implement the plan, enabling providers to respond more appropriately to disabled people.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	1.716	1.703	-	-	3.419	-

Maintaining Momentum Across Te Aorerekura – Child Advocates to Support Children in Women’s Refuges

This initiative provides funding to continue the Child Advocates programme (following a pilot) which supports children in eight Women’s Refuge sites across New Zealand.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	1.614	1.611	1.386	1.386	5.997	-

Maintaining Momentum Across Te Aorerekura – Enabling a Multi-disciplinary Family Harm Approach in Counties Manukau

This initiative provides funding to enable non-government organisations to continue participating in the Multi-Disciplinary Cross Agency Team (MDCAT) in Counties Manukau. Government and NGOs working in partnership have been critical to MDCAT’s results to date.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	0.960	0.960	-	-	1.920	-

Maintaining Momentum Across Te Aorerekura – Family Violence Help Portal

This initiative provides funding to ensure that New Zealanders continue to have access to a family violence Help Portal. This investment funds a suite of tools and services available nationwide 24/7 for people experiencing, using, or supporting those impacted by family violence, as well as improvements to the scope and quality of these products.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	2.209	2.417	2.627	2.802	10.055	-

Maintaining Momentum Across Te Aorerekura – Kaupapa Māori Specialist Sexual Violence Services for Whānau

This initiative provides funding to expand the delivery of Kaupapa Māori specialist sexual violence services for Māori victims, perpetrators and their whānau, to ensure more Māori affected by sexual violence can access the support they need.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	2.996	2.988	2.619	-	8.603	-

Maintaining Momentum Across Te Aorerekura – Safeguarding Adults at Risk and Disabled People from Violence and Abuse

This initiative provides funding to ensure that adults at risk and disabled people receive safe and appropriate support from violence and abuse. This specifically addresses the barriers for disabled people and provides for a tailored response.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	1.575	1.625	1.455	1.455	6.110	-

Ministry of Social Development – Frontline Staff to Maintain Service Levels

This initiative provides funding to maintain frontline service levels for income support and employment services at MSD, following the ending of time-limited COVID-19 funding. This initiative funds the retention of 490 roles to respond to forecast increases in demand for frontline services.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	35.796	47.822	11.932	-	95.550	-

Ministry of Social Development – Frontline Service Delivery Cost Pressures

This initiative provides funding for a variety of cost pressures experienced by the Ministry of Social Development's frontline service. This includes funding to meet volume pressures for the Transition to Work and 5k to Work programmes.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	29.355	29.355	8.355	-	67.065	-

Ministry of Social Development – Inflation-Driven Cost Pressures

This initiative provides funding to address inflation-driven cost pressures affecting key aspects of MSD's operations, relating to information and communication technology, property, and security guards.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	18.620	22.347	23.411	24.621	88.999	-

Peke Waihanga Artificial Limb Service – Cost Pressure

This initiative provides funding for various cost pressures experienced by Peke Waihanga – the Artificial Limb Service. Peke Waihanga does not usually receive baseline funding from the Crown, instead delivering services on commercial terms. One-off funding is required due to COVID-19 disruption, unexpected legal costs, and necessary upgrades to the organisation's patient management system. This contribution will help restore the financial resilience of Peke Waihanga and enable sustainable ongoing service delivery.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	0.842	-	-	-	-	0.842	0.698

Resolving Historic Abuse Claims – Cost Pressure

This initiative provides funding to enable MSD to resolve approximately 1,000 claims of historic abuse of people while in the care of Child, Youth and Family (or its predecessors). This funding covers the cost of meeting with claimants to understand their experiences, assessing their claims, supporting claimants and paying settlements and legal costs. Funding is provided for one year as there is work underway to design a new redress system.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	58.400	-	-	-	58.400	-

Te Pae Tawhiti Programme – Continuing Work on the Ministry of Social Development's Transformation

This initiative provides funding to continue the Ministry of Social Development's transformation programme, Te Pae Tawhiti, including beginning work on Horizon One of the programme.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	20.000	-	-	-	20.000	-
Tagged Contingency	-	80.000	-	-	-	80.000	-

Training Incentive Allowance – Supporting Eligible People to Study

This initiative provides funding to permanently reinstate the Training Incentive Allowance (TIA) to support higher-level study, beyond the time-limited funding for the initial reinstatement. The TIA provides non-taxable financial assistance to sole parents, disabled people (including those with significant health conditions), and their carers to help them participate in study between New Zealand Qualifications Framework (NZQF) levels 1-7. This assists with both one-off costs, such as course fees or equipment, and ongoing costs, such as childcare and transport.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	-	10.752	20.863	20.863	52.478	47.475
Revenue	-	-	2.824	3.443	3.512	9.779	-
Tertiary Education	-	-	3.573	7.146	7.146	17.865	-

Wage Supplement to Replace Minimum Wage Exemptions

This initiative provides funding to introduce a wage supplement to replace the Minimum Wage Exemption (MWE) permits that are currently issued to approximately 800 disabled employees in New Zealand, allowing them to be paid less than minimum wage. A wage supplement will replace MWE permits while protecting existing jobs, ensuring disabled people are paid at least the minimum wage when the supplement is considered.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	0.608	0.989	15.276	14.236	31.109	10.001
Revenue	-	-	-	(1.804)	(1.994)	(3.798)	-

Whaikaha – Continuing to Establish a Ministry of Disabled People

This initiative provides funding to continue the establishment of Whaikaha as the new Ministry of Disabled People. The funding will allow roles to be established that extend the organisational capability and capacity of Whaikaha in the areas of people, culture, communications, and policy.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	5.176	5.308	5.308	5.308	21.100	-

Whaikaha – Supporting Tāngata Whaikaha Māori and Disabled People – Cost Pressures

This initiative provides funding for the continued delivery of support to tāngata whaikaha Māori and disabled people and their families. The funding will address increases in volumes as well as inflationary pressures for disability support services.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	41.244	204.600	204.600	204.600	208.600	863.644	-

Sport and Recreation

Integrity of Sport and Recreation – Participant Safety and Wellbeing

This initiative provides funding for the current functions of Drug Free Sport New Zealand, and a new Independent Crown Entity (Integrity Sport and Recreation New Zealand) to promote and protect the safety and wellbeing of participants in sport and active recreation.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Sport and Recreation	-	7.879	7.389	8.044	8.044	31.356	-

Statistics

Data Collection for Key Surveys – Cost Pressures

This initiative provides funding to meet inflationary pressures to continue data collection activities across key surveys.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Statistics	-	-	2.232	4.232	4.232	10.696	-

Stats NZ Infrastructure and Systems Upgrade

This initiative provides funding to upgrade Stats NZ's system and statistical infrastructure to improve data quality. This funding will modernise systems, decommission ageing systems and reduce security risk.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Statistics	-	1.623	2.932	4.517	5.220	14.292	-

Te Arawhiti

Post-Settlement Issue Resolution – Royal New Zealand Air Force Base Woodbourne

This initiative provides funding to resolve an issue with the New Zealand Defence Force redress at the Royal New Zealand Air Force Base Woodbourne resulting from per- and polyfluoroalkyl substances contamination.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Te Arawhiti	-	25.200	-	-	-	25.200	-

Tertiary Education

Apprenticeship Boost Continuation

This initiative provides funding to extend the Apprenticeship Boost initiative to 31 December 2024, continuing the Government's focus on apprenticeships and ensuring a strong pipeline of skilled workers for key industries. Apprenticeship Boost provides subsidies to employers of eligible first- and second-year apprentices to support apprentices while working toward a qualification. The extension will enable an estimated 30,000 apprentices to start or continue being supported.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tertiary Education	-	0.300	0.300	-	-	0.600	-
Social Development	(60.000)	20.047	56.475	-	-	16.522	-

Tertiary Education and Training Enrolments

This initiative provides funding for tertiary education and training providers to fund close to the forecast level of demand between 2024 and 2025.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tertiary Education	-	50.000	90.348	40.347	-	180.695	-

Tertiary Tuition and Training Subsidies – Cost Adjustment

This initiative provides funding for an increase of 5.3 percent for tertiary tuition and training subsidies. This comprises a 5 percent increase to all subsidy rates to support providers to manage increases in delivery costs and help them to maintain the quality and accessibility of tertiary education and training, as well as an additional phased increase in subsidy rates for te reo Māori and other mātauranga Māori provision.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tertiary Education	-	74.203	145.916	148.942	151.968	521.029	-

Te Pūkenga Transformation Project – Loan

This initiative provides funding for an interest-free Crown loan to Te Pūkenga of up to \$220 million to support it to implement an IT transformation programme. The programme will enable Te Pūkenga to shift from operating more than twenty largely unconnected information systems to an integrated IT infrastructure.

There will be a cost of \$45 million in 2023/24 from foregone revenue from the loan and is recorded against OBEGAL and net debt, but is not counted against Budget 2023 allowances.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tertiary Education	-	-	-	-	-	-	220.000

Transport**Auckland City Rail Link – Additional Funding to Enable Timely Delivery**

This initiative provides funding to cover the Crown's 50 percent share of cost pressures experienced on the Auckland City Rail Link project now that a new total project cost has been confirmed by City Rail Link Limited. This initiative also provides funding for a project contingency and to enable KiwiRail and the Ministry of Transport to prepare for project completion.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	2.290	2.290	3.540	1.250	-	9.370	197.000

Auckland Light Rail – Policy Work Programme

This initiative provides funding for the Ministry of Transport's Auckland Light Rail policy work programme to ensure the delivery of robust advice on planning for light rail for Auckland.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	-	1.500	-	-	-	1.500	-

Civil Aviation Act 2023 – Implementation

This initiative provides funding to meet legislative requirements following the anticipated enactment of the Civil Aviation Act 2023. This will support the establishment and operation of a new independent review function for civil aviation regulatory decisions, the remaking and updating of secondary legislation and regulations, and establishing and operating the Secretary of Transport's new statutory functions.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	-	1.647	1.838	1.910	1.910	7.305	-

Civil Aviation Authority and Aviation Security Service – Cost Pressure

This initiative provides funding for the Civil Aviation Authority (including the Aviation Security Service) following the ongoing impacts of COVID-19 on overall aviation activity and levy revenue. The funding will ensure the Civil Aviation Authority can deliver its core regulatory functions and meet statutory obligations in 2023/24.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	-	31.840	-	-	-	31.840	-

Emissions Reduction Plan – Supporting the Ministry of Transport to Deliver the Transport Chapter

This initiative provides funding for the Ministry of Transport to support the effective delivery of the Transport Chapter of the Emissions Reduction Plan. This will enable the Ministry of Transport to set up effective governance, reporting and monitoring systems, support effective decision making across the portfolio, and ensure Ministers and other stakeholders receive regular, reliable, and transparent information on progress, issues, and risks.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	-	2.243	2.310	2.380	2.451	9.384	-

Future of Rail – Rail Network Investment Programme

This initiative provides funding to restore a resilient and reliable national rail network. This funding will enable KiwiRail to continue network services for all rail users and provide the platform for projected growth on rail. This initiative also provides funding for KiwiRail to complete a detailed business case for electrification of the North Island Main Trunk line and the rail network between Auckland, Hamilton and Tauranga.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	-	4.000	26.900	338.300	-	369.200	-

Joint Venture Airports – Meeting the Crown’s Obligations Regarding Operating Losses and Capital Expenditure

This initiative provides funding to meet the Crown’s obligation to cover 50 percent of operating losses and agreed capital expenditure at the five Joint Venture Airports. This funding ensures that the Crown can continue to meet its obligations under the existing Joint Venture Deed and the airports can continue to comply with Civil Aviation Regulations, maintain safe operations and provide resilience and access benefits for their regions. Funding is also provided for the Ministry of Transport to commission legal advice to support the drafting of a new Joint Venture Deed.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	-	0.084	-	-	-	0.084	2.141

Lower North Island Mobility Rolling Stock

This initiative provides co-funding for Greater Wellington Regional Council and Horizons Regional Council to purchase eighteen 4-car tri-mode trains to replace the safety-life-expired 1970s carriage fleets on the Wairarapa and Manawatū lines, enabling improved services which will increase connectivity across the lower North Island and support growth along these transport corridors. This initiative also includes track improvements to accommodate increased passenger rail on the existing lines. The funding amounts are not included due to commercial sensitivity.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged contingency	-	-	-	-	-	-	-

Maritime New Zealand – Cost Pressure

This initiative provides funding for Maritime New Zealand following the ongoing impacts of COVID-19 on maritime passenger numbers and levy revenue. The funding will ensure Maritime New Zealand can deliver its core regulatory functions, meet statutory obligations, deliver seafarer welfare services in 2023/24.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	-	16.100	-	-	-	16.100	-

Maritime New Zealand Security Services – Operations Cost Pressure

This initiative provides funding to undertake activities as per the International Ship and Port Facility Code, to manage and mitigate emerging risks (including cyber-attacks and crowded places in the maritime environment), and to provide situational awareness and intelligence and connections with New Zealand border and intelligence agencies to ensure critical operational coordination. This will enable the continued delivery of Maritime New Zealand’s maritime security functions.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	-	1.200	1.200	1.200	1.200	4.800	-

Maritime Security – Increasing Sector Capability to Respond to Growing Pressures

This initiative provides funding for the National Maritime Coordination Centre to address growing maritime security pressures.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	-	0.681	0.681	0.681	0.681	2.724	-
Customs	-	1.010	1.252	1.252	1.252	4.766	-

Meteorological Service of New Zealand Limited (MetService) – Inflation-Driven Cost Pressure

This initiative provides funding for the increased cost of purchasing weather forecasting services from the Meteorological Service of New Zealand Limited (MetService). The contract under which these services are delivered has been renegotiated and prices have increased as a result of inflation.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	-	1.478	3.075	4.049	5.036	13.638	-

Road Improvements to Support Resilience to Climate-Related Weather Events

This initiative provides funding for a package of resilience improvements projects to reduce the impact of severe weather events on New Zealand's roading network, including both state highways and local roads. Advancing resilience improvements in the near-term is expected to minimise the damage caused by future weather events, which are increasing in frequency and severity as a result of climate change.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	-	20.000	20.000	20.000	20.000	80.000	279.000

Transport Accident Investigation Commission – Additional Rail Safety Investigations

This initiative provides funding for the Transport Accident Investigation Commission to hire additional staff to increase the number of rail accident investigations it carries out per year. This will enable the Transport Accident Investigation Commission to respond to the increased number of rail notifications of serious accidents and incidents it is receiving.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	-	1.141	1.072	1.104	1.137	4.454	-

Transport Accident Investigation Commission – Remuneration Cost Pressure

This initiative provides funding to enable the Transport Accident Investigation Commission to recruit and retain its highly trained staff required to carry out transport accident investigations, and to cover the costs associated with supporting its recently appointed fifth Commissioner.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	-	0.267	0.454	0.646	0.844	2.211	-

Transport Accident Investigation Commission – Replenishing Cash Reserves

This initiative provides funding to top up the Transport Accident Investigation Commission's cash reserves to a position where it can cover significant one-off costs associated with its accident investigations, should they occur. The Transport Accident Investigation Commission had to unexpectedly draw on its cash reserves to cover costs associated with its previous lease.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	-	-	-	-	-	-	0.500

Waka Kotahi – Emergency Works Cost Pressure

This initiative provides funding to the National Land Transport Fund for emergency repairs and renewals to the transport network resulting from increasingly severe and frequent weather events. This funding will partially cover the expected funding shortfall in the 2023/24 financial year. This shortfall is separate from costs attributable to the recent North Island weather events.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	-	60.673	-	-	-	60.673	-

Waka Kotahi – Operations Cost Pressure

This initiative provides funding for Waka Kotahi NZ Transport Agency following reductions in rail regulatory revenue in 2022/23, due to reduced rail kilometres travelled, as well as passenger numbers and freight being impacted by COVID-19 restrictions in 2021/22. This will enable Waka Kotahi to continue providing regulatory oversight and assurance to government and the public that those who provide rail services in New Zealand effectively manage any safety risks to staff, other rail operators, and the public.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	1.300	-	-	-	-	1.300	-

Women

Ministry for Women – Accommodation Cost Pressure

This initiative provides funding to meet increased accommodation costs associated with taking up new accommodation in February 2025.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Women	-	-	0.140	0.380	0.380	0.900	-

Various Votes

Public Sector Pay Adjustment

Funding is being provided through Budget 2023 to support in-scope agencies to give effect to the Public Sector Pay Adjustment (PSPA). This is in addition to existing funding that agencies have already set aside for remuneration increases and any reprioritisation.

The table below outlines Votes where an applicable PSPA settlement has been concluded and therefore the Budget 2023 funding amounts can be disclosed.

Given agencies are at different stages of PSPA negotiations, some funding for the PSPA has been provided through tagged contingencies to be drawn down on conclusion of an applicable PSPA settlement.

The funding amounts are not able to be disclosed due to bargaining sensitivities for the following Votes: Business, Science and Innovation, Conservation, Corrections, Education²², Education Review Office, Labour Market, Lands, Oranga Tamariki, Prime Minister and Cabinet, Public Service, Revenue, Social Development and Tertiary Education.

In total, \$2.3 billion operating over the forecast period is being provided through Budget 2023 to support negotiations which include a PSPA pay offer.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Arts, Culture and Heritage	0.237	0.740	0.998	1.010	1.010	3.995	-
Attorney-General	0.550	1.310	1.760	1.760	1.760	7.140	-
Defence	-	0.500	0.800	0.800	0.800	2.900	-
Education	-	22.839	26.258	26.258	26.258	101.613	-
Foreign Affairs	-	14.410	14.410	14.410	14.410	57.640	-
Internal Affairs	5.512	12.237	13.128	13.128	13.128	57.133	-
Māori Development	-	3.233	3.233	3.233	3.233	12.932	-
Oranga Tamariki	13.451	26.556	29.585	29.585	29.585	128.762	-
Statistics	-	8.093	8.973	8.973	8.973	35.012	-
Tertiary Education	-	0.615	0.751	0.751	0.751	2.868	-
Transport	1.738	2.812	3.122	3.122	3.122	13.916	-
Various other votes	-	-	-	-	-	-	-
Tagged Contingency	-	-	-	-	-	-	-

²² Funding was provided for the Teacher and Principals 2022 Collective Bargaining Strategy and Non-Teaching Staff Including Teacher Aides tagged contingencies to support the negotiations for teaching and non-teaching staff already underway.

Budget 2023 Initiatives for North Island Weather Events Response and Recovery Package

Agriculture, Biosecurity, Fisheries and Food Safety

North Island Weather Events: Delivering the Interim Post Entry Quarantine Facility

This initiative provides funding to address costs of delays to the construction of the new Interim Post Entry Quarantine facility resulting from the North Island weather events.

This initiative is outside the Budget 2022 Natural Resources Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	-	-	-	-	-	-	2.500

North Island Weather Events: Providing Recovery Support

This initiative provides funding to support the recovery needs for rural businesses and communities impacted by the North Island weather events.

This initiative is outside the Budget 2022 Natural Resources Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	13.603	16.397	-	-	-	30.000	-

North Island Weather Events: Supporting Under-Serviced Rural Communities

This initiative provides funding to support the recovery of under-serviced rural communities that have been impacted by the North Island weather events. Funding will cover the creation of centralised community hubs, as well as improved access to critical recovery services and reliable telecommunications.

This initiative is outside the Budget 2022 Natural Resources Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	3.200	2.200	-	-	-	5.400	-

Arts, Culture and Heritage

North Island Weather Events: Heritage New Zealand Pouhere Taonga

This initiative provides funding for Heritage New Zealand Pouhere Taonga to meet the additional demand related to the North Island weather events, in particular for archaeological authority processes, which support the timely delivery of infrastructure recovery projects.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Arts, Culture and Heritage	0.950	-	-	-	-	0.950	-

Business, Science and Innovation

North Island Weather Events: Plant and Food Research Limited – Response and Recovery

This initiative provides funding to offset Plant and Food Research Limited's (PFR) royalty and commercial net revenue losses as a result of the recent North Island weather events, and to ensure PFR can continue to provide science advice to support the response and recovery from the North Island weather events.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	11.000	-	-	-	-	11.000	-
Tagged Contingency	-	17.000	-	-	-	17.000	-

Conservation

North Island Weather Events: Department of Conservation Response and Rebuild

This initiative provides funding to plan and rebuild biodiversity, heritage, visitor and other conservation sites and assets that were damaged or destroyed in the North Island weather events. Funding will support critical response and recovery work across the North Island Conservation Districts that sustained damage.

This initiative is outside the Budget 2022 Natural Resources Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Conservation	6.220	2.905	-	-	-	9.125	3.475

Education

North Island Weather Events: Replenishing School Library Collections

This initiative provides funding for the replacement of school library collections, related resources, and shelving lost due to the North Island weather events.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	0.782	-	-	-	0.782	-
Internal Affairs	-	0.218	-	-	-	0.218	-

North Island Weather Events: School Property – Immediate Response

This initiative provides funding for immediate and high-need property works to enable schools to continue safely operating following the North Island weather events. This work includes repairs to roofs, plumbing infrastructure, carpentry, tree removal, and emergency cleaning.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	5.128	-	-	-	-	5.128	25.885

North Island Weather Events: School Property – Repair and Rebuild Post North Island Weather Event

This initiative provides funding for further work to return schools severely affected by the North Island weather events to their pre-weather-event state, including, where necessary, redevelopment or relocation of schools on extensively damaged sites.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	9.799	-	-	-	9.799	75.675

North Island Weather Events: Special Reasons Staffing and Funding – Increase to Existing Budget

This initiative provides funding for immediate assistance to support staff in schools and kura impacted by the North Island weather events. This funding can be used to employ relief staff, provide teaching/principal release time, support ākongā with engagement and wellbeing, or employ additional teachers for those schools that have experienced increased enrolment due to enrolling ākongā from cyclone-affected areas.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	0.315	0.385	-	-	-	0.700	-

Forestry**North Island Weather Events: Removing Woody Debris**

This initiative provides funding for the removal of up to 70,000 tonnes of woody debris from catchment systems to mitigate the risk of further impacts to critical infrastructure as a result of the North Island weather events.

This initiative is outside the Budget 2022 Natural Resources Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Forestry	3.550	6.600	-	-	-	10.150	-

Health**North Island Weather Events: Hauora Māori Disaster Response Package**

This initiative provides funding for urgent psychosocial response and recovery services that support whānau wellbeing and the community to recover from the impacts of North Island weather events. This funding will be utilised for direct and flexible funding for iwi and Māori health partners, and the Māori Psychosocial Response, in regions impacted by the North Island weather events.

This initiative is outside the multi-year Health spending announced at Budget 2022.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Health	2.624	5.656	-	-	-	8.280	-

North Island Weather Events: Hospital and Specialist Services

This initiative provides funding for air and road transport enabling planned care, outreach, and other hospital services for isolated communities. It also funds alternative provision of acute healthcare, and urgent repairs to hospital facilities as a result of the impact of the North Island weather events.

This initiative is outside the multi-year Health spending announced at Budget 2022.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Health	4.097	4.753	-	-	-	8.850	-

North Island Weather Events: Mental Health and Wellbeing Response

This initiative provides funding for locally led, community-based mental wellbeing initiatives to meet the psychosocial care need for populations in areas affected by the North Island weather events, including Māori, Pacific peoples and youth. This includes funding of \$3.747 million for the mental wellbeing support for primary and intermediate school-aged students through the expansion of the Mana Ake – Stronger for Tomorrow programme into Hawke's Bay and Tairāwhiti.

This initiative is outside the multi-year Health spending announced at Budget 2022.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Health	-	10.000	-	-	-	10.000	-

North Island Weather Events: Primary, Community, and Residential Care Recovery

This initiative provides funding to support provision of primary, community and residential care services to the population affected by the North Island weather events. The provision of an increased level of support to the affected population will decrease the acuity and frequency of these patients presenting at hospitals. It also provides additional funding for air ambulance services and to improve the accessibility of virtual primary healthcare services.

This initiative is outside the multi-year Health spending announced at Budget 2022.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Health	3.294	2.817	-	-	-	6.111	-

North Island Weather Events: Transport and Power

This initiative provides funding for leasing suitable additional vehicles to provide for patient access where road infrastructure is compromised, and generators and diesel for the continued operation of health services while repairs are undertaken, following the North Island weather events.

This initiative is outside the multi-year Health spending announced at Budget 2022.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Health	0.579	1.157	-	-	-	1.736	-

Housing and Urban Development

North Island Weather Events: Temporary Accommodation Response

This initiative provides funding for the coordinated provision of temporary accommodation supply and services to people displaced from their homes because of the North Island weather events.

Funding is also provided to enable Temporary Accommodation Services to maintain the workforce needed to respond to the large-scale events across multiple regions.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Housing and Urban Development	-	-	-	-	-	-	70.000
Building and Construction	-	84.500	-	-	-	84.500	17.500

Internal Affairs

North Island Weather Events: Local Government Flood Resilience Co-Investment Fund

This initiative provides funding, held in contingency, for Crown co-investment with local authorities in areas impacted by the recent North Island weather events to support the proactive management of climate-exacerbated flood risk.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	-	100.000	-	-	-	100.000	-

Labour Market

North Island Weather Events: Cyclone Recovery Visa – Cost of Refunding Fees and Levies

This initiative provides funding to reimburse immigration fees and levies to successful applicants for the Recovery Visa. The funding is limited to reimbursement of the immigration fee, immigration levy, and international visitor and conservation levy. The Recovery Visa category was established following the North Island weather events.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Labour Market	0.735	-	-	-	-	0.735	-

Lands

North Island Weather Events: Purchase of Imagery and Repairs to Crown Property

This initiative provides funding for the purchase and publication of satellite and Light Detection and Ranging (LiDAR) imagery, and urgent repairs to Crown property due to damage from the North Island weather events.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Lands	2.500	3.120	-	-	-	5.620	-

Māori Development

Ngā Whakatikatika Nui ki ngā Kāinga Māori i Papāngia e te Huarere

North Island Weather Events: Critical Repairs to Weather-Impacted Māori-Owned Homes

This initiative provides funding to repair homes owned by low-income whānau Māori that were significantly damaged in the North Island weather events. The initiative supports whānau experiencing severe housing deprivation who require urgent support to move back into safe, warm, and dry homes as soon as possible.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Māori Development	5.000	20.000	-	-	-	25.000	-

Prime Minister and Cabinet

North Island Weather Events: National Emergency Management Agency Response and Recovery Funding

This initiative provides funding for the increased National Emergency Management Agency workforce supporting ongoing recovery efforts arising from the North Island weather events.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Prime Minister and Cabinet	-	1.849	-	-	-	1.849	-
Finance	-	0.025	-	-	-	0.025	0.050

North Island Weather Events: Regional and Local Support

This initiative provides funding to support the Regional and Local Recovery Structures to allow for centrally supported, locally led recovery assistance for severe weather events. These structures will work to assist their relevant regional Ministerial lead to advise on recovery activities, alongside different responsible stakeholders and affected parties (eg, government, councils, iwi and community groups).

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Prime Minister and Cabinet	5.000	15.000	-	-	-	20.000	-

Social Development

North Island Weather Events: Community Connectors

This initiative provides funding for approximately 65 Community Connectors for one year in regions impacted by the recent North Island weather events, alongside the 100 Community Connectors funded through Budget 2023. Connectors provide short-term support to individuals and whānau to prevent and reduce the impacts of hardship. They advocate for those they work with until they are connected with appropriate supports.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	13.067	-	-	-	13.067	-

North Island Weather Events: Employment Recovery Response

This initiative provides funding for employment programmes and services that support New Zealanders affected by the North Island weather events. This will help employers to retain workers in their current employment, redeploy displaced workers back into employment quickly, and upskill New Zealanders for opportunities arising from the rebuild and recovery. The initiative will also support the rebuild and recovery efforts by contributing to the development of a pipeline of talent. It is funded through reprioritisation from the Flexi-Wage Employment Assistance programme.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	24.100	11.100	-	-	35.200	-
Social Development	(35.200)	-	-	-	-	(35.200)	-

North Island Weather Events: Extending Community Support Funds

This initiative provides funding for the Community Support Fund and the Provider Support Fund, which were established following the Auckland Anniversary weekend floods. The funding will help existing community groups (including Māori, Pacific peoples, youth, ethnic communities, and volunteer groups) and providers (including family violence providers and providers supporting disabled people) to continue supporting their communities in areas affected by the recent North Island weather events.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	5.000	-	-	-	-	5.000	-

North Island Weather Events: Food Secure Communities

This initiative provides funding for community food provision in regions affected by the North Island weather events, helping to ensure access to affordable, healthy, and culturally appropriate food. This work is enabled by continued food security systems investment, funded in a related initiative through Budget 2023.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	2.000	4.000	-	-	-	6.000	-

North Island Weather Events: Regional System Leadership Framework

This initiative provides funding to retain existing Regional Public Service Commissioners' (RPSCs) support staff in regions affected by the North Island weather events to June 2024. This will enable RPSCs to continue to carry out their convening function for the public service in these regions, including resolving and escalating issues relating to the North Island weather events.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	4.120	-	-	-	4.120	-

North Island Weather Events: Social Sector Recovery Plan

This initiative provides funding, held in contingency, to implement the proposed Social Sector Recovery Plan. The funding will be used for initiatives that support communities, households and whānau in regions affected by the North Island weather events.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	-	30.000	-	-	-	30.000	-

Transport

North Island Weather Events: KiwiRail – Rail Reinstatement Following the North Island Weather Events

This initiative provides funding to support the reinstatement of operating sections of the rail network impacted by the Auckland Anniversary weekend floods and Cyclone Gabrielle. The rail network was damaged in the affected regions, requiring remediation to address slips and washouts, as well as the rebuilding of damaged structures, including rail tracks, sleepers, formation and bridges.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	40.000	-	-	-	-	40.000	-
Tagged Contingency	-	160.000	-	-	-	160.000	-

North Island Weather Events: Waka Kotahi – State Highway and Local Road Response and Recovery

This initiative provides funding to top up the National Land Transport Fund to support immediate response and recovery costs for state highways and local roads affected in the North Island weather events. Works to be undertaken include clearing sites to make them safer to operate, providing temporary fixes (eg, bailey bridges), and providing access for communities. Funding is also included for initial business case and design work on the reinstatement of roads.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	-	275.000	-	-	-	275.000	-

Budget 2023 Climate Emergency Response Fund Initiatives by Vote²³

Agriculture, Biosecurity, Fisheries and Food Safety

Agricultural Emissions Reduction – Developing the Agricultural Emissions Pricing System

This initiative provides funding to continue the development of the Government's recommended agricultural greenhouse gas emissions pricing system.

This investment is funded through the Climate Emergency Response Fund and is outside the Budget 2022 Natural Resources Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	-	12.200	-	-	-	12.200	-
Environment	-	2.900	-	-	-	2.900	-
Revenue	-	0.300	-	-	-	0.300	-

Business, Science and Innovation

Enhancing Energy Resilience for New Zealand Communities through Distributed Renewable Energy

This initiative provides funding for community-based renewable energy and energy resilience projects, including grants for project development costs and fund implementation costs. It includes funding for Community Renewable Energy Programme, and the deployment of small scale distributed renewable energy and demand response systems.

This initiative is funded through the Climate Emergency Response Fund.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	9.839	13.389	13.441	13.337	50.006	0.006

Equitable Transitions Package – Regional Hydrogen Industry Transition

This initiative provides funding, held in contingency, for a hydrogen consumption rebate to accelerate the early adoption of green hydrogen in transport and industry. It will help to decarbonise hard to abate sectors, diversify the economy of Just Transition regions, and displace fossil fuels.

This initiative is funded through the Climate Emergency Response Fund.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	-	2.958	7.909	10.809	10.800	32.476	-

Establishing a Renewable Electricity System on New Zealand Domestic Islands

This initiative provides funding to install a renewable electricity system on Chatham Island and to undertake discussions with Stewart Island residents on an appropriate renewable electricity option. It will support the decarbonisation of these communities and the transition to a climate-resilient, sustainable and low-emissions economy.

This initiative is funded through the Climate Emergency Response Fund.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	10.300	0.400	-	-	10.700	0.003

²³ There is a withheld tagged contingency in the Climate Emergency Response Fund package.

Grant Scheme for Clean Heavy Vehicles

This initiative provides funding, held in contingency, to establish a grant scheme for clean heavy vehicles to increase the adoption of zero-emissions trucks, non-public transport buses and heavy vans (over 3.5 tonnes), and provide resource to set up, administer, and market the grants. This initiative will help to support the decarbonisation of New Zealand's transport sector.

This initiative is funded through the Climate Emergency Response Fund.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	-	10.000	15.000	5.000	-	30.000	-

Warmer Kiwi Homes Programme – Extension and Expansion

This initiative provides funding for the extension and expansion of the Warmer Kiwi Homes programme. Funding for expansion include grants for energy efficient hot water appliances and lighting, a community focused outreach approach to target hard-to-reach households, and basic home repairs. This initiative will reduce household electricity consumption, reduce emissions, and help with the cost of living through lower energy bills.

This initiative is funded through the Climate Emergency Response Fund.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	22.220	112.679	126.459	141.259	402.617	-

Environment

Climate Data Infrastructure

This initiative provides funding, held in contingency, to develop climate data infrastructure with a range of climate data tools. These tools will support decision makers to implement targeted climate mitigation and adaptation policies, and improve New Zealand's climate progress reporting.

This initiative is funded through the Climate Emergency Response Fund and is therefore outside the Budget 2022 Natural Resources Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	-	6.175	6.175	6.175	6.175	24.700	-

Emissions Trading Scheme – Market Governance

This initiative provides funding, held in contingency, for market governance regulation to increase the integrity of the New Zealand Emissions Trading Scheme and reduce the risk of misconduct.

This initiative is funded through the Climate Emergency Response Fund and is therefore outside the Budget 2022 Natural Resources Cluster multi-year funding package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	-	9.500	9.500	9.500	9.500	38.000	-

Finance

New Zealand Green Investment Finance – Additional Capital to Mobilise Private Green Investment

This initiative provides funding for New Zealand Green Investment Finance Limited, to help mobilise green investment and support the development of New Zealand capital markets.

This initiative is funded through the Climate Emergency Response Fund.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Finance	-	-	-	-	-	-	100.000
Tagged Contingency	-	-	-	-	-	-	200.000

Internal Affairs

Westport Flood Resilience

This initiative provides funding, held in contingency, to enable continued Crown co-investment to build Westport's resilience to future flooding.

This initiative is funded through the Climate Emergency Response Fund.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	-	11.450	11.450	-	-	22.900	-

Lands

3D Coastal Mapping

This initiative provides funding for high-resolution airborne Light Detection and Ranging (LiDAR) mapping of up to 85 percent of New Zealand's coastline. This investment will provide improved data to identify coastal areas (including conservation estate and Māori land) at significant risk of flooding, tsunami and inundation, and will help communities, local and central government to plan and adapt to climate change-induced sea-level rise and more frequent storm surges.

This initiative is funded through the Climate Emergency Response Fund.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Lands	-	2.300	13.900	17.100	5.900	39.200	-

Māori Development

Hapori Māori – Te Whakapiki Manahautanga o te Hapori mā te Āheinga Raraunga me te Whai Urunga

Hapori Māori – Increasing Community Resilience through Data Capability and Access

This initiative provides funding to add climate data to the co-governed Te Puni Kōkiri data platform, MahiTahi, and increase accessibility of Waiora datasets for hapori Māori and wider government. Funding will support additional staff to deliver build requirements, support data capability and provide research and evaluation services.

This initiative is funded through the Climate Emergency Response Fund.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Māori Development	-	2.170	6.290	6.360	5.090	19.910	-

Transport

Clean Car Discount – Increased Crown Grant

This initiative provides funding to sustainably manage high uptake of the Clean Car Discount over 2022/23. Funding will replenish the scheme's cash reserves, as uptake of the scheme has exceeded government and industry expectations.

This initiative is funded through the Climate Emergency Response Fund.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	100.000	-	-	-	-	100.000	-

Community Connect Programme – Free Fares for Children and Half-Price Fares for Under 25-Year-Olds and Total Mobility Passengers

This initiative provides funding to expand the existing Community Connect programme to provide permanent free public transport for children aged 5 to 12, half-price public transport fares for 13- to 24-year-olds, and half-price fares for Total Mobility Scheme passengers. Total Mobility is a bespoke transport service available to those unable to use public transport due to an impairment.

This initiative is funded through the Climate Emergency Response Fund.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	1.000	85.048	79.664	80.065	81.636	327.413	-

Electric Vehicle Charging Infrastructure

This initiative provides funding to support provision of electric vehicle charging infrastructure, to encourage continued rapid uptake and ensure that a lack of chargers is no longer seen as a barrier to electric vehicle adoption. It includes funding for immediate outputs, including for electric vehicle journey charging hubs and chargers to connect communities; funding to improve government delivery of the Electric Vehicle Charging Strategy; and funding for further research to inform future investment.

This initiative is funded through the Climate Emergency Response Fund.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	-	3.202	1.202	1.202	-	5.606	-
Business, Science and Innovation	-	29.476	35.476	49.476	-	114.428	-

Public Transport – Crown Support to Maintain Services

This initiative provides funding to support the continued delivery of public transport services across New Zealand by covering the funding shortfall experienced in 2022/23. Due to rapid growth in core public transport operating costs and reduced fare revenue streams, public transport service budgets are insufficient to meet operating costs.

This initiative is funded through the Climate Emergency Response Fund.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	140.000	-	-	-	-	140.000	-

Public Transport – Workforce Sustainability and Skill Improvements Tranches 2 and 3

This initiative provides funding to support Public Transport Authorities to implement measures aimed at increasing recruitment and retention of public transport bus drivers. Building on funding provided in Budget 2022, this funding will provide improvements through base wage increases, split shift allowances, increases in late night rates, and building more rest break facilities for drivers.

This initiative is funded through the Climate Emergency Response Fund.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	-	17.100	15.900	16.300	-	49.300	-

Budget 2023 Savings and Revenue Initiatives by Vote

Agriculture, Biosecurity, Fisheries and Food Safety

Overseer Farm Decision-Support Tool Contingency – Return of Funding

This initiative returns a tagged contingency for the development of the Overseer farm decision support tool. The contingency amount is not reported for commercial sensitivity reasons.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	-	-	-	-	-	-	-

Arts, Culture and Heritage

Broadcasting Initiatives Tagged Contingency – Return of Funding

This savings initiative returns funding held in tagged contingency that was established to provide for broadcasting initiatives to support the media sector through the economic impact of COVID-19.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	(3.922)	-	-	-	-	(3.922)	-

Strong Public Media – Return of Funding

This savings initiative rescinds Budget 2022 decisions related to the proposed new public media entity (ANZPM) as the TVNZ/RNZ merger is no longer being progressed.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Art, Culture and Heritage	(18.700)	(83.900)	(86.700)	(88.700)	(86.700)	(364.700)	306.100

Building and Construction

Managed Isolation and Quarantine (MIQ) – Return of Underspend

This savings initiative returns funding for Managed Isolation and Quarantine (MIQ) for 2022/23, due to lower-than-expected costs associated with winding down MIQ (eg, reduced redundancy).

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Building and Construction	(11.598)	-	-	-	-	(11.598)	(1.000)

Weathertight Homes Resolution Service – Return of Funding

This savings initiative returns part of the funding held for the Weathertight Homes Resolution Service. The underspend arises due to the decreasing number of outstanding claims to be resolved.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Building and Construction	-	-	(1.082)	(2.190)	(2.940)	(6.212)	-

Business, Science and Innovation

Commerce Commission Litigation Fund – Return of Funding

This savings initiative reduces baseline funding for the Commerce Commission's externally sourced litigation due to historic underspends.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	(2.000)	(2.000)	(2.000)	(2.000)	(8.000)	-

Financial Markets Authority – Return of Funding

This savings initiative provides a one-off return of unspent funding held in the Financial Markets Authority Litigation Fund.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	(3.000)	-	-	-	-	(3.000)	-

Innovation Programme for Tourism Recovery – Return of Funding

This savings initiative returns funding from the Innovation Programme for Tourism Recovery by scaling down Stream Two of the programme, due to better than expected recovery in the tourism sector.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	(10.000)	-	-	-	(10.000)	-

Tourism Portfolio Facilities – Return of Funding

This savings initiative returns unused funding from Tourism Growth Partnerships and Regional Mid-Sized Tourism Facilities Grant Fund.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	-	(11.267)	(11.267)	(11.267)	(11.267)	(45.068)	-

Tourism Recovery Package – Return of Funding

This savings initiative returns unused funding from the COVID-19 Tourism Recovery Package (approved in April 2021).

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	(4.000)	-	-	-	-	(4.000)	-

Worker Redeployment Package – Return of Underspends

This initiative returns unused funding from the Worker Redeployment Package as most of the projects are either complete or close to complete.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Business, Science and Innovation	(3.000)	-	-	-	-	(3.000)	-

Customs**Return of Capital Funding**

This initiative returns \$21 million capital (previously set aside to offset a revenue shortfall) that is no longer needed. A further \$28.5 million capital is also reallocated within Vote Customs to address threats to New Zealand's maritime supply chain posed by transnational organised crime groups.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Customs	-	-	-	-	-	-	(21.485)

Defence Force

Defence White Paper 2016 Introduction of New Capabilities – Return of Tagged Contingency

This savings initiative returns unused funding that was provided at Budget 2017 to support the forecast operating costs associated with a number of planned Defence Capabilities projects.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	(2.004)	(0.407)	(0.407)	(0.407)	(0.407)	(3.632)	-

Regeneration of Defence Estate – Return of Tagged Contingency

This savings initiative returns unused funding provided at Budget 2021 to support the forecast operating costs associated with a number of planned Defence Estate Regeneration projects.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	(0.841)	(1.983)	(2.309)	(2.309)	(2.309)	(9.751)	-

Veterans' Service Cost Baseline Reduction

This savings initiative reduces baseline funding for the service costs associated with veteran entitlements to reflect the current levels of New Zealand Defence Force deployments.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Defence Force	(8.000)	(8.000)	(8.000)	(8.000)	(8.000)	(40.000)	-

Education

Baseline Update Forecast Changes

This savings initiative shows the net fiscal impact of forecast changes across the 2022 March Baseline Update and the 2022 October Baseline Update processes. These are projected changes in expenditure on Teacher Salaries, schools' Operational Funding, Early Childhood Education Subsidies, in response to changes in demand based on demographic variations such as student numbers, numbers of teachers, average salaries and participation rates in early childhood education settings.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	(106.486)	(106.486)	(106.486)	(106.486)	(425.944)	-

Independent Advice on Government Priority Areas – Return of Funding

This savings initiative returns funding previously set aside for independent advice on government priority areas. This funding can be returned due to regular underspends in this area.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	(0.500)	(0.500)	(0.500)	(0.500)	(2.000)	-

Reforecasting of Early Childhood Education

This saving initiative returns funding to reflect updated forecasts for the take-up of early childhood education.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	-	(15.000)	(15.000)	(15.000)	(15.000)	(60.000)	-

School Entry Kete – Discontinuing Programme

This savings initiative returns funding from discontinuing the School Entry Kete programme. The teaching, learning and early identification of needs outcomes supported by the School Entry Kete can be met through the wider Curriculum and Assessment work programme.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	(4.602)	(1.006)	(1.006)	(1.006)	(1.006)	(8.626)	-

School Property Programme to Deliver the National Education Growth Plan – Forecast Adjustment

This initiative provides savings from forecast adjustments made to capital charge and depreciation funding for Property Programme delivering the National Growth Plan for the 2026/27 financial year.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Education	(48.791)	-	-	-	-	(48.791)	-

Environment**Jobs for Nature (Mahi mō te Taiao) – Return of Funding**

This initiative returns unallocated funding from Jobs for Nature initiatives.

Funding of \$850,000 is reprioritised within Vote Environment to wind down the Jobs for Nature programme.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Vote Environment	(1.390)	-	-	0.850	-	(0.540)	-
Vote Agriculture, Biosecurity, Fisheries and Food Safety	-	-	(3.969)	-	-	(3.969)	-
Vote Conservation	(3.170)	-	-	-	-	(3.170)	-

Sustainable Biofuels Obligation – Return of Funding

This savings initiative returns funding for the Environmental Protection Authority's monitoring and compliance costs associated with the Sustainable Biofuels Obligation Bill, which is no longer being progressed.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Environment	-	(1.500)	-	-	-	(1.500)	-
Tagged Contingency	-	-	(3.000)	(3.000)	(3.000)	(9.000)	-

Finance**Stewardship of Residual Crown Obligations: Return of Savings from Underspends**

This savings initiative returns funding previously designated for the delivery of the Crown's residual liabilities and obligations.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Finance	(0.211)	(0.211)	(0.211)	(0.211)	(0.211)	(1.055)	-

Foreign Affairs

Pacific Emergency Budget Support Tagged Contingency – Return of Funding

This savings initiative returns funding previously held in tagged contingency for Pacific Emergency Budget Support.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	(70.000)	-	-	-	-	(70.000)	-

Health

COVID-19 Response Operating Contingency – Return of Funding

This savings initiative returns a portion of funding previously held in the 'COVID-19 Response Operating Contingency'.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	(385.782)	-	-	-	-	(385.782)	-

Implementing the Revised COVID-19 Testing Strategy Tagged Operating Contingency – Return of Funding

This savings initiative returns funding previously held in the 'Implementing the Revised COVID-19 Testing Strategy – Tagged Operating Contingency'.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	(150.000)	-	-	-	-	(150.000)	-

Smokefree Aotearoa 2025 Action Plan – Return of Funding

This savings initiative returns a portion of funding for the 2022/23 year that was previously held in the 'Smokefree Aotearoa 2025 Action Plan – Remaining Implementation Funding – Contingency'.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	(0.367)	-	-	-	-	(0.367)	-

Strengthening the Ministry in its Role as Chief Steward of the Health and Disability System – Return of Funding

This savings initiative returns the funding for the 2022/23 year that was previously held in the 'Strengthening the Ministry of Health in its role as Chief Steward of the Health and Disability System – Contingency'.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	(14.519)	-	-	-	-	(14.519)	-

Internal Affairs

Affordable Water Reform Support Package Tagged Operating Contingency – Return of Funding

This savings initiative returns funding held in tagged contingency for the Crown component of the Better Off support package.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	-	-	(168.000)	(166.000)	(166.000)	(500.000)	-

Labour Market

Management of Sector Workforce Employment Programmes – Return of Funding

This savings initiative returns unspent funding for the management of the Sector Workforce Employment Programmes for reallocation as part of Budget 2023 as this funding is no longer required.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Labour Market	(1.500)	-	-	-	-	(1.500)	-

New Zealand Income Insurance Scheme – Return of Funding

This savings initiative returns funding set aside for the New Zealand Income Insurance Scheme as a result of the Government's decision to delay the scheme.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Labour Market	-	(1.500)	-	-	-	(1.500)	-
Revenue	(0.560)	-	-	-	-	(0.560)	-
Social Development	(2.096)	-	-	-	-	(2.096)	-

Office of the Clerk

Cessation of Radio Broadcasting

This savings initiative returns baseline funding for radio broadcasting of parliamentary proceedings that will no longer be required following conclusion of the current contract on 30 June 2023.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Office of the Clerk	-	(1.417)	(1.417)	(1.418)	(1.418)	(5.670)	-

Revenue

Global Anti-Base Erosion Tax Rules for New Zealand – Revenue Change

This initiative reflects the increase in revenue from imposing a tax on some large multinational enterprises operating in New Zealand, where their income, in either New Zealand or other countries where they operate, bears an effective tax rate of less than 15 percent.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Revenue	-	-	-	-	(25.000)	(25.000)	-

Taxation of the Platform Economy – Revenue Change

This initiative reflects revenue from extending the current electronic marketplace rules for GST to also apply to digital platforms providing accommodation, ridesharing, and food and beverage delivery services.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Revenue	-	(11.750)	(47.000)	(47.000)	(47.000)	(152.750)	-

Trustee Tax Rate Increase – Revenue Change

This savings initiative reflects the increase in revenue from aligning the trustee tax rate with the top personal tax rate at 39 percent for the 2024/25 and later income years.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Revenue	-	-	(13.000)	(765.000)	(345.000)	(1,123.000)	-

Social Development

Flexi-wage Employment Assistance Savings

This savings initiative returns funding from Flexi-wage Employment Assistance in the current financial year, as there is a forecast underspend for this programme. This underspend is the result of lower than expected demand for employment assistance due to better than expected economic conditions.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	(53.800)	-	-	-	-	(53.800)	-

Ministry of Social Development – Departmental Savings in 2022/23

This savings initiative returns funding from the current financial year as a result of lower departmental spending than originally forecast.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	(24.000)	-	-	-	-	(24.000)	-

Ministry of Social Development – Departmental Savings from 2023/24 Onwards

This savings initiative returns funding by improving the efficiency of the Ministry of Social Development's operations.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Social Development	-	(15.523)	(15.523)	(27.830)	(28.124)	(87.000)	-

Te Arawhiti

Treaty Settlements and Marine and Coastal Area Act Work – Return of Funding

This savings initiative reduces baseline funding for departmental costs for Treaty negotiations and determining customary interests in marine and coastal areas due to historic underspends.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Te Arawhiti	-	-	(1.250)	(1.250)	(1.250)	(3.750)	-

Tertiary Education

Centres of Asia-Pacific Excellence – Return of Funding

This savings initiative returns funding from discontinuing the Centres of Asia-Pacific Excellence (CAPEs) after the end of current contract terms, expiring on 30 June 2024.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tertiary Education	-	-	(10.000)	(10.000)	(10.000)	(30.000)	-

Entrepreneurial Universities – Return of Funding

This savings initiative returns funding following the disestablishment of the Entrepreneurial Universities initiative agreed in Budget 2019. The final contracts for Entrepreneurial Universities are being completed in 2023, and the programme will end following this.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tertiary Education	-	(2.900)	(4.359)	(4.359)	(4.359)	(15.977)	-

Exemplary Initial Teacher Education Programme Funding – Return of Funding

This savings initiative returns funding from the Exemplary Initial Teacher Education (ITE) programmes. Contracts for these programmes ended in 2019 and 2020 and further contracting was delayed while the Teaching Council reviewed its ITE Programme Approval Requirements. In 2021 and 2022 this funding was used to support the induction and mentoring of early-in-career teachers whose training was impacted by COVID-19.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tertiary Education	-	(2.520)	(2.520)	(2.520)	(2.520)	(10.080)	-

Fees-Free Entitlement – Return of Funding

This saving initiative returns funding to reflect updated forecasts for the take up of the fees-free entitlement.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tertiary Education	-	(70.000)	(70.000)	(70.000)	(70.000)	(280.000)	-

Transport**Clean Car Upgrade Scheme – Returning Surplus Funding**

This savings initiative returns funding from the Clean Car Upgrade Scheme to the Climate Emergency Response Fund, following the Government's decision to not implement the scheme.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	(14.180)	(15.906)	-	-	-	(30.086)	-
Tagged Contingency	-	-	-	(242.900)	(294.050)	(536.950)	-

Community Connect Programme – Returning Surplus Funding

This savings initiative returns surplus funding from the Community Connect programme to the Climate Emergency Response Fund. Following the Government's decision to extend universal half-price public transport fares until 30 June 2023, implementation of the programme, which will provide half-price public transport fares to Community Services Cardholders, was delayed until 1 July 2023, resulting in surplus funding in the 2022/23 year.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Transport	(20.724)	-	-	-	-	(20.724)	-

Social Leasing Scheme Trial – Returning Surplus Funding

This savings initiative returns funding from the Social Leasing Scheme Trial to the Climate Emergency Response Fund, following the Government's decision to not implement the scheme.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Tagged Contingency	(8.050)	(10.000)	-	-	-	(18.050)	-

Various Votes**October 2022 and March 2023 Baseline Update Changes**

This savings initiative shows the funding returned during the 2022 October Baseline Update and the 2023 March Baseline Update, which primarily relates to the return of underspends from initiatives allocated from the COVID-19 Response and Recovery Fund. These baseline update savings are net of funding used to support the February 2023 extension of fuel excise duty and road user charges reduction.

Vote	2022/23	2023/24	2024/25	2025/26	2026/27	Operating Total	Capital Total
Various Votes	(663.205)	-	-	-	-	(663.205)	(11.000)

He Aratohu Tere ki te Whai Mārama ki ngā Whakataunga mō Te Tahua

Quick Guide to Interpreting Budget Decisions

The Budget process primarily focuses on additional funding

The annual Budget is the main process for funding new government initiatives, services and policies. Funding is also provided for existing activities that are facing cost pressures, for example, due to increased demand for services that cannot be met through existing funding.

The funding allocated through the Budget is additional to existing and ongoing Government expenditure, known as baseline expenditure

Most Government funding is assumed to continue at the same level every year, in line with an approach known as fixed nominal baselines. Details of all new and existing expenditure, organised into specific areas of spending known as Votes and appropriations, are included in the Estimates of Appropriations authorised by Parliament each year.

The amount of new funding available at each Budget is set aside in envelopes called allowances – split into an annual operating allowance and a multi-year capital allowance (MYCA) covering four Budgets

The operating allowance is generally for the day-to-day spending of the government, such as public servants' salaries, welfare benefit payments and the running of the health system. Operating funding is usually provided on an ongoing basis, leading to a permanent increase in baseline expenditure.

The multi-year capital allowance provides funding for assets that will increase the value of the Crown's balance sheet, for example investment in Crown-owned infrastructure such as schools and hospitals.

The amount charged against allowances for each initiative is the total impact across the forecast period

The forecast period is the number of financial years (the period between 1 July and 30 June) that the Treasury looks ahead when outlining New Zealand's financial position to the public. The forecast period covers *the next four financial years, plus the current financial year ending on 30 June*.

For operating funding, the figure we count against allowances is the total spending across the five-year forecast period. Even where an initiative is funded on an ongoing basis, only the funding within the relevant forecast period will be counted against allowances. For example, for an initiative providing \$2 million per year of operating funding beginning in 2023/24 (the second year of the forecast period), the total allowance impact will be \$8 million.

For capital funding, we look a bit further ahead, using a ten-year total instead to better reflect the one-off and often uneven nature of capital investment.

Allowances and initiatives are presented in Budget material either as an annual average amount, or the total amount across the forecast period

Operating allowances are usually presented as an annual average amount of funding available across the next four financial years. The funding amounts for operating initiatives are presented as the total impact of the initiative over the forecast period, unless otherwise specified. For example, Budget material might say “we are spending \$8 million in operating funding on this initiative”, rather than “we are spending \$2 million per annum beginning in 2023/24”.

Capital allowances are always presented as the total amount of funding available across the four Budgets covered by the multi-year capital allowance. The funding amounts for capital initiatives are always communicated as the total impact of the initiative over the next ten years.

Budget 2022 introduced new processes that impact multiple allowances

Two new processes were introduced in Budget 2022 that spread the fiscal impacts of decisions across multiple Budget operating allowances. Two Budgets’ worth of funding for the Health portfolio was agreed through the Budget 2022 process, with the funding impact counted against the Budget 2022 and Budget 2023 operating allowances.

The ‘cluster’ process piloted in Budget 2022 provided three Budgets’ worth of funding for two groups of agencies in the Justice and Natural Resources sectors. This funding was counted against Budget 2022, Budget 2023 and Budget 2024 operating allowances.

In some circumstances, spending can be counted against other funding sources

While the allowance framework is the primary tool used to manage Government expenditure, other sources of funding have been used in recent years.

A process was run alongside Budget 2023 to agree a package of initiatives responding to the climate crisis. This package was funded from the Climate Emergency Response Fund (CERF), which is an ongoing fund that is not tied to a particular financial year, and covers both operating and capital expenditure across the forecast period. It utilises revenue from the available cash proceeds from the New Zealand Emissions Trading scheme.

Glossary

Allowances

The amount of new funding available at each Budget is set aside in envelopes called allowances. This is the amount of money available for Budget decisions to be counted against when agencies bid to increase expenditure or reduce revenue.

Operating allowance

An operating allowance is the amount of new funding available for the day-to-day operating costs of the government.

Capital allowance

A capital allowance is the amount of new funding available to spend on assets that will increase the value of the Crown's balance sheet, for example investment into infrastructure like schools and hospitals.

Annual review

Scrutiny by the House and its committees of the performance for the previous financial year, and current operations, of Government departments, Officers of Parliament, Crown entities, State enterprises, and public organisations.

Appropriations

Appropriations are legal authorities granted by Parliament to the Crown or an Office of Parliament to use public resources. Most appropriations are set out in Appropriation Acts.

Appropriation Bill

A Government bill that seeks authority from Parliament to spend public money and incur liabilities. Details of the Government's spending plans are set out in papers that are presented in association with each Appropriation Bill. (See Estimates).

Assets

A resource controlled by an entity. A resource is an item with service potential or the ability to generate economic benefits.

Baseline funding

The level of funding approved for any given area of spending (eg, Vote Education).

Bill

A proposed law that the House may consider.

Budget

The process for preparing and documenting the Government's economic policies and spending plans each year resulting in the introduction of an Appropriation Bill and the delivery of the Budget statement.

Budget at a Glance

The *Budget at a Glance* is an overview of the Budget information and contains the main points for the media and public. This summarises the Government's spending decisions and key points included in the *Budget Speech* and *Wellbeing Budget* document, and the *Budget Economic and Fiscal Update*.

Budget Economic and Fiscal Update

The *Budget Economic and Fiscal Update* or *BEFU* includes the Treasury's economic forecasts and the forecast financial statements of the Government incorporating the financial implications of Government decisions and other information relevant to the fiscal and economic outlook. The *BEFU* also discusses key risks to the economic and fiscal forecasts.

Budget Day

The day identified by the Minister of Finance when the Government will present its Budget and for the delivery of the Budget statement.

Budget policy statement

A paper presented by the Minister of Finance in the months before the Budget, foreshadowing the Budget and its policy goals. The Finance and Expenditure Committee examines the Budget policy statement and reports to the House (compare with Budget statement).

Budget Speech

The *Budget Speech* is the statement the Minister of Finance delivers at the start of Parliament's Budget debate. The statement generally focuses on the overall fiscal and economic position, the Government's policy priorities and how those priorities will be funded.

Capital expenditure

The expenditure incurred to acquire or develop assets (including tangible, intangible, or financial assets and any ownership interest in entities).

Consumers Price Index (CPI)

Stats NZ's official index to measure the rate of change in prices of goods and services purchased by households. Core or underlying inflation measures exclude or give little weight to extreme or irregular price movements.

Cost pressures

Additional funding needed because of higher demand under current policy settings due to, for example, higher population growth or changes in demographics, higher cost of delivering or continuing to deliver services due to external market factors (eg, inflation) or collective bargaining agreements and wage progression pressures, or to fulfil an already existing regulatory or legislative requirement.

Core Crown

A reporting segment consisting of the Crown, departments, Offices of Parliament, the New Zealand Superannuation (NZS) Fund and the Reserve Bank.

Core Crown expenses

The day-to-day spending (eg, public servants' salaries, welfare benefit payments, finance costs and maintaining national defence etc) that does not build or purchase physical assets by the core Crown. This is an accrual measure of expenses and includes non-cash items, such as depreciation on physical assets.

Core Crown revenue

Consists primarily of tax revenue collected by the Government but also includes investment income, sales of goods and services and other revenue of the core Crown.

Economic Outlook

A description of what is judged likely to happen in the future of the economy. The outlook includes forecast economic indicators such as gross domestic product (including the major components of gross domestic product), consumer prices, unemployment and employment, and the current account position of the balance of payments.

Estimates of Appropriations

A detailed statement of how the Government proposes its departments and other agencies will spend public money and incur liabilities in a financial year. This spending must be approved through an Appropriation Bill.

Financial year

A year as it is set for public finance, being the period from 1 July of one calendar year to 30 June of the next.

Financial assets

Any asset that is cash, an equity instrument of another entity (shares), a contractual right to receive cash or shares (taxes receivable and Accident Compensation Corporation (ACC) levies), or a right to exchange a financial asset or liability on favourable terms (derivatives in gain).

Financial liabilities

Any liability that is a contractual obligation to pay cash (government stock, accounts payable) or a right to exchange a financial asset or liability on unfavourable terms (derivatives in loss).

Fiscal intentions (short term)

Indications of the Government's intentions for operating expenses, operating revenues and the impact of its intentions on the operating balance, debt and net worth over (at least) the next three years. These intentions are required under the Public Finance Act 1989 (PFA).

Fiscal objectives (long term)

The Government's long-term goals for operating expenses, operating revenue, the operating balance, debt and net worth, as required by the PFA. The objectives must be consistent with the defined principles of responsible fiscal management as outlined in the PFA and must cover a period of (at least) 10 years.

Gross debt

Represents debt issued by the sovereign (the core Crown) and includes any government stock held by the NZS Fund, ACC and the Earthquake Commission (EQC) but excludes settlement cash and bank bills.

Gross domestic product (GDP)

A measure of the value-added of all goods and services produced in New Zealand. Changes in GDP measure growth or contraction in economic activity or output. GDP can be measured on either an expenditure or production basis and in either real or nominal terms.

He Ara Waiora

He Ara Waiora is a framework that helps the Treasury to understand waiora, often translated as a Māori perspective on wellbeing, and to interweave and embed Te Ao Māori perspectives in our policy advice with integrity.

Initiatives

Proposals with financial impact that are presented to Ministers during the budget process. Initiatives that are accepted and approved by Ministers are reported in the Summary of Initiatives that are included with the Budget documentation released.

Imprest Supply Bill

A bill that seeks to give the Government temporary authority to spend public money and incur liabilities in advance of detailed spending proposals being approved through an Appropriation Bill.

Labour productivity

Output per unit of labour input (where labour inputs might be measured as hours worked or the number of people employed).

Living Standards Framework

The Living Standards Framework (LSF) is one of the Treasury's wellbeing frameworks, alongside He Ara Waiora, a mātauranga Māori wellbeing framework. The LSF prompts consideration of the broader impacts of policy in a systematic and evidenced way. The framework includes many dimensions addressing the factors that can expand people's choices and opportunities to live the lives they value – including health, education and income.

Macroeconomic

Dealing with the performance, structure, behaviour, and decision-making of an economy as a whole.

Multifactor productivity

Multifactor productivity (MFP) relates a change in output to several types of inputs, typically capital and labour. MFP is often measured residually, as the change in output that cannot be accounted for by the change in combined inputs.

Multi-year funding

Multi-year funding approaches to allocating funding mean that some of the allowance impact of Budget decisions is pre-committed against future Budgets' operating allowances. This reduces these future Budgets' available operating allowances to reflect that some funding decisions have already been made.

Net debt

Net debt provides information about the sustainability of the Government's accounts. Net debt represents core Crown and Crown entity borrowings less core Crown financial assets (including advances). It includes the financial assets and borrowings of the NZS Fund.

Net worth

Total assets less total liabilities. The change in net worth in any given forecast year is largely driven by the operating balance and property, plant and equipment revaluations.

Net worth attributable to the Crown

Represents the Crown's share of total assets less liabilities of the Government. It excludes minority interests' share of those assets and liabilities (eg, the share attributable to other shareholders in mixed-ownership-model companies).

Operating balance

Represents OBEGAL (refer below) plus gains and less losses. The operating balance includes gains and losses not reported directly as a movement against net worth. The impact of gains and losses on the operating balance can be subject to short-term market volatility and revaluations of long-term liabilities.

Operating balance before gains and losses (OBEGAL)

Represents total Crown revenue less total Crown expenses, excluding minority interest share. OBEGAL can provide a more useful measure of underlying stewardship than the operating balance as short-term market fluctuations are not included in the calculation.

Projections

Projections relate to the period beyond the five-year forecast period and are based on long-run economic and fiscal assumptions. For example, the projections assume no economic cycle and constant long-run interest, inflation and unemployment rates.

Public Finance Act

The Public Finance Act is the statute that provides the core legislative framework within which the Government can borrow money or spend public money. It contains reporting requirements to ensure the Crown is transparent and accountable for its actions impacting on public finance.

Reprioritisation

In the Budget process this is the reassignment of existing funding from one area to another.

Savings

Reduction in cost or expenditure from baselines.

Select committee

A committee whose membership is confined to a limited number of members. Most of the committees are subject select committees, each of which deals with a particular subject area.

Supplementary Estimates

A statement of further amounts to be spent by Government departments, Officers of Parliament, Crown entities, State enterprises, and public organisations in the current financial year in addition to the details of spending contained in the Estimates. This spending must be approved by an Appropriation Bill.

Tagged contingency

Tagged contingency is funding that is ring-fenced for a particular purpose and held in the centre, ie not appropriated into baselines. Treasury may use tagged contingencies as a policy tool where an initiative is likely to be funded but needs further work before funding can be appropriated.

Tax revenue

The accrual, rather than the cash measure of taxation. It is a measure of tax over a given period in time, regardless of whether or not it has actually been paid.

Votes

When Parliament considers legislation relating to appropriations, the appropriations are grouped within 'Votes'. Generally, a 'Vote' will group appropriations together that are the responsibility of a portfolio Minister (eg, Vote Health includes all health-related appropriations that are the responsibility of the Minister of Health).

Vote (Estimates)

Part of an Appropriation Bill containing details of the authority to spend public money or incur expenses in a particular area. For example, Vote Health.

Year ended

Graphs and tables within this document use different expressions of the timeframe. While some tables may refer to the end of the tax year (31 March), others will refer to the end of the Government's financial year (30 June). For example, unless otherwise stated references to 2021/22 or 2022 will mean the year ended 30 June.

Kuputaka

Tāpiritanga

Ko te rahi o ngā pūtea hou ka noho wātea i ia Tahua ka tāpuitia ki ētahi kōpaki, ā, ka kīia ko ngā tāpiritanga. Te moni ka taea te whakahāngai ki ngā whakataunga Tahua ina tonu atu ngā tari ki te whakapiki i ngā whakapaunga moni, ki te whakaheke rānei i te whiwhinga moni.

Tāpiritanga Whakahaere

Ko te tāpiritanga whakahaere te tapeke o ngā pūtea hou ka tukuna mō ngā whakahaeretanga o ia rā o te kāwanatanga.

Tāpiritanga Uara

Ko te tāpiritanga uara te rahi o ngā pūtea tāpiri ka tukuna hei hoko rawa, e whakapiki ai i te uara o te ripanga kaute o te Karauna, hei tauira, ko te haumitanga ki ngā rawa angaanga pērā i ngā kura me ngā hōhipera.

Te arotake ā-tau

Ko te whakatātare a te Whare Paremata me āna komiti i te whaihua i te tau kua pahure, me ngā whakahaeretanga o nāianei o ngā tari Kāwanatanga, ngā Āpiha o te Paremata, ngā hinonga Karauna, hinonga o te rāngai Kāwanatanga me ngā rōpū tūmatanui.

Tuaritanga

Ko ngā Tuaritanga he whakaaetanga ā-ture ka tukuna e te Paremata ki te Karauna, ki tētahi Tari o te Paremata rānei kia whakamahi i ngā rauemi tūmatanui. Ko te nuinga o ngā tuaritanga ka whakatakotoria ki ngā Ture Tuaritanga (Appropriation Acts).

Pire Tuaritanga

He pire nā te Kāwanatanga ka tonu kia whakamanatia e te Paremata te whakapau moni tūmatanui, te whai taumahatanga rānei. Ka whakaaturia ngā taipitopito o ngā mahere whakapaunga a te Kāwanatanga i ngā pepa e tukuna ana i te taha o ia Pire Tuaritanga. (Tirohia: Whakatau Tata).

Rawa

He rauemi e whakahaeretia ana e tētahi hinonga. Ko te rauemi he mea he pitomata ratonga tōna, he āheinga rānei ki te whakawhanake painga ōhanga.

Rahinga Pūtea

Te taumata pūtea kua whakaaetia mō tētahi o ngā momo whakapaunga (hei tauira, te Tuari Pūtea Mātauranga).

Pire

Tētahi ture marohi, mā te Whare Paremata e whakaaroaro pea.

Te Tahua

Te tukanga hei whakarite, hei hopu i ngā kōrero mō ngā kaupapahere ohaoha me ngā mahere whakapaunga a te Kāwanatanga mō ia tau, ka hua mai te tukunga o tētahi Pire Tuaritanga me te tukunga o te tauākī Tahua.

Te Tiro Wawe ki te Tahua

Ko *Te Tiro Wawe ki te Tahua* tētahi tirohanga whānui o ngā pārongo Tahua, kei roto ngā kaupapa matua mā ngā hunga arapāhō, mā te marea hoki. Ka whakarāpopotohia ngā whakataunga whakapaunga a te Kāwanatanga me ngā kaupapa matua o roto i *Te Whaikōrero Tahua*, te puka *Tahua Toiora* me *Te Whakahounga Ōhanga, Moni Tūmatanui hoki o te Tahua*.

Te Whakahounga Ōhanga, Moni Tūmatanui hoki o te Tahua

Kei roto i te *Te Whakahounga Ōhanga, Moni Tūmatanui hoki o te Tahua*, arā, te *Budget Economic and Fiscal Update (BEFU)* ngā matapae ōhanga a Te Tai Ōhanga, me ngā matapae tauākī pūtea a te Kāwanatanga, tae ana ki ngā hīraunga ahumoni o ngā whakataunga a te Kāwanatanga me ētahi atu pārongo e hāngai ana ki te tirohanga whakamua mō te moni tūmatanui me te ōhanga. Ka matapakitia hoki i roto i te *BEFU* ngā tūraru matua ki ngā matapae ōhanga me te moni tūmatanui.

Te Rā Tahua

Ko tēnei te rā ka tohua e te Minita Ahumoni, ka whakaaturia te Tahua e te Kāwanatanga, ā, ka tukua te Tauākī Tahua.

Te Tauākī Kaupapahere Tahua

He pepa ka whakapuakina e te Minita Ahumoni i ngā marama tata i mua i te Tahua, hei āhuahua i te Tahua me ngā whāinga kaupapahere o roto. Ka arotake te Komiti mō te Ahumoni me te Whakapaunga i te Tauākī Kaupapahere Tahua, ā, ka pūrongo atu ki te Whare Paremata (ka whakatairite ki te Tauākī Tahua).

Te Whakatakinga Tahua

He tauākī *Te Whakatakinga Tahua* mā te Minita Ahumoni e kōrero ā te tīmatanga o te tautohetohe Tahua a te Paremata. Ko te arotahi matua o te tauākī ko te tūnga whānui o te moni tūmatanui me te ōhanga, ko ngā whāinga kaupapahere matua o te Kāwanatanga, ā, me pēhea aua whāinga matua e whai pūtea.

Whakapaunga rawa

Ngā whakapaunga nā te hoko rawa, nā te whakawhanake rawa rānei (tae ana ki ngā rawa kikokiko, rawa tūrehurehu rānei, ngā rawa ahumoni me te mana pupuri i ngā hinonga).

Te Tauine Utuhoko (CPI)

Ko te tauine ō-kawa o Tatauranga Aotearoa hei ine i te pāpātanga o te whiti o ngā utu o ngā rawa me ngā ratonga e hokona ana e ngā kāinga. Kāore ngā inenga matua, tūāpapa rānei o te pikinga utu e aro ana ki ngā nekehanga utu mōrahi, whakarangirua rānei, ka paku rānei te aro atu.

Pēhanga Utu

He pūtea anō e hiahiatia, nā te kaha o te popono i ngā ritenga kaupapahere o nāianeī, nā ngā āhuatanga pērā ki te piki o te tipu o te taupori, ngā nekehanga o te hangapori, te pikinga utu ki te rato, ki te whakatūturu rānei i te tuku ratonga nā ngā āhuatanga māketē o waho (hei tauira ko te pikinga utu) o ngā whakataunga utu mahi ngātahi, ngā pēhanga pikinga utu, ki te kawē rānei i tētahi herenga ā-ture, herenga waeture rānei.

Iho Karauna

He rāngai pūrongo, kei roto te Karauna, ngā tari kāwanatanga, ngā Tari o te Pāremata, Te Kaitiaki Tahua Penihana Kaumātua o Aotearoa (NZS), Te Pūtea Matua hoki.

Whakapaunga Iho Karauna

Ngā whakapaunga moni o ia rā (hei tauira, te utu mahi mō ngā kaimahi kāwanatanga, ngā utu ahumoni, te ū ki te waonga ā-motu te aha atu hoki) ka kore ngā rawa ōkiko e whakawhanaketia, e hokona rānei e te Iho Karauna. He inenga tāpiripiri tēnei o ngā utu whakapaunga, ā, kei roto ngā whakapaunga moni-kore, hei tauira, ko te hekenga uara o ngā rawa ōkiko.

Whiwhinga Iho Karauna

Ko te nuinga he whiwhinga tāke e kohia ana e te Kāwanatanga, heoi, kei roto hoki ngā whiwhinga moni haumitanga, te hoko atu o ngā rawa me ngā ratonga me ētahi atu whiwhinga moni o te Iho Karauna.

Te Anganga Ōhanga

He whakaahua kua whakataungia mō te ōhanga e tinga ana ka hua mai ā te wā heke. Kei roto i te anganga ngā tohu ōhanga kua matapaetia, pērā ki te tapeke wāriu hokonga (GDP – tae ana ki ngā wāhanga nui o te tapeke wāriu hokonga), ngā utu hokohoko, te koremahī me te whaimahi, me te tūnga taurite pūtea o nāianeī o te tapeke utuutu.

Ngā Whakatau Tata mō ngā Tuaritanga

He tauākitanga whai taipitopito mō ngā marohi a te Kāwanatanga me pēhea te whakapau moni tūmatanui a ngā tari me ngā hinonga anō, te uru ki ngā taumahatanga hoki mō tētahi tau pūtea. Me tuku te whakaaetanga mō te whakapaunga mā tētahi Pire Tuaritanga.

Tau pūtea

Te tau, e ai ki ngā ritenga mō te ahumoni tūmatanui, arā, ko te wā ka tīmata i te 1 Hōngongoi o tētahi tau ā-maramataka ki te Pipiri o te tau e whai ake.

Rawa ahumoni

Tētahi rawa ahakoa he moni tūturu, tētahi tūtanga pakihī nō tētahi atu hinonga (ngā hea), tētahi tika ā-kirimana ki te whiwhi moni, hea rānei (ngā tāke kia utua mai me ngā tāke ACC), tētahi tika rānei ki te whakawhiti i tētahi rawa ahumoni, tētahi taumahatanga rānei i runga i ngā tūtohu pai (pikitanga o ngā pāpātanga/derivatives).

Taumahatanga Ahumoni

Tētahi taumahatanga, he herenga ā-kirimana kia utua ki te moni (he tāka kāwanatanga, nama kia utua atu rānei), ko te tika rānei kia whakawhiti i tētahi rawa ahumoni, tētahi taumahatanga rānei i runga i ngā tūtohu taumaha (te heke o ngā pāpātanga).

Whakamaunga atu Moni Tūmatanui (wā poto)

He tohu o ngā take whakamaunga atu o te Kāwanatanga mō ngā whakapaunga whakahaere, ngā moniwhiwhi whakahaere me te pānga o ōna whāinga ki te tapeke whakahaere, ngā nama, me te tōpūtanga uara o ngā rawa mō ngā tau e toru kei te haere mai (neke atu rānei). He herenga a ēnei whakamaunga kei raro i te Public Finance Act 1989 (PFA).

Whāinga Moni Tūmatanui (wā roa)

Ko ngā whāinga wā roa a te Kāwanatanga mō ngā whakapaunga whakahaere, ngā moniwhiwhi whakahaere, te tapeke whakahaere, te noho nama me te tōpūtanga uara o ngā rawa, e herea ana e te PFA. Me hāngai tonu ngā whāinga ki ngā mātāpono o te whakahaere moni tūmatanui tōtika e whakaahuatia ana i te PFA, ā, me hāngai tonu ki te wā kia 10 tau (neke atu rānei).

Te Tōpūtanga Nama

Ka whakaahua i ngā nama kua tukua e te karauna (te Iho Karauna), ā, kei roto ngā tāka kāwanatanga e pupurihia ana e te Tahua Penihana Kaumātua o Aotearoa, e ACC me Toka Tū Ake (EQC), engari kei waho ngā moni whakataunga me ngā pire pēke.

Tapeke Wāriu Hokonga (GDP)

He inenga o te tāpiritanga-uara o ngā rawa me ngā ratonga katoa e whakaputaina ki Aotearoa. Mā ngā panonitanga GDP e inehia ai te tipu haere, te raungaiti haere rānei o ngā mahi ōhanga, o ngā putanga hoki. Ka taea te ine i te GDP i runga i te tūāpapa o te whakapaunga moni, te putanga rawa rānei, ā, i runga hoki i ngā uara tūturu, uara mati rānei.

He Ara Waiora

Ko He Ara Waiora tētahi anga e āwhina ana i Te Tai Ōhanga ki te whai māramatanga ki te waiora, e kīia ana ko te tirohanga Māori mō te waiora, ā, ka tuituia, ka whakatōkia hoki ngā tirohanga o te ao Māori ki roto i ā mātou tohutohu kaupapahere me te ngākau tapatahi.

Whakakaupapa Ahumoni

He marohi kaupapa, he pānga tōna ki te ahumoni, ka whakaaturia ki ngā Minita i waenga i te tukanga tahua. Ko aua kaupapa e whakaaetia, e tautokona hoki e ngā Minita, ka pūrongohia i roto i ngā Whakarāpopoto o ngā Whakakaupapa Ahumoni kei roto i ngā puka Tahua e tukuna ana.

Te Imprest Supply Bill

He pire e aro ana kia tukua ki te Kāwanatanga te mana taupua ki te whakapau moni tūmatanui, ki te uru ki ngā taumahatanga hoki i mua i te whakaaetanga ki ngā marohi āmiki mō te whakapaunga i tētahi Pire Tuaritanga.

Te Māpua Hunga Mahi

Te putanga mō ia waetahi mahi (ka inehia ai pea ngā tāuru hei hāora mahi, hei kaute o ngā kaimahi rānei).

Te Anga Paerewa Oranga, arā, te Living Standards Framework

Ko te Anga Paerewa Oranga arā, te Living Standards Framework (LSF) tētahi o ngā anga toiora o Te Tai Ōhanga, ka noho tahi me He Ara Waiora, tētahi anga toiora i ahu mai i te mātauranga Māori. Mā te LSF e whakahau te whaiwhakaaro ki ngā pānga whānui o te kaupapahere, kia whai tukanga, kia aro ki te taunakitanga hoki. Kei roto i te anga he maha ngā āhuatanga e aro ana ki ngā āhuatanga e whakawhānui ai ngā kōwhiringa o te tangata, me ngā angitu oranga e pai ana te uara ki a rātou – tae ana ki te waiora, te mātauranga me te whaipūtea.

Ōhanga whārahi

Ka hāngai ki te whaihua, te hangahanga, te whanonga me te whakatau-whakaaro o te ōhanga whānui.

Te Māpua Āhuatanga-maha

Ko te Māpua Āhuatanga-maha (MFP) tētahi panonitanga o ngā putanga o ngā momo tāuru maha, i te nuinga o ngā wā ko ngā tāuru rawa me ngā tāuru mahi. Ka auau te ine o te MFP mā ngā kitenga-toenga (residuals), hei panonitanga o ngā putanga tē kitea i roto i te panonitanga o te tōpū o ngā tāuru.

Te Tuku Pūtea Tau-maha

Mā ngā ara tuku pūtea tau-maha ki te tuku pūtea, ka tuku takamua ētahi o ngā pānga tukunga o ngā whakataunga Tahua ki ngā tāpiritanga whakahaere o ngā Tahua kei te haere mai. Ka whakaheke tēnei i ngā tukunga whakahaere a ngā Tahua o ngā tau kei te heke mai, nā te mea kua whakatauria kētia ētahi o ngā whakataunga pūtea.

Te tōpūtanga nama

Mā te tōpūtanga nama e tuku pārongo mō te toitū o ngā pūkete pūtea o te Kāwanatanga. Ka whakaahua te tōpūtanga nama i ngā mino o te Karauna Matua me ngā hinonga Karauna, tango i ngā rawa ahumoni a te Karauna Matua (tae ana ki ngā pūtea tuku whakamua). Kei roto hoki ngā rawa ahumoni me ngā mino a Te Kaitiaki Tahua Penihana Kaumātua o Aotearoa (NZS).

Te tōpūtanga uara

Ko te tapeke o ngā rawa, tango i te tapeke o ngā taumahatanga. Ka whai haere te panoni o te tōpūtanga uara kei tētahi tau matapae i te tapeke whakahaere me ngā whakahounga uara o ngā whenua, ngā whare, ngā taputapu, ngā utauta hoki.

Ko te tōpūtanga uara ka riro i te Karauna

Ka whakaahua i te wāhanga o ngā rawa katoa tango i ngā taumahatanga o te Kāwanatanga ka riro i te Karauna. Kāore i roto ngā whaipānga teina o aua rawa me aua taumahatanga (arā, te wāhanga ka riro i ngā kaiwhaipānga kē i roto i ngā kamupene mana-pupuri-whakauruuru).

Tapeke whakahaere

Ka whakaahua i te OBEGAL (titiro ki raro nei) tāpiri i ngā pikinga tapeke, tango i ngā moningarō. Kei roto i te tapeke whakahaere ngā pikinga me ngā ngaronga moni kāore i pūrongotia torotika ai hei nekehanga tōpūtanga uara. He mea whakaaweawetia ngā pānga o ngā pikinga me ngā ngaronga ki te tapeke whakahaere e te taurangi o te mākete i te wā poto, me ngā whakahounga uara o ngā taumahatanga wā-roa.

Te tapeke whakahaere i mua i ngā pikinga me ngā moningaro (OBEGAL)

Ka whakaahua i te tapeke whiwhinga a te Karauna, tango i te tapeke o ngā whakapaunga a te Karauna, hāunga te wāhanga nō ngā rōpū whaipānga teina. He pai ake pea te OBEGAL i te tapeke whakahaere hei inenga whaihua mō te tūāpapa kaitiakitanga nā te mea kāore ngā manei o te māketete e uru ana ki te tātaitanga.

Matapae roa

Ka hāngai ngā matapae roa ki tua i te matapae rima-tau, ā, ka ahu mai i ngā matapae ōhanga wā roa, me ngā moni tūmatanui wā roa. Hei tauira, kei ngā matapae roa, he pūmāramarama, kāore he tāruarua ohaoha, ā, ka noho pūmau ngā pāpātanga huamoni, pikinga utu, koremahi hoki.

Public Finance Act

Ko te Public Finance Act te ture e whakatakoto ana i ngā tūāpapa o te anga ture, mā reira te āheinga o te Kāwanatanga ki te mino pūtea, ki te whakapau pūtea tūmatanui rānei. Kei roto ngā herenga pūrongo hei whakaū i te mahea me te noho haepapa o ngā mahi o te Karauna e whakaaweawe ana i te ahumoni tūmatanui.

Whakaarotau anō

Kei roto i te tukanga Tahua, ko tēnei te whakawhiti o ngā pūtea tūturu, mai i tētahi wāhi ki tētahi atu.

Toenga Penapena

Ko ēnei te whakaheke i ngā utu, i ngā whakapaunga rānei i ngā rahinga pūtea.

Kōmiti whiriwhiri

Tētahi kōmiti, kua herea te tokomaha o ngā mema ki tētahi kaute noa ana. Ko te nuinga o ngā komiti, he komiti whiriwhiri ā-kaupapa, ā, kei ia komiti tōna ake kaupapa.

Whakatautata tāpiri

He tauākī o ngā tapeke atu anō ka whakapaungia i tēnei tau pūtea e ngā tari Kāwanatanga, Āpihā o te Pāremata, hinonga Karauna, hinonga o te rāngai Kāwanatanga me ngā rōpū tūmatanui, tāpiri atu i ngā taipitopito whakapaunga o roto i ngā Whakatau tata. He herenga kia whakaaetia ēnei whakapaunga e tētahi Pire Tuaritanga, arā, e tētahi Appropriation Bill.

Pūtea kāingarua kua tūtohua

Ko te pūtea kāingarua kua tūtohua ko ngā pūtea kua tāpuitia mō tētahi kaupapa motuhake, ā, ka pupurutia ki te pūtahi, arā, kāore e tuarititia ana ki ngā rahinga pūtea. Ka whakamahi pea Te Tai Ōhanga i ngā pūtea kāingarua kua tūtohua hei utauta kaupapahere mō ngā kaupapa e matapaetia ka whiwhi pūtea, engari kei te tārewa tonu ētahi o ngā mahi i mua i te tuaritanga pūtea.

Whiwhinga tāke

Ko te ine-tāpiripiri, ehara ko te inenga moni ukauka, mō te tāke. He inenga o te tāke mō tētahi wā, ahakoa kua utua kētia, kāore anō kia utua rānei.

Ngā Tuari Pūtea

Ko te huritao a te Pāremata i ngā ture e pā ana ki ngā haonga, ka whakarōpūngia ngā haonga ki roto i ngā 'Tuari Pūtea'. I te nuinga o ngā wā, ka whakarōpūngia ngā tuaritanga o te 'Tuari Pūtea' ki ngā rōpū e hāngai ana ki ngā haepapa manatū o tētahi Minita (hei tauira, kei roto i te Tuari Pūtea Hauora (Vote Health) ngā tuaritanga katoa kei raro i te haepapa o te Minita o te Hauora).

Tuari Pūtea (Whakatau tata)

Ko tētahi wāhanga o te Pire Tuaritanga kei roto ngā āmiki e pā ana ki te mana whakapau pūtea tūmatanui, ki ngā utu ka riro i tētahi wāhanga rānei. Hei tauira, ko te Tuari Pūtea Hauora.

Te tau ka mutu

Kei roto i ngā kauwhata me ngā ripanga o tēnei puka, ka rerekē te whakamahi o te angawā. Ka hāngai ētahi o ngā ripanga ki te tau tāke (31 o Poutūterangi), ko ētahi atu ka hāngai ki te mutunga o te tau ahumoni o te Kāwanatanga (30 o Pipiri). Hei tauira, ki te kore he kōrero kē, mō ngā tau 2021/22, 2022 rānei, ka hāngai aua kōrero ki te tau ka mutu i te 30 o Pipiri.