

The Treasury

COVID-19 Response and Recovery Fund Reporting Information Release

August 2021

This document has been proactively released by the Treasury on the Treasury website at

<https://www.treasury.govt.nz/publications/information-release/covid-19-response-and-recovery-fund-reporting>

Please note that in the *Aide Memoire – Jobs for Nature Deep Dive*:

- The figures are out of date and you should refer to the Jobs for Nature online portal at www.environment.govt.nz for more up to date information.

Information Withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

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

- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [33] appearing where information has been withheld in a release document refers to section 9(2)(f)(iv).

Copyright and Licensing

Cabinet material and advice to Ministers from the Treasury and other public service departments are © **Crown copyright** but are licensed for re-use under **Creative Commons Attribution 4.0 International (CC BY 4.0)** [<https://creativecommons.org/licenses/by/4.0/>].

For material created by other parties, copyright is held by them and they must be consulted on the licensing terms that they apply to their material.

Accessibility

The Treasury can provide an alternate HTML version of this material if requested. Please cite this document's title or PDF file name when you email a request to information@treasury.govt.nz.



Reference: T2020/3202 DH-32-8 (Department of Conservation (DoC))

Date: 25 September 2020

To: Minister of Finance (Hon Grant Robertson)

Deadline: None
(if any)

Aide Memoire: Jobs for Nature Deep Dive

This document provides you with further information on the “Jobs for Nature” package that was funded through the CRRF, and has been monitored by the Implementation Unit. The \$1.1 billion package was intended to create 11,000 jobs, whilst also achieving sustained environmental benefits.

Detailed information is provided in this report on initiatives totalling \$865.616 million, which has been further segmented into different programmes when possible. We have removed from the analysis funding that is either still held in contingency, is specifically for administrative purposes, or is yet to be tagged to individual programmes.

The initiatives are spread over the Department of Conservation (DoC), Ministry for Primary Industries (MPI), Ministry for the Environment (MfE) and Land Information New Zealand (LINZ). Annex 1 provides you with a detailed spreadsheet with further information on specific programmes.

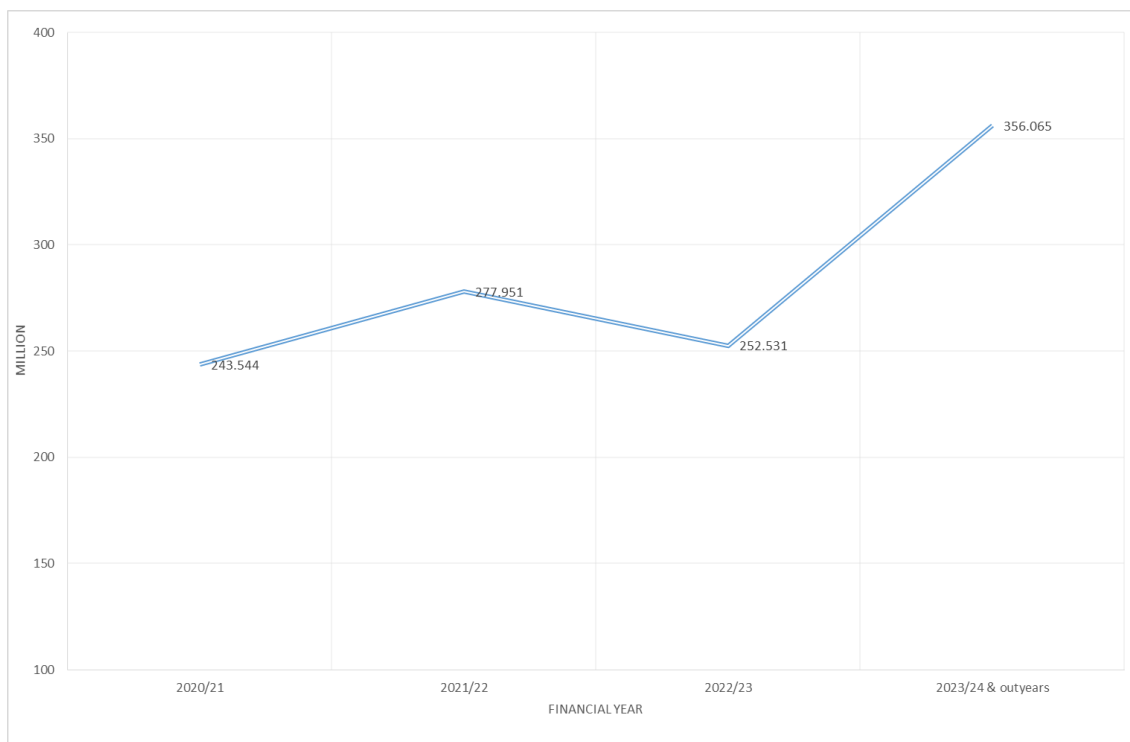
Note that the Treasury has in some cases extrapolated from the data provided to us and made certain assumptions, in order to estimate expected jobs created from programmes within the Jobs for Nature package.

Although expenditure to date has been minimal, progress has been made

The majority of initiatives have no reported expenditure to date. This slow start to expenditure may lead to underspends in the 2020/21 year. The respective departments may therefore seek to transfer unspent funding to the next financial year as a part of the March Baseline Update. At that time, the Treasury will provide you with advice on whether this should be approved, or the funding returned to the centre instead.

Across the whole \$1.1 billion package, \$243.544 million was appropriated for the 2020/21 year. This represents 21.5% of allocated funding, the lowest annual allocation (see Figure 1). This may suggest that the outcomes of the package will be weighted towards future financial years.

Figure 1: Appropriated Funding Profile



Although there has been little actual expenditure to date, in certain cases the funding has been committed. For example within MPI's "*National Wilding Conifer Control Programme to Boost Regional Economies and Employment*" initiative, although actual expenditure is reported as nil, funding agreements are in place for \$36.3 million in the current financial year. These agreements have either been recently signed or are awaiting signatures in early October. We are aware this may be the case for other initiatives in the package, therefore we expect that actual expenditure will increase towards expectations later in the current financial year.

There may also be lags in actuals reporting. Certain programmes have reported nil expenditure to date, despite reporting job creation.

Job creation

A significant objective of the package is job creation. An issue that has arisen among departments and project coordinators is how to measure a "new job". There are three primary ways in which this could be achieved:

1. Each time a person signs a contract, mark this as one new job. An issue with this way of measurement is that it does not take into account the length of contract;
2. Measuring job years. Although this provides a more accurate measure around the length of employment, it may misrepresent the total number of new jobs, as one person working for four years may be counted as four jobs; or
3. Taking a head count at a single point in time.

There is a risk that agencies have used different ways of measuring jobs created in the information they have provided us for this aide memoire. We have been informed that agencies are working with each other, the Sustainable Land Use, and Education Employment & Training Ministerial groups to come to a coordinated view as to what the appropriate way to measure jobs is going forward.

Based on the information agencies have provided us, the programmes that are covered in this report are expected to create a total of 7719 jobs, which will come at an average cost per job of \$112,140 (cost per job is calculated as total appropriated amount divided by total expected job creation). However, the cost per job ranges throughout the programmes from \$26,070 - \$685,000. The reason for this variance is not clear but may come down to the length of contract, type of work and the extent to which job creation is the primary outcome being sought. These job creation numbers are calculated from a total of \$865.616 million. We have removed from the analysis funding that is either still held in contingency, is specifically for administrative purposes, or is yet to be tagged to individual programmes.

Our assumption is that job creation will correlate with expenditure. The majority of initiatives have reported zero job creation to date. However with pre-approved projects and recruitment taking place we expect this to ramp up over the remainder of the current financial year. Of the total 7719 jobs, approximately 2680 jobs are expected to be created within the first year. Only 438 have been created to date with a further 270 currently being recruited for.

The information provided suggests that jobs will be created across the country, and that the length of employment will vary. Some contracts will last two months whereas others may last a year. Similarly there will be a mix of part-time and full-time workers.

Some initiatives have been delayed

Of the agencies that provided information, they are each progressing at different rates. DoC's, MPI's and LINZ's expenditure to date has been minimal. However they have provided us with information that suggests they are still on track to meet their expected first year expenditure targets.

We would still recommend that these agencies continue to be monitored closely and our expectation would be that a substantial update on progress would be provided before the March Baseline Update, where agencies may look to begin requesting in-principle expense transfers.

There appear to be delays in MfE's programmes. In early July you signed a draw down letter that noted \$64 million was being drawn-down for 23 "immediately ready quick-start projects". The evidence we have seen indicates that these projects are yet to commence. MfE have indicated a start date for these projects of 31 October.

An additional \$80 million of the funding drawn down by the Ministry for the Environment was for phase 2 projects to be approved or in progress by October/November 2020. Of this, \$30 million was tagged to the Te Mana o Te Wai contestable fund. The revised target approval date for projects from this fund is 7 May 2021. From the information provided to us, it is unclear what has caused these delays.

Looking to the future

Approximately 2589 jobs will be delivered through the “Regional Alliances” model that has been set up through DoC. This is a different way of working for the Department and looks to empower the Alliances to make decisions on projects from their allocated portion of funding. The allocation of funding is based on the percentage of businesses in the region taking up the wage subsidy scheme, and on the deprivation index for each region. Agreements have now been put in place for 2 of the 14 Alliances, with a further 6 expected to be in place by the end of October.

This funding is spread over 3 years, however once the Alliances have been set up this may be an opportunity to front load some of the expenditure to create employment more rapidly. If this is something that you wish to consider, we can investigate further.

Certain programmes within the package are estimated to have a significantly higher cost per job than others, notably the predator control projects. For example the “*Containing Wallabies to Protect Agriculture, Forestry and Native Plants, and Boost Regional Economies*” has a cost per job of \$685,000. Information on the cost per job for each programme is included in Annex 1.

Potential Feedback to Sustainable Land Use Ministers

Sustainable Land Use Ministers have strategic oversight of the whole “Jobs for Nature” package. Below are questions and feedback that you could provide to them if you have concerns with the progress of the package:

- Some of the programmes have a relatively high cost per job in comparison to the rest of the package, notably the predator control projects. What is the primary driver of these high costs?
- Due to the high cost per job of those projects, are they worth continued investment in going forward? Or should possibilities to redirect that funding within the package be considered?
- Are there any opportunities to front load some of the expenditure and job creation from the package?
- There appear to be some delays in quick-start projects that were funded through the “*Post-COVID-19 economic recovery through environment-related activity: Improving the Health of New Zealand’s waterways*” initiative. What has been the cause of these delays? Are there expected to be underspends in the

current year because of this?

- There also appear to be some delays in the “Phase 2” projects funded from the same initiative. What has been the cause of these delays? Is it likely that there will be large underspends related to this?
- What are your views on the types of workers or regions that should be prioritised for “Jobs for Nature” projects? And are there opportunities to ensure upcoming projects best align with those types of workers and regions?
- The package is still in the early stage of progress and so job creation and expenditure have largely been forecasts rather than actuals. If in principle expense transfers relating to this package are requested, I would expect to see a substantive update on how the actual job creation and expenditure has tracked against what is currently forecasted.

Lewis Gillon, Graduate Analyst, Natural Resources, [39]

Gwen Rashbrooke, Manager, Natural Resources, [39]

Jobs for Nature Deep Dive - Annex 1 - Detail on specific programmes AM T2020/3203

Delivery Agency	Initiative	Total appropriation	Approximate 2020/21 appropriation	Expenditure to date against 2020/21	Total expected Jobs	Approximate expected jobs first year	Jobs created to date	Cost per job created ¹	Currently recruiting	Will deliver employment in the next 3 months?
DoC	Protecting Nature: PF 2050 Ltd - Investment in large-scale predator control or eradication projects	\$76,000,000	\$15,200,000	0%	450	125	3	\$168,889	13	Yes
DoC	Protecting Nature: Kiwis for Kiwis - Scaling up of community led and iwi led predator control activities	\$19,700,000	\$3,940,000	0%	60	12	5	\$328,333	3	Yes (minimal amount)
DoC	Protecting Nature: North Island Forests - deer and goat control to prevent the collapse of indigenous North Island forests	\$53,000,000	\$13,450,000	0%	101	64	0	\$524,752	64	Yes
DoC	Kaimahi for Nature: Quick Start Projects	\$17,050,000	\$11,050,000	25%	654	564	290	\$26,070	173	Yes
DoC	Kaimahi for Nature : First regional alliance project on ecological restoration	\$2,000,000	\$1,000,000	0%	30	17	0	\$66,667	17	Yes
DoC	Kaimahi for Nature²: Remaining funding assumed to be distributed to alliances for additional projects	\$180,950,000	\$54,617,000	0%	1905	575	0	\$94,987	0	Likely
DoC	Restoring Nature³: Quick start projects that are identified as opportunities to deliver employment and conservation outcomes in affected regions	\$7,316,000	\$1,829,000	0%	86	21	5	\$85,070	0	Unlikely
DoC	Restoring Nature³: Additional support for Crown funded programmes: Community Conservation Fund, Nga Whenua Rahui, QEII, Nature Heritage Fund	\$73,000,000	\$18,250,000	0%	450	112	0	\$162,222	0	Unlikely
DoC	Restoring Nature³: Rangitata Waterway project - the first priority river catchment project	\$15,200,000	\$3,800,000	0%	28	7	0	\$542,857	0	Unlikely
LINZ	Aquatic and Terrestrial projects, data and information collection, and strategic projects: scaling up of existing activities	\$40,000,000	\$10,000,000	7%	84	84	0	\$476,190	Unknown	Unknown
MfE	Kiapara Moana - remediation programme	\$100,000,000	\$20,000,000	0%	1194	94	0	\$83,752	Unknown	Likely (project start date last estimated at late October)
MfE	Te Mana O Te Wai - additional funding for non-departmental fund	\$30,000,000	\$6,000,000	0%	300	60	0	\$100,000	Unknown	Unlikely
MfE	Public Waterways and Ecosystem Restoration fund	\$50,000,000	\$10,000,000	0%	500	100	0	\$100,000	Unknown	Unknown

MfE	Environment Quick starts - 23 council led projects	\$64,000,000	\$12,800,000	8%	1150	293	0	\$55,652	Unknown	Likely (given they were initially expected to be delivered immediately)
MPI	Wilding Conifer Control Programme - Provides employment opportunities and stimulates economic activity through delivery of wilding conifer control across 12 regions.	\$100,000,000	\$32,500,000	0%	600	506	136	\$166,667	Unknown	Likely
MPI	Containing Wallabies - Provides employment and economic activity through delivery of a management plan for wallabies, and will fund aerial and ground based control operations	\$27,400,000	\$4,662,000	0%	40	17	0	\$685,000	Unknown	Likely
MPI	Agriculture Catchment Group projects - funding transfer from MfE	\$10,000,000	\$3,333,333	0%	87	29	0	\$114,943	Unknown	Likely

1. Cost per job is calculated as the total appropriation for the project divided by the total expected jobs created. It is therefore likely that these figures include additional operating costs associated with job creation.
2. There are projects that have been approved that are waiting for the additional 6 alliances to be set up by the end of October.
3. The contingency draw down for Restoring Nature was only approved by joint Ministers on 8 September 2020.

Note this analysis focuses on job creation and does not attempt to quantify the environmental benefits of the individual programmes.