



Wellbeing Budget 2022

A Secure Future

19 May 2022

Wellbeing
Budget 2022
A SECURE FUTURE

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Te Kāwanatanga o Aotearoa
New Zealand Government



BUDGET **2022**

WELLBEING BUDGET 2022: **A SECURE FUTURE**

19 May 2022

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 intentions for the year ahead and 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 2022*, and the *Budget Economic and Fiscal Update*.

Wellbeing Budget 2022

The *Wellbeing Budget 2022* 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 all initiatives included in Budget 2022. It also contains reports on fiscal strategy and child poverty, as required by the Public Finance Act 1989. These outline respectively the Government's short-term fiscal intentions and long-term fiscal objectives and how the Government is progressing towards its child poverty targets.

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 (the Budget year), 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 9 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 Budget 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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FROM THE PRIME MINISTER

Our economy has come through the COVID-19 shock better than almost anywhere else in the world. We have record-low unemployment, economic activity is higher than it was before COVID-19, and we have lower debt than most countries we compare ourselves to. But, as the pandemic subsides, other challenges – both long term and more immediate – come to the fore.



Budget 2022 takes the opportunity to make investments that secure our future, on the strength of that economic recovery, while also responding to the cost-of-living pressures the whole world currently faces.

The plan this year is to do two things. First, ensure Aotearoa New Zealand's economic and social security for generations to come, by investing in the infrastructure that will build a better country for everyone while making us less vulnerable to external shocks. Budget 2022 makes our largest-ever investment in the health system that takes care of all of us and provides a blanket of security against future COVID-19 variants. It makes the greatest strides in climate action by any Government to date and continues the work of the past four years to lift more children from poverty, build more houses, encourage education and upskilling, and deliver higher-wage jobs that drive up productivity.

And second, Budget 2022 will cushion the impact of the inflation cycle on families. While we know the current storm will pass, it is important we take the hard edges off, and the special cost-of-living package contained within the Budget aims to do just that.

In last year's Budget, we secured our recovery through a strong COVID-19 health response that has delivered one of the strongest economies in the world, with GDP up 5.6 per cent in the past year, exports at record highs and more people employed than ever before.

Despite the pandemic causing a bigger economic shock than the Global Financial Crisis (GFC), our response means Aotearoa New Zealand is recovering more quickly than we did after the GFC.

It also means we can pay down the debt we took on to support lives and livelihoods more quickly than after the GFC, and we are on track to do so. This strong fiscal position means we can make the investments we need, while continuing to keep a lid on debt.

But what is important to do in challenging times is to prepare for the future. We need to invest now to make sure we are ready for what lies ahead, so we are secure when it arrives. Be it the impact of climate change or growing pressure on health services, now is not the time to take our eye off the ball.

Ultimately, Budget 2022 is about securing our future. In hard times and good, the Government has shown we will support New Zealanders through, while ensuring a more prosperous Aotearoa New Zealand for everyone.

A handwritten signature in black ink, appearing to be 'Jacinda', written in a fluid, cursive style.

RT HON JACINDA ARDERN
Prime Minister of New Zealand

FROM THE MINISTER OF FINANCE

Wellbeing Budget 2022 – A Secure Future charts the course for economic security and a high-wage, low-emissions economy as the world emerges from the COVID-19 pandemic.

New Zealanders worked hard through lockdowns to protect each other while the vaccine was rolled out, and while testing and therapeutics were put in place. Our public health led approach to COVID-19 has not only saved lives, but also put us in a better economic position than much of the rest of the world.



Our economy is one of the strongest in the world, with Triple-A credit ratings, record-low unemployment and lower debt than Australia, Canada, the United States and the United Kingdom.

However, despite those positive results, we know the global inflation pressures are hurting some New Zealanders, and the world remains an uncertain and volatile place. That is why Budget 2022 provides further relief to those on lower and middle incomes, to help pay the food and energy bills until inflation is brought back under control.

Budget 2022 shows the economy is expected to be robust in the near term. It is expected to strengthen from the second half of this year, with annual growth peaking at 4.2 per cent in June 2023.

Our strong economy means we can invest to do the basics right, in health, education and housing.

Budget 2022 makes the most significant reform to our health sector in a generation. We are establishing a nationwide health system that will provide quality care wherever you live – one which will address the longstanding inequities in the system, including through the establishment of the Māori Health Authority.

Aotearoa New Zealand's economic security depends not only on addressing the near-term challenges of the cost of living, supply chain disruptions and skill shortages, but also on a clear and deliberate transition to a high-wage, low-emissions economy.

This Budget provides significant support to small and medium enterprises and to building strong foundations for the industries that will drive job growth.

Climate change is not something that is happening in the future – it is here now. An up-front investment in climate change now, provided through the Climate Emergency Response Fund, will not only deal with an environmental emergency, but will also open up opportunities for innovation, better jobs and higher wages. It will mean a more secure economy as we move towards energy independence by cutting our reliance on volatile global oil markets.

As I said last year, one Budget cannot solve all of Aotearoa New Zealand's challenges; a longer-term approach is smarter, more logical and provides more certainty. This is reflected again in the way investments have been rolled out in Budget 2022, with multi-year allocations for both Climate Change and Health.

We are also introducing two pilot Clusters, in the Justice and Natural Resources sectors. These bring Ministers and agencies together to pursue shared goals, and they will receive multi-year funding to achieve them.

We are doing all of this while carefully managing the books. We have introduced new fiscal rules on surplus and debt to ensure we get the balance right – returning to a surplus quicker than National did after the Global Financial Crisis and creating the room to increase infrastructure investment to future-proof the economy.

The last few years have been challenging for everyone, and some of those challenges are still with us. This Budget strikes a careful balance, building on our successful response to COVID-19 in continuing to support New Zealanders through a tough period, but also looking forward, to support New Zealanders to seize the opportunities of a more secure future.



HON GRANT ROBERTSON
Minister of Finance

BUDGET 2022

BUDGET 2022



BUDGET 2022: THE WELLBEING OUTLOOK AND APPROACH

The Wellbeing Outlook

Budget 2022 is our fourth Wellbeing Budget, in which New Zealanders' overall wellbeing drives the decisions we make, and we measure progress on a broader range of measures than the more traditional fiscal and economic considerations. This section provides an overview of Aotearoa New Zealand's current state of wellbeing.

Evidence base

This Wellbeing Outlook provides a short update on the relevant sections of the Wellbeing Outlook published in December's 2021 *Budget Policy Statement* (BPS) using the updated 2021 version of the Living Standards Framework. It focuses on significant changes that have occurred since then, including the impacts of widespread Omicron transmission, rising costs of living, and the Russian invasion of Ukraine.

The data for this chapter has been drawn from a range of sources, including background papers for the upcoming report *Te Tai Waiora, Wellbeing in Aotearoa New Zealand 2022*.

New Zealand's wellbeing at a glance

The evidence in this section indicates that New Zealand's overall wellbeing has so far held up well during the COVID-19 pandemic. Our mortality rate remains lower than those of our international peers, and life satisfaction remains high across all ethnicities. The economy has proven to be resilient, with gross domestic product (GDP) well above pre-pandemic levels, unemployment at record lows, rising household incomes and wealth, and business balance sheets strengthening across almost every sector.

However, the impacts of COVID-19 remain with us. Experiences of the pandemic differ greatly among New Zealanders and its long-term effects have yet to be seen. Also, long-standing challenges around climate change, child poverty, and housing quality and affordability have not lost their urgency. We are also facing new economic headwinds, including high inflation driving higher costs of living, rising interest rates, tightening supply constraints, and the impacts of the Russian invasion of Ukraine. Our broad success in managing COVID-19 highlights the importance of resilience in preserving New Zealand's current and future wellbeing, and the growing need to improve further our resilience to other shocks.

Our people

As reported in the BPS in December, COVID-19 continues to place pressure on New Zealanders' physical and mental wellbeing. This has become particularly acute in past months, with Omicron leading to a marked increase in cases and COVID-19-related hospitalisations and deaths. While there are signs that the Omicron outbreak has peaked, with both cases and hospitalisations on the wane, the pandemic's long-term implications for our people have yet to be fully understood.

The labour market has continued to strengthen since December, with more Kiwis in work than ever before. Wages are also rising, which is helping working New Zealanders to support themselves and their families amid the current cost-of-living pressures. The reopening of the border will help ease labour constraints once net migration increases.

Healthcare services have been disrupted and patterns of inequality in healthcare access have likely deepened, for example through immunisations of young children falling, especially Māori and Pacific children. The New Zealand Health Survey also shows a general increase in the share of the population reporting psychological distress in 2020/21, particularly Pacific peoples, Asian peoples and the young (15 to 24 years old).

While education metrics are showing signs of resilience, the Ministry of Education is seeing reductions in school attendance and early childhood education as more learners are absent due to illness or learning at home in self-isolation. The Ministry tells us these disruptions have been disproportionately experienced by students in Auckland, Tai Tokerau, and Waikato, in low-decile schools, and among Māori and Pacific students.

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 New Zealanders continue to enjoy a high level of environmental quality. However, there are long-standing issues that persist. In *Environment Aotearoa 2022*, the Ministry for the Environment reports that the key environmental issues facing New Zealand are long term and unlikely to manifest or be solved in the short term. For example, while New Zealand's air quality continues to improve from an already good condition, freshwater sources continue to be degraded in areas transformed by human activities. Twenty-year trends show improvements in nitrogen and phosphorous concentrations for river quality in some sites, and worsening trends in others.

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

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.

New Zealanders largely have a high degree of trust in each other and our institutions. 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 96 percent of New Zealanders believe they know someone they could rely on in a time of need, higher than the OECD average of 89 percent. Our voter turnout was 80 percent in the 2020 general election, also higher than the OECD average of 68 percent.

Recent surveys show that New Zealanders' trust in government and the public service is high and has risen overall in recent years. Globally, most OECD countries experienced a decline in public trust between 2007 and 2020, but New Zealand had the opposite. The percentage of New Zealanders that have "a reasonable amount" or "a great deal" of trust in the government to do what is right for New Zealand rose from 46.5 percent in 2016 to 73.9 percent in 2021. General trust in medical practitioners, police, courts, schools and small businesses, local government and Government ministers rose significantly between 2016 and 2021, while trust in churches has stayed relatively constant.

Financial and physical capital

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

Despite Omicron's widespread community transmission, the economy has proven broadly resilient to its impacts, especially when compared with international peers. GDP remains above pre-pandemic levels and household incomes and wealth continue to rise. Both the price of and demand for New Zealand's exports remain high, and the reopening of the border is expected to help ease labour market constraints and boost tourist sector incomes.

While the economy has fared better than expected, significant challenges persist. New Zealand's housing remains among the least affordable in the OECD, with renters spending greater shares of their incomes on housing on average which adds to cost of living pressures. Further, the housing stock they do rent is more likely to be crowded, unstable, and unhealthy. COVID-19 has deepened these inequities and driven shifts in economic activity that have disproportionately affected some groups. Many central business district services and hospitality, event, tourism, and educational businesses have been severely affected. While in some cases a bounce-back is likely as conditions normalise, in others the shift might be permanent and will require firms and workers to adapt.

Further, many of the macroeconomic trends identified in December's BPS have persisted, with disrupted global supply chains, a tight labour market, and rising interest rates continuing to put pressure on New Zealand's economy. The Russian invasion of Ukraine adds further uncertainty to the global economic outlook: while the direct impacts are likely modest for New Zealand, the indirect effects are substantial, for example higher petrol prices add to inflation and exacerbate cost-of-living pressures.

New Zealand households have developed a stronger financial buffer in recent years as the average household savings rate has increased. Between 2016 and 2019 household saving as a percentage of net disposable income hovered close to 0 percent before rising to a high of 14.9 percent in June 2020. It has remained positive since, falling to 1 percent in June 2021 and back up to 7.5 percent in September 2021. While higher spending due to changes to the COVID-19 Protection Framework led household saving to decline from \$4.5 billion to \$2.5 billion in the December quarter, a 2 percent increase in disposable income kept saving levels high.

The Wellbeing Approach

The purpose of our wellbeing approach is to ensure that our investment decisions are driven by New Zealanders' overall wellbeing and what we can do to enhance that further. It means giving people the capabilities to live lives of purpose, balance and meaning to them. It also means putting an intergenerational lens on investments. This approach is now an integral part of the Budget process, and it is also embedded in the wider public finance system.

Budget 2022 builds on our significant investments in previous Wellbeing Budgets to protect New Zealanders and the economy from the effects of COVID-19, meet our manifesto commitments and address critical cost pressures, while maintaining one of the strongest fiscal positions in the world. This Budget also has a particular focus on how we lay strong foundations for the future by addressing key long-term challenges, such as health and climate change, and modernising the public finance system.

Our wellbeing approach to Budget 2022

Value for money

For this Wellbeing Budget the Treasury has developed a new 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 outcomes of proposed initiatives, drawing on relevant evidence. Agencies provided information on the rationale, intervention logic, inputs, outputs, and goals of their proposed initiatives, as well as a consideration of the distributional impacts for Māori, Pacific peoples and children. The Living Standards Framework and He Ara Waiora supported this analysis, providing a structured way to think about wellbeing that includes different cultural perspectives and knowledge systems.
- **Alignment:** The extent to which proposals support the Government's wellbeing objectives, goals, and cross-government strategies.
- **Delivery:** Information that can provide confidence that initiatives will meet their objectives, such as well-defined outputs, costings, assurances of effective delivery and monitoring and evaluation.

This approach has helped us to identify the highest-value investments required to both meet immediate needs and tackle long-term challenges to improve New Zealanders' wellbeing.

Wellbeing frameworks

The Living Standards Framework has now been applied to several Wellbeing Budgets and requires analyses of policy impacts across the different dimensions of wellbeing. In preparing this Wellbeing Budget we used the 2018 version of the framework, as the newest version was released part-way through the process. In the future, we will use the version that the Treasury released in October 2021, which now includes institutions and governance, culture and several changes to the wellbeing domains to better reflect the wellbeing needs of groups such as Māori, Pacific peoples and children.

Using He Ara Waiora in developing Budget 2022 has helped us to reflect the national and cultural context unique to Aotearoa New Zealand. Derived from mātauranga Māori, the framework is an important new dimension in our Budget process that we will continue to develop over time. He Ara Waiora consideration was not only for the initiatives that are focused on Māori, but for the whole Budget package.

In preparing this Budget, we progressed our application of He Ara Waiora by considering the alignment of initiatives with the principles of tikanga (decisions made in accordance with the right processes) and manaakitanga (maintaining a focus on improved wellbeing and enhanced mana for all New Zealanders). One example of an initiative that was strongly grounded in these principles is the regional-based rollout of the Enabling Good Lives approach, providing disabled people and their families with greater choice and control over their lives and supports. Tangata whenua, the disabled community and tangata whaikaha (the disabled Māori community) had strong input into the overall approach and its implementation.

In future Budgets we will extend our application of He Ara Waiora to include its other principles, including kotahitanga (working in an aligned, coordinated way), whanaungatanga (fostering strong relationships through kinship and/or shared experience that provide a shared sense of belonging) and tiakitanga (guardianship and stewardship of the environment, particularly taonga and other important processes and systems).

Modernising the public finance system

We are modernising the public finance system to better support wellbeing for all New Zealanders. We need to make sure that we continue to build on the progress we have made with the wellbeing approach and ensure that these changes are enduring features of the way in which the public finance system operates.

It has been more than 30 years since the public finance system was last fundamentally reformed. While the system has worked well in many ways, several issues have arisen over time. The current system strongly focuses on the marginal new spending decided on each year, with limited attention given to the value that could be gained by reviewing existing expenditure. The system does not adequately support joined-up work on cross-sector issues, particularly complex, intergenerational issues. The annual government reporting and funding cycle is short, and it can be hard for departments and agencies to focus on long-term wellbeing and sustainability.

Our reforms to the public finance system will allow us to better address complex, multi-generational challenges and facilitate longer-term investment. In Budget 2019 we moved to a multi-year capital allowance. In this Budget we are adding to this with a range of approaches, including adopting a multi-year funding cycle for health services, establishing the enduring, multi-year Climate Emergency Response Fund, and continuing to undertake spending reviews to examine key areas of spending.

Clusters

The Government is also piloting the establishment of two clusters of agencies in the Justice and Natural Resources sectors. This will support inter-agency collaboration, help Ministers to collectively direct spending and make trade-offs across related areas, support medium-term planning, and put a greater focus on value for money. As part of Budget 2022, agencies and Ministers in each cluster have:

- identified priorities to inform where they should focus their collective effort in the next three years, and to support investment decisions for Budget 2022

- participated in a review of the efficiency, effectiveness, sustainability and resilience of current spending, and determined future funding requirements
- developed joint spending proposals covering Budgets 2022-2024 to provide greater funding certainty in the medium term.

Continuing the focus on our existing investments as well as new investments, we now also require ongoing, regular reporting on the government's entire investment portfolio. This will support us in reviewing existing expenditure to make any corrective decisions to support delivery, including any prioritisation or sequencing of projects.

The wellbeing objectives

The Public Finance Act 1989 requires the Government to set wellbeing objectives for its annual Budget and explain how these are intended to support long-term wellbeing in New Zealand. These objectives are intended to be enduring to ensure there is sustained investment across multiple Budgets to address New Zealand's most significant, intergenerational challenges. The wellbeing objectives are interdependent and separate from the shorter-term overarching goals and focus areas, which are intended to support the choices and trade-offs required as part of Budget decision-making.

Our wellbeing objectives for Budget 2022 are:

- **Just Transition:** Supporting the transition to a climate-resilient, sustainable, and low-emissions economy
- **Physical and Mental Wellbeing:** Supporting improved health outcomes for all New Zealanders and minimising COVID-19 and protecting our communities
- **Future of Work:** Enabling all New Zealanders and New Zealand 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 continue to focus on areas the Government has identified through wellbeing analysis in past Budgets. This work took a collaborative and evidence-based approach, using the Living Standards Framework and incorporating advice from sector experts and the Government's Chief Science Advisors.

This Budget makes a strong contribution to all five of the wellbeing objectives:

Wellbeing objective	Budget 2022 contribution
Just Transition	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. We have established a new Climate Emergency Response Fund and are investing in the decarbonisation of process heat and public transport, reducing agricultural emissions, increasing carbon storage and supporting the shift to low-emission vehicles to reduce our reliance on volatile global oil and energy markets.
Physical and Mental Wellbeing	Good physical and mental health, and timely access to care and support are fundamental to New Zealanders' long-term wellbeing. This Wellbeing Budget invests in transforming the national health system, including establishing a new public health agency, increasing the availability of specialist mental health and addiction services, investing in primary and community care, particularly for Māori and Pacific peoples, and investing in disability support services.
Future of Work	COVID-19 has turbo-charged the already shifting nature of how we work. Enabling all New Zealanders to benefit from the changing nature of work requires an investment in expanding access to training and technology infrastructure. This Wellbeing Budget invests in industry transformation plans in agriculture, construction, manufacturing and digital technologies. It also invests in rural connectivity, innovation in tourism and regional economic development, as well as support for the digital economy and SMEs. An extension of support for apprenticeships will help to build a skilled workforce.
Māori and Pacific Peoples	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. This is why we are using this Wellbeing Budget to invest heavily in Māori and Pacific education, language, training and employment, as well as Māori media and homes, skills and business support for Pacific Peoples.
Child Wellbeing	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. This Wellbeing Budget includes investments that will support children and their families, including changing child support so that sole-parent beneficiaries will receive those payments as income rather than it going to the government, increased support for dental treatments for low-income New Zealanders, programmes to prevent family and sexual violence, and supports for child and family wellbeing in the family justice system.

BUDGET 2022 INVESTMENTS

Budget 2022 responds to the immediate challenges facing New Zealanders while looking ahead to a high wage, low emissions economy that provides economic security in good times and bad.

We are investing \$5.9 billion per annum in net new operating spending, with further initiatives funded as pre-commitments from Budget 2023 and 2024 allowances as a result of new multi-year funding approaches. In addition, we are agreeing a significant package of initiatives funded through the Climate Emergency Response Fund.

The investments we are making in this package build on the progress made in Budget 2021 towards meeting the Government's three goals for this term:

- continuing to keep New Zealanders safe from COVID-19
- accelerating the recovery and rebuild from the impacts of COVID-19, and
- laying the foundations for the future, including addressing key issues such as climate change, housing affordability and child poverty.

Within these Government goals, Budget 2022 has a particular focus on delivering long-term solutions in two areas: embedding reforms to our health system and addressing climate change.

Alongside this we are providing a \$1 billion cost of living package to support New Zealanders, particularly those on low- and middle-incomes, with the rising cost of living by reprioritising funding remaining following the closure of the COVID-19 Response and Recovery Fund.

Supporting New Zealanders with the rising cost of living

Budget 2022 is being delivered in a difficult time for many New Zealanders. The impacts of rising inflation, supply chain challenges, and pressure on oil prices from the Russian invasion of Ukraine are being felt at the petrol pump and at the supermarket. This pressure is particularly acute for low- and middle-income households.

The Government moved quickly in March to reduce the fuel excise duty by 25 cents a litre, with equivalent reductions in road user charges and funding of half-price public transport, all for three months. In light of the ongoing impact of high oil prices we are extending the cut in fuel excise duty and road user charges for a further two months.

In addition, as this across-the-board support ends, further targeted support is needed to help with the cost of living, without unnecessarily exacerbating inflation.

The Government is introducing a cost of living payment of \$350 in three monthly instalments starting 1 August, to provide short-term support to low- and middle- income earners. This is the equivalent of around \$27 per week for three months, and represents half the total couple rate of the Winter Energy Payment. The payment will be available to individuals who earned less than \$70,000 per annum in the past tax year, and are not eligible to receive the Winter Energy Payment – approximately 2.1 million New Zealanders.

Additionally, we are responding to the rising cost of living by:

- continuing to support half-price public transport until August, as well as implementing an ongoing 50 percent concession for Community Services cardholders
- extending the Warmer Kiwi Homes programme until the end of June 2024, to ensure that more low-income homeowners can access grants to cut energy bills and reduce emissions
- providing funding to support renewable and affordable energy projects, with a focus on low-income communities and those with insecure access to energy, and
- responding to the findings of the Commerce Commission's market study into the supermarket sector, including legislative changes that would remove barriers to new retailers entering the market.

This package of support comes on top of the package of income support measures that came into force on 1 April this year. This included a significant lift in main benefit rates, student allowances, and increases to the Family Tax Credit, childcare allowances and superannuation. On 1 May the 2022 Winter Energy Payment (\$450 per individual and \$700 per couple) began to be provided to Kiwis on income support and superannuation to help them meet additional costs across the winter months.

Keeping New Zealanders safe from COVID-19

As we adjust to living with COVID-19, our response is evolving

Over the past two years our Government's response to COVID-19 has succeeded in keeping New Zealanders safe, and our economy strong and resilient. Key to this was the establishment of the COVID-19 Response and Recovery Fund (CRRF). The CRRF has provided a stable source of funding, allowing us to invest in crucial response functions and targeted supports that have enabled key sectors to weather and recover from the economic impacts of COVID-19, while keeping New Zealand's net debt in a world-leading position.

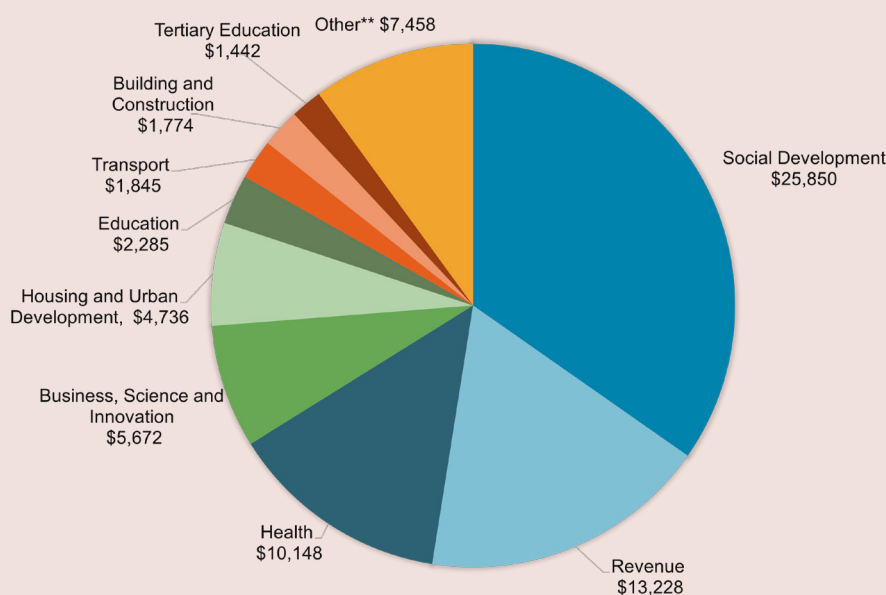
COVID-19 Response and Recovery Fund

The CRRF was established in April 2020, following a \$12.1 billion package announced on 17 March 2020 that provided an initial response to the immediate impacts of the first COVID-19 outbreak and lockdown. The CRRF began as a \$50 billion fund, with subsequent increases required to ensure that sufficient funding was available to manage the impacts of the Delta and Omicron outbreaks.

The final size of the CRRF is \$61.6 billion, of which \$58.4 billion has been allocated to response and recovery initiatives, leaving a remaining balance of \$3.2 billion in April 2022. The most significant areas of investment in the Government's COVID-19 response have been:

- \$18 billion paid to businesses since March 2020 through the **Wage Subsidy Scheme** and \$432 million for **Leave Support Schemes**, to enable firms and workers to stay connected to employees who were unable to work due to illness or public health restrictions.
- support for businesses experiencing a drop in revenue due to COVID-19 public health measures, including \$2.9 billion provided to businesses through the **Resurgence Support Payment** introduced in February 2021, and \$1.1 billion through the more targeted **COVID-19 Support Payment** in February 2022.
- \$10 billion toward supporting our **public health response** including providing funding for testing and tracing, purchasing vaccines, and increasing our intensive care and inpatient capacity.
- **investment in infrastructure** to create jobs and kickstart the economic recovery including establishing a \$3 billion infrastructure fund announced in July 2020, and the \$3.8 billion Housing Acceleration Fund agreed through Budget 2021.

COVID-19 response and recovery funding decisions by Vote*



* This chart includes funding decisions from the initial \$12.1 billion response package and from the CRRF. The allocations are offset by \$4 billion of funding that was returned to the CRRF, representing an estimated total of funding that was allocated but not spent.

** Votes receiving funding less than \$1 billion from the CRRF have been grouped in this category, such as Vote Customs and Vote Internal Affairs.

As our policy response evolves and we adjust to living with COVID-19, our fiscal response needs to evolve as well. Our recent investments from the CRRF have included providing targeted support to help businesses manage the impacts of Omicron and providing funding certainty for our public health response through to the end of the year.

Now, as the COVID-19 response starts to become part of standard public service delivery, we are bringing future COVID-related costs within the standard Budget process, and repurposing the remaining CRRF funding to the most pressing issues facing New Zealanders. This includes:

- \$1.2 billion set aside for any immediate COVID-related public health needs that cannot wait until the next Budget cycle
- \$1 billion, or \$250 million per annum, to offset investments funded from the Budget 2022 operating allowance, and
- \$1 billion for a package of measures to support low- to middle-income New Zealanders to manage the rising cost of living, as outlined above.

Accelerating our economic recovery

Providing economic security in good times and bad

The Government's robust and decisive economic response has meant the New Zealand economy has weathered the shock of the COVID-19 pandemic while maintaining a strong outlook. However, global uncertainty will continue for some time, as demonstrated by the emergence of the Omicron variant and the volatile situation in Ukraine.

This ongoing uncertainty highlights the need to invest in a high-wage, low-emissions economy that is resilient in the face of current and future shocks. Building a more secure economy requires a supportive and flexible business environment that promotes innovation, builds on our existing and emerging sectoral strengths, and lays strong foundations for future growth and opportunities.

While we cannot predict all the future challenges that we will face, we do know that climate change will affect all aspects of our economy. This highlights the importance of transitioning to a low-emissions economy. We are making significant investments to support this transition from the Climate Emergency Response Fund package agreed through Budget 2022 (see more detail on this package on page 37).

We are also delivering on our commitment to position the economy for the future through the establishment of Industry Transformation Plans (ITPs). ITPs bring together all relevant parties in an industry to agree on a long-term vision, and identify the actions that can be taken by the industry, government and others to realise that vision. We have focused on areas where we can build on our strengths, while identifying opportunities to increase productivity and resilience to change and disruption.

Budget 2022 provides funding to make progress across the ITP programme, including funding for:

- **Construction Sector Accord Transformation Plan** (\$37 million total operating). COVID-19 has highlighted the need to ensure that our construction sector is resilient and can continue to deliver critical infrastructure in good times and bad. The ITP is aimed at increasing the productivity, capability and resilience of our construction sector, while maintaining a culture that fosters innovation and values our construction workforce.

- **Advanced Manufacturing Industry Transformation Plan** (\$30 million total operating). The manufacturing sector is a major employer in New Zealand and an area with significant potential for growth. The Advanced Manufacturing ITP is focused on identifying our existing and emerging points of comparative advantage, and maximising our global brand and international connections.
- **Agritech Industry Transformation Plan** (\$5 million total operating). With international demand for agritech growing, there is a real opportunity for New Zealand to leverage our existing strengths to become a world leader in this space. The Agritech ITP focuses on building the skills and practices required to transform our agritech sector into a sustainable and competitive export industry.
- **Digital Technologies Industry Transformation Plan** (\$20 million total operating). The Digital Technologies ITP is aimed at ensuring that New Zealand is equipped to take our place in an ever-evolving digital landscape. This funding will support further development of software as a service (SaaS) ecosystems and increase the visibility of our tech sector in overseas markets.
- **Primary Industry Transformation Plans** (\$40 million total operating). Budget 2022 provides funding for three ITPs that are in varying stages of development in the food and fibre sector – the Food and Beverage ITP (\$8 million), the Fisheries ITP (\$5 million), and the Forestry and Wood Processing ITP (\$27 million). These plans will ensure that our primary industries are resilient, future-focused and provide high-value job opportunities for New Zealanders.

We are also supporting innovation in the tourism sector with the establishment of the Innovation Programme for Tourism Recovery. This programme will support businesses to rebuild on a sustainable basis, working towards a future tourism sector that has greater security by being more productive, low-emissions, and creates high-skill, high-wage employment opportunities.

Small businesses are the lifeblood of our economy, and have been at the centre of our economic response to COVID-19. One of the greatest challenges for small- and medium-sized enterprises (SMEs) is accessing the finance they need to thrive. We introduced the Small Business Cashflow Scheme in May 2020 to help small businesses to access finance in the wake of COVID-19. Through Budget 2022, we are setting aside \$100 million of capital funding to contribute to a Business Growth Fund being developed alongside New Zealand's major banks. The Business Growth Fund would enable SME owners to retain majority control of their businesses, while allowing them to grow, create new jobs and increase their contributions to our wider economic and regional development.

We know that when our regions do well, all of New Zealand benefits. The ongoing delivery of the Provincial Growth Fund and Infrastructure Reference Group projects continue to support employment and economic development in the regions. To support the people, businesses and industries based in our regions further, we established the \$200 million Regional Strategic Partnership Fund through Budget 2021, with an initial investment made up of reprioritised funding administered by Kānoa – Regional Economic Development & Investment Unit. Budget 2022 provides the remaining funding required to support the Fund's investments in local projects and approaches tailored to a region's particular needs and advantages.

We are also fulfilling a manifesto commitment by investing \$60 million total operating funding to improve broadband infrastructure in the worst-served regions, enabling stronger connections and productivity.

Infrastructure

A secure economy requires the necessary infrastructure to be productive and resilient. Investment in infrastructure has been a key focus for this Government, laying foundations for future economic growth and productivity. The Treasury forecasts \$61.9 billion of infrastructure investment will be made by the Government over the next five years across Housing, Transport, Health, Education and other areas. Specific new Budget 2022 projects include:

- \$349 million of capital funding to replace and modernise our rail assets
- \$1.3 billion of capital funding for upgrading our health infrastructure to support current and future demand, including priority capital projects such as Whangārei Hospital and starting the redevelopment of Nelson Hospital
- \$385 million of capital and \$50 million operating funding for building and refurbishing new classrooms, and
- Further funding to progress the delivery of the Auckland Light Rail project.

Budget 2022 also has a strong focus on transitioning to a digital economy, improving how we deliver public services and keeping our existing digital systems safe from cybersecurity risks. Key investments include:

- \$220 million total operating and \$100 million capital set aside for investments in the data and digital infrastructure and capabilities that are essential for health system performance and health system reform
- \$25 million total operating and \$5 million capital for the Computer Emergency Response Team New Zealand (CERT NZ) to provide cyber resilience support to private sector organisations and individuals
- Investment in a new digital case management system to improve the efficiency of our court system, and
- Investment in critical satellite capability to improve the accuracy of GPS.

Other significant capital investments in Budget 2022 include new parliamentary accommodation, funding for Air New Zealand's recapitalisation plan to maintain the Government's 51% shareholding, and a replacement facility for Te Papa's spirit collection.

Increasing capability and opportunities

Delivering a secure future for New Zealand and New Zealanders requires sustained investment in capabilities and opportunities for all. We are committed to delivering quality education, training and upskilling, so that all New Zealanders have the capability and opportunities they need to live the lives they value. The Budget 2022 package includes a total of \$2 billion in operating and \$855 million in capital funding in the education system, including investments in infrastructure and new initiatives.

The Government's investment in supporting employment opportunities for New Zealanders has been crucial to the COVID-19 response and recovery, and led to a record low unemployment rate. A locally trained workforce provides for greater economic security. It delivers a highly-skilled workforce to build infrastructure, or design the technology needed to future-proof the economy while ensuring good jobs for New Zealanders.

One of the key measures we introduced during COVID-19 was the Apprenticeship Boost programme. This has supported over 43,200 first- and second-year apprentices to stay in work and training since it was launched in August 2020, providing much-needed skills for businesses and higher wages for Kiwis as they gain greater skills.

We are providing \$230 million of total operating funding to extend the Apprenticeship Boost scheme until the end of 2023 to support an expected 38,000 apprentices, supporting firms to keep early-stage apprentices employed, bring on new apprenticeships, and strengthen the pipeline for our skilled workforces. We are also providing further support for the Mana in Mahi programme, which provides significant wrap around support to help people furthest from the labour market to upskill and enter employment.

Every child deserves a chance to succeed in education, but some face socio-economic barriers that their schools may not be adequately resourced to help their students overcome. The newly developed Equity Index will receive \$293 million of total operating and \$8 million of capital funding to replace the outdated decile system. The Equity Index significantly increases equity funding for schools and kura, giving additional support to ākonga and communities who need it most. This is in addition to a 2.75 percent increase in school operational grants (\$184 million operating), supporting schools and kura to meet rising costs.

As part of the Government's commitment to strengthening the role of te reo Māori in our education system, Budget 2022 provides \$75 million in operating funding to support providers of te reo Māori, immersion and kaupapa Māori learning throughout the education system. As demand for Māori medium education grows, we are investing \$21 million of total operating and \$105 million of capital funding to provide quality classrooms that meet the culture needs of kura, and enable ākonga Māori to thrive and meet their potential.

Investing in quality education means investing not only in students but also in the teachers and workers who support them. Early learning and kōhanga reo teachers play a crucial role in the early lives of our tamariki, and we are committed to ensuring they are recognised for their skills and experience on an equitable basis. Budget 2022 builds on the investment made in the past two Budgets by providing \$270 million of total operating and \$5 million of capital funding toward progressing pay parity among education and care teachers and kindergarten teachers. We are also setting aside funding to work with kōhanga reo to continue to improve pay for kaimahi.

We are also ensuring Kiwi workers have greater employment security and support to retrain. A job loss is a significant income shock, putting workers under pressure to make ends meet as they search for a job that matches their skillset. In Budget 2021, we committed to creating a system to better support New Zealanders who lose their jobs through no fault of their own. The New Zealand Income Insurance Scheme is being jointly designed with BusinessNZ and the Council of Trade Unions, and is intended to provide income replacement cover for people who are made redundant or incapacitated by a health condition or disability. Budget 2022 sets aside \$60 million of total operating funding to support progress on the continued design of the scheme. The scheme is set to become operational in 2024.

Supporting Māori and Pacific aspirations

Enabling Māori and Pacific businesses and people to achieve their aspirations is a core component of our strategy for transitioning to a high-wage, low-emissions economy. Our investments in Budget 2022 aim to increase the economic resilience and security of Māori and Pacific communities by helping them leverage their unique strengths and working to diversify their assets and enterprise bases.

We are continuing to foster employment opportunities for Māori through the Cadetships programme (\$25 million total operating) and support Māori entities to deliver employment training through the Māori Trades and Training Fund (\$66 million total operating). Building capability and employment opportunities is also key to our investment in Pacific peoples in this Budget, with \$18 million for Pacific STEAM futures and \$8 million for delivering employment and training services through Tupu Aotearoa.

We are laying foundations to support Māori economic development with the Te Ringa Hāpai Whenua Infrastructure Fund (\$10 million total operating), which will enable owners to undertake economic, cultural, social and environmental projects on their whenua. Our continued support for the Progressive Procurement project (\$26 million total operating) will help to build capability for Māori businesses to effectively participate in public sector procurement processes and increase supplier diversity.

Alongside investments in employment and business opportunities, we are committed to protecting and uplifting Māori and Pacific culture, knowledge and history. Budget 2022 invests \$40 million of total operating funding to support the growth and development of the Māori media sector, and \$28 million towards work to protect and enable the appropriate use of mātauranga Māori and other taonga. We are investing in empowering Pacific communities to tell their stories of the Dawn Raids, making progress towards reconciliation through community grants for multimedia projects, an online histories platform and creating an official historical account.

We know that historically Māori have been disadvantaged by inequitable access to social services. Budget 2022 includes a package of initiatives totalling \$580 million total operating across the Health, Social and Justice sectors which contribute to Māori health and wellbeing. This includes \$167 million for Whānau Ora Commissioning Agencies to support kaupapa Māori approaches to wellbeing that put whānau at the centre of decision-making. We are also making significant investments in Māori health, including \$168 million for Hauora Māori Commissioning of health services, to ensure that primary and community care is responsive to the needs of Māori communities, and support a Māori-led approach to population health and prevention.

Laying the foundations for a better future

Health

We know from COVID-19 that a healthy population means a healthy economy. The pandemic has highlighted the need to reform New Zealand's health system and ensure we are delivering quality services in an equitable and sustainable way. In April 2021, the Government outlined our plan for a truly national health service. Based around two new lead entities, Health New Zealand and Te Mana Hauora Māori / the Māori Health Authority, this new system will replace the existing 20 district health boards (DHBs) and take on responsibility for running our hospitals and delivering healthcare services.

To set this system up for success, we also need to change the way we fund the health system. In recent years, funding has not kept pace with the increasing costs for District Health Boards, resulting in growing deficits. Relying on the annual Budget cycle for funding has also made it difficult to plan for future investments and meet long-term challenges in the health system.

To address these issues, we are introducing a new multi-year funding model for Health, beginning with a two-year package of investments through Budget 2022 and Budget 2023, before eventually moving towards a three-year funding cycle from Budget 2024 to support the first New Zealand Health Plan.

The two-year transitional package agreed through Budget 2022 includes \$11.1 billion total operating and \$1.3 billion capital to address historic and future funding pressures across the health system. Alongside sustainable funding to ensure the system delivers improved outcomes for all New Zealanders, we are addressing historic shortfalls by providing funding to remediate deficits incurred by DHBs (planned at \$550 million in 2021/22). Unlike in previous Budgets where cost pressures for specific services have had to be traded off against each other, delayed or partly funded, this general uplift will allow Health New Zealand to take a centralised view and identify priorities for funding across the system.

We are also making significant investments in new initiatives to deliver on the health system reforms and Government priorities. These investments, spread across the Budget 2022 and 2023 operating allowances, include:

- **Investment in primary and community care** (*\$488 million total operating*). Our vision for the reformed health system includes refocusing and strengthening the role of primary and community care. Our initial steps toward that vision include rolling out local models of care that are tailored to the populations they serve, and securing and developing the capacity and capability of Māori and Pacific healthcare providers to deliver quality services to their communities.
- **Support for Māori health services** (*\$299 million total operating*). Budget 2022 includes a range of investments aimed at enhancing rangatiratanga for Māori in the health system, including funding to support Hauora Māori Commissioning, Iwi-Māori partnership boards, and Māori providers of primary and community care. These investments form part of a wider package of initiatives totalling \$580 million across the Health, Social and Justice sectors which contribute to Māori health and wellbeing.
- **An increase in the PHARMAC Budget** (*\$191 million total operating*). We are committed to ensuring that New Zealanders continue to have access to the medicines they need, especially in a context of inflation and global pressures on supply chains. Budget 2022 provides funding to increase the Combined Pharmaceutical Budget, which is managed by PHARMAC and covers the purchase of medicines, vaccines, medical devices and other treatments.
- **Mental health and addiction services** (*\$202 million total operating*). We are investing \$100 million total operating funding into strengthening our specialist mental health and addiction services in targeted areas across the country. We are also continuing to invest in two programmes that support young people with their mental health – Mana Ake, which provides mental wellbeing support for primary and intermediate school-aged students, and Piki, which provides integrated mental health and addiction support for young people in the Greater Wellington area.

Addressing key intergenerational issues

The Government is committed to responding to the challenges of today, while looking ahead to the long-term issues that will shape our future. In setting our goals for this term, we identified three key issues to address: climate change, housing affordability and child poverty. Successfully addressing all three will improve our economic security; not acting will undermine it for future generations.

Climate Change

We laid foundations for future investment in our climate change response, which is now being realised with the establishment of the Climate Emergency Response Fund (CERF). This fund was established with an initial 'down payment' of \$4.5 billion across the forecast period, equivalent to the available cash proceeds from the Emissions Trading Scheme over the period from 2022/23 to 2025/26, and provides a sustainable, forward-looking funding response to this complex, intergenerational issue. Through Budget 2022 we have agreed investments totalling \$2.9 billion of funding from the CERF, outlined in further detail at page 37.

Housing

Addressing New Zealand's housing crisis is a complex task that does not have a single answer and requires long-term investment. We made significant steps towards increasing our stock of healthy and affordable homes last year with the establishment of the Housing Acceleration Fund, which provides for the services and infrastructure necessary for housing construction.

We are continuing to support the pipeline of new builds and redeveloped rentals in Budget 2022 with \$221 million of total operating funding for the Affordable Housing Fund (formerly the Residential Development Response Fund). We are also providing \$1 billion of total operating funding to support the delivery of public and transitional housing. Alongside these investments in increasing housing stock, we are providing support for our homeless population, with \$75 million of total operating funding for the Homelessness Action Plan and \$355 million of total operating funding to reset and redesign the emergency housing system to deliver improved housing and wellbeing outcomes.

Child Wellbeing

In Budget 2021 we made significant strides towards reducing child poverty and hardship in New Zealand by increasing main benefit rates in two stages, split across Budget 2021 and Budget 2022 allowances. The second stage of that increase kicked in on 1 April 2022, accompanied by other increases such as a raise to the Working for Families tax credit. A range of other Budget 2022 investments will make progress towards meeting our child poverty reduction targets and support child wellbeing, including through implementing child support pass-on, increasing support for dental treatment for low-income Kiwis, support for employment opportunities, investing in our education system, and working toward eliminating family and sexual violence. More detail on how we are addressing child poverty through Budget 2022 can be found in the *Child Poverty Report* on page 49.

Disability Support

To build a better future for all New Zealanders, we need to recognise and address intergenerational inequities that have prevented some from reaching their aspirations. One way we are doing this in Budget 2022 is through a focus on improving wellbeing outcomes for New Zealanders who live with disabilities.

We are committed to providing better outcomes for New Zealanders who live with disabilities. Disabled people currently face significant barriers to experiencing positive wellbeing, including disproportionate representation in poverty statistics and experiences of inaccessibility and discrimination. While work to reform the disability support system has been underway for more than a decade, substantial investment is required to meaningfully support people with disabilities.

Budget 2022 invests a total of \$943 million in operating funding to transform and support the disability support system through:

- \$735 million to address volume and price pressures facing disability support services, to meet additional demand and ensure sustainability of providers
- \$100 million to support a regional-based rollout of the Enabling Good Lives approach, providing disabled people and their families and whānau with greater choice and control over their lives and supports, and
- \$108 million to establish a new Ministry for Disabled People and support its ongoing operations.

National Identity

The Government is substantially increasing the amount of funding for public media to ensure New Zealanders can continue to access quality local content and trusted news. A new independent and future-focused public media entity will be multi-platform and designed to reach new and existing audiences, supported by Budget 2022 funding of \$327 million over three years from 2023 to 2026. The new entity will support and enhance Aotearoa New Zealand's national identity, and help combat the rise of disinformation.

Budget 2022 also supports a thriving, adaptive and enduring arts, culture and heritage sector to support our national identity and local economies. This package invests to support the New Zealand Symphony Orchestra, Royal New Zealand Ballet, Heritage New Zealand Pouhere Taonga, Te Papa Tongarewa and Ngā Taonga Sound and Vision. The Budget also includes funding for Matariki celebrations, our first public holiday with a te ao Māori focus, support for our museums, and additional investment for the Waitangi National Trust Board to safeguard the taonga held at the Waitangi Treaty Grounds.

Moving towards new approaches to public finance

Alongside our focus on longer-term policy responses to complex, intergenerational issues, we are exploring how our public finance model could be adapted to better support these policies.

One of the challenges of our current public finance model is its focus on an annual Budget cycle that is short, time-consuming, and not conducive to long-term thinking. For this reason, we have introduced innovative approaches to fiscal management, which spread new investments in the Health, Justice and Natural Resources sectors across multiple Budgets.

Through these processes, funding that would have been sought in future Budgets is being agreed now as a pre-commitment against the relevant operating allowances, providing agencies with the certainty required to embed system transformation and innovation.

Justice Cluster

The Justice Cluster is one of two pilots in Budget 2022 looking to enable more efficient and effective inter-agency investment beyond an annual Budget cycle, with the aim of delivering improved and enduring wellbeing outcomes for New Zealanders. The Justice Cluster consists of five agencies: the Ministry of Justice, New Zealand Police, the Department of Corrections, the Serious Fraud Office, and the Crown Law Office. These agencies share responsibility for the criminal justice system, courts, and the wider Justice sector.

The Justice Cluster agencies will receive \$2.7 billion total operating and \$65 million capital funding across the forecast period, representing three Budgets' worth of investment which will be counted across multiple allowances. In addition to this three-year funding package, Budget 2022 provides funding for the Independent Police Conduct Authority and Electoral Commission, capital funding for critical court infrastructure, and a package of initiatives aimed at eliminating family and sexual violence.

The funding certainty provided through this package should allow the Cluster to focus on outcome delivery and generate system changes that will endure beyond the short term.

Cluster Ministers and agencies have worked together to agree the following four priorities for the system, aimed at progressing the Cluster's vision for a more effective justice system that contributes positive outcomes for people in the system, their communities, and the whole of New Zealand:

1) Better outcomes for victims	2) Improving access to justice	3) Addressing issues with remand	4) Better enabled organisations and workforce
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In the long-term, this will involve a shift in investment from more traditional justice processes and infrastructure towards earlier community-based prevention, support activity and responses. This approach is expected to be both cost-effective and more effective in preventing harm.

Before we can make progress on reforming the system, we first need to address pressures on the current system. The Justice Cluster package makes a number of investments in our court system, including funding to meet demand for critical services (such as interpreters), maintaining critical technology, and strengthening court security. In addition to the funding provided in the Cluster package, we are setting aside funding to invest in a new digital caseflow system that will significantly improve the efficiency and accessibility of the court system.

The package includes \$190 million of total operating funding to maintain and strengthen our legal aid scheme, to ensure access to justice for people who need legal help and could not otherwise afford a lawyer. We are also committed to improving the experience of victims in the criminal justice system, by investing in a cross-sector, co-designed model to guide future investment in services for victims, and increasing the uptake of financial grants under the Victims Assistance Scheme.

We are committed to investing in solutions to prevent harm from crime in communities and improve the safety of our frontline workers. This includes a commitment to build on the already-funded 1800 additional Police. Budget 2022 sets aside funding to maintain the Police-to-population ratio once the current commitment is met.

Budget 2022 also includes \$92 million of total operating and \$2 million capital funding for effective cross-agency implementation of the Government's end-to-end strategy to prevent the harm from serious and organised crime in New Zealand.

This is supported by \$165 million of total operating and \$21 million capital funding for the rollout of a Tactical Response Model that will enhance the Police's capability to respond to and prevent high-risk incidents. We are also investing \$198 million operating and \$6 million capital in greater resourcing to support the wellbeing of people in Corrections' care and respond to changed levels of operational complexity.

While we are addressing critical pressures in the court system, we are also looking ahead to future transformation. This includes an investment of \$47 million total operating funding to design and deliver Te Ao Mārama, a new operating model for the District Court. This approach will be developed in partnership with iwi and communities, to deliver services that better reflect the diversity, strengths and needs of each community.

Outside of the criminal justice system, we are investing in:

- delivering on the Government's commitment following the March 15 terror attack to enable safer firearms use in New Zealand (*\$34 million total operating and \$13 million capital*)
- increasing the number of permanent coroners and support staff to improve the experience of bereaved families and whānau in the coronial system, reduce the number of cases and wait times, and ensure culturally appropriate support to bereaved (*\$28 million total operating and \$2 million capital funding*)
- supporting our democratic processes, through ongoing funding for the Electoral Commission to deliver future elections (*\$141 million total operating funding*), and
- strengthening the Independent Police Conduct Authority to deliver timely and quality responses to complaints (*\$4 million total operating funding*).

In addition to the core Justice package, Budget 2022 provides a further \$115 million total operating funding towards eliminating family and sexual violence, in line with *Te Aorerekura – the National Strategy to Eliminate Family Violence and Sexual Violence*, launched in December 2021. This package was led by the newly formed Executive Board for the Elimination of Family Violence and Sexual Violence, and spans investment across the Justice, Health and Social sectors. It will support better primary prevention services, support community-led responses, and improve workforce capability to strengthen community approaches to eliminating family violence and sexual violence.

Natural Resources Cluster

The Natural Resources Cluster is made up of the Ministry for the Environment, the Department of Conservation and the Ministry for Primary Industries. These agencies hold a core stewardship role over our natural environment and resources, and are responsible for transformational change underway across the natural resource system. They share a collective goal to invest in a way that supports our economy, environment, te ao Māori, and wellbeing today and for generations to come.

In developing their funding proposals, the Cluster identified eight priorities for the system over the next three years:

1) Improving biodiversity and biosecurity	2) Improving marine system resilience	3) Implementing natural resource system reform	4) Building a more inclusive and sustainable economy
5) Enabling climate resilience	6) System stewardship responsibilities	7) Iwi and Māori partnerships	8) Science and evidence

Budget 2022 provides \$1 billion of total operating (reflecting three Budgets' worth of decisions, counted across multiple operating allowances) and \$12 million capital funding to the Cluster agencies to progress these priorities. These investments are complemented by a range of initiatives funded from the Climate Emergency Response Fund, which will contribute to a number of the Cluster's goals, especially enabling climate resilience across the sector.

Our natural resources system faces a range of pressures, including threats to our biodiversity and biosecurity, the economic impacts of COVID-19, and the need to adapt the system to better address the effects of climate change. The Cluster package includes a range of investments that ensure the sector's regulatory and stewardship responsibilities can continue to operate effectively in the face of these challenges. These investments include \$179 million of total operating funding for the Department of Conservation to address critical cost pressures and support the effective stewardship of our natural environment and taonga, and \$32 million total operating and \$2 million capital funding to strengthen our animal health and welfare regulatory system.

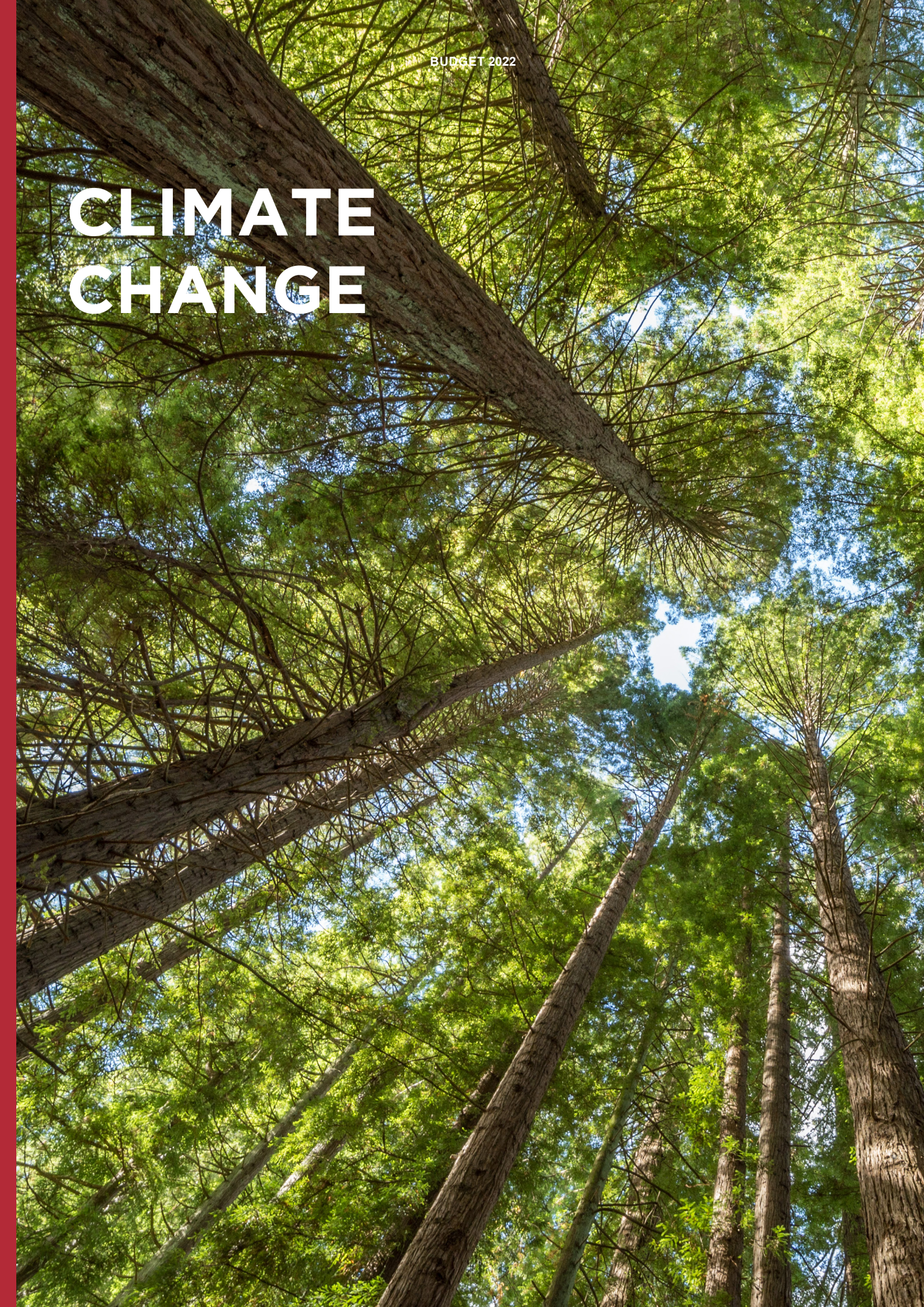
The Cluster package invests \$92 million total operating and \$2 million capital funding to protect our indigenous species and forests from pests and other threats, through the implementation of the Aotearoa New Zealand Biodiversity Strategy 2020. We have also set aside \$19 million to increase incentives for private landowners to support biodiversity on their land.

The Government is committed to reforming the resource management system to deliver better outcomes for our natural and urban environments. Budget 2022 provides \$179 million of operating funding to support the successful implementation of these reforms, with a focus on providing funding for central and local government and Iwi/Māori following the adoption of the Natural and Built Environments Act and the Strategic Planning Act.

New Zealand's primary industries play a significant role in generating export revenue and income for the country. Budget 2022 invests in helping our industries adapt to current and future environmental challenges, including:

- \$118 million total operating and \$5 million capital funding for a permanent network of advisory services to support more sustainable and productive use of rural land, and
- \$40 million total operating funding to progress Industry Transformation Plans for our primary industries, including the Fisheries, Forestry and Food and Beverage sectors.

CLIMATE CHANGE



CLIMATE CHANGE

Aotearoa New Zealand's Climate Change Response

A secure future relies on addressing climate change

Addressing climate change is a core part of ensuring a thriving, productive, and secure future for Aotearoa New Zealand. Government, communities, iwi, and businesses are already taking action. Budget 2022 supports Aotearoa New Zealand to accelerate and expand our response to climate change.

The broad scope of actions and measures reflected in the first Emissions Reduction Plan will require funding across multiple fiscal years. In Budget 2022 a number of key initiatives have been funded through the newly established Climate Emergency Response Fund (the CERF) that will support immediate emissions reductions and help lay the foundations for future reductions and removals. As Aotearoa New Zealand's mitigation response accelerates over time, it is anticipated that additional funding will be sought through the CERF, alongside other high-value initiatives that will support New Zealand's climate change adaptation response.

Climate change is the most pressing long-term challenge facing New Zealand. Mitigating the impact of climate change on our natural environment and the wellbeing of communities is critical. Equally, climate change will have consequences for our economic security. Left unchecked, it will have a significant negative impact on New Zealanders' living standards and the vulnerability of our economy in the coming years.

However, addressing climate change also presents opportunities to improve New Zealanders' living standards as we reduce our reliance on volatile global energy markets, develop new industries, renew efforts to take care of our natural environment, improve air and water quality, and develop knowledge and skills that can help us transition to a high-wage, low-emissions economy that provides economic security in good times and bad.

Even as we take action to mitigate the severe effects of climate change, action will be needed to protect our communities and economy against its unavoidable effects. Anticipated physical impacts in Aotearoa New Zealand from a warming climate include increased temperatures and extreme weather events, new vulnerabilities to flood hazards, greater extremes of both rainfall and drought, ocean acidification, and sea level rise in low-lying coastal areas.

Aotearoa New Zealand trades on its environmental credentials. Our actions are critical to the value of the goods and services we export, including our primary products, tourism, and manufactured goods. As global consumer preferences place increasing emphasis on the importance of climate credentials, we have to make sure we are at the front of pack to continue to grow our exports and diversify our economy.

The overall impact of climate change on our collective wellbeing will depend on how effectively we respond to the significant challenge ahead. The changes our economy and society face from climate change will have implications for wellbeing across the natural environment, human health, and broader economic, social, and cultural wellbeing.

This will include how effectively we transition to a low-emissions economy and mitigate further climate change, as well as how we adapt to the inevitable impacts of a changing climate over the course of the century. It means using climate action to address existing inequities, supporting New Zealanders through this transition by taking pressure off individuals and providing them with choices about how they take part in our combined climate action. All New Zealanders, whether as individuals, communities, iwi, businesses, or central and local government have a role to play in our climate change response.

Domestic and International Commitments

The response to climate change requires a global effort. For some years, global action on climate change has fallen well short of the scale of the challenge we face. We cannot keep kicking the can down the road; it is time to move.

New Zealand has made domestic and international commitments to contribute to the effort to limit global warming to within 1.5°C above pre-industrial levels. Taking action to mitigate global climate change is a significant opportunity for us to avoid the most severe negative impacts of climate change on New Zealanders' living standards.

Since the previous Government signed up to the Paris Agreement in 2016, there has been an increasing consensus in New Zealand on the need for climate action. The private sector is also becoming increasingly aligned with the public sector on the need to decarbonise our economy; leading New Zealand companies have committed to reducing our reliance on fossil fuels and pursuing lower-emissions alternatives.

The Government has legislated a number of domestic emissions reduction targets. The Climate Change Response Act requires Aotearoa New Zealand to reduce all greenhouse gases, other than biogenic methane, to net-zero by 2050. It also requires a 24 – 47 percent reduction in gross biogenic methane levels by 2050 compared with 2017 levels (with an interim reduction target of 10 percent by 2030). The Act additionally legislates the setting of emissions budgets that act as 'stepping-stones' towards our longer-term targets. These emissions budgets span from now to 2050, with the first emissions budget period covering 2022-2025.

Our response to climate change is a crucial part of Aotearoa New Zealand's role within the global system. The rest of the world associates us with our strong environmental record, with sustainably produced exports, and with the leadership role we have assumed on numerous global issues. To play our part in this global effort, we have made an international commitment under the Paris Agreement through our Nationally Determined Contribution to reduce net emissions by 50 percent relative to 2005 levels by 2030. Our investments through the CERF at Budget 2022 will contribute to meeting this commitment. \$840 million has already been allocated and announced as a New Zealand contribution for international climate financing.

With the release of the first Emissions Reduction Plan, the Government has set out a comprehensive strategy as to how we will meet the first emissions budget. This approach includes:

- partnering with businesses to support the development and adoption of low emissions technologies
- helping to develop new markets for sustainably produced goods and services and provide incentives for consumers to choose lower emissions alternatives
- transforming our transportation systems and urban environments to make our cities more liveable
- improving the resilience of our economy to a range of future shocks
- partnering with iwi/Māori to uphold te Tiriti through the transition to a low emissions economy, and
- restoring and protecting nature.

The Emissions Reduction Plan

In addition to legislating the requirement to set interim emissions budgets to support Aotearoa New Zealand's longer-term climate mitigation objectives, the Act also requires the development of Emissions Reduction Plans. These are intended to contain the Government's plans and strategies to reduce emissions, increase removal of emissions, and support an equitable transition to a low-emissions, climate resilient economy. Each Emissions Reduction Plan must publicly lay out a plan to meet the relevant emissions budget period and may also include plans and strategies for meeting the two subsequent emissions budget periods. As each new emissions budget period approaches, the Government will develop and publish a new Emissions Reduction Plan.

The first Emissions Reduction Plan (released on 16 May 2022) focuses on meeting our first emissions budget (2022-2025) and will lay important foundations for our plans and strategies to meet our second (2026-2030) and third (2031-2035) emissions budgets. More broadly, it reflects the scale and complexity of the action required to achieve a stable climate. It identifies opportunities to harness the benefits of new technologies and economic prosperity driven by the development of new sectors and increased productivity. It also emphasises the importance of supporting an equitable transition.

The Emissions Reduction Plan includes sector-specific policies to reduce emissions from the Transport, Energy and Industry, Building and Construction, Waste, Fluorinated Gases, Agriculture, and Forestry sectors. It also includes strategies and policy programmes for systems that span multiple sectors, such as supporting an Equitable Transition and Funding and Financing.

Funding our climate response: Design and establishment of the Climate Emergency Response Fund

In 2021, the Government announced the establishment of the CERF with an initial \$4.5 billion 'down payment' for Aotearoa New Zealand's climate spending by recycling the proceeds of the Emissions Trading Scheme into a dedicated fund.

The enduring, multi-year design of the CERF reflects the long-term nature of many of the challenges presented by climate change. By providing funding certainty over multi-year periods and a dedicated funding source for public investment on climate-related initiatives distinct from the main Budget allowances, the CERF will help ensure that longer-term climate objectives remain a key part of future Budgets and that the Government's climate change spending commitments are clearly signalled to the private sector.

At its establishment, the CERF was set up with funding equivalent to the available cash proceeds from the New Zealand Emissions Trading Scheme (ETS) over the period from 2022/23 to 2025/26. In the *Budget Economic and Fiscal Update*, Treasury has revised up its forecasts of ETS cash proceeds, indicating that another \$800 million will be available over that same forecast period. The Government has decided that the CERF should be topped up proportionally, leaving \$1.5 billion available in the fund after Budget 2022. It is important that we frontload our climate change response, which is why we have made such a significant investment commitment at Budget 2022 from the Fund.

We expect the size of the CERF to grow alongside the main Budget allowances as is necessary. The next review of the CERF is likely to be at the *Budget Policy Statement* for Budget 2023.

For Budget 2022, the CERF has focused on supporting Aotearoa New Zealand's mitigation response, particularly initiatives and programmes aimed at delivering the actions outlined in the Government's first Emissions Reduction Plan. The criteria for CERF funding in Budget 2022 were that an initiative either:

- was included in the Emissions Reduction Plan
- would directly reduce emissions
- had a main objective of removing barriers to or accelerating emissions reductions
- would support a te ao Māori approach to the climate response
- would facilitate the development of such proposals in the future, or
- would address the distributional impacts of emissions reducing policy.

Taking action for a more secure economy

Reflecting the importance of the challenge that lies ahead, the Government has identified addressing climate change as a key area of focus for Budget 2022. The \$2.9 billion climate change package for Budget 2022 is an important first step toward implementing the Emissions Reduction Plan and meeting the first emissions budget.

The abatement impact of the policies and measures in the Emissions Reduction Plan has been quantified as 95Mt – 228Mt across the first, second and third emissions budget periods, reflecting a range of low to high policy impact of policies and measures. The investments we have made through the CERF in Budget 2022 are estimated to drive 52 – 70% of this abatement. As initiatives funded through the CERF are implemented and further developed, we are likely to see even greater abatement achieved from the investments we are making in Budget 2022 than our current modelling has identified. We will also make further investments in Budget 2023 that will help us drive our emissions even lower and provide greater support to meeting our first, and future, emissions budgets. In the first emissions budget period, ERP policies and measures have been quantified to drive 5.4Mt – 11.9Mt of abatement of which funding from the CERF in Budget 2022 is estimated to support 21 – 34%.

For context, the first emissions budget caps emissions at 290Mt over the period 2022-2025. Modelling suggests that actions in the ERP will reduce emissions from a projected level of 301.5Mt¹ to a range of 289.6Mt – 296.1Mt. The numbers make it clear that not only will the investment we make through the CERF in Budget 2022 support important abatement to help us meet our first emissions budget, but it will play an enduring role supporting significant abatement that will allow us to meet our second and third emissions budgets as well. The climate actions funded at Budget 2022 recognise the current pressures New Zealanders face as global energy prices remain high following Russia's illegal invasion of Ukraine. That is why they focus on partnerships between the Government, businesses and iwi to take the lead on the actions required, while providing households with greater choices and access to options for engaging in climate action under our first emissions budget. This allows all New Zealanders to progressively become involved in the climate response, and benefit from the investments we are making.

Most importantly, the actions we are taking will improve New Zealand's economic security by moving us towards energy independence and reducing our reliance on volatile global oil markets. Our regions will become more secure and better able to deal with extreme weather events through investments in climate infrastructure. And households will have greater ability to reduce their costs through better transport options.

Partnering with businesses to reduce emissions and costs and seize new opportunities

New Zealand's industrial sector is a key area of potential emissions reduction. In 2019, emissions from the energy and industry sectors made up just over a quarter (27 percent) of our total gross emissions. The Government is committed to working together with business in order to improve energy efficiency, productivity and economic performance.

¹ This figure is based on an assumption that the Tiwai Point Aluminium Smelter remains open.

Budget 2022 will provide **\$678 million to expand the Government Investment in Decarbonising Industry Fund (GIDI)**. This fund will support the diffusion of technologies to improve energy efficiency and enable fuel switching toward low-carbon alternatives. This will promote greater business energy security and help businesses cut energy costs, allowing them to become more profitable off the back of their climate action.

Government Investment in Decarbonising Industry Fund

The GIDI is a partnership between Government and business to accelerate the decarbonisation of industrial process heat. Since November 2020, three rounds of the GIDI Fund have been announced covering 53 projects. These projects include \$68.7 million of funding from the Fund, crowding-in a total of \$117 million of private funding for abatement projects.

In the latest round of the GIDI, for example, Southern Paprika Limited received close to \$5 million to install Aotearoa New Zealand's first CO₂ recovered biomass boiler which is expected to result in 250,000 tonnes of carbon abatement over its lifetime, and Papakura Timber received close to \$400,000 to install a wood boiler for kiln dryers which is expected to result in 33,000 tonnes of carbon abatement over its lifetime.

Process heat makes up around a third of Aotearoa New Zealand's overall energy use, and 60 percent of process heat is fossil-fuelled, mainly by gas and coal. This expansion to the GIDI will continue the progress made so far on decarbonising industrial processes in Aotearoa New Zealand, provide further stimulus to the domestic economy, and support local employment.

The investments we are making to support mitigation in the Energy & Industry sector through the CERF in Budget 2022 are anticipated to drive 11Mt – 24Mt of abatement over the first, second and third emissions budget periods, with up to 1.6Mt quantified to be driven in the first emissions budget period. A significant amount of this is anticipated to be driven by additional investment in the GIDI Fund.

Māori entities will be supported by a dedicated **\$35 million programme to develop tikanga-based approaches** to change farm practices and enable Māori-led actions toward emissions reduction.

Budget 2022 includes a number of initiatives targeted at new economic opportunities in the forestry sector. **\$145 million** will go towards increasing the development of carbon sinks through **new approaches to afforestation**; **\$111 million** will be invested in **improving carbon storage through natural sequestration**; and **\$91 million** will be provided to **stimulate greater production of woody biomass** and provide more options for business to switch away from the use of fossil fuels to improve their own energy security and reduce costs.

Agricultural emissions account for a disproportionate share of our emissions profile, compared to most other countries. The sector contributes 50 percent of Aotearoa New Zealand's gross emissions; approximately 94 percent of our nitrous oxide emissions and around 91 percent of our biogenic methane emissions are from agriculture. The Government will continue to support the industry to develop and disseminate new mitigation technologies through a **\$339 million investment in accelerating the development of greenhouse gas mitigations**.

Agriculture emissions reduction – Accelerating the development of greenhouse gas mitigations

This initiative will accelerate research and development into new tools and practices farmers can use to reduce on-farm emissions. It will include capability-building programmes, new research and measurement infrastructure, Māori-led mātauranga programmes, demonstration programmes, and a new innovation prize. The initiative will also support the establishment of a Centre for Climate Action on Agricultural Emissions which will include a public-private joint venture focused on developing and commercialising practical tools to reduce emissions, and an enhancement of the New Zealand Agricultural Greenhouse Gas Research Centre to strengthen research and development more broadly into biological emissions.

The investments we are making to support the development of greenhouse gas mitigations for the Agriculture sector through the CERF in Budget 2022 will support a step change in investment and emissions reductions in the sector. Over the first, second and third emissions budget periods we anticipate this initiative will drive 23Mt – 120Mt of abatement, with up to 2.33Mt in the first emissions budget period.

Supporting households to contribute to emissions reductions

For many New Zealanders climate change is a source of considerable uncertainty, in terms of both our ability to mitigate its effects and what these measures will mean for the way we live our lives over the coming decades.

Alongside key initiatives where some of the heavy lifting is done by Government and large businesses, investments in Budget 2022 also focus on improving accessibility of low-emissions options to a wider range of New Zealand households. As emissions-intensive products begin to be priced higher, we can protect households from increasing costs by ensuring that sustainably produced alternatives are available and affordable. Providing incentives to switch to greener options sooner rather than later can help stimulate the development of new markets and hasten the transition to a lower carbon economy.

Budget 2022 provides **\$569 million to pilot and roll-out a vehicle scrappage scheme** to support lower-income households to replace their family vehicle with a lower-emissions alternative if they choose to. This programme will build on the success of the Clean Car Discount and make the switch to low-emissions vehicles a viable option for a much wider range of households. This is another example of climate action leading to lower costs for households as they reduce reliance on volatile global energy markets.

We will partner with local government and the private sector to improve the options available to households to reduce emissions from food and garden waste through a **\$103 million investment in waste infrastructure**. This initiative will include measures to improve kerbside collection of organic waste and measures to support households in reducing their methane emissions. It's all part of supporting households to participate to the extent that they are able in our national climate action.

Preparing New Zealand for the transition

Our economic exposure to global shocks such as Russia's illegal invasion of Ukraine is directly related to our dependence on global energy markets. Past investment in renewable energy has played a role in reducing our exposure to inflationary shocks of the sort Aotearoa New Zealand is currently experiencing, particularly in comparison to many European countries whose energy needs are highly dependent on fossil fuels. As the recent global energy crisis has demonstrated, parts of our economy remain vulnerable to unexpected volatility in global energy markets. Further investment in the decarbonisation of our economy will not only help us to meet our emissions reduction targets; it will also improve the resilience of our economy to future shocks and lead to greater economic security.

Budget 2022 provides **\$18 million for the development of a comprehensive energy strategy, a hydrogen roadmap, and the creation of a regulatory framework for offshore wind energy.**

This work sets the foundations for future decarbonisation and high value economic opportunities. Creating a clear regulatory environment will support new investment, regional development and highly skilled jobs, while providing more renewable energy options to support our transition to a low emissions economy.

Hydrogen as a fuel could enable the decarbonisation of hard to electrify sectors such as heavy freight and steel – the roadmap will provide the nascent green hydrogen sector with further clarity on how the government will support a pathway to an economically sustainable market for hydrogen. The new regulatory framework for offshore renewable energy will provide a more certain consenting process that balances the impact of offshore renewable investment with other priorities such as fisheries and marine protection.

Together with the energy strategy, these initiatives are an opportunity to ensure that actions to decarbonise our economy are coordinated and considered across the whole energy system.

Helping people reduce their transport costs requires greater transport choice. Budget 2022 will take a significant step toward reducing vehicle use in urban centres through a **\$375 million fund to deliver mode shift and reduce emissions from transportation.** This will also provide additional support to our broader investments in transportation mode shift. Investing in making walking, cycling and public transport more attractive options will help make our cities more liveable and help local councils transition toward low-emissions urban environments.

The decarbonisation of heavy vehicle fleets will be supported by the following initiatives: a **\$41 million investment to support the decarbonisation of public transport** through supporting Public Transport Authorities to deploy low- and zero-emissions buses; and **\$20 million funding to support innovations in the decarbonisation of freight** through co-funding for projects demonstrating low emission freight technologies, fuels, services, infrastructure, innovations and business models.

An equitable transition

Climate change has clear and significant implications for future generations. Taking a holistic approach to wellbeing grounded in te ao Māori provides a valuable perspective on these intergenerational impacts. Te taiao, Aotearoa New Zealand's natural environment, is a fundamental good. It has intrinsic value beyond what it confers to New Zealanders through increased living standards. It is important that principles such as tiakitanga – that emphasise the responsibility for the Government to be a good kaitiaki, or guardian, of Aotearoa New Zealand's natural environment for future generations – are a critical element of our response.

The Government is committed to ensuring an equitable climate transition. This will include addressing the distribution of impacts caused by both the changing climate and the steps we are taking to address it, and making sure that we address existing inequalities that are created within the current system.

Taking meaningful action to address the challenge of climate change means taking action that does not leave any communities, regions, businesses or households behind. Budget 2022 will provide **\$16 million to develop an equitable transitions strategy** in collaboration with people and communities who will be most affected by the transition.

Mitigating impacts for Māori, iwi and hapū will be essential, and can be supported by strong alignment with the principles of tikanga, whanaungatanga, and kotahitanga in our climate response. Budget 2022 will provide **\$31 million for a Māori climate action platform** to strengthen the Māori-Crown relationship, support an equitable transition for Māori, and resource community-based kaupapa Māori and tangata Māori solutions.

Summary of key Climate Emergency Response Fund initiatives

At Budget 2022 the Government has allocated \$2.9 billion across the forecast period for the CERF. This is in addition to pre-commitments of \$840 million total operating for international climate finance under the Paris Agreement, and \$25 million total operating for the Government Investment in Decarbonising Industry Fund.

This first tranche of public investment on climate change mitigation establishes a number of key work programmes detailed in the Emissions Reduction Plan. Particularly notable investments in the Budget 2022 CERF package include a significant \$1.3 billion Transport sector bundle, \$692 million for the Energy sector, and \$380 million for the Agriculture sector.

Table 1 – Key Climate Emergency Response Fund initiatives

Initiative title	Description	Total funding over forecast period
Funding Further Decarbonisation of Process Heat and Implementation of Supporting Policies	This initiative increases funding to reduce emissions from industry and process heat and resource the implementation of new regulatory measures. With this funding, businesses will improve energy productivity, bring forward fuel-switching projects, and reduce exposure to carbon price risk. It increases the Government Investment in Decarbonising Industry Fund, provides support to small and medium enterprises, provides rebates for renewable and efficient equipment, and resources the implementation of an energy and emissions reporting scheme and national direction on industrial emissions.	\$653 million
Cleaner Vehicles for Low-Income New Zealanders - Vehicle Scrap and Replace Scheme	This initiative provides funding to implement and operate a vehicle scrap and replace scheme that provides funding and in-kind support to low-income households to shift to low emission alternatives, upon scrapping a vehicle.	\$569 million

Initiative title	Description	Total funding over forecast period
Mode-Shift and Reducing Light Vehicle Kilometres Travelled	This initiative provides funding for activities, infrastructure and services that reduce reliance on cars and supports the uptake of active and shared modes. It commits funding to four indicative investment areas including the rapid roll out of urban cycle networks, creation of walkable neighbourhoods, support for safer, greener, and healthier school travel, and provisions for more reliable and user-friendly public transport. It also provides funding for Waka Kotahi NZ Transport Agency and third parties to develop urban Vehicle Kilometres Travelled reduction plans and programmes that identify activities required to achieve mode-shift and reduce Vehicle Kilometres Travelled.	\$375 million
Agriculture Emissions Reduction - Accelerating Development of Greenhouse Gas Mitigations	This initiative will accelerate development and uptake of high impact agricultural mitigation technologies. Funding will accelerate research, grow capability, expand greenhouse gas measurement capacity, streamline the path to market, and deliver demonstration programs to ensure there are fit for purpose tools for use on farm. Expanding international collaborations and our cleantech sector through innovation prizes will further raise both our international standing and contribution to reducing global agricultural emissions. Funding will also support mātauranga-based approaches to reduce agricultural emissions, providing further options for Māori and non-Māori landowners to improve sustainability.	\$339 million
Establishing Native Forests at Scale to Develop Long-Term Carbon Sinks and Improve Biodiversity	This removes barriers for native afforestation: increases propagation capacity, using automated technology to scale up native seedling production and reduce costs; facilitates innovation in seed collection, propagation and forest establishment including restoration, through focused research; and develops a long-term national strategy and action plan to grow native forests in partnership with rural landowners, iwi/Māori, foresters, communities and the private sector.	\$145 million
Maximising Carbon Storage: Increasing Natural Sequestration to Achieve New Zealand's Future Carbon Goals	This initiative will fund research to link forest carbon storage to management actions; enable changes to ETS look-up tables to more accurately reflect carbon stock changes and incentivise improved management for new and existing forests and quantify the carbon impact of management in non-forest land use, soil, and coastal ecosystems; and stimulate investment in wood processing to maximise carbon stored in wood products. Together these initiatives will directly contribute to reductions in the first three emission budgets by more than 9.3 million tonnes over 2022-2035.	\$111 million

Initiative title	Description	Total funding over forecast period
Reducing Emissions from Waste	<p>This initiative seeks to implement a suite of proposals to reduce emissions in line with the target reduction pathway in the Emissions Reduction Plan. This initiative will reduce and divert organic waste from landfill and enable emissions to be reduced through delivering:</p> <ul style="list-style-type: none"> resource recovery feasibility studies, business cases, infrastructure and other assets behaviour change programmes to reduce emissions from waste, and a national waste data programme including landfill gas capture research. 	\$103 million
Increasing Woody Biomass Supply to Replace Coal and other Carbon Intensive Fuels and Materials	<p>This initiative will increase biomass supply and stimulate private sector investment to alleviate projected shortages, through Crown planting 10,000ha of short rotation energy forest, and targeted research and development. The initiative will help transform forestry and wood processing to a high-value, high wage sector.</p>	\$91 million
Decarbonising the Public Transport Bus Fleet	<p>This initiative provides funding to support Public Transport Authorities to invest in bus decarbonisation initiatives, such as deploying zero-emission buses or investing in associated infrastructure, to reduce greenhouse gases and harmful emissions from the bus fleet.</p>	\$41 million
Agriculture Emissions Reduction - Supporting Producers and Māori Entities Transition to a Low Emissions Future	<p>This initiative ensures farmers, growers and whenua Māori entities can access support and have the confidence to move to low emissions farm systems. Building on the He Waka Eke Noa partnership, it funds access to credible information and communications to help shift practices. It will increase on-the-ground and on-farm activities aimed at helping producers change farm practices and adopt new technologies, including through local producer groups focused on reducing emissions. It funds tikanga-based programmes to develop and support long-term low emissions profiles for whenua Māori.</p>	\$35 million
Māori Climate Action	<p>This initiative will provide funding to establish a platform to strengthen the Crown/Māori partnership and support a holistic approach to climate change that supports an equitable transition for Māori. The platform will include mechanisms to ensure diverse Māori participation in climate policy and climate action, support development of a Māori climate strategy, and activate kaupapa Māori, tangata Māori solutions for the climate emergency. A pilot approach to activating kaupapa Māori, tangata Māori solutions will be piloted in year one, with further funding held in contingency subject to Ministers' agreement on the more enduring form of the Māori Climate Partnership and Representation platform.</p>	\$31 million

Initiative title	Description	Total funding over forecast period
Decarbonising Freight Transport – Resourcing and Seed Funding	This initiative provides funding for activities that support decarbonising the freight and supply chain sector. This includes funding for business cases and research programmes, capability and capacity, and contestable funding for low emission freight solutions.	\$20 million
Supporting the energy transition to a low emissions economy	The components of this initiative are development of a strategy to decarbonise the energy system, developing a regulatory framework for offshore renewable energy, and developing a roadmap for development and use of hydrogen. These will facilitate the introduction of low carbon fuels and greater renewable electricity to drive New Zealand's transition to a low carbon economy.	\$18 million
Equitable Transitions Programme	This initiative will fund a programme to co-design an Equitable Transition Strategy in partnership with iwi/Māori and other stakeholders, as a key initiative in the Emissions Reduction Plan and responding to the Climate Change Commission's advice. The Strategy will seek to better understand and respond to the distributional impacts that emerge as a result of the transition to a low emissions economy. By working in partnership with identified affected groups we can determine measures to manage challenges and seize opportunities in the transition.	\$16 million

Source: The Treasury

See the CERF Summary of Initiatives on page 157 for a more detailed outline of the Budget 2022 CERF package.

Review of the size and scope of the CERF

The Government has indicated that more funding will be required to address the complex, multi-faceted issue of climate change. We expect to review the size of the CERF alongside the main Budget allowances as necessary, to ensure that it can continue to invest in high-value initiatives that will help achieve New Zealand's climate objectives.

The Government is also looking to extend the scope of the CERF to fund measures that support climate change adaptation in future Budgets, including through the Government's first National Adaptation Plan which will be released in late 2022.

The next review of the size of the CERF is likely to be in the *Budget Policy Statement* for Budget 2023. At that time, we expect to roll out another year of the Fund so that it extends to cover the 2026/2027 financial year.

Monitoring and reporting on the Climate Emergency Response Fund

All initiatives that receive funding through the CERF will be subject to new monitoring and reporting arrangements, to ensure that dedicated CERF funding is contributing sufficiently towards meeting the Government's climate change commitments. As part of this monitoring and reporting it is expected that the financial performance and impact of these initiatives will be publicly accounted for on a regular basis.

Complementary Policy Settings

Meeting Aotearoa New Zealand's climate goals will be a complex, cross-sectoral policy challenge that cannot be achieved through public investment alone. Regulation and other policy settings will be critical to complement Government spending and drive mitigation and adaptation across our economy. Key examples include:

New Zealand's Emissions Trading Scheme

The ETS is Aotearoa New Zealand's core emissions pricing scheme. It requires emitters to obtain and surrender New Zealand Units (NZUs) for each tonne of carbon dioxide equivalent they emit. The scheme creates a price signal through the interactions of unit supply, which is 'capped' at a certain level by the Government, and unit demand, driven by emitters in auctions and on the secondary market. A robust price signal ensures that emitters factor the cost of their emissions into day-to-day business decisions. Over time, as the cap is tightened in line with emissions budgets, the emissions price will increasingly incentivise emitters to reduce their emissions and invest in abatement technologies.

The ETS is central to Aotearoa New Zealand's climate mitigation policy response. Public investment through the CERF can serve to strengthen and complement this signal and drive further and faster emissions reductions that will support Aotearoa New Zealand's transition to a high-wage, low-emissions economy.

New Zealand Green Investment Finance (NZGIF)

NZGIF was established by the Government to accelerate investment that supports decarbonisation in a way that lowers domestic emissions, crowds-in private finance, makes investments on a commercial basis, and undertakes a market leadership and demonstration role. To date, the Government has committed over \$400 million of capital into NZGIF, including over \$300 million through the 2021 Budget process. As at February 2022, NZGIF has invested \$77 million in capital and committed a total of \$123 million. This includes, for example, supporting the deployment of electric bus fleets under long term lease agreements with major operators in New Zealand in partnership with EV fleet and battery storage specialist Zenobē, and supporting solarZero to finance Power Purchase Agreements for solar installations on commercial buildings which will enable up to 40MW of solar generation. We anticipate that NZGIF will continue to play an important role in supporting Aotearoa New Zealand's transition to a low-carbon economy.

Sovereign Green Bonds

Green Bonds are debt instruments that provide financing for specific projects with established environmental outcomes, such as energy efficiency, clean transport, living and natural resource and land use, and climate change adaptation. Using Green Bonds to finance Aotearoa New Zealand's climate transition demonstrates the Government's commitment to managing climate change and supports investor demand for Aotearoa New Zealand sovereign debt. Projects financed by the bonds will be subject to additional scrutiny and, over time, the project selection, evaluation, and reporting requirements will help to ensure high-quality, value-for-money projects with robust environmental outcomes are delivered. The Government will issue its first sovereign Green Bonds later this year.

BUDGET 2022

CHILD POVERTY



CHILD POVERTY REPORT 2022

This is the fourth report on child poverty to be released with the Budget. It shows the progress we made towards our first three-year targets for 2017/18 to 2020/21. It also shows the actions we are taking through Budget 2022 to make progress towards the second three-year targets for 2021/22 to 2023/24.

This Government is committed to taking substantial action to reduce child poverty and hardship in New Zealand. We passed the historic Child Poverty Reduction Act 2018, setting both a 10-year target and ambitious interim targets that aim to more than halve rates of measured child poverty. These targets will help us to achieve our goal to make New Zealand the best place in the world to be a child or young person.

Over the first three-year target period, and despite the profound impacts of the COVID-19 pandemic and other economic headwinds, the Government has put in place a comprehensive package of initiatives that have made a real difference to the lives of New Zealand children. Actions like the Families Package, introducing the Winter Energy Payment, and lifting main benefit rates have put more money in the pockets of Kiwi families. We've also supported families through COVID-19 with the Wage Subsidy, the Leave Support Scheme, and the Care in the Community welfare response programme.

There is more work to do, but we are now seeing real progress on the official measures. The latest figures for 2020/21 show:

- rates on all nine income and material hardship measures in the Child Poverty Reduction Act 2018 are trending downwards
- the Government has achieved two out of three of the first three-year targets and made significant progress against the third target.

In Budget 2022, we're building on this proven track record by further supporting New Zealand families through the challenging economic environment ahead by direct and indirect investments to help reduce child poverty and improve wellbeing. These investments will help us achieve a significant and sustained reduction in rates of child poverty and ensure tamariki in New Zealand get the very best start in life.

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 2020/21, which is the third 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 2020/21, before discussing the expected impact of Budget 2022 to address paragraph (b).

No single measure tells a complete story of child poverty

The Child Poverty Reduction Act 2018 (the Act) specifies three primary measures² of child poverty, including measures related to income and material hardship. Given the complexity of the issue it is important that these measures are considered together.



	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.	The number of children in households with much lower incomes than a typical household.	A direct measure of living standards and households going without the basics - 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, 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 out of the 17 items in the material deprivation index, which include 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 households have very low incomes relative to previous years, after considering housing costs and increases to the cost of living.	How many households 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 households do not have access to the essential items for living.

² Persistent poverty is the fourth primary measure, targets for which are required for and after the financial year commencing on 1 July 2025.

What progress has been made in reducing child poverty?

The Government has achieved two out of the three of the first three-year child poverty targets it has set itself.

In the three years covered by the first set of targets, we introduced a comprehensive range of policies that have been instrumental in improving support to families and whānau and reducing rates of child poverty.

We have lifted incomes through the \$5.5 billion Families Package which has benefitted 330,000 families and whānau in the first year of their children's lives, significantly increased main benefit rates and indexed them to average wage growth. We've also introduced measures to support children directly, such as the Free and Healthy School Lunches Programme, and undertaken a range of other actions focused on helping parents and caregivers to provide children with a good start in life. This has included lifting the minimum wage, supporting people into training and employment, and boosting the supply of affordable housing.

Despite the profound impacts of COVID-19 on the economy and society, the Government's strong public health response and the measures taken to protect the economy and jobs, have helped reduce these impacts on child poverty rates. The Government's Wage Subsidy and other support for businesses supported over 1.8 million jobs throughout COVID-19 to help ensure parents kept their jobs.

We also introduced a number of temporary measures, including doubling the Winter Energy Payment for the 2020 year and introducing the COVID-19 Income Relief Payment. These changes, as well as investments in community services and non-government organisations to provide additional support, along with a residential rent freeze, have all played a critical role in supporting New Zealand families and whānau.

What changes can we see in the 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 to the cost of living?</i>	Before-housing-costs, moving-line measure <i>How many households have much lower incomes than typical households?</i>	Material hardship <i>How many households do not have access to the essential items for living?</i>
	↓ 66,500 fewer children in AHC50 poverty since 2017/18	↓ 26,700 fewer children in BHC50 poverty since 2017/18	↓ 21,900 fewer children in MH since 2017/18
The share of children living in poverty in 2017/18 was...	22.8%	16.5%	13.3%
By 2020/21, this reduced to...	16.3% ↓ 6.5ppt since 2017/18	13.6% ↓ 2.9ppt since 2017/18	11.0% ↓ 2.3ppt since 2017/18
Did we meet the target?	This means we met and beat our target of 18.8%	This means we did not meet our target of 10.5%	This means we met the target of 10.3% because the target is within the sampling error of the result.

The 2020/21 figures show the full impacts of policies including the Families Package and the April 2020 benefit increase. However, they do not include more recent changes such as the main benefit increases announced in Budget 2021 and changes to Working for Families tax credits announced in November 2021.

The combined measures we have taken have meant that, despite the significant impacts of COVID-19, there are now tens of thousands fewer New Zealand children living in poverty.

Although we achieved a statistically significant reduction in child poverty on the before-housing-costs primary measure, our ambitious target of reducing this measure to 10.5 percent by 2020/21 was not met. This result partly reflects how this is a challenging relative measure, which depends on changes in median incomes as well as low incomes. If median incomes increase in a given year, then the corresponding moving line poverty threshold will increase too. Median incomes in 2020/21 grew by around 5.5 percent, which made it harder to raise low-income households over the threshold.

What are the trends around child poverty for specific population groups?

Stats NZ has been able to produce reliable annual estimates of child poverty rates by ethnicity from 2018/19 onwards, and for children impacted by disability from 2019/20 onwards. Rates for these groups are broadly comparable on the AHC50 primary measure, but there are significant disparities on the material hardship measure and before housing costs income poverty measure.

2020/21 rates	After-housing-costs, fixed-line measure	Before-housing-costs, moving-line measure	Material hardship
All children	16.3%	13.6%	11.0%
Māori children	17.8% ↓4.6ppt over past 2 years	18.1% ↑0.2ppt	20.2% ↓2.4ppt
Pacific children	16.3% ↓5.2ppt over past 2 years	17.2% ↓1.4ppt	24.0% ↓4.2ppt
Disabled children	17.6% ↓3.9ppt over past 1 year	15.5% ↓0.5ppt	20.5% ↓0.2ppt

Māori and Pacific children have experienced higher rates of poverty over at least the last decade.³ However, because robust year-on-year data on rates by ethnicity and disability have only been available since after the Families Package was implemented in 2018, we cannot know the full progress we have made for Māori and Pacific children and children impacted by disability.⁴

What we do know is that policies like the Families Package and benefit rate increases are likely to have had a proportionately greater positive impact for Māori and Pacific children than for children generally. This is consistent with some of the early signs of progress we are seeing on the AHC50 primary measure.

³ Data from the 2008 Living Standards Survey is the most robust data on child material hardship by ethnicity available prior to 2018/19. See: *Household Incomes in New Zealand: trends in indicators of inequality and hardship 1982 to 2015 – Ministry of Social Development* (<https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/monitoring/household-incomes/household-incomes-1982-2015.html>)

⁴ There is also greater statistical uncertainty in the rates for Māori, Pacific and children impacted by disability due to the smaller sample sizes for these groups. See: *Child poverty statistics: Year ended June 2021 – technical appendix* (<https://www.stats.govt.nz/methods/child-poverty-statistics-year-ended-june-2021-technical-appendix>).

What are we doing to make further progress on reducing child poverty?

Although there are now tens of thousands fewer children living in poverty, maintaining this progress will be challenging in the context of the economic volatility, and inflationary backdrop that is being experienced globally. Long-standing problems such as climate change and housing quality and affordability remain challenging, and the impacts of COVID-19 also remain with us. We know that experiences of the pandemic differ greatly between New Zealanders and its long-term effects are yet to be fully seen.

This means that achieving the targets we released in June 2021 for the second three-year target period⁵ will be particularly challenging. We will continue to prioritise child poverty reduction and keep a strong focus on children and low-income families and whānau, while also tackling the long-term challenges in areas like employment and housing.

The targets we have set are as follows:

	After-housing-costs, fixed-line measure <i>How many households have very low incomes relative to previous years, after considering housing costs and increases to 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>
Base year rate in 2020/21	16.3%	13.6%	11.0%
Second three-year target for 2023/24	15%	10%	9%
The 10-year target by 2027/28	10%	5%	6%

⁵ See: *Notification of Setting of Targets Under the Child Poverty Reduction Act 2018–2021* (<https://gazette.govt.nz/notice/id/2021-go2605>).

What are we doing to directly reduce child poverty in Budget 2022?

We are making investments through Budget 2022 to help reduce the number of Kiwi kids living in poverty. For an initiative to have a significant effect on measured child poverty rates, it needs to improve the resources available to families and whānau living in poverty – by increasing incomes, reducing housing costs, or reducing other demands on household budgets.

In **Budget 2022** we are supporting low-income families and whānau and tackling child poverty and inequality through a suite of changes.

We are:

- making changes to how child support payments work, so that all child support payments will be 'passed on' to sole-parent beneficiaries as income instead of being retained by the Government, giving sole parents more money to help their whānau.
- lifting incomes through changes to the Working for Families scheme and associated supports. This means 346,000 families and whānau will be better off by an average of \$20 per week. This was announced late last year and implemented on 1 April 2022.
- providing further support through the second main benefit increase announced in 2021, to bring these rates in line with a key recommendation of the Welfare Expert Advisory Group. This was announced in Budget 2021 and implemented on 1 April 2022.
- introducing a \$350 cost of living payment over three monthly instalments in 2022 to help ease the increasing cost pressures low and middle-income families and whānau are facing. Treasury modelling suggests that almost half a million households with children will receive this payment.

Together, the changes to Child Support, Working for Families, and main benefits will:



Lift **10,000 to 18,000** more children out of poverty on the after-housing-costs measure in 2023/24. This includes:

- 6,000 (\pm 3,000) Māori children
- 2,000 (\pm 1,000) Pacific children
- 2,000 (\pm 1,000) disabled children



Lift **16,000 to 30,000** more children out of poverty on the before-housing-costs measure in 2023/24. This includes:

- 10,000 (\pm 4,000) Māori children
- 3,000 (\pm 3,000) Pacific children
- 3,000 (\pm 2,000) disabled children

What does this mean for our goals of reducing child poverty?

To estimate what will happen in the next five years, the Treasury projects the most recently reported child poverty rates into 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 range 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 moving-line BHC50, are particularly sensitive to changes in the economic outlook.

Progress towards the second intermediate targets

The changes to Working for Families and child support, and the cost of living payment will help keep many families and whānau out of poverty and will increase the income available to all low-income households with children.

We estimate that the impact of current economic forecasts and recent policy changes will result in fixed AHC50 child poverty rates of 16.4 percent \pm 1.5 percent in 2024. The target for 2023/24 is 15 percent, which will be met based on current data and forecasts as it falls within the margin of error.

The projections suggest that relative BHC50 child poverty rates will be 12.9 percent \pm 1.4 percent in 2024. The target for 2023/24 is 10 percent, which will not be met based on current data and forecasts without further policy changes.

Looking forward, our plan for reducing child poverty and meeting our ten-year targets is based around making progress in three key areas: increasing incomes for families, reducing housing costs and other pressures on low-income households, and changes to support the wider wellbeing of families.

Work to overhaul the Welfare System is ongoing, along with addressing further recommendations from the Welfare Expert Advisory Group. As part of this, we're continuing to work on the Working for Families review to see how we can better support families and whānau on the lowest incomes through these payments.

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 that it can reduce with government policies directed at low-to-middle income households but increase with the cost of living. Material hardship has been trending downwards, but it is too soon to say if we will meet the 2023/24 target.

Future child poverty trends are driven by economic conditions and policy changes

2021/22 and 2022/23

We expect decreases in the moving-line BHC50 measure in 2022/23 as many low-income families and whānau gain from changes to benefits, Working for Families, and child support payments being passed on. In contrast, we expect that there will be an increase in fixed-line AHC50 poverty in 2021/22 because of increases in the cost of living. If the cost of living increases faster than incomes do, then this type of poverty increases.

The material hardship measure is affected by many factors, so it is hard to predict how rates will be affected by different policies. We expect that the Budget 2022 initiatives will help, but material hardship rates are also sensitive to wider economic conditions, including inflation. The net impact of these changes is likely to result in a flattening out of material hardship rates for households with children in the coming two to three years.

2023/24 onwards

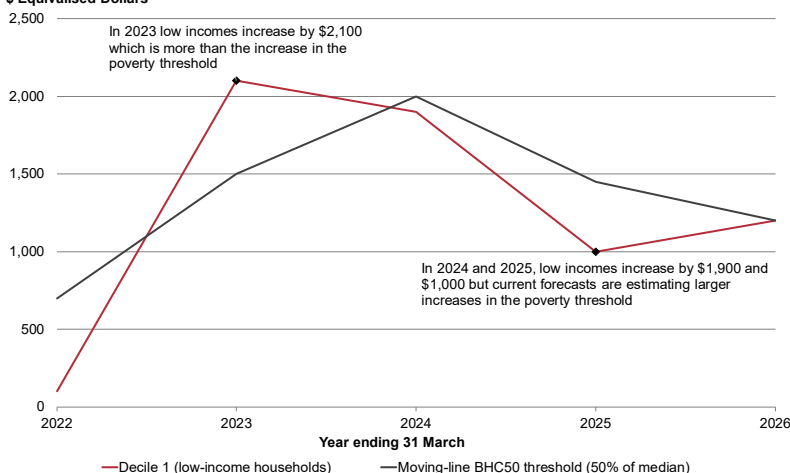
The Treasury's modelling predicts that fixed-line after-housing cost poverty will steadily decrease as incomes increase faster than the cost of living. Income increases are expected to come from a combination of policy changes and wage increases.

Despite these positive impacts, without further policy interventions, the Treasury projections from 2023/24 onwards estimate that incomes at the bottom will increase, but that they will not keep pace with middle-income households. This leads to an increase in the moving before-housing-costs poverty indicator, which tracks how many households have much lower incomes than middle-income households.

Estimated Annual Increase (equivalised dollars)

Decile 1 incomes are forecast to grow from \$24,400 to \$30,600 through to 2026; at the same time the BHC50 threshold is forecast to increase from \$23,950 to \$30,100. Meaning that, although incomes are expected to increase at the lower end of the income distribution, the BHC50 poverty threshold is forecast to rise ahead of some on low incomes.

\$ Equivalised Dollars



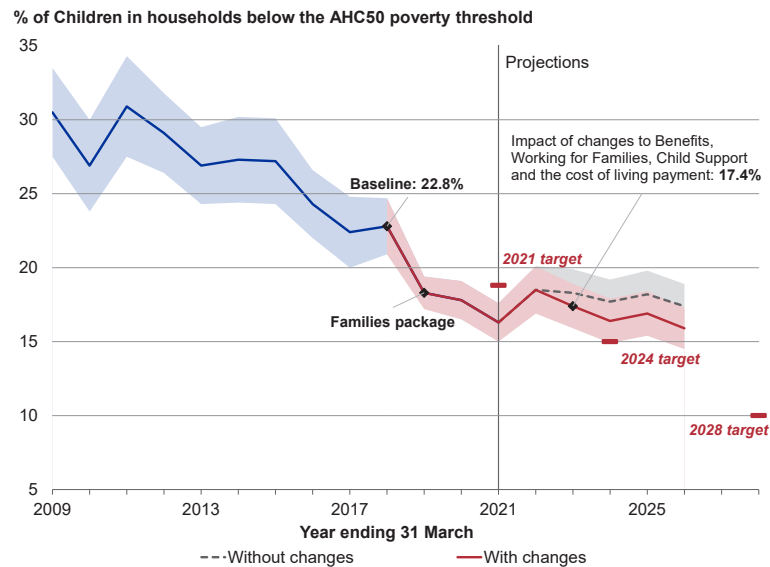
Source: The Treasury

In 2023/24, the incomes of most low-income households are expected to increase by around 7 percent because of wage and welfare increases, but many middle-income households will also have income from interest on savings. In 2023/24 and 2024/25, the Treasury is forecasting that interest rates will increase substantially leading to an increase in middle incomes that will increase the moving poverty threshold by around 8 percent in 2023/24, faster than low-

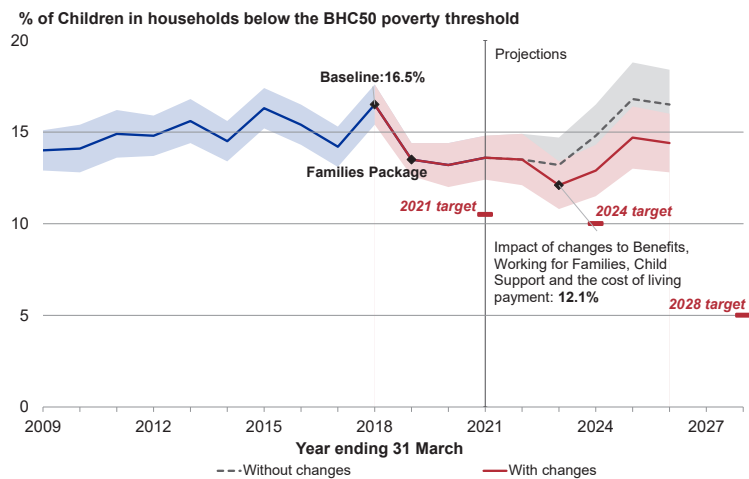
income households. This means that the upwards trend will be driven by increases in the median, not by a lack of increase in the incomes of low-income households.

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-cost, moving-line measure**

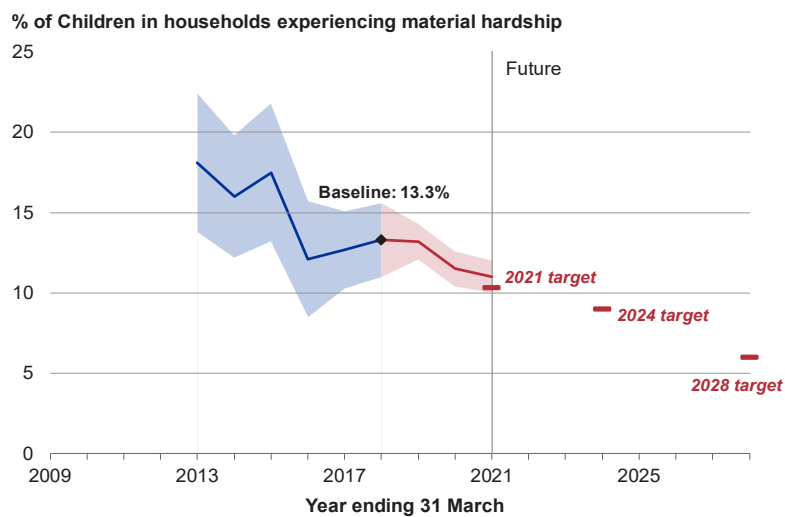
How many households have much lower incomes than middle-income households?



Sources: Stats NZ, The Treasury

Material hardship

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



Source: Stats NZ

What else are we doing to support children in poverty in Budget 2022?

Improving child wellbeing is bigger than just meeting targets. It's about providing the right kinds of support so children can achieve their potential. Some initiatives may not affect the headline numbers on the primary measures but will still make a material difference to the lives of families, whānau, and children living in poverty. Some initiatives can help reduce the depth and severity of poverty itself as well as the long-term drivers of socio-economic disadvantage. Other initiatives can help by mitigating the consequences of poverty and disadvantage and improving the wellbeing of children and young people.⁶

Changes to support parents to enter and remain in employment

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

- We're **providing a further increase in funding for Mana in Mahi**, adding an extra 150 places to the 2022 programme, to support people into long-term employment.
- We're also **continuing our support for the Māori Trades and Training Fund** to help Māori entities delivering training and employment for Māori. This initiative will provide additional resourcing for the fund, which is a contestable, grant-based fund that supports by-Māori, for-Māori employment-based training programmes.
- We are **extending the end date of the Apprenticeship Boost Initiative** from August 2022 to December 2023. This initiative will support parents into employment, to upskill and retain employment in industries looking to strengthen their pipeline of skilled workforces.
- We're providing funding over four years for **driver licence support for 64,000 people**. It will support people most disadvantaged by barriers to accessing driver licences to progress through the driver licensing system by providing lessons with wrap around supports. This will increase access to jobs (70 percent require licences) and services.

Changes to support people to remain safe and well in their homes

- Living in a safe, warm, dry home is essential to children's wellbeing. In addition to its impact on immediate wellbeing, living in low quality housing makes children more likely to experience poor health, including respiratory illnesses and infections. There is a strong relationship between poor quality housing and poverty. This is why, as part of our cost of living package, we're **extending the Warmer Kiwi Homes programme**, delivering insulation and heating retrofits for low-income homeowners.
- Housing is one of the most significant costs that families and whānau face. Initiatives that increase the supply of housing and reduce housing costs are therefore critical to supporting families and whānau to make ends meet. That's why we're establishing the **Affordable Housing Fund** to support the development of affordable homes for low-to-middle income families and whānau.
- We are helping low-income New Zealanders to access and retain private rentals. By **improving the adequacy of Housing Support Products** and making them more transparent and easier to understand we are advancing longer term goals of reducing homelessness and pressure on public and transitional housing.

⁶ The Child Poverty Indicators Report provides an overview of the progress made in addressing some of the key causes and consequences of child poverty. See: Child Poverty Related Indicators Report – May 2021 (childyouthwellbeing.govt.nz)

- In the meantime, we are ensuring everyone can have a roof over their head by investing **over \$1 billion in public and transitional housing**.

Changes to ensure children have the basic essentials

- We know that families and whānau will sometimes struggle to cover unexpected or essential one-off costs. This is why we've **permanently increased the income thresholds for access to Hardship Assistance Grants** provided by the Ministry for Social Development. This will come into effect from 1 July 2022 and indexes the limits to average wage growth from 1 April 2023. This increase enables wider access to this hardship support for working New Zealanders.
- To help improve oral health and wider health outcomes we have increased **Dental Special Needs Grants** from \$300 to \$1,000. Alongside increasing the level of the grant, individuals can apply for multiple grants in a 52-week period and access grants for treatment that does not arise from an emergency; instead, necessary dental treatment will be covered.
- We are helping families and whānau better manage their money and avoid debt by **continuing investment in Building Financial Capability services**. Improving financial capability of individuals and whānau reduces the risk of financial difficulties thereby ensuring children have their basic needs met.
- We know that low-income families and whānau are feeling the burden of the rising cost of living which is why we have invested in initiatives to help reduce transport costs. We initially cut **25 cents a litre off fuel excise duties and cut public transport fares in half, for three months**. We have further extended both measures for another two months. To acknowledge the ongoing pressures faced by low-income households, we are **introducing a 50 percent public transport fare discount for Community Service Card holders indefinitely**.

Changes in the health sector to support parents and help children get the best start in life

- For some children in New Zealand, low income can be a barrier to accessing primary health care services. To help combat this we're **extending School-based Health Services** for high school students. This will expand services into activity centres, and increase the service delivery level in kura kaupapa, contributing to improved health equity for high-needs students and helping prevent the development of more serious mental and physical health conditions among youth.
- We're continuing **to fund the enhanced support pilots for Well Child Tamariki Ora**, providing intensive, relationship-based, wrap around support to young parents and their whānau commencing in pregnancy encompassing support with health, housing, employment, and mental wellbeing.
- We are continuing to invest in services to support child and young adult mental health. To support children and young parents to get the holistic support they need we have continued and expanded **Mana Ake**, which ensures primary and intermediate school-aged children receive mental wellbeing support. Further funding for **Piki** means young adults in the Greater Wellington region can receive free therapy and support. Meanwhile, a 40 percent increase for the Ministry of Youth Development's funded services supports the **sustainability of youth workers** and enables a more intensive intervention for our most at risk youth. By investing in the mental health of our tamariki and rangatahi early, we can help break the cycle of inter-generational disadvantage and improve wellbeing outcomes over a lifetime.

Changes to support families and children with disabilities

- Children and families and whānau with disabilities often face worse wellbeing outcomes. That's why we have invested in the new **Ministry for Disabled People** which will provide leadership, stewardship, coordination of the cross-government disability system, which will in turn drive improved outcomes for disabled people.
- We are also transforming the disability system beginning with a regional rollout of the Enabling Good Lives approach. Giving disabled families/whānau and children greater choice and control over the supports they receive leads to better wellbeing outcomes, and we have committed to progressing towards a national roll out of the Enabling Good Lives approach.

What are we doing to help break cycles of disadvantage and intergenerational poverty?

There are also a number of Budget 2022 initiatives that are unlikely to materially reduce poverty in the short-to-medium term, but which should nonetheless have a positive impact on the wider wellbeing of some children living in poverty and may also help break cycles of disadvantage and intergenerational poverty over the longer term. These include initiatives related to child protection and family violence, child development and education.

Changes to address harm caused by family violence and sexual violence

- We want all children to live in safe homes, which is why we're continuing our investment towards eliminating family violence and sexual violence. Our first ever national strategy, **Te Aorerekura**, sees a shift towards primary prevention and community-led, whānau-centred approaches to help break intergenerational cycles of violence. This includes expanding community-led integrated responses to ensure the immediate safety of victims and children, and to work with perpetrators to prevent further violence. We are also ensuring that we build specialist and general workforce capability to ensure the right response every time, particularly around meeting the needs of tangata whenua, children and young people and diverse communities.

Changes in the education sector to ensure equity, affordability and availability

- Education transforms children's lives, but we know that some tamariki and rangatahi do not receive equitable support. This is why we're providing a funding increase for the **Incredible Years Programmes** to address the cost pressure of their delivery. These are targeted early intervention and capability-building programmes for caregivers and teachers to support young children's' social and emotional learning.
- We are also replacing the outdated decile system with the new **Equity Index** and significantly increasing funding allocated on that basis. Schools and kura will be better supported to mitigate the socioeconomic barriers faced by ākonga/learners, the wider school community and whānau.
- For some children in New Zealand, poverty and disadvantage can pose a barrier to regular school attendance. We're supporting the **Creating Safe, Inclusive Schools Programme**, providing targeted and intensive support for Māori and Pacific learners at risk of disengaging. This initiative supports attendance and engagement using kaupapa Māori approaches.

FISCAL STRATEGY



THE FISCAL STRATEGY

The economic outlook

New Zealand's economy has come through COVID-19 in one of the strongest positions in the world...

Our ability to make the investments that we're making at Budget 2022 for a more secure future is because New Zealand's economy has come through the pandemic stronger than most countries. Real economic activity in the December 2021 quarter was 3.5 percent ahead of pre-pandemic levels, unemployment is at a record-low 3.2 percent and the Government's fiscal position is out-performing the economies we compare ourselves against.

This has been recognised around the world: New Zealand has top Triple-A credit ratings from both S&P Global Ratings and Moody's, one of only 12 countries with at least two Triple-A credit ratings.

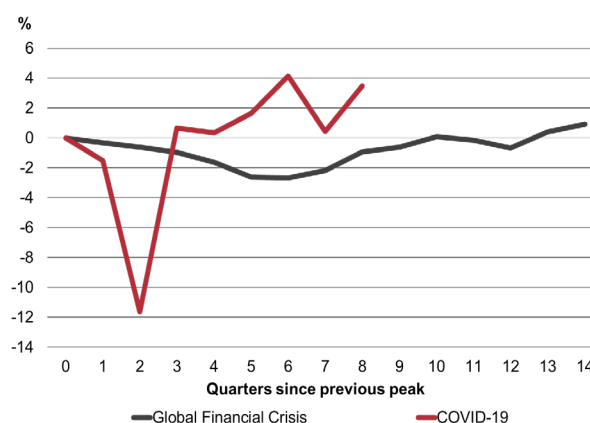
The COVID-19 pandemic caused a one-in-one hundred year global economic shock and is contributing to ongoing international volatility through ongoing supply chain disruption. The Government responded with an unprecedented health and economic response, which allowed us to protect lives and livelihoods through the course of the pandemic. The strength of our economic recovery has put us in a good position to invest in areas that will improve our economic security, including addressing long-term challenges such as climate change.

Our economic management throughout the pandemic contributed to a historically strong economic recovery, particularly given the seriousness of the economic impact. As Figure 1 shows, the economic contraction associated with COVID-19 was much deeper and much more sudden than what

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 12-13 of the Budget 2022: the Wellbeing Outlook and Approach chapter constitute the Fiscal Strategy Report required by the Public Finance Act.

Figure 1 – Percentage change in real GDP in COVID-19 and GFC, compared to their respective previous peaks



Sources: Stats NZ, Treasury calculations

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

New Zealand experienced during the Global Financial Crisis (GFC). Real GDP fell 10 percent in the second quarter of 2020 as a result of the economic impacts of COVID-19, compared to a peak-to-trough fall of nearly 3 percent of GDP through to the second quarter of 2009 following the GFC. Government support of businesses and workers contributed to a much stronger economic bounce-back from COVID-19. New Zealand's real GDP was back to pre-pandemic levels within three quarters from the start of the crisis. In comparison, following the GFC, New Zealand's real GDP took 10 quarters to return to pre-recession levels (Q2 2010).

Employment outcomes during these two crises show an even sharper contrast. Figure 2 shows the change in the employment rate from its previous peak since the onset of the crisis (with a fall in the employment rate broadly corresponding to an increase in the unemployment rate). The employment rate declined almost three percentage points from its pre-crisis level following the GFC and stayed below pre-GFC levels for most of the next decade.

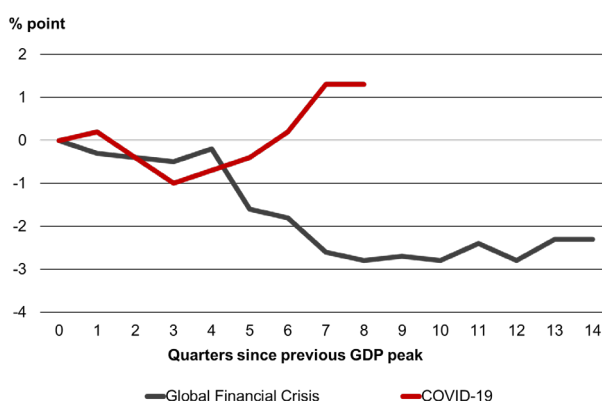
The economic and social costs of long-term unemployment can be great, and international research has focused on the lasting effects of job displacement through the atrophy of skills and workers becoming discouraged about their ability to find work.⁷

The unemployment rate remains at low levels...

The Government's successful focus on protecting lives and livelihoods during COVID-19 can be seen in our employment outcomes. Following the initial impact of COVID-19, the employment rate fell more swiftly than during the GFC. However, the success of investments like the Wage Subsidy, Resurgence Support Payment and Jobs for Nature programme meant that more New Zealanders remained connected to their jobs during the crisis. The unemployment rate peaked at 5.3 percent in the third quarter of 2020 and has since fallen considerably below its pre-pandemic level.

Unemployment fell to a record-low 3.2 percent in the December 2021 quarter and held at that level during the March 2022 quarter, as more New Zealanders benefitted from more jobs due to the strong economy. Unemployment levels have consistently remained lower than Treasury forecasts, which anticipated a peak of close to 10 percent at Budget 2020, followed by forecasts of nearly 8 percent unemployment at the *Pre-election Update* 2020. Treasury now forecasts unemployment to fall further to 3 percent, before rising towards the end of the forecast period (Figure 3).

Figure 2 – Change in employment rate in COVID-19 and GFC, compared to their respective previous peaks



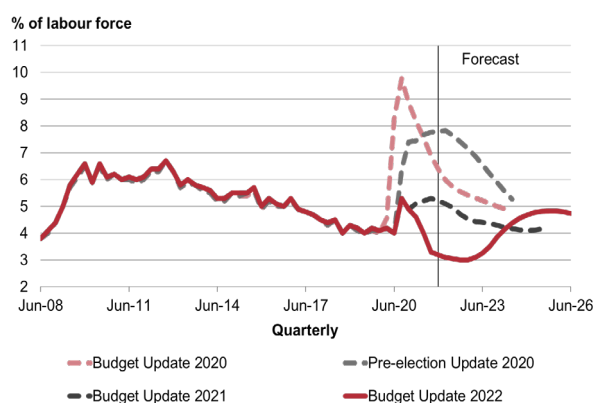
Sources: Stats NZ, Treasury calculations

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

⁷ See: CAMA working paper: Hysteresis and full employment in a small open economy (<https://cama.crawford.anu.edu.au/publication/cama-working-paper-series/18883/hysteresis-and-full-employment-small-open-economy>) and Blanchard, 2018, *Should We Reject the Natural Rate Hypothesis?* (<https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.32.1.97>).

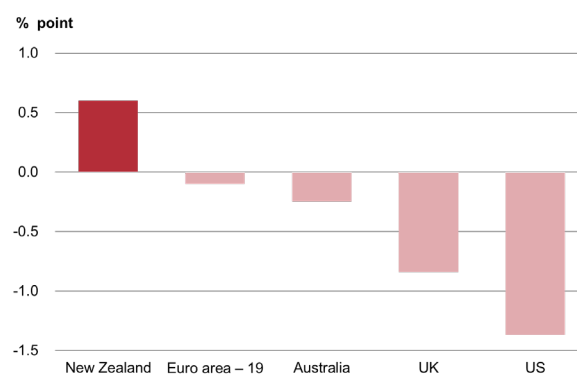
The labour force participation rate increased from its pre-pandemic level to 71.1 percent in December 2021 quarter, as more New Zealanders have been drawn into the labour market. This aspect of our employment outcomes contrasts strongly with many other OECD countries. In the likes of the United States and United Kingdom, labour force participation has remained down on its pre-crisis level (Figure 4). New Zealand's stronger participation rate is improving social outcomes and providing many vulnerable New Zealanders who were left behind during previous recoveries with an increased stake in society and a greater sense of wellbeing.

Figure 3 – Unemployment rate



Sources: Stats NZ, The Treasury

Figure 4 – Change in labour force participation rate between December 2019 and 2021 quarter



Source: OECD

The strength of the economic recovery from COVID-19 means that the labour market is exceptionally tight. Domestically, sectors that are more reliant on international visitors or students have experienced a more prolonged impact of COVID-19. This is starting to turn around as New Zealand reconnects with the world. BNZ-Seek Job advertisement data for April showed the two hardest-hit sectors, tourism and hospitality, posting a 30 percent increase in job ads during the month as confidence improved off the back of the country's move to Orange in the COVID-19 Response Framework, and the reopening of the international border.

The fact that strong headline employment indicators have coincided with ongoing sectoral impacts suggests that other parts of the economy have experienced growth at a level that has more than offset the lower activity seen in pandemic-affected areas. Patterns of employment have seen workers moving toward sectors such as construction, health care and social assistance, and electricity, gas, water and waste services.

The success of our economic and health response to COVID-19 has also supported population groups that are historically over-represented in our unemployment data. Māori unemployment was 6.3 percent in March 2022 quarter, down from its COVID-19 peak of 9.1 percent. Pacific peoples' unemployment was 6.7 percent in the March quarter, versus its COVID-19 peak of 10.4 percent. While these are substantial improvements, both rates remain high, hence Budget 2022 targets investments towards continuing the downward trend in these numbers.

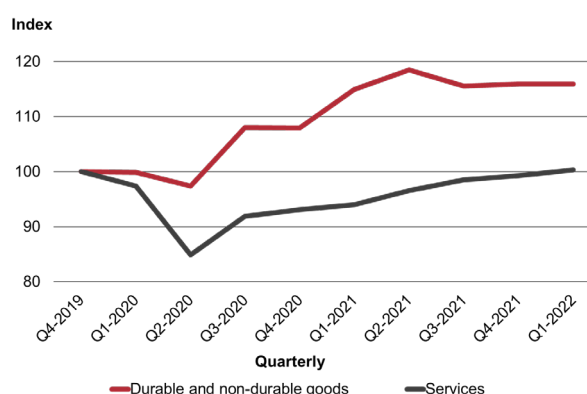
The strong bounce-back from the initial shock associated with COVID-19 puts us in a strong position to deal with any further disruption due to the impacts of the Omicron outbreak. Export prices remain high, demand for exports is solid, unemployment is at a record low, and the opening of the border is expected to ease labour market constraints and boost tourist sector incomes as we reconnect with the rest of the world. On the other hand, high global inflation, skills shortages, and global supply disruptions weigh on business and consumer confidence.

... with inflationary pressures affecting the near-term economic outlook

Consumer Price Index (CPI) inflation started increasing in 2021, with a 6.9 percent increase in the March 2022 quarter compared to the same quarter in 2021. The Treasury *Budget Update* forecasts inflation to moderate to 5 percent by the June 2023 quarter and near 2 percent at the end of the forecast period as global inflationary shocks ease and monetary policy normalises (Figure 6).

It is important to recognise that COVID-19 has had uneven impacts across sectors. Internationally, the effects of the pandemic have tended to show household demand for services bounce back relatively slowly, while demand has shifted strongly toward goods (as illustrated in US spending patterns in Figure 5). This has increased the strain placed on global supply chains, with volumes of goods moving through international ports reaching record levels. Domestically, sectors that are more reliant on international visitors or students have experienced a more prolonged impact of COVID-19.

Figure 5 – Real consumption expenditure for the United States

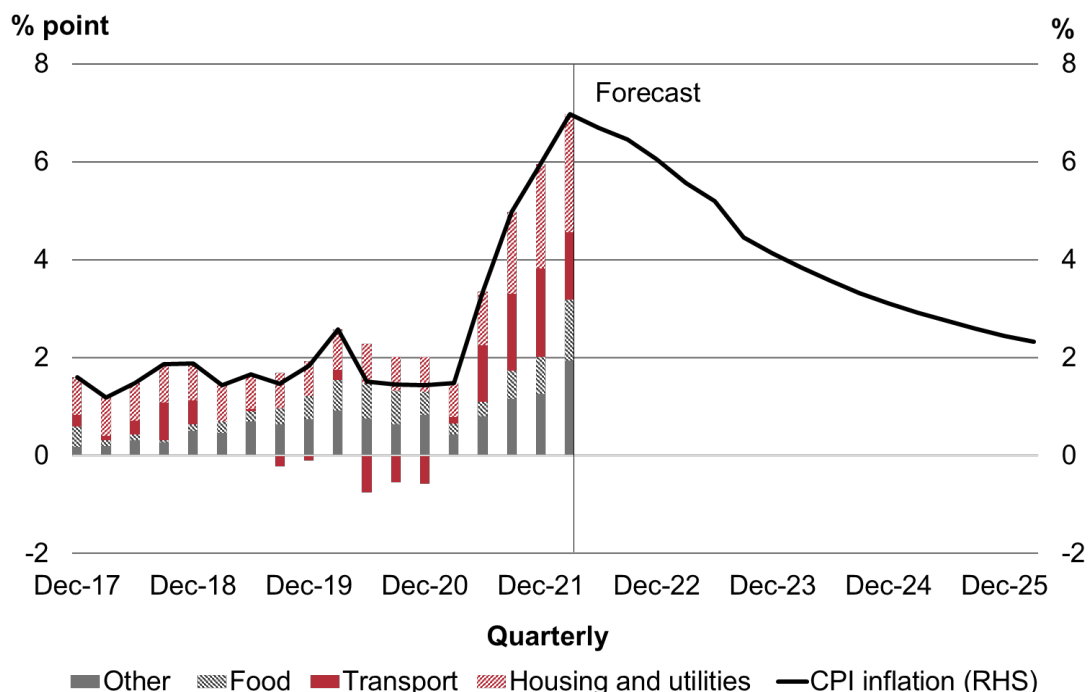


Source: OECD

The Russian invasion of Ukraine has added considerable uncertainty to the near-term outlook. For New Zealand, the major economic impacts of the war are being transmitted through commodity prices. Higher petrol prices are adding to inflation at a time when the cost of living has already been pushed up by global supply chain issues and high demand due to New Zealand's economic recovery from COVID-19. As seen in Figure 6, inflation has been heavily concentrated in a few specific areas that have been particularly affected by disruptions associated with the ongoing impacts of the pandemic.

In the March 2022 quarter, transport accounted for 20 percent of the annual increase in the CPI, largely driven by fuel prices (petrol prices accounted for 18 percent of the annual increase in the CPI). As Stats NZ has recently noted, increases in the price of petrol can contribute to inflation in other areas that are dependent on petrol as an input.⁸ Higher petrol prices have been a key driver of rising food prices. The rising food prices accounted for 18 percent of the annual increase in the CPI for the March quarter 2022.

⁸ See: Stats NZ, 'Increasing cost of imports helps push up food prices', 31 March 2022 (<https://www.stats.govt.nz/news/increasing-cost-of-imports-helps-push-up-food-prices>).

Figure 6 – Annual CPI inflation and contribution to annual CPI inflation

Sources: Stats NZ, The Treasury

Housing and housing utilities accounted for close to 35 per cent of annual CPI inflation in the March 2022 quarter, with the majority of this increase being the price of new housing. The cost of new housing is classified as a non-tradable item because it is not subject to international competition (as we don't import, or export finished houses). However, such goods are also not immune to events within the global economy. Building materials are internationally traded, for example, 90 percent of construction products used in New Zealand are imported or otherwise manufactured locally from some imported components.⁹ Disruptions to the supply of materials have been a key constraint within the sector. The Cordell Construction Cost Index for the first quarter of 2022 increased at record rates in terms of quarterly and annual movements, with the report citing disruptions in supply chains for materials, and pressure on timber and structural products.¹⁰

Many of the drivers of higher inflation are global in nature and are being felt to similar degrees in countries around the world. While these underlying causes are beyond our direct influence, we are able to control how we respond to support the most vulnerable households.

⁹ See: *EBOSS Q3 Construction Supply Chain Report* (<https://www.eboss.co.nz/construction-supply-chain-report/q3-2021/background>)

¹⁰ See: *Cordell Construction Cost Index (CCCI) Quarter 3, 2021 Report* (https://www.corelogic.co.nz/sites/default/files/2021-11/CoreLogicNZ_CCCI_Report_Q3_2021.pdf)

The Government moved quickly in March 2022 to address the rising cost of living by reducing fuel excise duty by 25 cents per litre, making equivalent cuts to road user charges and making public transport half price for three months. This runs through to near the start of the 2023 financial year, when Budget 2022 investments kick in. Budget 2022 includes an extension of the cut in fuel excise duty and road user charges for two further months, and a continuation of our policy supporting public transport fare reductions until August 2022.

Budget 2022 continues to help low- and middle- income New Zealand families with the cost of living increases being experienced here and around the world. The Government is providing a cost of living payment of \$350 in three monthly instalments starting 1 August, to provide short-term support to low- and middle- income earners. This is around \$27 per week, and represents half the couple rate of the Winter Energy Payment. The payment will be available to individuals who earned less than \$70,000 per annum in the past tax year, and not eligible to receive the Winter Energy Payment – approximately 2.1 million New Zealanders.

The reopening of the border will gradually boost migrant and tourist flows, although we are not forecast to experience the sort of net migration influx that was a primary driver of economic growth in the decade pre-pandemic. The Government's Immigration Rebalance will be an important component of the overall balance we will seek to strike with our Economic Plan at Budget 2022.

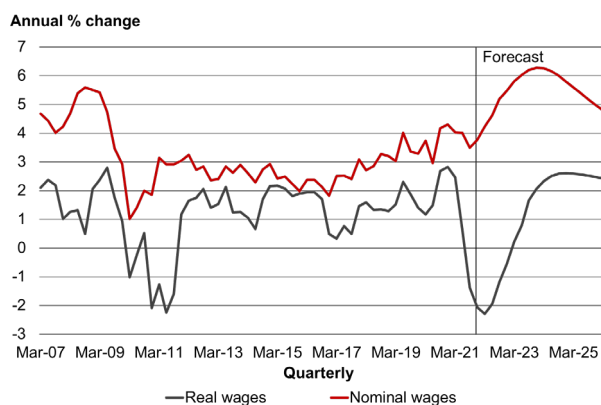
The tight labour market, global supply chain disruptions, and resilient domestic demand means that inflation is more persistent, with 90-day interest rates forecast to reach 3.6 percent in 2023 from an average of around 1.8 percent over April 2022, feeding through to higher mortgage rates. This is forecast by the Treasury to reduce house prices and dampen demand. The Treasury's economic model shows unemployment rising towards 4.8 percent in 2025 – similar to the 4.7 percent we inherited in 2017. The model doesn't allow for the effect of future Budget policies and as a Labour Government it is our intention that we continue to prioritise full employment in the economy.

Growth in wages will support cost of living pressures

With a strong labour market, wages are growing which will help working New Zealanders to support themselves and their families amid the current cost of living pressures. While real wages had been growing at close to 2 percent per annum in the years leading into the pandemic, the recent surge in inflation has seen real wages decline, with a return to positive real wage growth expected from 2023 onwards (Figure 7).

New Zealand has been through previous periods where CPI inflation exceeded wage growth for a time-period. For example, in the 2010 and 2011 fiscal years, the CPI was higher than growth in average hourly earnings. In the *Budget Update*, Treasury forecasts only one fiscal year in which inflation is higher than wage growth – 2021/22.

Figure 7 – Nominal and real wage growth



Sources: Stats NZ, The Treasury

Refreshing our fiscal strategy

The Government borrowed to support the economy in response to COVID-19, keeping businesses afloat and helping to prevent long-term scarring

Our prudent fiscal management of running surpluses and reducing net debt before COVID-19 meant that we had a stronger starting position than other 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 created a period of operating deficits, it also led to a stronger-than-expected economic recovery. 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 International Monetary Fund (IMF)¹¹, OECD¹² and international rating agencies¹³ have all recognised New Zealand's successful economic management of the COVID-19 crisis through investments that protected jobs and incomes and resulted in a strong economic recovery. This is also reflected in the two Triple-A credit ratings from Moody's and S&P Global Ratings on domestic currency debt, and a Triple-A credit rating from Moody's on foreign currency debt.

We are refreshing our fiscal rules in Budget 2022 to ensure a balanced fiscal approach...

Fiscal rules are important for ensuring responsible fiscal management and guiding our fiscal strategy decisions. In 2020 we introduced relatively permissive fiscal rules to allow the flexibility required to respond to COVID-19 effectively. This helped us to provide temporary fiscal support that was instrumental in managing the health impacts of the pandemic and in securing a robust economic recovery.

As our response to COVID-19 has evolved and the economy has recovered, we have closed the COVID-19 Response and Recovery Fund (CRRF) and are shifting our broader investment focus from near-term to medium-term structural challenges. These include investing more to address the gaps in New Zealand's infrastructure, support the climate transition, and reform the healthcare system.

In Budget 2022, we are pressing ahead with the modernisation of our public finance system and annual Budget process. This will lift the time horizon for financial decisions from annual to multi-year funding across a number of different areas of government. As part of modernising the public finance system we will continue to develop our wellbeing approach and review existing spending to ensure we are maximising value for money and the impacts of existing investment.

Furthermore, to enable high-value, long-term capital investments while maintaining a balanced fiscal approach, we are setting new fiscal rules in Budget 2022 that reflect the current economic context and support long-term fiscal sustainability.

¹¹ See: International Monetary Fund, *New Zealand: Staff Concluding Statement of the 2022 Article IV Mission*, 23 March 2022 (<https://www.imf.org/en/News/Articles>).

¹² See: OECD, *OECD Economic Surveys: New Zealand 2022*, 31 January 2022 (https://www.oecd-ilibrary.org/economics/oecd-economic-surveys-new-zealand_19990162).

¹³ For example, see S&P Global Ratings Bulletin, *Surplus On The Horizon For New Zealand*, December 2021.

We are adopting two new fiscal rules:

- 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 also ensure a sufficient fiscal buffer to address economic shocks or natural disasters.

Overall, this will move 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.

...by adopting an OBEGAL target as the main fiscal rule...

The new fiscal rules aim to ensure fiscal discipline and sustainability by **requiring OBEGAL to return to a surplus and aiming to maintain a surplus thereafter**, subject to economic and fiscal conditions.¹⁴ Focusing on OBEGAL will support intergenerational wellbeing by paying for today's day-to-day expenses out of today's tax revenue. This will help to keep the level of debt fiscally sustainable, as the OBEGAL position would not contribute to an increase in net debt as a share of GDP over time.

...while continuing to manage New Zealand's long-term challenges carefully

The new fiscal rules will also allow the Crown balance sheet to help stabilise the economy. In the short term, our fiscal strategy will continue to focus on reducing deficits with the intention of **returning to an OBEGAL surplus by 2024/25**. This approach means that we will continue to remove stimulus from the economy over time and help support macroeconomic stability. Budget 2022 achieves this, with core Crown expenses forecast to fall from 35.4 percent of GDP in 2021/22 to 29.8 percent of GDP by the end of the forecast period.

Once OBEGAL returns to a surplus, our aim is to maintain surpluses in the long run. This 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, we acknowledge that deficits will sometimes be necessary to support the economy following shocks, in order to reduce their impacts 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. This average surplus in normal times will ensure that we will maintain an operating position that will not increase net debt to GDP in the long term, after factoring in the impact of economic shocks. This target includes and accounts for the cyclical impact of supporting the economy through downturns.

¹⁴ For example, changes in fiscal conditions – such as unexpected changes in valuations, the performance of state-owned enterprises and Crown entities, and forecast errors – that will affect OBEGAL but are beyond the Government's control, may be looked through.

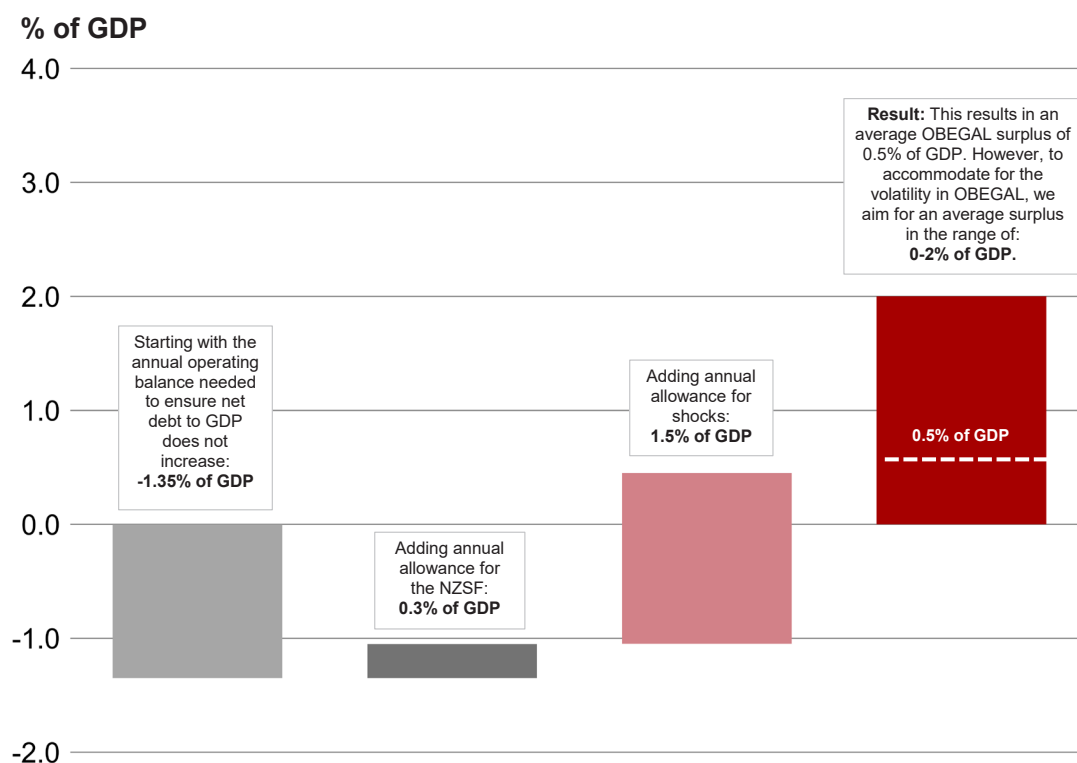
This approach will help to maintain demand in the economy during downturns and reduce the long-term impacts on people's wellbeing. As was the case following the GFC, Canterbury earthquakes and COVID-19, in the face of a very large shock or multiple shocks, fiscal policy settings will need to consider the economic and fiscal conditions at the time.

To calibrate an OBEGAL rule, the Treasury analysed the approximate level of OBEGAL that ensures that OBEGAL does not contribute to net debt as a share of GDP over time. This included:

- calculating the average operating balance required such that it does not contribute to a rise in net debt to GDP. This approximates to the growth rate of nominal GDP multiplied by net debt-to-GDP. The operating balance measure is then converted into an OBEGAL measure
- building in an allowance for Government's contribution to the New Zealand Superannuation Fund (NZSF)
- adding an allowance for shocks.

The result is an OBEGAL surplus of approximately 0.5 percent of GDP. This level of surplus is expected to offset average economic shocks, such that the operating balance position does not contribute to net debt to GDP over time.

Figure 8 – Calibration of the OBEGAL rule



Source: The Treasury

In some cases, operating expenses fund projects that create assets that are not owned by the Government, but still deliver public benefits, such as government grants to local authorities or other bodies (for example, the Auckland Light Rail, the Three Waters Reform Programme, and investments to support local government infrastructure). These are not classified as capital expenses in the Crown accounts as they do not create assets on the Crown's balance sheet and

therefore – under a golden rule approach – should not be funded by debt. A requirement of the fiscal rule to run an operating surplus in every year would mean these projects may not be funded at all, as they may be too large to be funded by any one year's revenue. Ideally, the cost of these operating expenses should be covered by operating revenues but spread over several years.

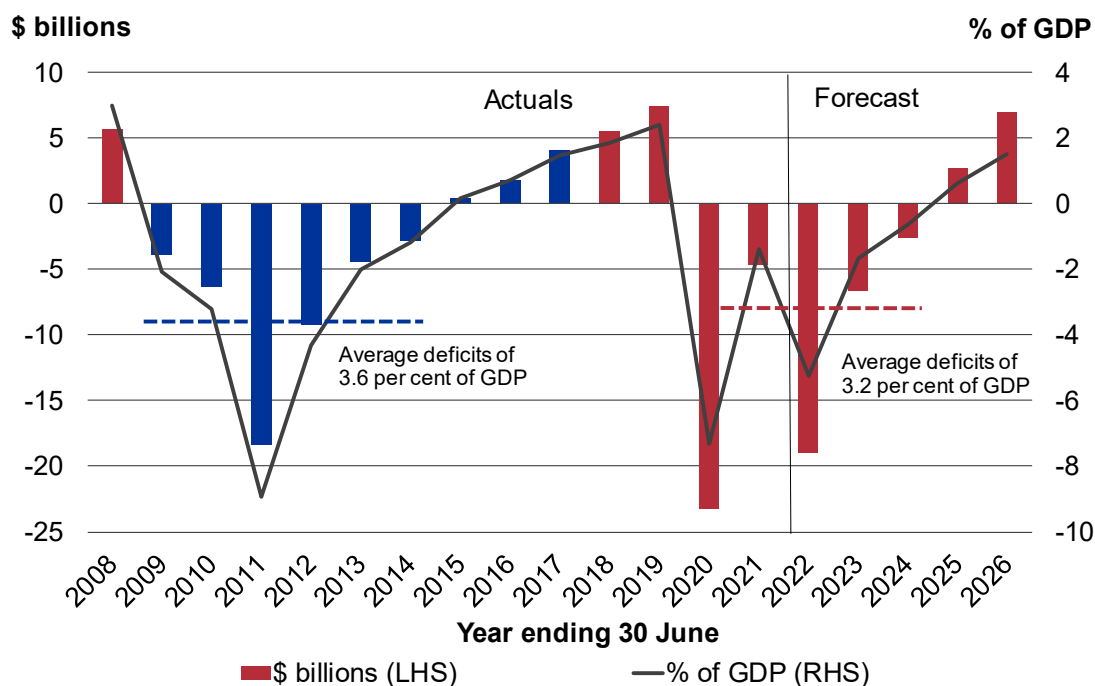
In such circumstances, if investments of this type are particularly large, there may need to be temporary OBEGAL deficits. The fiscal rules allow for this, with the operating balance objective requiring an OBEGAL surplus of 0 percent to 2 percent to be achieved on average. However, the short-term intention to return to surplus by 2024/25 may offer less flexibility. To ensure adequate investment in such projects with one-off operating expenses, we will explore ways to address this issue while ensuring transparency and fiscal discipline.

OBEGAL is on track to return to surplus by 2024/25 ...

The Treasury's *Budget Update* forecasts the OBEGAL deficit to be 5.2 percent of GDP in 2021/22 before improving and then returning to a surplus of 0.6 percent of GDP in 2024/25 (Figure 9). The return to surplus is a year later than forecast in the *Half Year Update* owing to the changing economic environment. However, the fiscal position still represents a significant improvement on Budget 2021 forecasts, when an OBEGAL surplus was not projected until 2026/27. This reflects New Zealand's strong economic performance throughout the pandemic.

The return to OBEGAL surplus track provides another contrast between the COVID-19 recovery and the GFC recovery. While the GFC was a smaller economic shock compared to COVID-19, the Government at the time ran six annual OBEGAL deficits averaging 3.6 percent of GDP. In response to the larger COVID-19 shock, the Labour Government is forecast to run five annual deficits averaging 3.2 percent of GDP. This reiterates the importance of policies to support businesses and workers while maintaining strong investment in infrastructure to keep activity strong.

Figure 9 – OBEGAL through to 2025/26

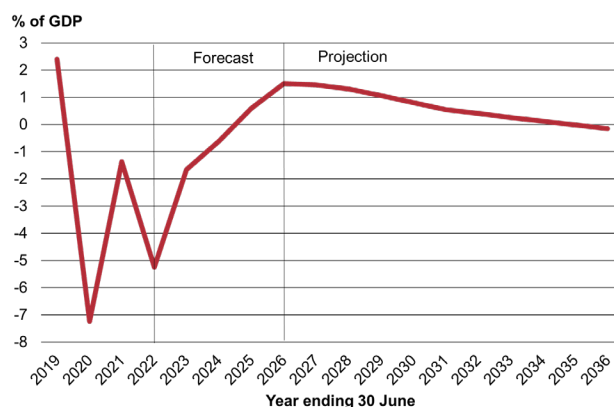


Source: The Treasury

...with fiscal projections on track to maintain an average OBEGAL surplus in the long-term.

Figure 10 shows that the Government is expected to maintain an average surplus in the range of 0 percent to 2 percent of GDP over the forecast and projection period. The average OBEGAL surplus from 2024/25 to 2035/36 is 0.7 percent of GDP, assuming projected operating allowances are \$3.0 billion per year and capital allowances are \$7.0 billion in the first projected year of 2026/27, growing at 2.0 percent per year in subsequent years. See the section on fiscal projections and assumptions for more details on the long-term assumptions in making these projections.

Figure 10 – OBEGAL through to 2035/36

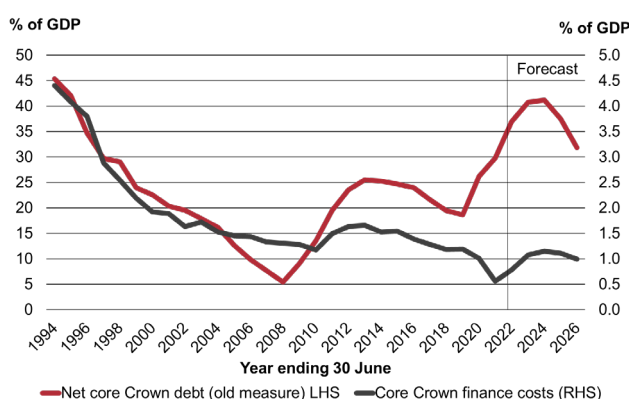


Source: The Treasury

We will combine the fiscal rule on OBEGAL with a net debt ceiling

The fiscal rules in the past decade have helped maintain net debt at low levels. However, at times this has come at the cost of wellbeing-enhancing investments that could have addressed long-term challenges of climate transition and gaps in New Zealand's infrastructure. At the same time, core Crown finance costs as a share of GDP continue to remain low due to the sustained decline in long-term interest rates (Figure 11). As a result of these changes in economic fundamentals, the cost of debt in terms of foregone private consumption or spending on public services continues to be low.

Figure 11 – Debt and finance costs



Source: The Treasury

We are therefore moving away from setting a debt target as it discourages investment in long-term productive assets like infrastructure.

We will complement the OBEGAL rule with a ceiling on net debt. A net debt ceiling rule will allow room to invest to tackle long-term challenges and respond to shocks. We consider it appropriate to take on debt to finance capital investments that also create long-term assets – which future generations both pay for and benefit from.

The ceiling is not a target but the level below which the Government intends to keep debt over the long term. Our capital investment funding for Budget 2022 reflects the current macroeconomic environment of inflationary pressures and constraints on the market's capacity and capability to deliver capital projects. We are therefore focusing our future capital investment on projects that are of the highest priority and value in improving the wellbeing of New Zealanders.

We are adopting a new net debt indicator...

In this *Budget Update*, we are adopting a new net debt measure to bring New Zealand closer in line with international reporting of net debt and improve comparability of New Zealand's fiscal position with other countries. The new indicator includes Crown entity borrowings, core Crown advances, and all assets and liabilities of the NZSF – refer to the box on page 69.

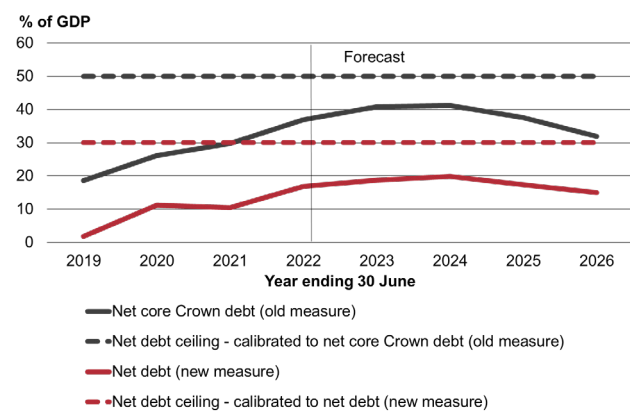
...and with the new net debt indicator that includes the NZSF, we are adopting a net debt ceiling of 30 percent of GDP

With the new net debt measure that includes the assets and liabilities of NZSF, we are adopting a debt ceiling of 30 percent of GDP (Figure 12). This is comparable to a ceiling of 50 percent of GDP based on the old net debt measure – see the box on page 71.

To ensure transparency, the Treasury will publish both old and new net debt indicators

In the interim, the Treasury will continue to publish the old net debt indicator (net core Crown debt, which excludes the NZSF) to ensure transparency and comparability. In addition, it will publish the new net debt measure both including the NZSF and excluding the NZSF. This will clearly communicate the impact of including NZSF in the new net debt indicator. Refer to the box on changes to the Government's key fiscal indicators in the fiscal outlook chapter of the *Budget Update* document.

Figure 12 – Net debt indicators and corresponding debt ceiling



Source: The Treasury

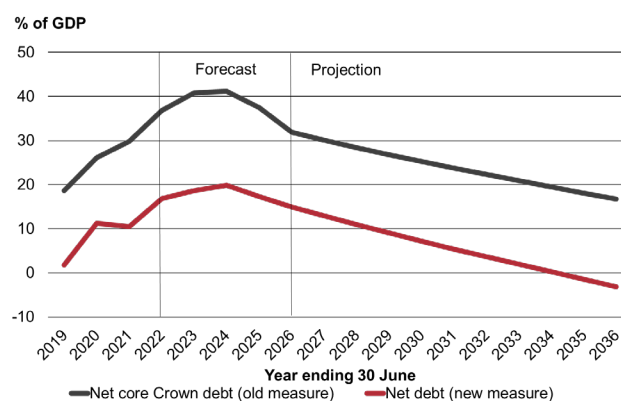
Debt remains at prudent levels throughout the forecast and projection periods

The fiscal outlook is expected to improve over the forecast period. The Treasury's *Budget Update* shows that debt using the new net debt measure is expected to peak in 2023/24 at 19.9 percent of GDP, while debt using the old net debt measure (net core Crown debt) is expected to peak at 41.2 percent of GDP in 2023/24 (Figure 13). New Zealand's strong economic recovery from the pandemic means that net core Crown debt (old measure) is expected to peak at around 6.8 percentage points lower than the Treasury predicted at Budget 2021.

Table 2 – Net debt measures

Year ending 30 June (percent of GDP)	2022	2023	2024	2025	2026
Net core Crown debt (old measure)	36.9	40.8	41.2	37.5	31.9
Net debt (new measure)	16.9	18.7	19.9	17.3	15.0

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 (for the new net debt indicator). This assumes a \$7.0 billion capital allowance and \$3.0 billion operating allowance in Budget 2026, growing at 2.0 percent per year in subsequent Budgets.

Figure 13 – Net debt (new and old measure) through to 2035/36

Source: The Treasury

Introducing a new headline net debt indicator

As was signalled in the Treasury's *2022 Investment Statement*¹⁵, the Treasury has reviewed the appropriateness of the current suite of fiscal indicators. The review was driven by a recognition that the indicators' usefulness has been affected by four changes in the macroeconomic environment and the Government's balance sheet:

- an increased use of alternative monetary policy tools.
- an increase in borrowings by Crown entities.
- low interest rates.
- growth in financial assets held on the Government's balance sheet.

As was discussed in the *Investment Statement*, the Treasury's review identified advantages in including a broader set of liabilities and assets in the net debt indicator.

¹⁵ See *He Puna Hao Pātiki: 2022 Investment Statement* – Section 3.3 Fiscal indicators (pages 60-64). <https://www.treasury.govt.nz/publications/investment-statement/he-puna-hao-patiki-2022-investment-statement>

In this Budget Update, we are adopting a new net debt measure that includes a broader set of government liabilities and assets

We consider that the new, broader net debt indicator is a better measure of New Zealand's fiscal sustainability for use in fiscal management, while being more closely aligned with the net debt measures used internationally. The old net debt indicator was 'net core Crown debt'. This was calculated as core Crown borrowings, net of core Crown financial assets (but did not include advances and NZSF financial assets).

Consistent with the Treasury's findings, we have adopted a new net debt indicator that includes all the liabilities and assets in the old net debt indicator, and broadens it to include three more:

- *Crown entity borrowings* (mainly Kāinga Ora and Waka Kotahi borrowings)
- *advances* (mainly Reserve Bank Funding for Lending loans and student loans), which will now be netted off
- *the NZSF*, which will also now be netted off.

There have been big changes in the composition of the Government's balance sheet since the old net debt indicator was adopted in 2009. Following changes by the previous Government, Crown entity borrowings have increased. The Reserve Bank's COVID-19 response has meant advances have grown significantly through the Bank's Funding for Lending Programme. The size of the NZSF is also a lot larger as the current Government restarted contributions and global stock markets continued to grow over time.

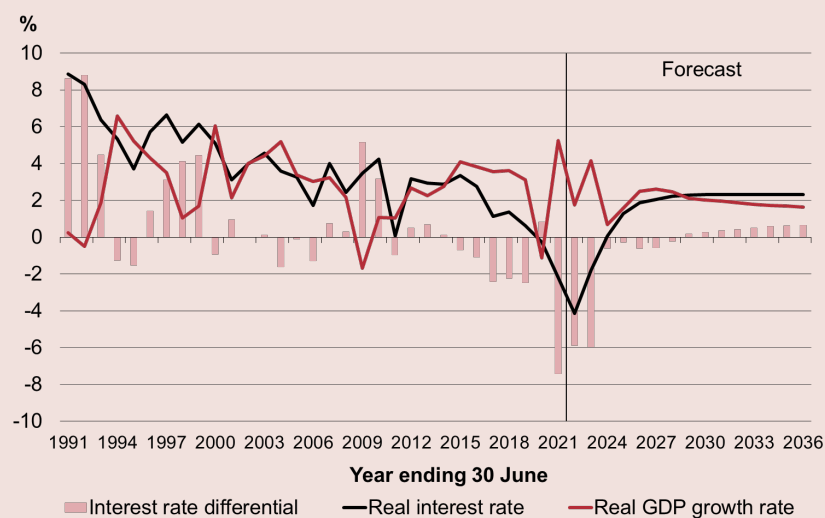
The new net debt indicator better captures the borrowings under the control of the Government, and the assets that provide offsets to those borrowings. The indicator recognises the impact that Crown entity borrowings have on fiscal sustainability. Likewise, it recognises that advances and the NZSF both provide offsets to debt as they are financial assets that are reasonably liquid and/or can be reliably recovered over time.

Including these additional liabilities and assets means that the new net debt measure creates better incentives for fiscal management. The impact of alternative monetary policy tools on government debt is better captured in the new net debt measure, supporting the coordination of monetary and fiscal policy. The new net debt indicator treats paying down debt and saving through contributing to the NZSF more equally, as both would reduce net debt. Finally, it is more closely aligned with the measures used by Australia and the IMF, and will therefore improve our ability to compare New Zealand's debt levels with those of other jurisdictions.

Setting the net debt ceiling

Net debt levels remain low relative to those of our peers (refer to Figure 15 which shows a comparison of New Zealand's debt with other countries, using the IMF's general government net debt measure) and are unlikely to limit our ability to borrow further if required. In part this is due to favourable debt dynamics, where interest rates are lower than the economic growth rate (Figure 14).

Figure 14 – Real interest rate and growth rate differential (r minus g)



Sources: Stats NZ, The Treasury

The Treasury recommended setting the net debt ceiling at 50 percent of GDP based on the 'old' net debt measure of core Crown net debt.

Under the old measure of net debt, the Treasury has recommended the ceiling be 50 percent of GDP. When we translate that to the new measure the cap is 30 percent of GDP. The Treasury considers that this is a prudent level of debt, particularly when combined with the OBEGAL surplus rule. In developing its advice, the Treasury has followed an approach set out by the IMF on sustainable debt levels and used conservative assumptions about future interest rates and growth rate differentials. See the note published by the Treasury for detailed analysis.¹⁶

Setting a debt ceiling at this level ensures debt will remain sustainable, even in the face of multiple major shocks. By reducing the debt ceiling from 50 percent to 30 percent when moving to the new debt measure, we avoid the risk of borrowing against the NZSF.

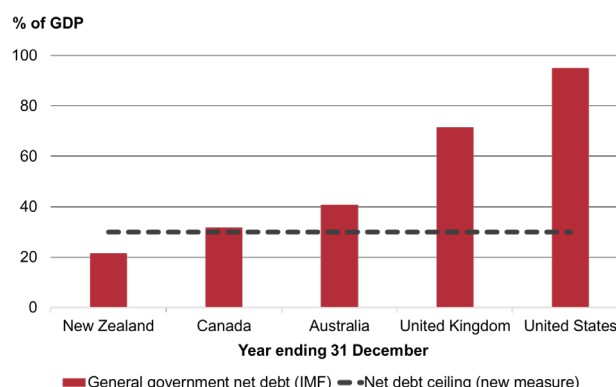
¹⁶ See the Treasury's analysis and recommendations for fiscal rules – May 2022. (<https://www.treasury.govt.nz/sites/default/files/2022-05/guide-analysis-recommendations-fiscal-rules.pdf>)

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 IMF publishes an internationally comparable measure of net debt. The IMF's general government net debt indicator shows New Zealand's debt at 21.3 percent of GDP in 2023, compared to 31.6 percent in Canada, 40.7 percent in Australia, 71.3 percent in the UK and 94.9 percent in the US. This illustrates that New Zealand's net debt ceiling is set at a conservatively low level compared to the net debt of our international peers (Figure 15).

Figure 15 – IMF general government net debt in 2023



Source: World Economic Outlook Database, April 2022

New Zealand's careful fiscal management and strong position has been recognised by global credit rating agencies. S&P Global Ratings recently reaffirmed New Zealand's domestic AAA rating with stable outlook on account of healthy Government finances and the ability to endure any further economic shocks. Moody's also has a Triple-A domestic currency rating for New Zealand, while Fitch has maintained its AA+ rating through the pandemic.

The Government's short-term intentions and long-term objectives for fiscal policy reflect the new fiscal rules

The Public Finance Act 1989 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 2022/23 to 2024/25 while the long-term objectives relate to the 10 years beginning 2022/23. These have been updated since the Budget 2021 *Fiscal Strategy Report* to reflect the new fiscal rules of the Government. It should be noted that the strong fiscal performance through COVID-19 means that the previous short-term intentions and long-term objectives were being met and would have continued to be met based on the *Budget Update* forecasts. On that basis the fiscal performance of the Government is consistent with the 2021 *Fiscal Strategy Report*.

We have updated the short-term intentions and long-term objectives for debt, the operating balance and net worth to reflect the new fiscal rules.

The change in the operating balance intention highlights the Government's short-term fiscal strategy to return to a surplus by 2024/25. This is consistent with our long-term objective of maintaining an average surplus in the range of 0 percent to 2 percent of GDP, reflected in Table 3 on fiscal projections. The short-term intention and long-term objective for total debt have been updated to maintain total debt such that net debt remains below the new ceiling at 30 percent of GDP.

All new short-term intentions are consistent with the new long-term objectives. Further, the *Budget Update* forecasts are consistent with all new short-term intentions, as they show net debt well below the ceiling of 30 percent of GDP, and OBEGAL returning to a surplus in 2024/25 and then maintaining a surplus of 0.7 percent of GDP on average from 2024/25 to 2035/36, within the target range of 0 percent to 2 percent of GDP.

The new short-term intentions and long-term objectives accord with the principles of responsible fiscal management in the Public Finance Act 1989

The Government has been guided by the principles of responsible fiscal management in setting its new short-term intentions and long-term objectives for fiscal policy. All new short-term intentions and long-term objectives are consistent with the principles.

For example, and with reference to specific principles, maintaining net debt at below 30 percent of GDP will ensure prudent levels of total debt continue to be achieved. Returning to an operating surplus (before gains and losses) by 2024/25 and maintaining an average surplus in the range of 0 percent to 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. Using the Crown's net worth to maintain a productive, sustainable and inclusive economy, consistent with the debt and operating balance objectives, will allow the Government to prudently manage fiscal risks and maintain a buffer for future shocks. Combined, the new short-term intentions and long-term objectives will ensure the Crown's resources are managed effectively and efficiently.

The new short-term intentions and long-term objectives represent a return to more specific fiscal targets following the Government's response to COVID-19

As the fiscal outlook has improved and stabilised through the COVID-19 pandemic, the Government has been able to set more specific short-term intentions and long-term objectives – for example, targeting a return to an operating surplus (before gains and losses) in 2024/25, where the previous short-term intention was simply to reduce deficits over the forecast period as economic conditions allow. To this end, the new short-term intention for the operating balance is consistent with the previous short-term intention.

The new short-term intentions for net worth and total debt are not consistent with the previous short-term intentions. This departure is appropriate as New Zealand enters a new stage of the pandemic, and the updated short-term intentions for these two variables reflect that the Government's balance sheet is not expected to be utilised to the same extent in the response to and recovery from COVID-19.

Due to the new fiscal rules introduced at Budget 2022, the new long-term objectives for total debt and the operating balance are not consistent with the previous long-term objectives. The new long-term objectives reflect the current economic and fiscal context, and this departure is appropriate as the Government shifts its focus to medium-term structural challenges, supported by more specific fiscal rules. The Government intends for the new fiscal rules to be enduring, and this will generally translate to enduring short-term intentions and long-term objectives for fiscal policy.

The short-term intentions and long-term objectives for expenses and revenue and the long-term objective for net worth have not materially changed and are therefore consistent with the short-term intentions and long-term objectives in the previous *Fiscal Strategy Report*.

Table 3 – Short-term intentions for the next three years in the 2022 Fiscal Strategy Report and comparison with 2021 Fiscal Strategy Report

	2022 Fiscal Strategy Report	2021 Fiscal Strategy Report
Debt	<p>Maintain total debt at prudent levels. Maintain net debt at below 30 percent of GDP based on the new net debt measure including the NZSF, subject to significant shocks.</p> <p>Gross debt is forecast to be 36.1 percent of GDP at the end of the forecast period.</p> <p>Net debt is forecast to peak at 19.9 percent of GDP in 2023/24 and reduce over the forecast period to 15.0 percent of GDP in 2025/26.</p>	<p>Our intention is to allow the level of net core Crown debt to rise in the short term to fight COVID-19, cushion its impact and position New Zealand for recovery.</p>
Operating balance	<p>Our intention is to return to an operating surplus (before gains and losses) by 2024/25, subject to economic and fiscal conditions.</p> <p>The operating balance (before gains and losses) is forecast to be 0.6 percent in 2024/25.</p> <p>The operating balance is forecast to be 2.1 percent of GDP in 2024/25.</p>	<p>The Government will use fiscal policy to secure the economic recovery for New Zealand and reduce deficits over the forecast period as economic conditions allow.</p>
Expenses	<p>Our intention is to ensure expenses are consistent with the operating balance objective.</p> <p>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.</p>	<p>Our intention is to ensure expenses are consistent with the operating balance objective.</p>
Revenue	<p>Our intention is to ensure revenue is consistent with the operating balance objective.</p> <p>Total Crown revenue is forecast to be 39.8 percent of GDP in 2025/26.</p> <p>Core Crown revenue is forecast to be 32.2 percent of GDP in 2025/26.</p> <p>Core Crown tax revenue is forecast to be 29.8 percent of GDP in 2025/26.</p>	<p>Our intention is to ensure revenue is consistent with the operating balance objective.</p>
Net worth	<p>Our intention is to maintain net worth consistent with the operating balance objective.</p> <p>Total net worth attributable to the Crown is forecast to be 32.1 percent of GDP in 2025/26.</p> <p>Total Crown net worth is forecast to be 33.6 percent of GDP in 2025/26.</p>	<p>Our intention is to use the Crown's net worth to fight COVID-19, cushion its impact and position New Zealand for recovery. Significant risks will be transferred onto the Crown's balance sheet through the response period.</p>

Table 4 – Long-term objectives for at least the next ten years in the 2022 Fiscal Strategy Report and comparison with 2021 Fiscal Strategy Report

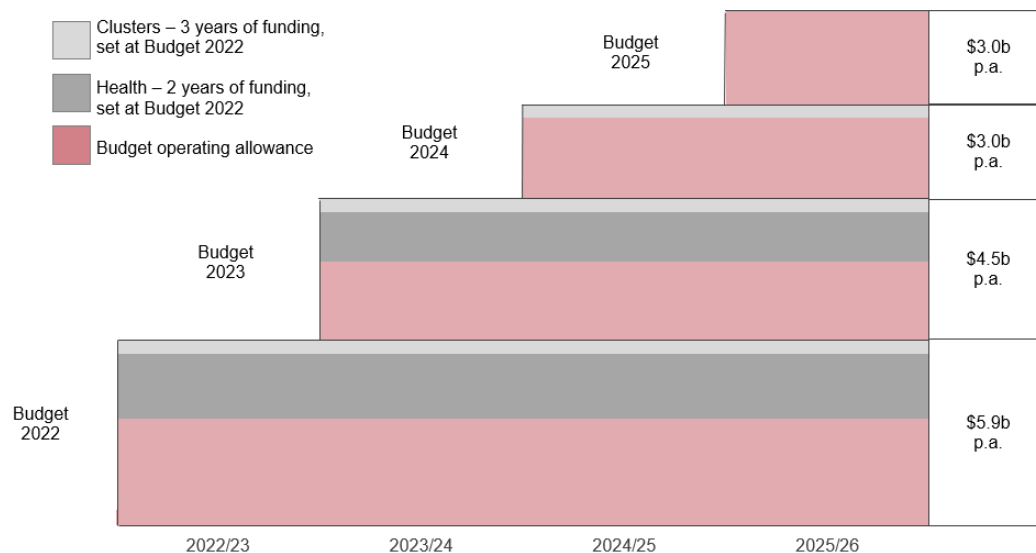
	2022 Fiscal Strategy Report	2021 Fiscal Strategy Report
Debt	Maintain total debt at prudent levels. Maintain net debt at below 30 percent of GDP based on the new net debt measure including the NZSF, subject to significant shocks.	The Government will stabilise net core Crown debt as a percentage of GDP by the mid-2020s and then reduce it as conditions permit (subject to any significant shocks).
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 total operating expenses do not exceed total operating revenue.	The Government will run an operating balance consistent with meeting the long-term debt objective.
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 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.
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 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.
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 Government will use the Crown's net worth to maintain a productive, sustainable and inclusive economy, consistent with the debt and operating balance objectives.

Operating and capital allowances

The Budget 2022 operating allowance is set at \$5.9 billion per annum, a slight decrease from what was announced in the *Budget Policy Statement*. This is a net figure, with investments offset by savings and reprioritisation of existing spending.

The Budget 2023 operating allowance has been increased to \$4.5 billion per annum to reflect the higher costs of delivering public services. The Budget 2024 and Budget 2025 operating allowances have remained unchanged from those announced in the *Budget Policy Statement*.

With the introduction of multi-year processes, Budget 2022 includes investments spread across multiple Budgets. As a result, we have agreed on pre-commitments against future operating allowances totalling \$1.98 billion per annum against Budget 2023 and \$419 million per annum against Budget 2024.

Figure 16 – Illustrative example of multi-year processes and Budget allowances

Source: The Treasury

The Multi-Year Capital Allowance (MYCA) was increased by \$4.0 billion at the BPS. This brought the total unallocated MYCA to \$9.8 billion, after accounting for \$2.3 billion of pre-commitments against the MYCA agreed since Budget 2021. Budget 2022 includes a \$4.7 billion capital package, leaving \$5.1 billion for allocation in future Budgets.

Table 5 – Budget allowances

\$billions	Budget 2022	Budget 2023	Budget 2024	Budget 2025
Operating allowances at 2022 <i>Budget Policy Statement</i> (per year)	6.0	4.0	3.0	3.0
Operating allowances at Budget 2022 (per year, before pre-commitments)	5.9	4.5	3.0	3.0
Multi-Year Capital Allowance at 2022 <i>Budget Policy Statement</i>	← 9.8 →			
Multi-Year Capital Allowance at Budget 2022	4.7	← 5.1 →		

Source: The Treasury

There remains significant uncertainty around the global COVID-19 and economic environment and these allowances will be kept under active review to ensure they remain appropriate.

Investments to transform our health system and address climate change are a key focus for Budget 2022

Budget 2022 builds on the progress made in Budget 2021 towards the Government's three goals for this term:

- continuing to keep New Zealanders safe from COVID-19
- accelerating the recovery and rebuild from the impacts of COVID-19, and
- laying the foundations for the future, including addressing key issues such as climate change, housing affordability and child poverty.

Within these Government goals, Budget 2022 has a particular focus on delivering long-term solutions in two areas – embedding health reforms, and addressing climate change. It also includes investments to meet a number of manifesto commitments and address critical cost pressures, building on our investments from previous Budgets. Any outstanding commitments in the Speech from the Throne and the Labour Party manifesto will be prioritised in Budget 2023.

Budget 2022 features a number of innovations alongside the standard fiscal management practices of fixed nominal baselines and using allowances to constrain spending. Most prominently, we are introducing multi-year funding processes to address complex intergenerational issues that require sustained investment, including with the establishment of the Climate Emergency Response Fund (discussed further below).

In this Budget we are making the first step in a multi-year funding approach for health by providing a two-year transitional funding package, with a shift to a permanent multi-year (three years) funding approach from Budget 2024. The Government is also piloting changes to the public finance system in Budget 2022 by establishing the Natural Resources and Justice Clusters. As part of this pilot, the agencies and Ministers within each of these sectors have worked together to shape multi-year funding packages across Budgets 2022 to 2024.

The Budget allowances are net figures, reflecting the emphasis in the fiscal management approach on finding savings opportunities within existing spending. The Budget 2022 operating allowance is offset by savings including increases in revenue resulting from changes to tax policy, and reprioritisation of unspent funding in tagged contingencies and the CRRF.

The CRRF was established two years ago and has been an important tool for managing the fiscal impacts of COVID-19. As our policy response evolves and we adjust to living with COVID-19, we have decided to close the CRRF and repurpose the remaining funding. In addition to \$1 billion of funding used to offset the Budget 2022 operating allowance, we have set aside \$1.2 billion for urgent public health needs that cannot wait until the next Budget cycle, and \$1 billion for a package of measures to support low-to-middle income New Zealanders to manage the rising cost of living.

The Climate Emergency Response Fund

Climate change is one of the most pressing long-term challenges facing New Zealand. To respond effectively to the challenge, we will need to make significant investments across multiple Budgets. To address this, the Government established a Climate Emergency Response Fund (CERF) in 2021.

The CERF was initially established with a 'down payment' for our climate spending: \$4.5 billion of cash proceeds from the Emissions Trading Scheme (ETS), based on the Treasury's *Half Year Update 2021* forecasts of proceeds over the period from 2022/23 to 2025/26.

In Budget 2022, the CERF has supported a \$2.9 billion spending package. Charges against the fund were also made to support international climate finance commitments under the Paris Agreement, and the Government Investment in Decarbonising Industry Fund, totalling \$865 million operating.

In the *Budget Update*, Treasury has updated its forecasts for ETS cash proceeds from 2022/23 to 2025/26. The forecast proceeds have increased by a total of \$800 million over the forecast period, and Cabinet has agreed to use this increase to top up the CERF. This leaves \$1.5 billion remaining in the Fund.

Table 6 – Climate Emergency Response Fund

\$billions	2022/23	2023/24	2024/25	2025/26	2026/27
CERF at establishment	←	4.5	→		
Budget 2022 spending package and pre-commitments	←	- 3.8	→		
Increase to ETS cash proceed forecasts	←	+ 0.8	→		
CERF after Budget 2022	←	1.5	→		
Additional forecasts ETS revenue at <i>Half Year Update 2022</i>		←	TBC	→	
Indicative CERF at Budget 2023		←	1.5 + TBC	→	

Source: The Treasury

However, the Government will continue to review the size of the CERF, as demonstrated in the table above, we expect to increase the CERF with additional forecast ETS revenue at the *Half Year Update* in December 2022. We may also increase the CERF from other funding sources, particularly as we review its scope ahead of the Government's National Adaptation Plan, which is expected to be published later in 2022.

Managing revenues and expenses

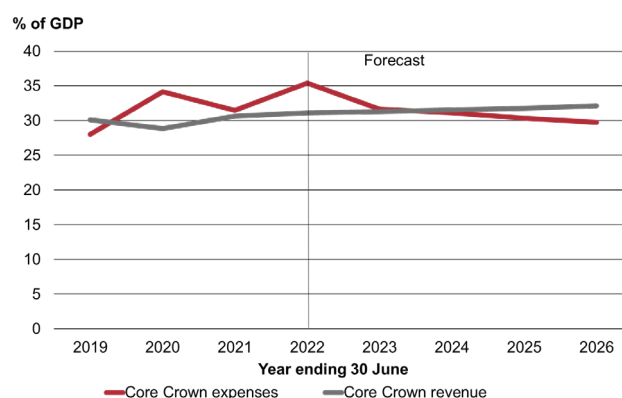
The Government is removing fiscal stimulus measures as we move beyond COVID-19

The fiscal strategy takes a balanced approach to managing core Crown expenses, which after increasing in 2021/22 as a result of the Government's response to COVID-19 are expected to decline as a share of GDP over the forecast period from 35.4 percent in 2021/22 to 29.8 percent of GDP by 2025/26 (Figure 17). The reduction in core Crown expenses as a percentage of GDP beyond the current year reflects the temporary nature of the COVID 19 fiscal support, with fiscal stimulus measures put in place to cushion the economic shock ending, and spending reducing to a level closer to pre-COVID-19 times.

The Government continues to take a balanced and careful approach to expenses. Future Budget allowances continue to be smaller than during COVID-19. This will mean a continued focus on high value-for-money investments that support the Government's priority areas while maintaining essential services, like healthcare and education.

The wellbeing approach provides a strong value-for-money framework that is supporting investment decisions by helping the Government target spending to areas it is needed most (see Wellbeing Outlook Chapter).

Figure 17 – Core Crown expenses and core Crown revenue



Source: The Treasury

Wage growth and higher interest rates means increases to core Crown revenue

As a share of the economy core Crown revenue is expected to increase marginally from 31.2 percent of GDP in 2021/22 to reach 32.2 percent of GDP by 2025/26.

In dollar terms, core Crown revenue is expected to increase in each year of the forecast period, reaching \$149.2 billion by 2025/26 as nominal GDP grows. The increase in core Crown revenue is largely driven by the stronger outlook for wage growth, economic activity and interest rates driving up core Crown tax revenue.

...with no significant changes to Government's revenue strategy

Under the Public Finance Act 1989, the Government is required to publish its Revenue Strategy in the *Fiscal Strategy Report*. The remainder of this section meets that requirement. The Revenue Strategy had been updated in Budget 2021 to reflect changes to the top personal income tax rate, which came into effect on 1 April 2021. The strategy remains broadly unchanged for Budget 2022.

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 trying to shift socially costly behaviours in others. This includes policies that support the economic recovery, 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 operating balance objective of returning the OBEGAL to surplus and maintaining an average surplus 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 revenue policy objective is to raise sufficient revenue in a fair and efficient manner. This policy objective will assist in fostering inclusive growth. The Government's fairness objectives for the tax system are:

- **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 efficiency objective is to minimise the economic costs of raising revenue, subject to the Government's revenue and fairness objectives.

Continued public trust and confidence in the tax system and its administration is important. This supports voluntary compliance and broader social capital.

The Government has a strong focus on the fairness of the tax system. This means that the income tax system should be progressive and, in combination with transfers, reduce income inequality. The Government has increased the progressivity of the personal income tax system with a new top tax rate, and has consulted on proposals to limit opportunities to avoid paying this rate. Work is also underway to fill a data gap on the effective tax rate paid by high wealth individuals.

The tax framework is based on the principles of a broad base, low rates and neutrality. This generally applies, although taxation of capital is not as broad based as income. Income and consumption tax bases are broad in the sense that there are few specific concessions for particular economic activities, goods or services. This enables tax rates to be set lower than otherwise. Neutrality in the tax treatment of different investments promotes economic efficiency and productivity.

In some cases, revenue policy will be used to influence behaviour. This is appropriate only where there is clear evidence of net social benefits, tax policy is the most appropriate instrument and fiscal risks can be managed. As an example, the research and development tax incentives promote business innovation.

People and businesses must pay their fair share of tax, including multinational companies. The international tax framework needs to adapt to shifts in the global economy, including increased cross-border activity and digitalisation. New Zealand is continuing to work with the OECD to find a multilateral solution to the challenges that the digital economy poses for international taxation.

Tax settings will continue to be broadly stable and predictable. This supports efficiency and macroeconomic stability.

The Government expects Inland Revenue to maintain public confidence by administering the tax system in a fair and efficient manner. The tax system has been modernised and simplified through Inland Revenue's Business Transformation Programme.

The tax system must remain fit for purpose in a changing world. Ongoing work will focus on implementing Government policy, maintaining the integrity of existing revenue bases and monitoring the sustainability and fairness of the tax system. The Government is also planning to introduce a Tax Principles Bill to legislate a reporting framework that will require officials to assess the performance of the tax system against a set of high-level principles. Consultation on the principles is planned for the middle of 2022. The Generic Tax Policy Process shall be used to develop and consult on tax policy where practicable.

Managing our assets and liabilities

Net worth has cushioned the impact of COVID-19

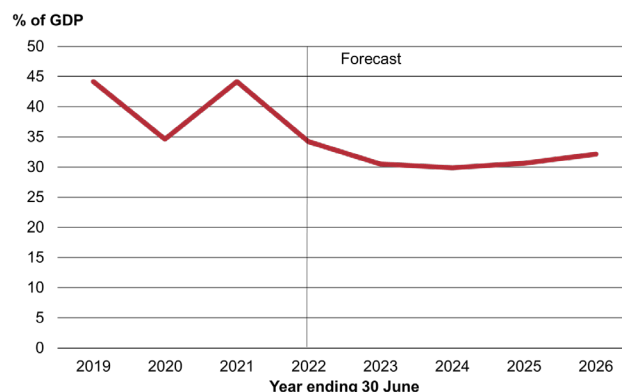
COVID-19 and the Government's response to it in investing in schemes such as the Wage Subsidy Scheme to support New Zealanders wellbeing has had a substantial impact on the Crown's net worth. The Crown's liabilities and borrowings in particular have increased during this period in order to provide support to businesses and individuals during the COVID-19 pandemic.

The Crown's net worth is stronger than forecast at Budget 2021 with the OBEGAL results for the June 2021 year coming in stronger than previously forecast.

The most recent year-end results show the Crown owned \$438.3 billion of assets and had \$281.4 billion of liabilities at 30 June 2021, with the Crown's share of the net worth being \$151.2 billion.

By the end of the forecast period, gross debt, which mostly consists of New Zealand Government Bonds less Reserve Bank settlement cash and Reserve Bank bills, is expected to be \$167.6 billion (36.1 percent of GDP), compared to \$154.6 billion (37.3 percent of GDP) forecast for 2024/25 at Budget 2021.

Figure 18 – Net worth attributable to the Crown as percent of GDP



Source: The Treasury

Our investments will improve the wellbeing of New Zealanders

As stated in our long-term objectives for fiscal policy, the Government has introduced a ceiling on net debt of 30 percent of GDP (equivalent to a ceiling of 50 percent of GDP based on the old net debt measure).

This will allow borrowing for long-term investments that will spread the cost across generations.

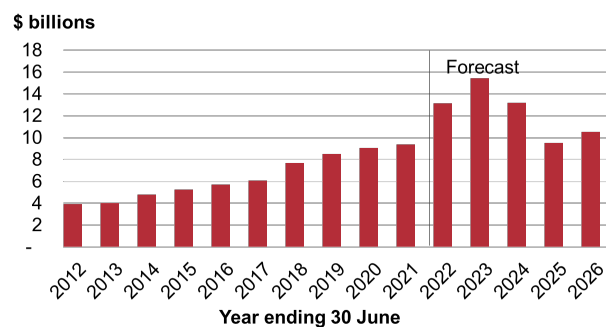
However, we are currently operating in a challenging environment with inflationary pressures increasing prices amidst global supply chain and labour market constraints.

We are therefore focusing our capital investment on projects that are highest priority and value in improving the wellbeing of New Zealanders. We are also continuing to develop a 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 2022 include:

- \$1.3 billion for investment in assets for the health sector
- \$349 million to replace and modernise our rail assets
- \$385 million for building and refurbishing new classrooms.

Figure 19 – Crown infrastructure investment



Source: The Treasury

Note: This excludes infrastructure investment by State-owned Enterprises (apart from KiwiRail) and Mixed Ownership Companies as this investment is not generally funded by the Crown.

Contributions to the New Zealand Superannuation Fund

The Government's contributions to the NZSF are projected to increase its size to \$85.6 billion by 2026. This will help NZSF to 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 New Zealand Superannuation. The calibration of the OBEGAL fiscal rule factors in an allowance for contributions to the NZSF to ensure that this contribution does not add to the net debt to GDP ratio over time.

Table 7 sets out the contributions to the NZSF over the forecast period. From 2023 onwards, the estimated contribution to the NZSF is based on the legislated contribution formula in the New Zealand Superannuation and Retirement Income Act 2001. In 2022 the government is contributing more than is required by this formula. Over the next five years, the Government's contribution to the NZSF is forecast to be \$10.9 billion in total.

Table 7 – Contributions to the NZSF

Year ending 30 June \$billions	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
NZSF contributions	2.4	2.6	2.1	1.9	1.9

Source: The Treasury

Fiscal projections and assumptions

The fiscal projections in Table 8 show the Government is on track to meet its long-term objectives of maintaining an average surplus in the range of 0 percent to 2 percent of GDP and keeping net debt below the ceiling of 30 percent of GDP. These projections are based on a set of modelling assumptions that are outlined on the Treasury website at: <https://treasury.govt.nz/information-and-services/financial-management-and-advice/fiscal-strategy/fiscal-strategy-model>. These assumptions are predominantly based on trend or long-run averages for growth rates and therefore are less closely associated with current policy settings. Where more appropriate, they are instead based on levels of key economic, fiscal and demographic variables.

The key assumptions in the projections are:

- Non-welfare spending growth is largely determined by operating allowances, which are assumed to be \$3.0 billion in Budget 2026, growing at 2.0 percent per year for subsequent Budgets.
- Capital allowances are assumed to be \$7.0 billion in the first projected year of 2026/27, growing at 2.0 percent per year for subsequent years.

These assumptions differ from the central projection scenario shown in the *Fiscal Strategy Report* 2021, which assumed allowances of \$2.0 billion (operating) and \$4 billion (capital) in Budget 2025, growing at 2.0 percent per year. The medium-term fiscal outlook is much stronger at Budget 2022 compared to Budget 2021, and this allows for higher allowances that balance future investment needs with long-term fiscal sustainability.

This projection scenario is consistent with all of the Government's new long-term objectives for fiscal policy. In particular, it shows total debt remaining consistent with the net debt ceiling, and OBEGAL maintaining an average surplus of 0.7 percent of GDP from 2024/25 to 2035/36.

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 by the Treasury to grow at trend growth rates, with no economic cycles in the projections.

Both the economic and fiscal projected variables are highly dependent upon their forecast bases, and so changes in these from the previous Economic and Fiscal Update will have major effects on the projections.

Table 8 – Summary of fiscal projections

Year ending 30 June	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	...	2036
percent of GDP	Forecasts					Projections							
Core Crown revenue	31.2	31.3	31.5	31.8	32.2	32.1	32.0	31.9	31.8	31.7	31.6	.....	31.2
Core Crown expenses	35.4	31.6	31.1	30.4	29.8	29.7	29.7	29.7	29.7	29.7	29.7	.....	29.5
Core Crown residual cash	-8.8	-7.3	-2.2	1.8	3.8	0.2	0.4	0.4	0.4	0.4	0.5	.....	0.7
Total Crown revenue	37.5	37.9	38.3	38.7	39.8	39.8	39.7	39.7	39.6	39.5	39.4	.....	39.0
Total Crown expenses	42.7	39.5	38.8	38.0	38.2	38.3	38.3	38.5	38.6	38.8	38.9	.....	39.1
Total Crown OBEGAL ¹	-5.2	-1.7	-0.6	0.6	1.5	1.5	1.3	1.1	0.8	0.5	0.4	.....	-0.1
Total Crown operating balance ²	-7.7	-0.4	0.8	2.1	3.0	3.0	2.9	2.7	2.5	2.2	2.1	.....	1.7
Net debt ³	16.9	18.7	19.9	17.3	15.0	13.0	10.9	9.0	7.2	5.4	3.7	.....	-3.1
Net core Crown debt ⁴	36.9	40.8	41.2	37.5	31.9	30.1	28.4	26.8	25.2	23.8	22.3	.....	16.7
Total Crown net worth	36.0	32.1	31.5	32.1	33.6	35.0	36.4	37.6	38.6	39.3	40.0	.....	41.6
Net worth attributable to the Crown ⁵	34.2	30.5	29.9	30.6	32.1	33.5	34.9	36.1	37.1	37.8	38.5	.....	40.1

Notes

- 1 Operating balance before gains/(losses)
- 2 Excludes minority interests
- 3 Includes Crown entity borrowings and financial assets of the NZS Fund and core Crown advances
- 4 Excludes financial assets of the NZS Fund and core Crown advances
- 5 Excludes assets and liabilities belonging to minority interests

Source: The Treasury

SUMMARY OF INITIATIVES

Budget 2022

In Budget 2022, the Government is investing an average of \$5.9 billion per year in new operating spending, with further initiatives funded from Budget 2023 and 2024 allowances as a result of new multi-year funding approaches. The Government is also investing \$4.7 billion in new capital spending against the Multi-Year Capital Allowance, which was set at \$9.8 billion in the *2022 Budget Policy Statement* (after pre-commitments).

Table 9 provides a breakdown of the Budget 2022, including offsets from savings and reprioritisation of unspent funding in tagged contingencies and the COVID-19 Response and Recovery Fund. For total expenditure by Vote, see the *Estimates of Appropriations* for 2022/23.

Table 9 – Budget 2022 net expenditure breakdown

	Budget 2022 Operating Average (\$m)	Budget 2023 Operating Average (\$m)	Budget 2024 Operating Average (\$m)	Operating Total ¹⁷ (\$m)	Capital Total ¹⁸ (\$m)
Budget Breakdown					
Budget 2022 new spending	6,156	-	-	24,624	4,480
Multi-Year Health spending	266	1,563	-	6,019	261
Multi-Year Clusters	419	419	419	3,770	77
Savings and Reprioritisation	(951)	-	-	(3,804)	(127)
Total	5,890	1,982	419	30,609[^]	4,692
Other funding source*	172	-	-	689	(27)

* Outside allowances, Emerging priorities contingency and COVID-19 Response and Recovery Fund. Table excludes Climate Emergency Response Fund.

[^] This figure includes the offset of funding (\$1 billion), which has been repurposed from the COVID-19 Response and Recovery Fund. Table 2.6 in the *2022 Budget Economic and Fiscal Update (Budget Update)*, shows the total Budget 2022 operating package before this offset is taken into account of \$31.609 billion.

¹⁷ Operating funding over 5 years (2021/22 to 2025/26).

¹⁸ Capital funding over 10 years (2021/22 to 2030/31).

Climate Emergency Response Fund

Initiatives funded from the Climate Emergency Response Fund were also part of the Budget 2022 decision-making process. In Budget 2022, the Climate Emergency Response Fund has supported a \$2.9 billion spending package.

Table 10 – Climate Emergency Response Fund

	Operating Total (\$m)	Capital Total (\$m)
Climate Emergency Response Fund	2,750*	195

* In the 2022 *Budget Update*, the total operating spending for the Climate Emergency Response Fund is \$3.615 billion, which consists of the \$2.750 billion Budget 2022 package, and an additional \$865 million in pre-commitments.

Detailed breakdown of initiatives by Vote

This section provides the titles, descriptions and funding amounts of each initiative, organised by Vote. In each case it also includes a reference to the volume of the *2022/23 Estimates of Appropriations* in which additional information on each Vote can be found.

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
Volume 5 – Health Sector	Health

Estimates	Vote
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)
	2021/22	2022/23	2023/24	2024/25	2025/26	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 2022 Initiatives by Vote²²

Agriculture, Biosecurity, Fisheries and Food Safety

Animal Health and Welfare Regulatory and Adverse Event Response Systems

This initiative provides funding to protect New Zealand's animal health and welfare system and reputation in light of unprecedented growth in societal pressure for animal welfare protection and compliance both here in New Zealand and in key offshore markets like the United Kingdom and the European Union.

This initiative is part of the multi-year Natural Resource cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	-	3.331	7.316	10.469	10.489	31.605	2.120

Antimicrobial Resistance Risks in New Zealand

This initiative provides funding to strengthen and establish antimicrobial resistance surveillance programmes and lift the testing capability of New Zealand laboratories and monitoring to ensure New Zealand meets international reporting requirements. It will also fund work to promote better infection and prevention control practices with animals and improve antibiotic prescribing practices in plant and animals health sectors.

This initiative is part of the multi-year Natural Resource cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	-	3.268	2.761	2.558	2.558	11.145	0.240

Changes to the Ministry for Primary Industries' Collective Agreements and Supply Costs

This initiative provides funding for the Ministry for Primary Industries to continue its current scope and level of operations. It funds salary increases arising from the renegotiation of collective agreements, and supplier cost changes driven by price and volume increases.

This initiative is part of the multi-year Natural Resource cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	-	6.945	14.584	23.310	23.310	68.149	-
Forestry	-	0.728	1.533	2.460	2.460	7.181	-

Clean Hulls Programme to Prevent the Spread of Invasive Species

This initiative provides funding to pilot a Clean Hulls Programme for the upper North Island, covering 70% of New Zealand's vessel fleet. The programme aims to prevent the spread of invasive marine species that can have significant impacts on the marine environment, marine based industries, aquaculture, and taonga species.

This initiative is part of the multi-year Natural Resource cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	-	0.763	1.599	1.599	1.599	5.560	-

²² This section also includes initiatives funded through Budget 2023 and 2024 allowances as a result of new multi-year funding approaches. For more information on multi-year funding approaches, refer to page 167.

Continuing the Mycoplasma Bovis Programme

This initiative provides funding to enable the Mycoplasma bovis Programme to continue finding the last infected properties, pay any eligible compensation and fund the programme's transition to a National Pest Management Plan for long term surveillance.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	-	68.360	-	-	-	68.360	-

Critical Gaps in New Zealand's Biosecurity System

This initiative strengthens New Zealand's biosecurity system by providing funding to address critical gaps in the current biosecurity system.

This initiative is part of the multi-year Natural Resource cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	-	6.435	12.075	12.168	12.263	42.941	-

Electronic Certification (E-cert) Systems Replacement

This initiative provides funding to replace and consolidate New Zealand's export and import certification systems. These systems facilitate the two-way trade of primary exports and imports with overseas markets, supporting \$33 billion in primary sector exports.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	-	2.254	3.030	2.181	(0.746)	6.719	13.646

Integrated Advisory Services to Support More Sustainable and Productive Land-Use Practices

This initiative provides funding for a permanent integrated network of support for rural land-users. It will establish a network of regionally-based farm advisors, expand Māori agribusiness services, and expand the forestry advisory service. This initiative supports the adoption of more sustainable land use practices to deliver better environmental and productivity outcomes.

This initiative is part of the multi-year Natural Resource cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	-	13.249	19.320	27.301	29.768	89.638	5.330
Forestry	-	2.729	5.918	6.182	13.960	28.789	-

Maintaining Essential Border Biosecurity Capacity for Cargo Pathway

This initiative provides funding to ensure continuity of border protection against biosecurity incursions, following the introduction of the new policy for collecting GST offshore for low value goods. It replaces biosecurity levy revenue which is no longer being collected on low value goods.

This initiative is part of the multi-year Natural Resource cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	-	11.800	11.800	11.000	11.000	45.600	-

Supporting Public Access to the Outdoors

This initiative provides funding that enables the New Zealand Walking Access Commission to continue to create and support public access to the outdoors for New Zealanders and visitors, and to maintain existing public access. This includes enhanced management of Te Araroa Trail, improving equity of access, and improving the consistency of access and mapping information.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	-	1.806	-	-	-	1.806	-

Arts, Culture and Heritage

Antarctic Heritage Trust Cost Pressures

This initiative provides funding to support core people resource, administration and governance expenses, and enable the Antarctic Heritage Trust to fundraise for programme costs.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Arts, Culture and Heritage	-	1.000	1.000	1.000	1.000	4.000	-

Broadcasting Standards Authority Cost Pressures

This initiative provides funding that enables the Broadcasting Standards Authority to address increasing numbers of complaints received and challenges in retaining staff in a tight labour market, and to compensate for reduced broadcast levy revenue.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Arts, Culture and Heritage	-	0.150	0.250	0.400	0.400	1.200	-

Cultural Sector Workforce Capability

This initiative provides funding to support agencies in the performing arts and heritage sectors to be more resilient with greater security of funding to maintain services and enable medium-long term strategic planning. Supported agencies include the New Zealand Symphony Orchestra, the Royal New Zealand Ballet, Ngā Taonga Sound and Vision, Heritage New Zealand Pouhere Taonga, and Te Papa Tongarewa.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Arts, Culture and Heritage	-	10.190	10.810	11.960	11.980	44.940	-

Manatū Taonga (Ministry for Culture and Heritage) Cost Pressures

This initiative provides funding to Manatū Taonga (Ministry for Culture and Heritage) to deliver its work programmes, maintain its links to creative communities, increase its cultural capability, and to operate as a system steward and Treaty partner.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Arts, Culture and Heritage	-	4.700	5.200	3.300	3.300	16.500	-

New Transmitter for Radio New Zealand Pacific

This initiative provides funding to replace a Radio New Zealand Pacific shortwave radio transmission infrastructure servicing the Pacific region.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Arts, Culture and Heritage	-	0.360	0.225	0.225	0.225	1.035	4.400

New Zealand Screen Production Grant for New Zealand

This initiative provides funding to meet increased demand from eligible New Zealand productions for the New Zealand Screen Production Grant.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Arts, Culture and Heritage	-	60.000	-	-	-	60.000	-

Strong Public Media

This initiative provides funding for the establishment and initial operating costs for the new public media entity that will replace Radio New Zealand and Television New Zealand from 1 July 2023. New funding is made up of three components, including \$327 million for the new entity's first three years of operations. The other two components are for change and establishment costs, and monitoring. This new funding is partially offset by an expected level of returned (surplus) revenue for the new entity totalling \$306.1 million over the first six years of its operation.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Arts, Culture and Heritage	-	23.700	119.600	112.400	114.400	370.100	(306.100)

Supporting the Cultural Sector from the Ongoing Effects of COVID-19

This initiative provides funding to ensure the ongoing viability of cultural sector entities that continue to experience the negative effects of COVID-19 on their revenue. It will extend funding to: the Waitangi National Trust Board to keep Waitangi Treaty Grounds open and preserve cultural assets held at the grounds; Te Papa Tongarewa to maintain core museum functions; and the Museum Hardship Fund to maintain sustainable operations of Aotearoa's museums, galleries and whare taonga.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Arts, Culture and Heritage	-	10.000	-	-	-	10.000	-

Te Papa Tongarewa – Replacement Facility for Spirit Collection Area

This initiative provides funding for planning, design, procurement and construction of a new facility to replace Te Papa's existing Spirit Collection Area, which is no longer fit for purpose. Some funding for this initiative is held in contingency. The contingency amount is not reported for commercial sensitivity reasons.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Arts, Culture and Heritage	-	-	-	-	-	-	42.900
Tagged Contingency	-	-	-	-	-	-	-

Te Papa Tongarewa – Support for Living Wage

This initiative provides funding to help pay the Living Wage to Te Papa staff.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Arts, Culture and Heritage	-	0.105	0.121	0.125	0.129	0.480	-

Whakanui – Embedding Te Ao Māori in Aotearoa through Matariki and Waitangi Commemorations

This initiative provides funding to enable greater public awareness and understanding of Te Ao Māori by supporting events to commemorate Te Tiriti o Waitangi and the new Matariki public holiday. Commemorations will be led by iwi, hapū, whānau and communities who will develop and host events at local, regional, and national levels.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Arts, Culture and Heritage	-	2.500	2.500	2.500	2.500	10.000	-

Attorney-General

Crown Law Office – Increased Accommodation Requirements

The initiative provides funding for changes to the Crown Law offices to address increased requirements for workforce capacity and specific infrastructure. This will enable Crown Law to deliver on its core role, and support the increased workforce over the long term.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Attorney-General	-	0.450	1.700	1.700	1.700	5.550	4.000

Crown Law Office – Remuneration Pressures

This initiative provides funding for remuneration increases for staff, to maintain delivery of Crown Law's core services.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Attorney-General	-	0.750	1.523	2.318	3.114	7.705	-

Crown Law Office – System Stewardship Role

This initiative provides funding to strengthen Crown Law's system stewardship role and to deliver justice system outcomes.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Attorney-General	0.850	3.000	5.475	8.224	8.224	25.773	-

Crown Prosecution Services – Funding Sustainability

This initiative provides funding to improve the sustainability of the Crown Solicitor network as well as the Criminal appeals conducted by Crown Law. It is in response to the ongoing growth in case volumes and case complexity as well as the effect of legislative changes. It also provides additional funding to administer the Crown Solicitor network.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Attorney-General	-	26.515	26.515	26.515	26.515	106.060	-
Tagged Contingency	-	-	4.184	8.368	8.368	20.920	-

Crown Law Office – Cyber Security and Resilience Programme

This initiative provides funding to strengthen Crown Law's cyber security and resilience, through an annual certification and accreditation programme and a permanent cyber security specialist. It also funds a license upgrade.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Attorney-General	-	0.641	0.645	0.649	0.649	2.584	-

Crown Law Office – Information System Strategic Plan Implementation

This initiative provides further funding to implement the ICT improvements at Crown Law. These include better information management by migrating from legacy systems, and delivering reporting and insights through a data warehouse.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Attorney-General	-	0.500	0.700	0.700	0.600	2.500	1.600

Building and Construction

Continuing Support for Homeowners Affected by Canterbury Earthquakes and Other Natural Disasters

This initiative provides one year of additional services to help homeowners with their unresolved residential insurance claims resulting from the Canterbury earthquakes, and other natural disasters. These services include independent case management, expert advice, and dispute resolution.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Building and Construction	-	4.000	-	-	-	4.000	-

Industry Transformation Plans (ITP) – Implementing Construction Sector ITP Actions

This initiative provides funding for implementing the Construction Sector Transformation Plan. It will fund actions that support the construction ecosystem, strengthening capability and productivity across small-to-medium enterprises, and reducing carbon emissions.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Building and Construction	-	8.650	7.890	7.680	-	24.220	-
Business, Science and Innovation	-	4.663	4.241	4.141	-	13.045	0.220

Temporary Accommodation Service – Meeting Rising Costs to House Displaced People Following Civil Defence Emergencies

This initiative provides funding to addresses critical cost pressures for the Ministry of Business, Innovation and Employment's Temporary Accommodation Service. This service coordinates temporary accommodation for displaced people after an emergency. This funding will enable the Temporary Accommodation Service to meet rising operational costs, carry out an essential ICT system update, and fulfil its duties under the Civil Defence Emergency Management Plan.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Building and Construction	-	1.500	1.500	1.500	1.500	6.000	0.950

Unit Titles Amendment – Dispute Resolution

This initiative will support the implementation of legislative changes to the Unit Titles Act 2010 in relation to dispute resolution. It will ensure that each party in the unit title sector is supported by, and has access to, the dispute resolution regime if needed.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Building and Construction	-	0.316	0.736	0.736	0.736	2.524	-

Business, Science and Innovation

Addressing Māori Interests in Radio Spectrum

This initiative provides funding, held in contingency, for a Māori-led work programme to increase Māori participation and opportunity in spectrum-related industries and the digital economy, and to enable Māori to contribute their talent and skills to spectrum-related industries. Fulfilling the commitments set out in the Memorandum of Understanding allows the Crown to move forward with commercial allocation of spectrum for 5G cellular services.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	8.000	33.000	8.000	8.000	57.000	-

Bridging Funding for GeoNet and the National Seismic Hazard Model

This initiative provides funding to GNS Science for the operation of the GeoNet sensor network and the continuance of the National Seismic Hazards Model until a longer term funding solution is found. It will ensure that science-informed data and information is available to support the ongoing management of geological hazards and emergencies in Aotearoa New Zealand.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	-	-	-	-	-	5.200

Business Growth Fund

This initiative provides funding to establish a Business Growth Fund (BGF) in New Zealand. The Government has agreed to help improve small-and medium-sized enterprises' (SMEs) access to finance, and to explore investing alongside private New Zealand banks to establish a BGF in New Zealand. A BGF would provide a source of long-term patient minority capital to SMEs. The majority of the funding for this initiative is held in contingency.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	0.500	-	-	-	0.500	-
Tagged Contingency	-	-	-	-	-	-	100.000

Business Research and Development – Funding Transfer

This initiative provides funding to support an existing grants programme for business research and development projects and for students to work in research and development active businesses. This funding offsets the impact of an accounting technicality that reduced available funding by \$17 million in 2021/22.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	17.000	-	-	-	-	17.000	-

Establishing a Market Studies Response Team

This initiative provides funding for a dedicated team in the Ministry of Business, Innovation and Employment to focus on responding to Commerce Commission market study reports and improving competition. Initially, this initiative will fund the team to advise the Government on its response to the Commerce Commission's final report into the retail grocery sector and the upcoming Commerce Commission final report into residential building supplies, which is to be released in December 2022.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	2.640	2.700	2.700	2.700	10.740	0.060

Financial Markets Authority – Climate-related Disclosures

This initiative provides funding to the Financial Markets Authority (FMA) to monitor and enforce compliance with the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021. The FMA will be responsible for ensuring climate statements are made in line with the External Reporting Board's disclosure framework. The regime seeks to ensure the effects of climate change are routinely considered by entities in business, investment, lending and insurance and will help New Zealand meet its 2050 emissions targets.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	0.405	0.487	0.464	0.464	1.820	0.300

Financial Markets Authority – Conduct of Financial Institutions

This initiative will provide funding to the Financial Markets Authority to implement and oversee the new Conduct of Financial Institutions regime. The regime will provide large-scale public benefits to increase consumer trust in financial institutions and reduce consumer harm by introducing conduct licensing requirements for banks, insurers and non-bank deposit takers.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	-	0.287	0.874	1.162	2.323	1.817

Funding to Address the Third-Party Immigration Revenue Shortfall

This initiative provides funding to enable the continuation of core immigration services that have been affected by a decline in third-party revenue due to COVID-19.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	-	-	-	-	-	34.000
Tagged Contingency	-	-	-	-	-	-	50.000

Funding Partners to Engage in the Future of Work Tripartite Forum

This initiative provides funding to support the continuing successful operation of the Future of Work Forum by ensuring that the Council of Trade Unions and BusinessNZ can provide the necessary input to policy development in related areas, including economic development and transitions, industry policy, workplace relations policy, and employment and skills policy.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	0.700	0.700	0.700	0.700	2.800	-

Improving Cyber Resilience for Private Sector Organisations and Individuals

This initiative provides funding for CERT NZ to improve New Zealand's cyber resilience. It will support the completion of work on the Cyber Resilience Measurement Framework, uplift the Cyber Smart programme, pilot a victim remediation service, and fund the development of a technology solution to make it easier for individuals and organisations to report and respond to cyber incidents.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	0.550	7.320	6.420	5.600	5.525	25.415	5.250

Improving Rural Connectivity

This initiative provides funding to build on a commitment to improve broadband infrastructure in the worst served regions - such as Gisborne, Manawatu-Whanganui, Hawke's Bay, West Coast, and Southland - by delivering improvements in network capacity and coverage for broadband services in these regions.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	15.000	35.000	10.000	-	60.000	-

Industry Transformation Plans – Advanced Manufacturing

The tagged contingency will fund implementation of initiatives in the Advanced Manufacturing Industry Transformation Plan.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	15.000	15.000	-	-	30.000	-

Industry Transformation Plans – Agritech

The tagged contingency will fund implementation of initiatives in the Agritech Industry Transformation Plan.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	-	5.000	-	-	5.000	-

Industry Transformation Plans – Enabling Delivery Across the Programme

This initiative provides funding to enable delivery across the Industry Transformation Plan programme, including sector engagement funding, the Enabling Māori Framework and programme capability. The eight Industry Transformation Plans and programme-level initiatives are a key mechanism for delivering the Government's Industry Strategy.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	1.505	2.105	5.905	5.905	15.420	-

Industry Transformation Plans – Implementing Digital Technologies Actions

The initiative provides funding for actions in the Digital Technologies Industry Transformation Plan and overall programme management. The actions will enable the further development of the Software-as-a-Service ecosystem, the activation of the international Tech Story, and the development of a domestic Tech Story that works to motivate under-represented groups to participate in the sector. It is focused on the growth of digital technologies sector to create higher-value jobs for New Zealanders and increase export revenue.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	7.260	7.040	4.500	1.200	20.000	-

Innovation – Creating an RNA Development Platform

This initiative provides funding to create an RNA technology platform. It will support delivery through to pilot scale manufacturing, develop new manufacturing technologies, and lower technology transfer barriers. It will allow us to build international research and development and commercial partnerships, to increase New Zealand pandemic resilience.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	10.176	10.176	10.176	10.176	40.704	-

Innovation Programme for Tourism Recovery

This initiative provides funding to support the development and creation of a fund to support the tourism sector's recovery from COVID-19 and the Government's strategic direction to 'reset and rebuild tourism on a sustainable model'. Costs for this initiative are met by reprioritising existing funding for tourism initiatives.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	(27.247)	54.226	-	-	-	26.979	(26.979)

Managing Risks in Petroleum and Mineral Permitting and Promoting Iwi Engagement

This initiative provides funding to address cost-pressure in the management of the Crown mineral estate. It will ensure the regulator has the resources needed to undertake iwi engagement, and maintain appropriate monitoring, compliance, and enforcement activities. It will also implement the new petroleum decommissioning requirements which mitigate the risk of the Crown having to fund and undertake decommissioning as has been the case for the Tui Oil Field.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	13.824	7.559	7.210	8.828	37.421	0.165

Managing the Regional Strategic Partnership Fund

This initiative provides funding for departmental costs to Kānoa – Regional Economic Development & Investment Unit to deliver the Regional Strategic Partnership Fund and manage its \$4 billion investment portfolio.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	13.000	9.500	-	-	22.500	-

New Zealand Screen Production Grant for International Productions

This initiative provides funding, held in contingency, to support an existing grant which incentivises international screen work to be undertaken in New Zealand providing economic benefits and helping to build the capacity of the domestic industry. It provides funding to cover the forecast shortfall over the next four years.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	92.000	105.000	130.000	150.000	477.000	-

New Zealand Government-to-Government Funding Continuation

This initiative provides funding to deliver the ongoing operation of New Zealand Government-to-Government, a joint venture between the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise that mirrors a professional services consulting firm. It commercialises world class New Zealand public sector capability in education, sustainable food systems and government effectiveness, and sells it to foreign governments.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	2.400	2.400	2.400	-	7.200	-

Research & Development Tax Incentive Administration Costs – Callaghan Innovation

This initiative provides funding for the administration costs for Callaghan Innovation to deliver the Research and Development Tax Incentive (RDTI) scheme. This includes assessing the eligibility of R&D activities, and activities to support monitoring and evaluation of the RDTI.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	4.885	5.053	5.053	5.053	20.044	-

Retail Payment System Regulation

This initiative provides funding for the implementation of the Retail Payment System Bill and deliver on a manifesto commitment to regulate merchant service fees. With the Commerce Commission as regulator, the Bill provides for a regulatory regime to reduce costs and increase services for consumers and merchants in making and receiving retail payments. Initial price regulation will reduce merchant fees for using credit or debit cards, with at least \$74 million of savings estimated each year. These benefits are expected to increase as the regulatory regime is fully implemented.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	0.827	5.111	5.111	5.111	16.160	-

The Regional Strategic Partnership Fund

This initiative provides funding for the Regional Strategic Partnership Fund (RSPF) to meet the Government's \$200 million manifesto commitment. The RSPF will support regions to achieve their economic potential, partnering to develop regionally specific projects.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	6.945	-	-	-	6.945	103.055

Communications Security and Intelligence

Government Communications Security Bureau – Additional Funding

This initiative provides funding for the capabilities and activities of the Government Communications Security Bureau.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Communications Security and Intelligence	-	2.180	3.755	3.950	4.420	14.305	-

Government Communications Security Bureau – Maintaining and Enhancing Cyber Security Services

This initiative provides funding for the Government Communications Security Bureau's National Cyber Security Centre to maintain and improve its cyber security and information security services, helping to protect New Zealand's most significant information infrastructures from the increasing frequency and severity of cyber attacks.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Communications Security and Intelligence	-	2.089	6.021	5.584	5.292	18.986	-

Royal Commission of Inquiry – Maintaining and Enhancing Counter-Terrorism Services

This initiative provides funding for the counter-terrorism activities of the Government Communications Security Bureau, responding to commentary within the report of the Royal Commission of Inquiry into the terrorist attack on Christchurch masjidain.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Communications Security and Intelligence	-	2.697	2.577	3.698	3.664	12.636	-

Conservation

Cyclone Dovi Recovery

This initiative provides funding, held in contingency, to repair the extensive damage to infrastructure in the Buller and South Westland Districts by ex-tropical Cyclone Dovi in February 2022.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	0.750	0.750	0.500	0.500	2.500	5.000

Department of Conservation Operations Cost Pressures

This initiative provided funding to enable the Department of Conservation to continue to deliver front line conservation activities, maintain recreational assets to standard, fund biodiversity research and provide adequate corporate support that enables these activities.

This initiative is part of the multi-year Natural Resource cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Conservation	-	5.861	10.804	15.829	15.829	48.323	-

Department of Conservation Wage Pressures – Collective Agreement

This initiative provides funding for the costs of collective agreements recently agreed between the Public Service Association and the Department of Conservation. Some funding for this initiative is held in contingency. The contingency amount is not reported due to ongoing negotiations.

This initiative is part of the multi-year Natural Resources Cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Conservation	-	5.374	-	-	-	5.374	-
Tagged Contingency	-	-	-	-	-	-	-

Dolomite Point Redevelopment Project

This initiative provides funding for the creation and delivery of a new visitor Experience Centre at Punakaiki that will be owned and operated by Ngāti Waewae. The Experience Centre will immerse visitors in the special and unique stories of the area with a focus on cultural and natural heritage and conservation.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Conservation	-	2.229	-	-	-	2.229	0.739

Fit for Purpose Recreation Assets

This initiative provides funding for cost pressures driven by an increasing volume of high priority maintenance work, work related to high-risk structures and the renewal of recreation assets to ensure a continuing safe experience is provided for local and international visitors.

This initiative is part of the multi-year Natural Resource cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Conservation	-	2.735	8.488	10.313	10.860	32.396	-

Implementing the Aotearoa New Zealand Biodiversity Strategy: Collective Delivery of the Predator Free 2050 Strategy

This initiative provides funding to protect native bird and invertebrate populations from the urgent threat of possums, stoats and rats. It implements the Predator Free 2050 strategy through a mix of operational projects, such as offshore island eradications, as well as support programmes to ensure capacity for long-term success and community support.

This initiative is part of the multi-year Natural Resource cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Conservation	-	2.970	8.435	25.080	25.080	61.565	2.020

Implementation of Marine Protection and Localised Management Actions

This initiative provides funding to support the implementation of critical marine management protection and processes.

This initiative is part of the multi-year Natural Resource cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Conservation	-	0.570	1.949	6.881	2.647	12.047	2.523
Environment	-	0.400	0.373	0.379	0.385	1.537	-

Implementing the Aotearoa New Zealand Biodiversity Strategy: Deer Management and Goat Control

This initiative provides funding to reduce damage to vegetation and indigenous flora from deer and goats by scaling up direct management in the field. It will include regional and site-based planning and management designed to balance the ecological impacts with the cultural, recreational and economic values that these animals may provide.

This initiative is part of the multi-year Natural Resource cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Conservation	-	5.270	9.330	7.470	7.930	30.000	-

Implementing the Aotearoa New Zealand Biodiversity Strategy: Maintaining National Predator Control Programme Levels

This initiative provides funding to maintain the Department of Conservation's current Tiakina Ngā Manu predator control outputs. The programme currently aims to deliver 600,000 hectares of predator control every year, but due to significant cost increases only 450,000 hectares of annual predator control have been achieved. This funding will reinstate the target and increase the ability to respond to significant mast events.

This initiative is part of the multi-year Natural Resource cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Conservation	-	4.475	7.475	7.475	7.475	26.900	-

Implementing the Aotearoa New Zealand Biodiversity Strategy: Reducing Extinction Risk for Flagship Marine Species

This initiative provides funding for the delivery of dedicated measures to address threats that pose extinction risk to key marine taonga species. Key elements include research to inform actions to reduce the fatal disease risk to Māui dolphin from toxoplasmosis, and actions to protect Aotearoa's southern flagship species from extinction.

This initiative is part of the multi-year Natural Resource cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Conservation	-	-	1.250	2.940	2.950	7.140	-

Maintenance of Residential and Commercial Properties

This initiative provides funding to remediate and maintain the Department of Conservation's corporate property portfolio, including residential and commercial properties and associated primary infrastructure, to meet statutory compliance requirements and remedy critical health and safety risks.

This initiative is part of the multi-year Natural Resource cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Conservation	-	4.140	5.940	7.740	7.190	25.010	-

Protecting Our Cultural Heritage

This initiative provides funding to help protect New Zealand's cultural heritage by better understanding the current state and implementing site plans in collaboration with Treaty partners and the community.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Conservation	-	1.500	3.629	3.888	4.167	13.184	-

Safe Access and Use of Recreational Assets for Visitors

This initiative provides funding to ensure visitors continue to have safe access and use of recreational assets. It will help meet costs for the Department of Conservation's water infrastructure, asbestos removal, dam safety, remediation of contaminated sites, and ensure visitor huts and structures meet the building code.

This initiative is part of the multi-year Natural Resource cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Conservation	-	2.978	11.199	6.983	6.861	28.021	-

Vehicle Electrification Project

This initiative provides funding for the Department of Conservation to purchase 148 electric vehicles, the associated charging infrastructure and ongoing operational fleet costs.

This initiative is part of the multi-year Natural Resource cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Conservation	0.685	1.073	1.073	1.073	1.073	4.977	5.127

Whakapapa Three Waters Infrastructure – Compliance and Asset Management

This initiative provides funding, held in contingency, for upgrades and renewals of existing three waters (drinking water, stormwater and wastewater) which are at or nearing end of life at Whakapapa in the Tongariro National Park.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	0.431	0.743	1.441	1.532	4.147	11.385

Corrections**Corrections' Remuneration and Critical Price and Volume Cost Pressures**

This initiative provides funding for critical price and volume pressures, including remuneration increases for staff and contracted service partnerships, to maintain safe and effective Corrections services. Some funding for this initiative is held in contingency. The contingency amount is not reported due to ongoing negotiations.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Corrections	13.899	5.800	7.700	9.600	11.400	48.399	-
Tagged Contingency	-	-	-	-	-	-	-

Corrections' Property Revaluations – Addressing Depreciation

This initiative provides funding to address non-discretionary depreciation cost pressures resulting from property asset revaluations, to enable sustainable stewardship of Corrections' asset base.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Corrections	-	-	32.000	32.000	36.000	100.000	-

Maintaining Corrections' Critical Digital Technology

This initiative provides funding to address contracted price increases for base-state digital infrastructure including cyber security. It supports replacement of critical base-state infrastructure to maintain core operating and security settings.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Corrections	-	8.520	11.110	12.300	13.300	45.230	14.000

Maintaining Corrections' Critical Infrastructure

This initiative provides funding to ensure Corrections complies with legislative requirements relating to Building Warrant of Fitness, health and safety compliance, and contracted utilities price pressures.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Corrections	-	9.750	12.310	13.770	14.770	50.600	-

Strengthening Corrections' Frontline Safety and Improvement Programme

This initiative provides funding for Corrections' frontline safety and improvement programme. The programme's work responds to changed levels of operational complexity including: addressing violence and aggression, managing persons of extreme risk, meeting the needs of women in prison, enabling orange-focused custodial environments, enhancing healthcare delivery and addressing the training needs of frontline staff.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Corrections	-	27.870	47.870	61.280	61.280	198.300	6.000

Victims of Crime – Improving Outcomes

This initiative provides funding, held in contingency, to develop and deliver a cross-sector strategy and operating model to inform future investment in victims services, with the aim of dramatically improving their experience of the criminal justice system.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	3.500	7.200	15.000	20.000	45.700	-

Courts

Addressing the Depreciation Impacts of Property Revaluations

This initiative provides funding for depreciation impacts of property revaluations. This will enable the Ministry of Justice to reinvest in assets over time.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Courts	10.341	20.341	30.341	30.341	30.341	121.705	-

Canterbury Earthquakes Insurance Tribunal – Continuing Operational Funding

This initiative provides funding to continue operating the Canterbury Earthquakes Insurance Tribunal for one further year. Funding is required to 30 June 2024, by which time the Tribunal is projected to have resolved all its cases.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Courts	-	-	1.148	-	-	1.148	-

Criminal Process Improvement Programme

This initiative provides funding to improve processes in the criminal jurisdiction of the District Court to ensure all participants are fully prepared to meaningfully progress or resolve a case at the scheduled hearing. This will result in a reduction of unnecessary adjournments and delays and will address the increasing backlog of cases in the criminal jurisdiction of the District Court.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Courts	-	1.875	1.211	1.111	1.111	5.308	-
Corrections	-	1.625	1.389	1.389	1.389	5.792	-

Continuing the Alcohol and Other Drug Treatment Courts

This initiative provides funding to continue the existing Alcohol and Other Drug Treatment Courts initiative in Auckland, Waitakere and Waikato on a permanent basis. This funding will allow the Ministry of Justice, New Zealand Police, Department of Corrections and Ministry of Health to retain the necessary resources and services that support offenders to participate in the court process and treatment programmes.

This initiative, except for the funding in Vote Health, is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Courts	-	1.284	1.912	1.661	1.657	6.514	-
Corrections	-	0.360	0.360	0.360	0.360	1.440	-
Justice	-	0.971	0.811	0.811	0.811	3.404	-
Police	-	0.589	0.485	0.487	0.491	2.052	-
Health	-	8.119	8.119	8.119	8.119	32.476	-

Ensuring a Secure Technology Environment for Courts and Justice Services

This initiative provides funding to address cyber security risks at the Ministry of Justice. This supports a secure technology environment for courts and justice services to ensure it can meet Protective Security Requirements and New Zealand Information Security Manual directives.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Courts	-	2.288	2.288	2.288	2.288	9.152	-
Justice	-	0.712	0.712	0.712	0.712	2.848	-

Expanding Te Kura Kaiwhakawā (Institute of Judicial Studies)

This initiative provides funding for the continued development and delivery of educational and technical resources for judges. This additional funding will support the Te Ao Mārama model of justice by equipping judges to support full participation of those who come before the courts. It will ensure the on-going delivery of high-quality justice for which New Zealand is internationally recognised and deliver justice that is fit for our complex and diverse society.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Courts	-	1.073	1.073	1.073	1.073	4.292	-

Improving the Coronial System

This initiative provides funding to help to improve the coronial system for bereaved families and whānau. The package includes funding to appoint four new permanent coroners and support staff and establish new Coronial Registrar and Clinical Advisor positions. It will ensure that bereaved families and whānau receive the coroner's findings sooner, reduce the number of cases unnecessarily coming into the coronial jurisdiction, and reduce and maintain the coronial caseload at a sustainable level.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Courts	-	4.349	8.268	8.069	7.769	28.455	-
Justice	-	-	-	-	-	-	1.576

Justice Sector Resourcing – Addressing the Impacts of COVID-19 Restrictions

This initiative provides time-limited funding for one additional acting Court of Appeal Judge and an extension of time-limited funding for five District Court Judges and four acting High Court judges and associated staff across the justice sector. This funding will ensure that the jurisdictions that have seen an increase in active cases due to Delta COVID-19 restrictions can gradually reduce their caseloads to pre-COVID-19 levels.

This initiative, except for the funding in Vote Oranga Tamariki, is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Courts	-	3.800	14.127	11.933	0.200	30.060	-
Attorney-General	-	-	1.004	1.004	-	2.008	-
Corrections	-	-	0.195	0.195	-	0.390	-
Justice	-	-	2.225	2.219	-	4.444	-
Oranga Tamariki	-	-	0.098	0.098	-	0.196	-
Police	-	-	1.551	1.551	-	3.102	-

Meeting Demand for Critical Court and Justice Services

This initiative provides funding to retain a stable and resilient workforce to support the court and help prevent delays for people accessing justice services. It will allow for growth in the use of critical specialist court services. It will also increase fees for specific community-based justice services and allow the Ministry of Justice to pay doctors who provide reports under section 40 of the Coroners Act 2006.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Courts	-	7.407	9.741	13.607	13.607	44.362	-
Justice	-	2.922	3.607	4.302	4.302	15.133	-

Ministry of Justice Cultural Capability

This initiative provides funding to increase the capability of the Ministry of Justice to ensure it can consistently meet its commitments and obligations under Te Tiriti o Waitangi. This in turn will contribute to improving justice sector outcomes for Māori.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Courts	-	-	2.500	2.500	2.500	7.500	-

Preventing Family Violence and Sexual Violence – Foundational Training for Ministry of Justice Workforce

This initiative provides funding for the delivery of nationwide foundational family violence and sexual violence (FVSV) training to court staff. As a result of the training, court participants will receive a safer and more therapeutic response, consistent with kaupapa Māori. The initiative also provides for independent judicial education and training for court staff on managing FVSV proceedings.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Courts	-	0.856	1.171	1.330	1.211	4.568	-

Strengthening Court Security

This initiative provides additional funding for security services at courts across New Zealand. The increase in Court Security Officers will ensure courts can operate and maintain health, safety and security for all court users.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Courts	-	5.101	5.899	5.899	5.899	22.798	-

Te Ao Mārama – Design New Solutions for People Going Through the District Court

This initiative provides funding, held in contingency, to design and deliver Te Ao Mārama, the new model for the District Court, by partnering with iwi and engaging with communities to co-design and deliver services that better reflect the diversity, strengths and needs of each community. It also provides funding to deliver cultural capability training for the District Court.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	3.546	11.726	16.084	16.084	47.440	-

Tribunal Related Fees – Increasing Fees Paid to Judicial Officers

This initiative provides funding to ensure that the Ministry of Justice has sufficient funding to meet future anticipated tribunal rate related increases recommended as part of the two-yearly review of the Cabinet Fees Framework. It will ensure that roles, including chairs, members, adjudicators and assessors, that fall under the tribunal related fees and expenses appropriation are appropriately remunerated given the nature and complexity of their role.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Courts	-	0.422	0.855	1.299	1.299	3.875	-

Whakaari/White Island Criminal Prosecution – Ensuring Access to Justice

This initiative provides funding to enable an effective criminal process for the WorkSafe New Zealand prosecution into the Whakaari/White Island eruption. This will mean that defendants, victims and their families will be able to fully engage in the court process to access fair and open justice. Funding will provide for the physical and technological requirements to support the participants' involvement in the prosecution proceedings.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Courts	-	3.500	5.800	-	-	9.300	-

Customs

Addressing Tobacco Smuggling

This initiative provides funding to support an increased capacity to investigate and prosecute organised tobacco smuggling groups and counter tax evasion from tobacco smuggling.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Customs	-	1.983	3.011	2.132	3.272	10.398	0.674

Customs Revenue Shortfall from Reduced Traveller Numbers

This initiative provides funding for a temporary capital injection of \$58.500 million, to support the reduced cash flow caused by the low number of travellers decreasing third-party revenue. As the number of travellers increases, Customs will recover their revenue and repay this funding in 2026/27 making this initiative fiscally neutral.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Customs	-	-	-	-	-	-	-

Defence

Inspector General of Defence – Establishment and Operation

This initiative provides funding, held in contingency, for the establishment and ongoing operation of the Inspector-General of Defence (IGD). The IGD will support the Minister of Defence in facilitating democratic oversight of the New Zealand Defence Force and provide an avenue to assure the public that there is independent scrutiny of activities of the New Zealand Defence Force.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	-	1.130	2.254	2.254	5.638	-

Defence Force

Defence Force Construction Cost Pressures

This initiative provides funding to offset known price increases in the construction sector relating to regeneration projects across the New Zealand Defence Force Estate.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Defence Force	-	6.000	5.000	-	-	11.000	-

Defence Force Depreciation Funding

This initiative provides funding to cover the depreciation cost of near-term capital investments for sustainment activities to maintain ships, aircraft and other essential capabilities. \$75.700 million is funded through Budget 2022 allowances, with the remaining \$449.600 million funded outside of allowances.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Defence Force	41.400	91.200	130.900	130.900	130.900	525.300	-

Defence Force Remuneration

This initiative provides funding to enable the New Zealand Defence Force to provide moderate remuneration uplifts for its lower paid staff, in accordance with the Public Service Pay Guidance 2021.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Defence Force	-	22.500	22.500	22.500	22.500	90.000	-

Defence Force Supply Chain Cost Pressures

This initiative provides funding to meet additional costs arising from known supply chain inflationary pressures relating to the sustainment of existing capabilities such as ships, aircraft and equipment.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Defence Force	-	1.400	1.400	1.400	1.400	5.600	-

Depreciation Expense Arising from Asset Revaluation

This initiative provides funding to meet increased depreciation expenses resulting from the upward revaluation of the New Zealand Defence Force Estate buildings and infrastructure.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Defence Force	27.447	27.447	27.447	27.447	27.447	137.235	-

Vietnam Veterans Entitlements

This initiative provides funding for ex-gratia payments to Vietnam veterans who suffer from hypertension or monoclonal gammopathy.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Defence Force	29.520	2.000	2.000	2.000	2.000	37.520	-

Education**Addressing School Transport Critical Cost Pressures**

This initiative provides funding to address cost pressures to ensure the continuity of school transport daily bus services and specialised school transport assistance. Some funding for this initiative is held in contingency. The contingency amount is not reported due to ongoing negotiations.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	21.000	21.000	21.000	21.000	84.000	-
Tagged Contingency	-	-	-	-	-	-	-

Alternative Education Provision – Cost Pressure

This initiative will provide a per-place funding rate increase to Alternative Education provision for 1,888 places for ākonga in years 9-12 who are disengaged or at risk of disengaging. The funding will be used to meet the increased costs of essential resources and supports to re-engage students. This could include learning resources, access to health, mental health and broader social services, enrichment activities or transport costs.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	0.321	0.643	0.643	0.643	2.250	-

Christchurch Schools' Rebuild

This initiative provides funding to continue the Christchurch Schools' Rebuild Programme for another year following the 2010 and 2011 earthquakes, enabling remediation of damage to schools in the Christchurch School Network.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	5.405	8.705	8.705	7.480	30.295	88.000

Community Learning Hubs – Maintaining Support for Ethnic Communities' Engagement in Education

This initiative provides funding to maintain Community Learning Hubs in Christchurch, Auckland, and Wellington; and fund an evaluation of the model. The Hubs provide workshops and information to support ethnic communities to engage with the education system. This initiative is expected to support approximately 800 parents and 1,200 early childhood and school-aged children from over 200 schools.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	1.588	1.845	1.603	1.358	6.394	0.017

Continuing the Reform of the Tomorrow's Schools System

This initiative provides funding for additional management and leadership advice to support school/kura principals and grow their capability. It also funds Te Mahau (part of the Ministry of Education) to support schools' attendance and engagement activities and support smaller schools who are facing additional administrative burdens due to COVID-19.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	12.970	16.378	16.448	16.542	62.338	0.425

Continued Internet Connectivity to Support Equitable Digital Access

This initiative will continue providing internet connections to students in financially disadvantaged homes to end of June 2022, helping them to stay engaged in learning, contact their school, access schoolwork and get schoolwork done at home.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	20.000	-	-	-	-	20.000	-

Cost Adjustment for Early Learning Services

This initiative provides funding for an increase to funding rates to address increased costs for Early Childhood Education (ECE). This funding will help all funded ECE services and kōhanga reo manage increasing costs of provision and maintain quality and affordability for families and whānau.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	31.436	64.936	66.825	68.627	231.824	-

Cost Adjustment for Schools' Operational Grant

This initiative provides additional funding for schools to employ staff and purchase supplies, utilities and other essentials required to continue operating. This initiative also provides additional funding for Special Education Grant to support schools in furthering inclusion.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	26.294	52.808	52.840	52.480	184.422	-

Creating Safe, Inclusive Schools – Strengthening Positive Behaviour for Learning School-Wide (PB4L)

This initiative provides funding for a refresh and enhancement of PB4L School-Wide to foster safe, inclusive environments in a culturally responsive way, particularly for ākonga and whānau Māori. It will fund an additional 14 FTE School-Wide Practitioners.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	1.502	3.602	3.070	3.029	11.203	0.309

Creating Safe, Inclusive Schools – Targeted and Intensive Supports for Māori and Pacific Learners at Risk of Disengaging

This initiative provides funding to support attendance and engagement using Kaupapa Māori and bicultural evidence-based approaches. Trained facilitators use tikanga and te reo Māori to build mana, self-confidence, improve learning and achievement. This initiative will deliver 96 Te Mana Tikitiki programmes across 48 schools to 1,056 students and 10 full time equivalent mentors for between 300 - 400 students.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	1.753	1.927	2.116	1.949	7.745	0.017

Dawn Raids Apology – Maintaining and Growing Tūlī Takes Flight and Pacific Education Foundation Scholarships

This initiative provides funding to maintain and grow the Tūlī Takes Flight and Pacific Education Foundation Scholarships. The Tūlī scholarships were announced during the Government Dawn Raid Apology in 2021 and are a gesture of reconciliation and goodwill. This funding will further support Pacific education scholarships to address education system inequities and support the management of the scholarships.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	0.240	0.274	0.276	0.278	1.068	0.017
Tertiary Education	-	0.055	0.271	0.320	0.334	0.980	-

Education Payroll Limited System Maintenance

This initiative provides funding to support Education Payroll Limited to continue to deliver accurate, timely and secure fortnightly payroll to, on average, 97,000 employees distributing \$6 billion per annum.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	2.500	2.500	2.500	2.500	10.000	-

Equity Index Implementation in Schools and Early Learning Equity Index System Infrastructure Costs

This initiative provides funding to fulfil a manifesto commitment to remove the decile system, and implement the Equity Index, and better resource for equity. It provides additional ongoing equity funding and transition support funding so schools and kura will be better supported to mitigate the socioeconomic barriers faced by learners, the wider school community and whānau. The initiative also includes a proportionate increase in funding for Te Aho o Te Kura Pounamu, and internal system and infrastructure costs to begin the implementation of the new early learning Equity Index.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	45.076	85.555	81.590	80.329	292.550	7.837

Expanding Pay Parity for Teachers in Education and Care Services

This initiative provides funding for moving certificated teachers in education and care services closer to pay parity with kindergarten teachers. The initiative provides a further step in the Government's move towards pay parity, building on investments in Budgets 2020 and 2021. Some funding for this initiative is held in contingency to support achieving pay parity for Kōhanga Reo kaimahi. The contingency amount is not reported due to ongoing negotiations.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	34.470	69.957	81.437	83.878	269.742	5.351
Tagged Contingency	-	-	-	-	-	-	-

Export Education Levy Revenue Pressure

This initiative provides funding for NZQA's statutory activities that would usually be funded by the Export Education Levy (EEL) using a portion of the tuition fees paid by international students. Due to COVID-19, the EEL has been revoked.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	0.723	-	-	-	0.723	-

Funding Increase for Incredible Years Programmes

This initiative provides funding to address the cost pressure to deliver Incredible Years programmes which are targeted early intervention and capability building programmes, for caregivers and teachers, to support young children's social and emotional learning.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	1.900	1.938	1.977	2.017	7.832	-

Furniture and Equipment Grant for School Property

This initiative provides funding for schools to maintain or replace furniture and equipment that is no longer fit for purpose. Schools will have less need to utilise operational or non-Ministry funding to provide for the shortfall, especially low-decile schools which often have fewer alternative funding sources available.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	-	-	-	-	-	219.159

Further Delivery of Sustained Professional Learning and Development to Embed Tapasā

This initiative provides additional funding for Professional Learning and Development (PLD) focussed on Tapasā: cultural competencies for teachers of Pacific learners. Funding will ensure that PLD is available to teachers and leaders across early learning and the compulsory sector. Funding of \$1.250 million for this initiative will be met from reprioritisation of existing funding within Vote Education.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	-	-	-	-	-	-

Further Funding for Kāhui Ako (Communities of Learning)

This initiative will offset a funding shortfall in the Kāhui Ako programme. The Education and Training Act 2020 places an obligation on the Crown to pay the salaries of regular teachers and principals employed at payrolled schools and the Kāhui Ako roles are in teacher collective agreements.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	12.435	12.300	-	-	-	24.735	-

Human Resource Information System for New Zealand Qualifications Authority

This initiative provides funding for a new human resource information system for the New Zealand Qualifications Authority. A new system is required due to the current payroll system being unsupported.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	3.000	0.500	-	-	3.500	-

Increased Te Kura's Distance Learning Provision to Respond to COVID-19

This initiative provides time limited funding for up to 1,000 students to access dual-enrolment with Te Aho o Te Kura Pounamu (Te Kura) for the 2022 school year, where they or their whānau have compromised immunity due to a medical condition or treatments which puts them at greater risk from COVID-19.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	5.000	-	-	-	-	5.000	-

Land Purchases for New Schools

This initiative provides funding for the Ministry of Education's land acquisition programme. The purchase of land for new schools is fundamental to delivering the National Education Growth Plan and expanding the School Property Portfolio to meet demand across New Zealand.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	2.125	4.250	4.250	4.250	14.875	85.000

Māori Language Education Funding to Support Provision and Growth

This initiative will increase funding for Māori medium education in schooling to address historic underfunding of the additional costs associated with teaching and learning through te reo. It will establish a high proficiency te reo Māori programme fund in tertiary education to support language revitalisation and address workforce needs. Funding will also provide monitoring and evaluation, and support the Te Pae Roa programme to grow Māori medium and Kaupapa Māori education through to 2040.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	5.064	11.131	15.862	24.592	56.649	-
Education Review Office	-	2.000	2.000	2.000	2.000	8.000	-
Tertiary Education	-	1.500	2.500	3.000	3.000	10.000	-

Māori Medium Property

This initiative provides funding to provide kura delivering Māori medium education with good quality classrooms to ensure Māori students thrive and meet their potential. The funding will be used to add capacity where rolls are growing, improve the condition of classrooms and ensure property meets the cultural needs of the kura. In some cases where kura are operating out of temporary sites, land will be purchased, and new facilities will be provided.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	1.460	4.420	6.720	7.520	20.120	105.000

Ministry of Education Cybersecurity and Managed IT Services

This initiative provides funding to strengthen cybersecurity to protect against cyber-attacks, lower the administrative burden for schools through centralised provision of cybersecurity and digital services, and improve the quality and consistency of digital learning environments.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	27.400	-	-	-	27.400	2.200

National Education Growth Plan

This initiative provides funding for the National Education Growth Plan which delivers the Government objective of 100,000 additional student places by 2030. This funding will support the continued expansion of the School Property Portfolio required to meet existing pressures and forecast demand caused by population growth and demographic changes across the school network.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	0.475	2.940	8.200	18.175	29.790	280.000

National Education Growth Plan – Public Private Partnership Schools

This initiative provides funding to deliver the National Education Growth Plan. A programme has been established to manage the expansion of ten Public Private Partnership schools. Funding for the programme will be sought annually over the next 10 years.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	-	0.633	2.967	2.915	6.515	-

NCEA Change Programme – Delivery Model and Programme Costs

This initiative provides funding, held in contingency, to continue delivering the NCEA Change programme. It includes operating model changes made in response to lessons learned from Level 1 NZ Curriculum product development. It will also fund the development of kaupapa ako Māori subjects, including Te Ao Haka, and provide increased support for kura to implement any changes learned from piloting these subjects.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	9.453	18.973	22.031	22.673	73.130	-

Pacific Bilingual and Immersion Education – Growing and Retaining Workforce

This initiative will support the growth of the Pacific bilingual and immersion schooling workforce and the retention of the current workforce. It purchases support to meet English language requirements and further curriculum resource development. This will ensure valued Pacific bilingual education pathways have a growing, quality workforce.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	2.890	3.527	3.535	3.001	12.953	-

Portfolio Revaluation Impacts

This initiative will provide funding for reinvestment in the school property portfolio as a result of the property revaluations over the past two years. This funding will enable an additional 43 school redevelopment projects to be completed by 2030.

This initiative is not funded from Budget 2022 allowances.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	-	-	-	199.000	199.000	-

Physical Restraint Rules and Guidelines – Supporting Schools to Meet their Statutory Obligations

This regulatory initiative aims to build school capability to minimise the use of physical restraint in New Zealand registered schools and kura. This will be done through publishing and socialising new Physical Restraint Rules and Guidelines, designing training and resources for school staff, improving and automating incident reporting mechanisms that meet privacy and security requirements, and agreeing accountability, performance monitoring and quality requirements.

Funding of \$6.194 million for this initiative will be met from reprioritisation of existing funding within Vote Education.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	-	-	-	-	-	-

Relief Teacher/Backfill Support Costs for Schools Impacted by Mandatory Vaccination Requirements

This initiative provides funding to schools that incurred duplicate relief teacher and backfill costs due to the introduction of mandatory vaccination requirements in late 2021. This support covered schools' duplicate relief teacher/backfill costs to the end of Term 4, 2021.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	5.000	-	-	-	-	5.000	-

Schools Payroll: Investigation of Future Delivery and Investment Options

This initiative funds a programme of work to identify and analyse options for future delivery of the school's payroll. Work will include the preparation of a Programme Business Case for the upgrade or replacement of the existing school's payroll system. Funding of \$4.000 million for this initiative will be met from reprioritisation of existing funding within Vote Education.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	-	-	-	-	-	-

Strengthening New Zealand Sign Language in Education

This initiative provides funding increase for New Zealand Sign Language at School (NZSL@School) to ensure continuation of current services, as well as NZSL professional learning development (PLD) to 150 schools with deaf/hard of hearing ākonga. The initiative will also fund 100 more families having access to First Signs, a home-based service enabling families to strengthen their communication with their deaf child.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	0.357	0.923	1.492	2.058	4.830	-

Supporting Schools to Improve Student Attendance, Engagement and Participation

This initiative provides funding to address Attendance Service cost pressures. Funding will allow providers to increase capacity to support schools to effectively manage attendance, reduce unjustified absence rates and non-enrolment, reduce the time taken to return students to education and respond to cases of non-attendance and enrolment across the country.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	1.500	1.500	1.500	1.500	6.000	-

Te Aho o Te Kura Pounamu – Effective Schooling and Transitions for Referred At-Risk Students

This initiative provides funding increase to Te Aho o Te Kura Pounamu's (Te Kura's) programmes that support at-risk ākonga to re-engage in school and improve their outcomes. It will reduce the gap between Te Kura's per student funding compared to other schools, and recognise the higher cost of serving this group of Te Kura's students. Te Kura will extend its intensive 'Big Picture' model of delivery, blending online and face-to-face and individualised programmes with pastoral care.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	2.916	2.542	3.534	6.549	15.541	-

Te Reo Matatini, Pāngarau and Aromatawai Research, Tools, Resources and Supports for Workforce and Ākonga

This initiative provides funding to support the implementation of Hei Raukura Mō te Mokopuna (te reo matatini me pāngarau) and aromatawai (assessment for learning) strategies, ensuring coherence with Te Marautanga o Aotearoa redesign. Funding will purchase: research and evaluation on quality te reo matatini me pāngarau learning, teaching and aromatawai practices; specialist te reo matatini, pāngarau and aromatawai practitioners, and regional support hubs; and ongoing capability for the Curriculum Centre to support te reo matatini and pāngarau learning, teaching and aromatawai practices.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	5.759	9.728	7.365	7.298	30.150	0.442

Teacher Workforce Support Package for Iwi Māori

This initiative provides funding to grow the Māori education workforce through permanently establishing the existing successful pilot. This initiative will partner with Iwi/Māori to grow the Māori teaching workforce across both Māori medium and te reo Māori subjects by supporting uri/descendants identified as suitable teachers through a combination of scholarships, mentoring, and other supports as required.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	1.250	1.250	1.250	1.250	5.000	0.017

Teaching, Learning and Assessment for Progress in Literacy and Maths

This initiative provides funding to support delivery of the Literacy & Communication and Maths Strategy. It will: develop an evidence-based common practice model; support ongoing research and evaluation; and review and co-design additional supports to meet diverse learner needs and develop networks and services to strengthen workforce capability.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	-	7.164	8.818	7.954	7.900	31.836	2.973

Environment

Biodiversity Protections and Incentives

This initiative provides funding to support policy, research and piloting of approaches to incentivise positive biodiversity action. It will support councils to identify and protect Significant Natural Areas (SNAs) and support landowners to maintain and restore biodiversity.

This initiative is part of the multi-year Natural Resources Cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Environment	-	0.460	0.460	0.560	0.560	2.040	-
Tagged Contingency	-	3.505	5.205	4.355	4.355	17.420	-

Climate Adaptation Act Development and Delivery

This initiative provides funding for policy and engagement capability and technical expertise to develop a new Climate Adaptation Act (CAA) as part of reforms to the resource management system. The CAA will address complex legal and technical issues associated with managed retreat.

This initiative is part of the multi-year Natural Resources Cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Environment	-	3.934	2.852	2.331	1.581	10.698	-

Climate Change Funding to Deliver Adaptation and New Zealand's Low-Carbon Future

This initiative provides funding for cost pressures in the Ministry for the Environment's climate change work programme. New legislative architecture requires increased resourcing to implement. Funding will ensure the Ministry can implement a complex and cross government climate change work programme.

This initiative is part of the multi-year Natural Resources Cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Environment	-	10.750	8.650	8.650	8.650	36.700	-

COVID-19 Fast Track Consenting: Extending the Programme

This initiative provides funding to enable continued delivery of the COVID-19 Fast-track Consenting Act 2020 functions for an additional year. This will support New Zealand's recovery from COVID-19 and provide certainty of ongoing investment across New Zealand.

This initiative is part of the multi-year Natural Resources Cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Environment	-	2.232	-	-	-	2.232	-

Environmental Protection Authority Case Management System

This initiative provides funding to implement a new IT system to enable a more efficient and effective delivery of the Environmental Protection Authority's Compliance, Monitoring and Enforcement functions. The case management system will enable a cases-approach by reference to consents or approvals, enquiries, compliance cases, or investigations. This system will replace a multiple excel spreadsheet-based system of tracking cases.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Environment	-	1.010	0.105	0.105	0.105	1.325	-

Freshwater Farm Plan System – Implementation and Operations

This initiative provides funding to enable the implementation of the freshwater farm planning system. Freshwater farm plans (FWFPs) will be progressively rolled out across all farms in New Zealand (above certain size thresholds) over the following four to six years. Once implemented, FWFPs will provide a new form of environmental regulation across roughly half New Zealand's land area. FWFPs are a cornerstone of New Zealand's future freshwater management system.

This initiative is part of the multi-year Natural Resources Cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Environment	-	7.372	13.796	8.752	5.723	35.643	-

Implementation of a Chemical Map Information Database Enabling Improved Environmental Management

This initiative provides funding to support the implementation of a chemical map to visualise chemical information (eg, exposure to chemicals by population) and a national programme of two-yearly monitoring of hazardous chemicals in groundwater. It will facilitate the allocation of resources for protecting, preserving, and restoring the natural environment, and promoting the recovery of threatened species.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Environment	-	1.350	0.650	0.258	0.258	2.516	-

Ministry for the Environment Accommodation Cost Pressure

This funding provides additional funding required to meet the Ministry for the Environment's accommodation costs.

This initiative is part of the multi-year Natural Resources Cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Environment	-	4.000	4.000	4.000	4.000	16.000	-

Ministry for the Environment Supporting Te Tiriti o Waitangi Obligations

This initiative provides critical operating costs for the Tūmatākōkiri (Māori) business unit. For the first two years this allows the Ministry for the Environment to make sure Treaty settlement commitments and relationship agreements are being honoured and implemented. The funding step-up in years three and four will fund provision of secondees into iwi/hapū as part of implementation of Treaty settlement commitments, and funding for implementation of the Ministry for the Environment's Māori science plan.

This initiative is part of the multi-year Natural Resources Cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Environment	-	2.000	5.500	6.000	6.000	19.500	-

New Zealand Emissions Trading Register Server Upgrades

This initiative provides funding for an upgrade of the New Zealand Emissions Trading Register Windows 2012 servers to Windows 2019, and the purchase of extended support for two years for the Register's 2012 servers.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Environment	-	0.629	0.445	0.510	0.170	1.754	2.760

Resource Management Reform Implementation

This initiative provides funding for central and local government and to iwi/Māori to enable the successful delivery of the Government's resource management reforms.

This initiative is part of the multi-year Natural Resources Cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Environment	-	4.130	9.790	-	-	13.920	-
Tagged Contingency	-	3.875	3.875	63.017	63.017	133.784	-

Resource Management Reform Implementation – Strategic Planning

This initiative provides funding to support strategic planning co-ordination within central government and engagement by central government on resource management reforms.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	-	-	12.650	18.380	31.030	-

Supporting He Pou a Rangi Climate Change Commission

This initiative provides funding to the Climate Change Commission to build on its strong and credible evidence base, enabling it to advise Government on climate policy decisions. The funding will deliver greater capacity in modelling, research and analysis, establish a climate adaptation team and increase board and board advisory capability.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	3.120	3.250	3.040	3.050	12.460	2.760

Finance

Maintaining Treasury Capability in Support of Government Priorities

This initiative provides funding to maintain the Treasury's capability to provide critical core fiscal and economic functions and advice in support of Government priorities.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Finance	-	10.000	15.200	16.745	20.650	62.595	-

Regulatory Monitoring of the Reserve Bank of New Zealand and Monitoring the Infrastructure Funding and Financing Government Support Package

This initiative provides funding to support the Treasury's monitoring of the Reserve Bank of New Zealand and the Government Support Package introduced under the Infrastructure Funding and Financing Act 2020 to support the delivery of housing and urban development infrastructure.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Finance	0.250	0.825	0.825	0.825	0.625	3.350	-

Subscription for Ordinary Shares in Air New Zealand

This initiative provides funding to ensure that the Crown will maintain a 51% shareholding in Air New Zealand following the company's announced recapitalisation package.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Finance	-	-	-	-	-	-	602.000

Foreign Affairs

New Zealand-United Kingdom Free Trade Agreement

This funding reflects the impact of foregone tariff revenue agreed as part of the New Zealand – United Kingdom Free Trade Agreement which will also provide increased export quotas and access to the United Kingdom market.

	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Crown Revenue	-	9.750	19.500	19.500	19.500	68.250	-

Pacific Emergency Budget Support

This initiative provides funding for emergency budget support in financial year 2022/23 to Pacific countries facing fiscal crises due to the continuing impact of COVID-19.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	75.000	-	-	-	75.000	-

Forestry

Delivering Industry Transformation Plans in Partnership with Primary Sectors

This initiative will enable the timely delivery of key actions in the industry transformation plans for the food and beverage, fisheries, and forestry and wood processing industries. These plans are being developed in partnership with industry and Māori to strengthen New Zealand's position as a provider of sustainable high-value food and fibre products. Actions may deliver new technologies, diversification, emissions reductions, development of high-value jobs, and improved environmental performance.

This initiative is part of the multi-year Natural Resources Cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Forestry	-	4.000	-	-	-	4.000	-
Tagged Contingency	-	-	7.000	15.000	14.000	36.000	-

Health

Addressing Historical and Future Health System Cost Pressures (2022/23)

This initiative will support new national funding settings for Vote Health by providing funding to meet pressure and ensure the delivery of services previously funded through or provided by District Health Boards (DHBs). It is a key enabler in supporting Health New Zealand and the Te Mana Hauora Māori to manage the system effectively and sustainably within the funding provided. This initiative includes funding to remediate the deficit position incurred by DHBs in 2021/22, planned at \$550 million.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	1,275.592	1,275.592	1,275.592	1,275.592	5,102.368	-
Tagged Contingency	-	520.793	520.793	520.793	520.793	2,083.172	-

Addressing Future Health System Cost Pressures (2023/24)

This initiative will support new national funding settings for Vote Health by providing cost pressure funding for the second year of the two-year funding commitment for health in Budget 2022. This will ensure the ongoing provision of health services to the public, and is a key enabler in supporting new entities to manage the system effectively.

This initiative is funded as a pre-commitment against the Budget 2023 operating allowance.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	-	1,297.191	1,297.191	1,297.191	3,891.573	-

Addressing the Burden of Diabetes for Pacific Communities

This initiative provides funding to implement a diabetes prevention and treatment programme for targeted Pacific communities in South Auckland. It will include a mix of primary, community, and tertiary care interventions to help families manage and treat diabetes based on Pacific models of care. The programme includes an evaluation component, which will identify and validate learnings to inform a potentially wider programme for Pacific communities in the future.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	3.000	5.000	6.000	6.000	20.000	-

Additional Funding for Emergency Air Ambulance Services

This initiative provides additional funding to ensure that emergency air ambulance services continue to be available to all New Zealanders with the required level of infrastructure and resource availability. The rotary air ambulance service provides emergency patient treatment and transport services throughout New Zealand, with on-board clinical capability.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	23.087	22.512	22.550	22.563	90.712	-

Additional Funding for Emergency Road Ambulance Services

This initiative provides additional funding to support essential emergency road ambulance services for Aotearoa New Zealand's urban and rural communities. This funding will support the required capacity and response performance, so all New Zealanders have continued access to effective emergency road ambulance and communication services.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	31.732	44.776	44.776	44.776	166.060	-

Capital for Health Sector Infrastructure

This initiative provides a pool of funding for priority capital projects and to progress core investment planning within the health sector. The funding will support delivery of safe and appropriate health care by providing facilities and infrastructure that can support current and future demand.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	-	-	-	-	-	1,307.000

Comprehensive Primary Care Teams

This initiative provides funding for the establishment of tightly integrated primary care teams within locality provider networks. These will combine traditional primary care services (GPs and registered nurses) with physiotherapists, practice-based pharmacists, care coordinators, and registered social workers/kaiāwhina. The funding is time-limited as these are establishment costs.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	5.854	61.146	35.000	-	102.000	-

Dementia Mate Wareware Action Plan – Implementation Support Funding

This initiative provides funding to deliver four post-diagnostic support trials, which include a six-session programme for all newly diagnosed people with dementia, and interventions that support cognitive health and wellbeing. It also provides funding to deliver innovative respite care to enable family and whānau carers to continue caring for their whānau members.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	1.820	2.860	3.660	3.660	12.000	-

Establishing the National Public Health Service – Digital and Data Infrastructure

This initiative provides funding to establish digital and data capabilities to enable the National Public Health Service to operate as a single national service for public health and enhance public and population health surveillance. It includes funding for a national platform to support a standard operating model and delivery of core Public Health Unit functions. It also includes funding to establish access to aggregated, population-level data drawn from primary care data sources for public health surveillance and analysis.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	4.356	3.358	3.086	-	10.800	-

Extending School Based Health Services

This initiative will expand School Based Health Services into activity centres and increase service delivery levels in kura kaupapa. The expansion will contribute to improving health equity for high need students and preventing the development of more serious mental and physical health conditions among youth.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	3.137	3.137	3.137	3.137	12.548	-

Hauora Māori Commissioning

This initiative funds a range of initiatives targeted at improving primary and community care responsive to Māori and supporting a Māori-led approach to population health and prevention. The package includes:

- a blended Te Ao Māori population health and prevention programme targeting the wider determinants influencing Māori health and wellbeing
- specific interventions for whānau Māori at different life stages to supplement and improve current primary and community service models, and
- a programme to identify, uplift and develop mātauranga Māori services, programmes and resources across the health system.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	33.069	44.777	45.077	45.077	168.000	-

Health Data, Digital – Foundations and Innovation

This initiative builds on Budget 2021 investments to fund further investment in data, digital infrastructure and capability to improve health system performance and achieve the aims of health system reform. Investment priorities will be aligned to broader New Zealand Health Plan (NZHP) activities and reform objectives. It is anticipated that investments from this contingency will include data and intelligence; digital enablement and innovation; Hira Tranche 2; and data and digital foundations.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	47.330	58.490	58.150	56.030	220.000	100.000

Health Reform – Consumer and Whānau Voice Framework

This initiative provides funding for resources and capability to develop, implement, and maintain the consumer and whānau voice framework in the health system.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	2.130	2.300	2.200	2.200	8.830	-

Health Workforce Development

This initiative provides funding for workforce training and development to underpin critical reform initiatives. This will support the delivery of services as part of locality provider networks. It also includes funding for workforce training to support the delivery of kaupapa Māori and Pacific services. An additional \$31 million will be held in contingency as further work occurs on critical workforce development priorities that underpin the sustainability of the wider health system.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	11.000	21.000	22.000	22.000	76.000	-
Tagged Contingency	-	7.000	8.000	8.000	8.000	31.000	-

HIV Action Plan Implementation

This initiative provides funding to be held in contingency, aligns with the establishment of the Public Health Agency and National Public Health Service from July 2022. It will fund a strategic work programme in public health to prevent, detect, treat, and eliminate the transmission of HIV, as well as ensuring that people living with HIV live healthy lives free from stigma. The investment targets groups experiencing the greatest burden of disease, such as Māori and Pacific populations and rainbow communities.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	3.550	5.150	4.650	4.650	18.000	-

Improving Access to Primary Health Care Services for Transgender People

This initiative provides funding for primary and community health providers to deliver gender-affirming services to transgender people, updated national guidelines for gender-affirming health care and a lead referral pathway for gender-affirming services and supports, and training and workforce development resources to improve workforce responsiveness to transgender people.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	0.589	0.583	0.481	0.529	2.182	-

Increase in the Combined Pharmaceutical Budget

This initiative provides funding to ensure more medicines are available to more New Zealanders through an increase to the Combined Pharmaceutical Budget, which is the medicines budget managed by PHARMAC. This will improve patients' access to well-evidenced medicinal treatments and contribute to improved health outcomes.

It is a two-year funding allocated to align with multi-year funding approach for Health sector.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	71.000	120.000	-	-	191.000	-

Introducing a Rights-based Approach to Health Care for Intersex Children and Young People

This initiative provides funding to support health practitioners to provide best practice health care to intersex children and young people and to empower intersex children and young people and their whānau to make informed decisions about medical interventions. This will better protect the rights of intersex children and young people within the health system.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	0.699	0.699	0.684	0.434	2.516	-

Increasing Availability of Specialist Mental Health and Addiction Services

This initiative provides funding to increase the availability and trial new models of specialist mental health and addiction services to support people with specific needs in targeted areas across the country. This includes funding for crisis responses; maternal and infant mental health services; child and adolescent mental health and addiction services; eating disorders services; and kaupapa Māori services.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	9.400	14.700	25.900	50.000	100.000	-

Iwi-Māori Partnership Boards

This initiative provides Iwi-Māori Partnership Boards (IMPBs) with dedicated support for whānau and hāpori Māori engagement, policy analysis and data analysis to deliver upon IMPBs' new functions in the reformed health system. It funds additional capability to support IMPBs to strengthen the understanding and response of the health system to the health needs, aspirations and priorities of local Māori communities.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	3.660	5.510	5.460	5.460	20.090	-

Mana Ake – Expansion of Mental Wellbeing Support for Primary and Intermediate School Students

This initiative provides funding to enable ongoing delivery of Mana Ake in Canterbury and Kaikōura and the commencement Mana Ake for primary and intermediate school-aged students in Northland, Counties Manukau, Bay of Plenty, Lakes and West Coast areas.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	14.333	21.817	24.456	28.734	89.340	-
Education	-	0.165	0.165	0.165	0.165	0.660	-

Māori Primary and Community Care Provider Development

This initiative provides a funding increase to the Māori Provider Development Scheme. It is designed to secure primary and community care innovation developed by Māori providers during COVID-19 and support this capability in the new health system. It will also ensure Māori providers have the capacity to shift their models of care, implement digitally enabled services, and undertake improved service planning and reporting in support of the reformed system and its locality approach rollout.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	6.000	8.000	8.000	8.000	30.000	-

Meeting the Demand for Organ Donation and Transplantation

This initiative provides funding to support an increase in the rate of organ donation in New Zealand through the implementation of Increasing Deceased Organ Donation and Transplantation: A National Strategy published in 2017.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	0.750	2.750	3.750	3.750	11.000	-

National Bowel Screening Programme – Lowering the Screening Age for Māori and Pacific Peoples

This initiative provides funding, to be held in contingency, for the National Bowel Screening Programme to lower the age of screening eligibility for all Māori and Pacific peoples from 60-74 years of age to 50-74 years of age, subject to the findings of an evaluative implementation and assessment of health system capacity and readiness.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	-	10.096	12.956	13.089	36.141	-

Neonatal Retinopathy Screening

This initiative provides funding for the operation of portable retinal cameras to ensure equitable access to Retinopathy screening for premature babies. This initiative seeks to prevent Retinopathy of Prematurity, a disease of the eye affecting premature infants which is one of the leading causes of preventable blindness in New Zealand. The operation of portable retinal cameras will support comprehensive local screening of premature babies consistently across the country.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	-	2.332	2.332	2.332	6.996	-

New Public Health Agency and National Public Health Service Establishment

This initiative provides funding to be held in contingency, to support the establishment of the Public Health Agency (PHA) within the Ministry of Health and the National Public Health Service (NPHS) within Health New Zealand, as part of the new health system operating model. The funding will support the capacity and capability building of the PHA, which will be responsible for leading population and public health policy, strategy, regulation, intelligence, surveillance, and monitoring.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	16.197	17.853	15.290	11.902	61.242	-

Payment to Family Members for Support Services

This initiative will ensure that people receiving disability supports have the option to choose to pay a family member to provide those supports. This applies to supports that would otherwise be provided by a support worker through Ministry for Disabled People-funded disability support services and Health New Zealand-funded support services.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	11.000	17.000	22.000	22.000	72.000	-
Social Development	-	6.000	9.000	12.000	12.000	39.000	-

Pacific Primary and Community Care Provider Development

This initiative provides a funding uplift to the Pacific Provider Development Fund. It will secure the advanced primary and community care capability developed by Pacific providers and funded by time-limited COVID-19 funding and ensure these are supported in the reformed system. The funding will also help Pacific providers sustain and improve back-office capability, hire and retain high-quality staff, and develop, validate and implement Pacific-specific, digitally enabled models of care as part of the reformed system's locality approach.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	7.768	14.044	14.044	14.044	49.900	-

Piki – Continuation of Integrated Primary Mental Health and Addiction Support for Young People in Greater Wellington

This initiative provides funding to continue the Integrated Psychological Therapies Pilot, now known as Piki. This will enable continued access to free integrated primary mental health and addiction support for young people aged 18–25 years in the Greater Wellington area.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	1.750	3.500	3.500	3.500	12.250	-

Population Health and Disease Management Digital Capability

This initiative provides ongoing funding to retain selected capability and infrastructure developed in response to the COVID-19 pandemic and to provide a basis for future population health and disease management digital capability. This capability will help transform the delivery of public health programmes including any future pandemic response.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	37.402	29.281	29.316	29.316	125.315	-

Preventing Family Violence and Sexual Violence: Services for Victims of Non-fatal Strangulation

Funding was provided in Budget 2020 to establish a service for victims of non-fatal strangulation, in response to a new offence for strangulation and suffocation created under the Family Violence Act 2018. This initiative provides additional funding to ensure all victims of non-fatal strangulation are able to receive appropriate specialist services.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	2.028	2.028	2.028	2.028	8.112	-

Primary Care Funding Formula – Equity Adjustments

This initiative provides additional funding to more equitably allocate primary care funding to general practices on the basis of their enrolled high needs populations.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	12.758	24.414	24.414	24.414	86.000	-

Service Integration for Locality Provider Networks

This initiative provides funding for network integration and change management to enable the delivery of joint, multidisciplinary services within locality provider networks. These will primarily cover back-office roles for bringing providers and services together to complement local comprehensive primary care teams.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	4.794	27.624	-	-	32.418	-

Smokefree Aotearoa 2025 Action Plan

This initiative provides funding to establish a tobacco products regulator, ensure compliance and enforcement with the Smokefree regulations and implement the Smokefree Aotearoa 2025 Action Plan. It aligns with the establishment of the Public Health Agency and National Public Health Service from July 2022 and demonstrates the Government's commitment to focus on public health and achieving pae ora. This initiative is expected to have a particularly positive effect for Māori and Pacific populations.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	3.500	0.500	0.500	0.500	5.000	-
Tagged Contingency	-	3.000	10.000	7.750	7.250	28.000	-

Southern Health System Digital Transformation Programme

This initiative provides funding, to be held in contingency, for the digital infrastructure required for the New Dunedin Hospital, as well as a Digital Transformation through investment in digital solutions that spans across the whole of the Southern health system.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	15.500	14.800	13.500	20.400	64.200	161.300

Strengthening the Ministry of Health in its Role as Chief Steward of the Health and Disability System

This funding, to be held in contingency, provides funding to ensure that the Ministry of Health has the capability and capacity needed for its enhanced stewardship and monitoring role in the new health system, including meeting departmental cost pressures.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	14.519	25.788	25.788	25.788	91.883	-

Support Workers (Pay Equity) Settlements Act 2017

This initiative provides funding for support worker wages increase from 1 July 2021, as a result of the compound annual growth rate of the Labour Cost Index (LCI) between 1 July 2017 and 30 June 2021 exceeding the 1.7 percent specified in Schedule 2 of the Support Workers (Pay Equity) Settlements Act 2017.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	38.629	38.629	38.629	38.629	38.629	193.145	-
Social Development	1.965	1.965	1.965	1.965	1.965	7.860	-

Well Child Tamariki Ora – Strengthening Services

This initiative provides funding, to be held in contingency, to strengthen and reduce inequities in the Well Child Tamariki Ora (WCTO) programme. The WCTO programme is currently delivered by a range of providers, including Whānau Āwhina Plunket and over 60 Māori and Pacific non-government organisations.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	3.570	5.241	8.811	10.578	28.200	-

Well Child Tamariki Ora – Continuation of the Enhanced Support Pilots

This initiative provides funding to continue the current three Well Child Tamariki Ora (WCTO) Enhanced Support Pilots in Lakes, Counties Manukau and Tairāwhiti. These Pilots provide intensive, relationship-based, support to young parents and their whānau commencing in pregnancy, and encompassing support with health, housing, employment, and mental wellbeing.

This initiative is part of the multi-year Health process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Health	-	-	1.250	2.450	2.450	6.150	-

Housing and Urban Development**Affordable Housing Fund**

This initiative provides funding to support the development of the affordable housing sector. The Fund will focus on supporting the development of affordable homes for low-to-moderate income households in locations facing the biggest housing supply and affordability challenges.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Housing and Urban Development	72.000	72.000	77.000	-	-	221.000	-

Emergency Housing – Progressing Work on System Changes

This initiative will support a programme to reset and redesign the emergency housing system.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	155.000	200.000	-	-	355.000	-

Emergency Housing – Rotorua Response

This initiative provides funding for the continued contracting of motels as emergency housing with wraparound support services in Rotorua. It will also fund the continued operation of Te Pokapu – the Rotorua Housing Hub, and the provision of support services for whānau in non-contracted emergency housing motels. The initiative provides an immediate, placed-based response to urgent housing need in Rotorua, and complements implementation of initiatives under the Aotearoa New Zealand Homelessness Action Plan.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Housing and Urban Development	-	31.540	32.180	32.820	33.480	130.020	-
Social Development	-	3.917	3.917	3.917	3.917	15.668	-

First Home Products

This initiative provides funding to adjust the First Home Loan and First Home Grant settings to ensure the products:

- assist more first home buyers with the deposit barrier to owning a modest first home
- support first home buyers struggling to overcome the deposit barrier and who need government assistance to do this, and
- work more effectively for groups who may face additional barriers to homeownership such as Māori, Pacific peoples and families with children.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Housing and Urban Development	-	25.888	33.103	40.697	48.690	148.378	-

Homelessness Action Plan

This initiative provides funding for the expansion of rangatahi/youth-focused transitional housing places, the design and delivery of a new supported accommodation service for rangatahi/young people with higher and more complex needs, homelessness outreach services, and the provision of kaupapa Māori support services.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Housing and Urban Development	-	12.580	20.730	20.840	20.850	75.000	-

Public and Transitional Housing – Maintaining and Increasing Public, Transitional and COVID-19 Housing Supply

This initiative provides funding to support the current delivery of public and transitional housing, including the delivery of new places committed to through the Public Housing Plan 2021-24. It will also enable the extension of existing contracted transitional housing motels and motel places contracted at the start of the COVID-19 outbreak.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Housing and Urban Development	34.700	183.300	262.140	455.448	105.006	1,040.594	-

Internal Affairs

Central-Local Government Partnerships Function

This initiative provides ongoing funding for regionally-focused partnership directors to maintain a coordinated and constructive relationship between local and central government.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Internal Affairs	-	1.800	1.800	1.800	1.800	7.200	-

Charities Act 2005 – Implementation of Changes

This initiative provides funding for an expansion of the Taxation Review Authority's remit to hear appeals under the Charities Act 2005. The expansion will improve access to justice through a less expensive appeals mechanism for charities. It also provides funding for two additional Charities Registration Board members.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Internal Affairs	-	-	0.290	0.365	0.365	1.020	-
Courts	-	-	0.255	0.235	0.235	0.725	-

Continuing the Issuing of Passports to New Zealand Citizens

This initiative is a repayable capital injection totalling \$154.000 million of capital funding to meet the ongoing costs of issuing passports. It responds to reduced demand for passports due to COVID-19 restrictions and historic decisions to subsidise production costs. As the capital injection is repayable within the capital forecast period, the initiative is fiscally-neutral.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Internal Affairs	-	-	-	-	-	-	-

Continuing the Operation of the RealMe System

This initiative provides ongoing funding for the RealMe system to ensure the platform remains fit-for-purpose.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Internal Affairs	-	20.915	20.839	21.232	21.020	84.006	8.515

Department of Internal Affairs – Policy Capability

This initiative provides funding to progress Ministerial policy priorities in 2022/23.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Internal Affairs	-	1.000	-	-	-	1.000	-

Film and Video Labelling Body – Sustainability Funding

This initiative provides funding to ensure the Film and Video Labelling Body is able to carry out its statutory functions of rating and labelling DVDs and cinematic release movies under the Films, Videos and Publications Classification Act 1993.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Internal Affairs	-	0.150	0.150	0.150	-	0.450	-

Ministry for Ethnic Communities – Additional Engagement Capability

This initiative provides additional funding to uplift capability to better engage with ethnic communities, including improvements to support linguistically diverse, new and/or hard to reach communities. This will help improve social cohesion and contribute to promoting the value of diversity and inclusion.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Internal Affairs	-	1.351	1.293	1.308	1.318	5.270	-

Ministry for Ethnic Communities – Ensuring Government Services Respond to the Diversifying Needs of Ethnic Communities

This initiative provides additional funding to support the Ministry for Ethnic Communities' policy and data capability. This broadly responds to the recommendations of the Royal Commission of Inquiry into the Terrorist Attack on Christchurch masjidain.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Internal Affairs	-	1.122	1.122	1.122	1.122	4.488	-

Royal Commission of Inquiry – Preventing and Countering Violent Extremism Strategic Framework

This initiative will enable the development of a national strategic framework for preventing and countering violent extremism. This framework will inform the Government's wider response to the terrorist attack on Christchurch masjidain. It also provides a fund to support projects in-line with the framework.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Internal Affairs	-	0.750	1.750	1.750	-	4.250	-
Prime Minister and Cabinet	-	0.250	0.250	0.250	-	0.750	-

Royal Commission of Inquiry – Safer Communities Fund

This initiative widens the Safer Communities Fund to support at-risk communities to implement security projects to protect against hate crime and terrorism.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Internal Affairs	-	1.100	1.100	1.100	-	3.300	-

Three Waters Reform Support Package – Crown contribution

This initiative provides funding to local authorities to support investment into community wellbeing, housing and climate related initiatives in a manner that aligns with the priorities of both central and local government. The initiative is part of the \$2.5 billion Three Waters Reform Support Package that was announced in July 2021.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	250.000	250.000	500.000	-	1,000.000	-

Justice

Electoral Commission – Maintaining Service Levels

This initiative provides funding to support ongoing delivery of electoral services, including general elections, which contribute to a healthy democracy. It supports the delivery of the 2023 and 2026 General Elections and provides ongoing funding for future elections.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Justice	1.875	39.220	47.064	15.688	37.259	141.106	-

Human Rights Commission – Addressing Critical Cost Pressures

This initiative ensures the Human Rights Commission has sufficient funding to deliver core functions, including to deliver incitement of hatred reforms and human rights awareness and social change campaigns.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Justice	-	2.500	2.500	2.500	2.500	10.000	-

Independent Police Conduct Authority – Building Capacity to Meet Current and Future Demand

This initiative strengthens the Independent Police Conduct Authority's ability to manage current and future complaints in a timely manner. Funding will improve the quality, quantity, and timeliness of services to all New Zealanders.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Justice	-	0.995	0.995	0.995	0.995	3.980	-

Leading the Response to Justice Sector Kaupapa Inquiries

This initiative provides funding to support the participation of the Ministry of Justice and claimants in the Waitangi Tribunal's Justice System Kaupapa Inquiry and the Constitution, Self-government and Electoral System Inquiry. Funding will strengthen the Crown-Māori relationship by supporting a conversation with inquiry claimants about the justice system and wider constitutional arrangements.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Justice	-	2.500	2.500	-	-	5.000	-

Legal Aid – Maintaining Funding for Legal Representation for People who Cannot Afford Legal Services

This initiative provides funding to cover the costs of increased demand for legal aid services, projected to 2024/25. These services provide legal help and assistance to people who need it but otherwise cannot afford it. This ensures that people are not denied access to justice due to their financial means.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Justice	(12.000)	8.923	17.863	26.325	0.361	41.472	-

Legal Aid – Strengthening the System to Improve Access to Justice and Reduce Debt for Low-Income New Zealanders

This initiative provides funding to update the legal aid policy settings relating to eligibility, repayment, and legal aid lawyers' remuneration to improve access to justice for low-income New Zealanders and ensure the scheme is resilient and sustainable. It will enable more people to access the scheme and receive legal advice to resolve their legal problems, while encouraging lawyers to continue providing the service. It will also make repayments more equitable, by reducing requirements for low-income and vulnerable New Zealanders.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Justice	-	27.986	39.833	40.248	40.674	148.741	-

Mana Ōrite Partnership with Ināia Tonu Nei

This initiative provides funding to continue supporting the mana ōrite partnership between Ināia Tonu Nei and the Justice Sector Leadership Board. Ināia Tonu Nei are a group of Māori representatives who regularly meet with Justice Sector Leadership Board to ensure effective engagement on criminal justice reform. Funding will cover costs of a small advisory and policy team reporting to Ināia Tonu Nei to improve justice sector outcomes for Māori. Funding also provides for regular governance meetings between Ināia Tonu Nei and the Justice Sector Leadership Board, and for evaluation of the mana ōrite partnership.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Justice	-	1.500	1.500	1.500	1.500	6.000	-

New Zealand Crime and Victims Research

This initiative provides funding for the New Zealand Crime and Victims Survey (NZCVS) to strengthen analysis and reporting. The NZCVS is the ongoing source for outcome measures for real rates of victimisation and experience of victims, including population groups with higher risk of victimisation. The measures are used for New Zealand indicators and international reporting. The NZCVS provides quarterly reporting of perceptions of Police alongside crime and victimisation. This initiative funds the existing NZCVS, inclusion of the Justice System Public Perceptions Survey, and children aged between 12 – 15 years old.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Justice	-	1.600	2.400	2.300	2.300	8.600	-

Policy Group – New Capability to Make it Functional, Effective and Resilient

This initiative provides funding for the Ministry of Justice Policy Group to improve capacity and capability to carry out its policy and stewardship functions. It will build capability for relationships and engagement to enable more inclusive, accessible means of policy design so the public has confidence that policy outcomes are legitimate and enduring.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Justice	-	3.131	5.387	7.107	7.284	22.909	-

Preventing Family Violence and Sexual Violence: Building Workforce Capability to Ensure the Right Response Every Time

This initiative provides funding for the development and implementation of critical Family Violence and Sexual Violence guidance, standards and tools for specialist workers, and funding trainers to enable this across Aotearoa. A skilled, culturally competent and sustainable workforce will result in earlier and safer responses, reducing new and continued harm and enabling healing, restoration and long-term wellbeing.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Justice	-	1.488	1.965	1.965	1.965	7.383	-

Preventing Family Violence and Sexual Violence: Maintaining Services for Victims and Perpetrators of Family Violence

This initiative provides funding for critical NGO family violence providers to recruit and retain suitably qualified staff to deliver services to victims and perpetrators of family violence. This funding incorporates a cumulative CPI yearly increase.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Justice	-	1.987	2.279	2.593	2.913	9.772	-

Preventing Family Violence and Sexual Violence: Engage and Value Communities in Collective Monitoring, Sharing and Learning

This initiative provides additional funding to ensure community engagement in the collective implementation and monitoring of Te Aorerekura and its related Action Plan, including the establishment of relevant advisory groups. Funding will enable communities to participate in hui and grow their capability and capacity to engage collectively with government with the aim of building enduring relationships to ensure that government policies, decisions and services are accessible, relevant and effective.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Justice	-	3.000	1.000	-	-	4.000	-

Te Au Reka (Caseflow Management) – Digitisation of Court Processes to Improve the Integrity of Courts and Tribunals

This initiative provides funding for digitising the paper-based court process to reduce risky, manually-intensive processes. The new digital case management system will reduce unnecessary delays and improve access to information, making it easier for New Zealanders to interact with the court system. People will experience less stress and disruption when dealing with the courts and the risk of harm from the mistakes created by manual court processes will be reduced. Te Au Reka will be implemented in three phases, starting in the Family Court.

Funding for this initiative is held in contingency. The contingency amount is not reported for commercial sensitivity reasons.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	-	-	-	-	-	-

Victim Assistance Scheme Financial Grants – Better Accessibility and Higher Uptake for Victims of Serious Crimes

This initiative provides funding to enable victims to access support they are entitled to via the Victim Assistance Scheme. The scheme supports victims of serious crime, including whānau bereaved by homicide and sexual violence survivors. Additional funding will mean more grants can be given to marginalised and disadvantaged victims. Financial grants are a simple and effective way of easing the burden of victimisation by paying for unexpected costs.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Justice	-	-	4.100	4.100	4.100	12.300	-

Labour Market

Accident Compensation Corporation Weekly Compensation Rate Align Increases to the Minimum Weekly Compensation and LOPE Rate with Increases to the Minimum Wage

This initiative brings forward the timing of Accident Compensation Corporation's (ACC) weekly compensation rate changes to align with the timing of any minimum wage changes (ie, so these changes all happen at the same time).

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Labour Market	-	1.000	1.000	1.000	1.000	4.000	-

Drawdown of Funding to Resettle Afghan Nationals in New Zealand

This initiative draws down further funding for temporary accommodation and settlement-related support for Afghan nationals evacuated from Afghanistan.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Labour Market	12.811	6.773	-	-	-	19.584	-

Establishment of New Zealand Income Insurance Scheme

This initiative will fund the Accident Compensation Corporation (ACC) to undertake preliminary work to establish the systems and operational processes for a new levy-funded income insurance scheme to provide income replacement cover for people made redundant or who are incapacitated by a health condition or disability. This work will provide ACC with a sound basis on which to efficiently operationalise an income insurance scheme, and support the development of scheme policy. The scheme is expected to be operational in 2024.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Labour Market	2.200	1.800	-	-	-	4.000	-
Tagged Contingency	-	47.150	4.950	2.050	2.050	56.200	0.350

Holidays Act Reforms Implementation

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

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Labour Market	-	1.289	1.919	1.023	0.831	5.062	-
Business, Science and Innovation	-	-	-	-	-	-	1.030

Fair Pay Agreements – Additional Functions

This initiative will fund MBIE and the Employment Relations Authority to carry out three new functions: backstop determinations, whereby the Authority will fix Fair Pay Agreement (FPA) terms if there is no employer side to bargain; coverage determinations, whereby the Labour Inspectorate will decide if an employee is in coverage of an FPA, and enforcing regional variations, whereby the Labour Inspectorate will enforce any regional variations in FPA terms.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Labour Market	-	2.230	4.259	4.413	4.405	15.307	-
Business, Science and Innovation	-	-	-	-	-	-	1.116

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

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

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Labour Market	-	7.716	-	-	-	7.716	1.500

Implementing new Plant and Structures regulations

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

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Labour Market	-	5.540	2.630	1.320	1.030	10.520	1.950

Implementing two additional Fair Pay Agreements

This initiative provides funding to support two additional Fair Pay Agreements (FPA) per year in addition to the four funded in Budget 2021. This initiative funds bargaining support, dispute resolution services, compliance and enforcement (Labour Inspectorate), vetting and verification, and research and business support to the Employment Relations Authority and regulator decision-making.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Labour Market	-	0.541	1.920	1.866	1.909	6.236	-
Business, Science and Innovation	-	-	-	-	-	-	0.079

Te Mahere Whai Mahi Māori (Māori Employment Action Plan)

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

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	1.000	-	-	-	1.000	-

Maternal Birth Injury and Other Matters Amendment Bill

This initiative provides funding to support the expansion of ACC cover to injuries that birthing parents suffer as a result of the forces of childbirth. Benefits for birthing parents include more timely access to surgeries and pelvic physiotherapy. This funding will pay for the portion of the initiative not covered by ACC levies.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Labour Market	-	9.750	13.000	13.000	13.000	48.750	-

Refugee Quota Programme cost pressures

This initiative provides funding for cost increases to support the resettlement of 1,500 quota refugees from 2022/23.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Labour Market	-	4.215	4.215	2.706	2.706	13.842	-

Sustaining Access to Sexual Abuse Assessment and Treatment Services

This initiative will allow Sexual Abuse Assessment and Treatment Services (SAATS) to build its services back up to providing consistent 24/7 clinical cover for the service for all existing sites. Funding will also increase lead clinician hours at SAATS sites and provide support for Medical Sexual Assault Clinicians Aotearoa (MEDSAC) to maintain clinical best practice.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Labour Market	-	4.275	4.600	5.079	5.536	19.490	-

Lands

Southern Positioning Augmentation Network (SouthPAN)

This initiative provides additional funding to deliver SouthPAN, a satellite-based augmentation system (SBAS) for Australasia in partnership with Geoscience Australia (GA). SouthPAN provides a variety of position augmentation signals, with safety and productivity benefits including greater reliability and efficiency for transport and primary industries.

Some funding for this initiative is held in contingency. The contingency amount is not reported for commercial sensitivity reasons.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Lands	19.733	41.445	51.408	44.834	45.716	203.136	2.141
Tagged Contingency	-	-	-	-	-	-	-

Toitu Te Whenua Regional Housing Improvement Programme

This initiative provides further funding for repairs and maintenance to bring the Treaty Landbank tenanted houses up to standards, meet the Crown's Treaty obligations, and help provide safe housing for tenants. This is a cost pressure initiative due to construction cost escalations, better data on the deteriorating condition of the houses, changes in housing legislation and demand for tenatable housing.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Lands	0.800	3.600	6.200	6.600	8.000	25.200	-

Treaty Settlements Landbank

This initiative is for the purchase of four properties outside the protection mechanism and funding repair costs associated with those properties.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Lands	-	-	-	-	-	-	6.108

Māori Development

Manahautanga Whānau – Te Tautoko i te Whakawhanaketanga o ngā Kaitātaki Whānau hei Hanga Manahautanga, hei Whakapakari Whānau hoki

Whānau Resilience – Supporting the Development of Whānau Leaders to Build Resilience and Strengthen Whānau

This initiative contributes to resilient and sustainable whānau by developing leadership within key whānau cohorts, enhancing resilience and strengthening whānau protective factors in a changing environment and within a COVID-endemic Aotearoa. With wāhine and rangatahi Māori disproportionately affected by COVID-19, these initiatives will enable whānau to increase their social, cultural and economic protective factors, enabling a faster recovery and laying the foundations for the future.

This initiative is not funded from Budget 2022 allowances. It is funded from reprioritisation of existing funding within Vote Māori Development.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Māori Development	(20.000)	13.010	15.513	-	-	8.523	-

Te Kaitaonga Haere – Te Whakapiki i te Kanorau o ngā Kaiwhakarato Rāngai Tūmatanui

Progressive Procurement – Increasing Public Sector Supplier Diversity

This initiative supports the continuation and expansion of the current Progressive Procurement project for a further two years which will increase supplier diversity within public sector procurement processes and achieve greater economic outcomes for Māori.

Funding will be used to:

- scale up the successful 'local intermediary connects' prototype to grow awareness of government opportunities and build capability
- provide targeted one-to-one support to Māori businesses that are ready to deliver procurement solutions but need to lift capability to be able to navigate and engage effectively in the government tender processes
- develop a centralised Māori business database, and
- provide intermediary services that support Māori businesses to engage in procurement opportunities.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Māori Development	-	14.500	11.500	-	-	26.000	-

Te Pae Tawhiti – He Haumi Whakatūāpapa hei Whakamarumarū me te Āhei i te Whakamahinga Tika o te Mātauranga Māori me ētahi atu Taonga

Te Pae Tawhiti – Foundational Investment to Protect and Enable Appropriate Use of Mātauranga Māori and other Taonga

This initiative will invest in the foundations necessary to protect and enable appropriate use of mātauranga Māori and other taonga in Aotearoa. It has the potential to fuel innovation, strengthen national identity, and enhance our international reputation. It will also deliver direct benefits to Māori through investing in what is uniquely Aotearoa. This initiative builds on the Wai 262 claim and report Ko Aotearoa Tēnei. It will fund Māori engagement led by Te Taumata Whakapūmau; expert technicians Te Kahu Aronui; and Crown cross-agency policy work on Te Tumu mō Te Pae Tawhiti.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Māori Development	-	8.535	8.535	6.525	4.065	27.660	-

Te Puia – Te Whakamāmā Pēhanga Utu

New Zealand Māori Arts and Crafts Institute – Cost Pressures Relief

This initiative provides funding to support the New Zealand Māori Arts and Craft Institute (NZMACI) to be able to deliver a full calendar year of training in 2022. NZMACI is part of the Rotorua based tourism entity Te Puia and supports Māori tourism by promoting toi Māori through supporting and training future carvers and weavers.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Māori Development	-	1.900	-	-	-	1.900	-

Te Tahua Te Ringa Hāpai Whenua

Te Ringa Hāpai Whenua Fund

This initiative provides funding to support business cases and infrastructure on Whenua Māori for pre-commercialisation which will enable owners to undertake whenua-based economic, cultural, social and environmental projects. In doing so, the investment will contribute to improving economic outcomes for Māori and to ensuring that whānau are well positioned to manage the impacts of climate change.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Māori Development	-	10.000	-	-	-	10.000	-

Te Whakatūnga i te Rāngai Pāpāho Māori mō te Anamata

Positioning the Māori Media Sector for the Future

This initiative provides funding to position the Māori media sector within a new public media environment by growing capacity, capability, and the delivery of innovative content, so that it is prepared to increasingly deliver a fuller range of Māori content. It will support:

- the development of a sector-wide workforce strategy and growing current workforce development initiatives
- the maintenance and growth iwi media collaboration in news and current affairs, and
- the creation of innovative content that reflects Māori language, culture, stories and perspectives by the independent production community for distribution across a range of platforms.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Māori Development	-	20.000	20.000	-	-	40.000	-

Te Whakawhānui Ake i te Kaupapa Whakangungu Pia

Expansion of the Cadetships Programme

This initiative provides funding to ensure that over 1,200 cadets each year will be supported after the current time-limited funding ends in 2023/24, continuing to support the growth of the Māori economy through ongoing participation by Māori SMEs. Cadetships is an employer-led initiative which supports organisations in growth sectors to train, develop and mentor Māori staff to improve their employability and move into leadership roles.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Māori Development	-	1.459	8.208	8.208	7.125	25.000	-

Whānau Ora Ngā Ngohe Huahoko Whānui

Whānau Ora General Commissioning Activities

This initiative provides funding for Whānau Ora Commissioning Agencies to continue commissioning support to 9,250 whānau to improve their wellbeing and build resilience. Of the 9,250 whānau, 800 will be provided with more intensive support through Ngā Tini Whetū, a joint agency early support programme (alongside Oranga Tamariki and ACC) designed to support whānau aspirations with a key aim to avoid the state care system and to support injury prevention.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Māori Development	-	41.628	41.628	41.628	41.628	166.512	-

Office of the Clerk

Office of the Clerk of the House of Representatives – Maintaining Core Services

This initiative ensures the Office of the Clerk of the House of Representatives can deliver its core services to the House of Representatives and select committees.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Office of the Clerk	-	1.717	1.970	1.899	2.229	7.815	-

Oranga Tamariki

Crown Response to Abuse in Care Inquiry

This initiative provides funding to ensure the Crown can continue to engage with the Royal Commission of Inquiry into Historical Abuse in State Care and Faith-Based Institutions in a timely, collaborative and coordinated manner ahead of its scheduled completion by June 2023. This will be achieved through continued funding for a Secretariat, legal support for representation, specialist records support, training and support to non-governmental organisations and Crown entities, support for affected staff, and responding to Inquiry recommendations.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Oranga Tamariki	-	8.955	-	-	-	8.955	-
Education	-	0.800	-	-	-	0.800	-
Health	-	0.200	-	-	-	0.200	-
Police	-	0.450	-	-	-	0.450	-
Justice	-	0.500	-	-	-	0.500	-
Internal Affairs	-	3.340	-	-	-	3.340	-

Enabling Partners and Communities

This initiative invests in the communities and partners Oranga Tamariki (OT) works alongside to ensure that holistic community-led responses that are whānau-centred and identified by the communities themselves, can be set up as part of implementing Oranga Tamariki's Future Direction Plan. Through engaging with communities when developing services, this initiative will improve health and wellbeing outcomes for tamariki and whānau by enhancing the effectiveness and efficiency of services they receive. This initiative will also improve iwi and community collaboration with OT and give these groups a greater sense of collective ownership of the services provided.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	7.800	15.075	0.125	-	23.000	-

Preventing Family Violence and Sexual Violence: Family Start increasing capability to prevent and respond early to family violence and sexual violence

This initiative funds a partnered approach to build capability across the Family Start workforce by providing a range of learning opportunities and expanding a core online parenting resource to build the knowledge base of family/sexual violence (FVSV) across the sector.

It will also enable an assessment and review to be carried out to identify the need for additional workforce capacity in taking a preventative approach to supporting FVSV needs. The initiative will improve Family Start workers competencies to identify and respond to early signs of FVSV, reduce the impact of FVSV in affected households and improve general wellbeing for whānau through trusted relationships.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Oranga Tamariki	-	1.260	1.310	1.260	1.160	4.990	-

VOYCE – Whakarongo Mai – Independent Advocacy and Connection Services for Tamariki and Rangatahi with Care Experience

This initiative provides time limited funding to allow VOYCE – Whakarongo Mai (VOYCE) to meet the increase in demand for its services. This initiative enables VOYCE to continue to provide services to a greater number of tamariki and rangatahi in all care settings to access independent advocacy, connect with others in care to build a positive care identity and have the opportunity to gain leadership skills and self-confidence.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Oranga Tamariki	-	2.075	2.336	2.378	-	6.789	-

Pacific Peoples

Building homes for Pacific Peoples in Porirua

This initiative will provide funding to support the establishment and resourcing of a new housing entity to deliver improved housing outcomes for Pacific peoples in the Wellington region. It will also provide funding to support the development of up to 300 homes for Pacific families in Eastern Porirua. The funding for this is held in a tagged contingency pending final decisions.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Pacific Peoples	-	0.500	-	-	-	0.500	-
Tagged Contingency	-	1.200	13.978	14.798	15.854	48.830	-

Building Pacific Science, Technology, Engineering, Arts, and Mathematics (STEAM) Futures through Toloa

This initiative continues funding and meets added demand for desired outcomes of the Toloa Science, Technology, Engineering, Arts, and Mathematics (STEAM) programme that provides opportunities through education and employment. The initiative also contributes to supporting a robust long-term labour market recovery for Pacific communities.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Pacific Peoples	-	4.569	4.569	4.569	4.569	18.276	-

Continuing Delivery of Employment and Training Services through Tupu Aotearoa

This initiative continues funding for the Tupu Aotearoa programme, enabling the continued delivery of personalised Pacific employment and training services. It will also support the delivery of pilot projects within the service to test enhancements to employment and training services that address barriers to employment and training faced by Pacific peoples.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Pacific Peoples	-	2.000	2.000	2.000	2.000	8.000	-

Implementing Government's Commitment to Deliver a Dawn Raids Historical Account

This package of initiatives provides funding to deliver the Government's commitment to provide reconciliation for communities impacted by the Dawn Raids and greater public understanding of the Dawn Raids. The package of initiatives includes Teu le Va Community Fund for community-led multimedia history projects, Vaka of Stories: a Ministry for Pacific Peoples-led tour to record/collate survivors' stories in an official Dawn Raids Historical Account Report, a fund for Pacific artists and historians to complete professional arts and history projects, and an Online Pacific histories platform: Creation of a historical preservation platform and education resources.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Pacific Peoples	-	5.999	2.549	2.549	2.549	13.646	-

Maintaining the Pacific Work Connect Programme

This initiative will support the continuation of a bespoke Pacific migrant support service, previously funded from the Immigration Levy.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Pacific Peoples	-	0.800	0.800	-	-	1.600	-

Pacific Economic Development – Accelerating Pacific Businesses and Social Enterprises

This initiative aims to meet community demand volumes for services to support “shovel ready” Pacific entities (businesses and social enterprises) across New Zealand. Capital investment is required to accelerate their development. This initiative will also support localised networks to provide guidance and enable innovative ideas for Pacific entities to operate and build economic resilience, achieve sustainable impacts, and create wealth opportunities and improve social wellbeing.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Pacific Peoples	1.197	3.588	3.588	3.588	3.588	15.549	-

Parliamentary Counsel Office

Parliamentary Counsel Office Business Transformation Programme

This initiative will fund the establishment of a tagged operating contingency to provide for the Business Transformation Programme and ongoing associated costs.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	3.375	8.206	3.221	3.221	3.221	21.244	-

Parliamentary Service

Bowen House Fitout

This initiative will fund the full fit-out of Bowen House post earthquake strengthening works. Some funding for this initiative is held in contingency. The contingency amount is not reported for commercial sensitivity reasons.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Parliamentary Service	-	1.877	13.073	8.196	8.196	31.342	20.000
Tagged Contingency	-	-	-	-	-	-	-

Delivering Future Parliamentary Accommodation

This initiative provides funding for the construction of three energy efficient and resilient buildings on the Parliamentary Precinct. The construction of these buildings will increase resilience, reduce the Parliamentary carbon footprint, increase utilisation, and enhance safety and security on the Parliamentary Precinct.

Some funding for this initiative is held in contingency. The contingency amount is not reported for commercial sensitivity reasons.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Parliamentary Service	-	-	-	-	-	-	27.957
Tagged Contingency	-	-	-	-	-	-	-

Police

Arms Safety & Control

The initiative provides additional funding to deliver legislated responsibilities under the updated Arms Act 1989 to enable safer firearms use in New Zealand. This includes implementation of a new Branded Business Unit and operating model, firearms registry and licensing regime.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Police	-	34.270	-	-	-	34.270	12.737
Tagged Contingency	-	8.287	49.759	53.056	47.769	158.871	2.521

Asset Revaluation Depreciation Impacts

This initiative addresses asset revaluation depreciation impacts and enables sustainable depreciation funding for New Zealand Police's property asset base.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Police	6.943	6.706	6.693	6.607	4.291	31.240	-

Cyber Security and Resilience Programme: Information Management

This initiative provides funding to enhance the security of the New Zealand Police against threats of cybercrime.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Police	-	6.778	5.666	6.073	6.213	24.730	-

Growing Police to Match Population

This initiative provides further funding for regular increases to Police staffing levels in line with national population increases. Funding for this initiative is held in contingency. The contingency amount is not reported as it is subject to further policy work.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	-	-	-	-	-	-

Preventing Family Violence and Sexual Violence: Support and Expand Integrated Community-led Responses

This initiative provides additional funding across four Votes to strengthen the existing Integrated Community-led Response approach (Te Aorerekura Action 2), including stronger evaluation of the existing pilot and future expansion across New Zealand. Funding will enable the five existing community response localities to test, evaluate and share learnings (Vote Justice) and address cost pressures (Vote Police). Resourcing regional infrastructure includes continuing Family Violence Response Coordination networks (Vote Social Development) and providing senior probation officers for the five existing localities (Vote Corrections). Future expansion includes stabilising responses in more community localities (Vote Police) and leading relational commissioning for the FVSV sector (Vote Justice).

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Police	-	1.800	3.300	3.300	3.300	11.700	-
Justice	-	4.600	4.600	4.600	4.570	18.370	-
Corrections	-	0.500	0.500	0.500	0.500	2.000	-
Social Development	-	3.000	3.000	-	-	6.000	-

Preventing Community Harm from Organised Crime: Cross Agency Approach

This initiative provides funding for cross-agency implementation of the Government's response to organised crime through the Resilience to Organised Crime in Communities work programme and Transnational Organised Crime Strategy. It also funds programmes focused on preventing the harm to New Zealand communities caused and exacerbated by drugs, firearms violence, and serious criminal offences.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Police	-	13.506	26.362	28.122	17.202	85.192	2.114
Corrections	-	0.800	1.900	1.900	1.900	6.500	-
Health	-	0.094	0.188	0.188	0.188	0.658	-

Tactical Response Model – Increasing Frontline Safety

This initiative funds improvements to the safety of frontline police and communities through the national roll out of the Tactical Response Model, following completion of its current trial. The model is intended to raise the New Zealand Police's ability to understand, prevent and respond to high-risk and critical incidents.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Police	-	42.000	-	-	-	42.000	20.696
Tagged Contingency	-	-	40.940	40.620	40.990	122.550	-

Te Pae Oranga Iwi Community Panels: Capacity Improvements

This initiative provides additional funding to increase capacity for the Te Pae Oranga programme. The funding enables service providers for rangatahi and family violence victims to take on additional referrals and maintain a safe, accessible, and integrated response.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Police	-	-	2.000	3.000	3.000	8.000	-

Prime Minister and Cabinet

COVID-19 Service Recognition

This initiative will allow the Government to recognise the contribution of certain New Zealanders to the COVID-19 response. This initiative is funded from the Emerging Priorities Contingency.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Prime Minister and Cabinet	1.000	3.776	0.300	-	-	5.076	-

Department of the Prime Minister and Cabinet Relocation from Temporary Accommodation

This initiative will support the Department of the Prime Minister and Cabinet, including the National Emergency Management Agency, to move into permanent accommodation following the temporary move from Bowen House due to seismic issues.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Prime Minister and Cabinet	-	-	1.710	1.680	1.680	5.070	1.352

Royal Commission of Inquiry – Annual Hui on Countering Terrorism and Violent Extremism

This initiative provides funding to deliver the annual hui He Whenua Taurikura ('a country at peace') for a further two years. Holding an annual hui on countering terrorism and violent extremism was a recommendation of the Royal Commission of Inquiry into the terrorist attack on Christchurch masjidain on 15 March 2019.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Prime Minister and Cabinet	-	0.300	0.300	-	-	0.600	-

Royal Commission of Inquiry – Research Fund for Preventing and Countering Violent Extremism

This initiative supports the provision and administration of scholarships and grants for research into preventing and countering violent extremism. This was a recommendation of the Royal Commission of Inquiry into the terrorist attack on Christchurch masjidain on 15 March 2019.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Prime Minister and Cabinet	-	0.825	1.650	1.650	1.650	5.775	-

Royal Commission of Inquiry – System Response to the Royal Commission of Inquiry into March 2019 Terrorist Attack

This initiative will continue to deliver the Government's priorities in responding as a system to the recommendations of the Royal Commission of Inquiry into the terrorist attack on Christchurch masjidain on 15 March 2019, in advance of decisions on implementation of the Royal Commission's "machinery of government" recommendations.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Prime Minister and Cabinet	-	5.400	5.400	-	-	10.800	0.122

Public Service

Delivering on the Public Service Commission's Core Functions, System Leadership and Government Expectations

This initiative will ensure the Commission is able to deliver on increased Government expectations for public service leadership, its core functions required by the Public Service Act 2020 and the Crown Entities Act 2004, and its statutory system leadership role as established in the 2013 reforms.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Public Service	-	0.900	0.900	0.900	0.900	3.600	-

Establishing a Pay Equity Centre of Excellence

This initiative will fund a Pay Equity Centre of Excellence which will: provide operational support for employers with claims; support increased certainty and clarity on cost and timing of settlements; and address constraints related to claims processes across the system.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Public Service	-	3.000	3.000	-	-	6.000	-

Revenue

Cost of Living payment

This initiative will fund the Cost of Living payment, which will help low-and middle-income households to manage the rising cost of living. It will be paid by Inland Revenue to an estimated 2.1 million people who earned less than \$70,000 in the past tax year and are not eligible to receive the Winter Energy Payment. Each person will receive a total of \$350 in three monthly instalments, beginning 1 August.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Revenue	-	810.500	3.500	-	-	814.000	-

Le Quesnoy: Overseas Donee Status

In 2018, Cabinet agreed to grant the New Zealand Memorial Trust – Le Quesnoy overseas donee status, which means that donations to the trust are tax-deductible. This decision was subject to a number of conditions, including a sunset clause for a period of three years. In 2021, Cabinet agreed to grant the Trust overseas donee status until 31 March 2025, recognising the historic nature of the Trust's purpose and the slower than anticipated fundraising efforts so far due to COVID-19.

	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tax Revenue	-	(0.750)	(1.000)	(1.000)	(1.000)	(3.750)	-

Maintaining capability, integrity and to respond to demand

This initiative provides funding to retain up to 240 full-time equivalent employees to support the response to and recovery from COVID-19. It will enable Inland Revenue to address rising levels of unfiled returns and debt, to support affected customers to get their tax obligations right from the start, and to respond to emerging integrity risks. The initiative also includes funding to manage remuneration cost pressures.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Revenue	-	21.700	53.100	53.100	26.600	154.500	-

Ongoing Funding for Administering the Research and Development Tax Incentive

This initiative will fund the administration costs for Inland Revenue to deliver its responsibilities within the Research and Development Tax Incentive (RDTI) scheme. This is a flagship Government initiative that aims to increase business investment in R&D. Specifically, the funding will enable Inland Revenue to employ 35 to 45 full-time equivalent employees each year to assess eligible expenditure and take overall responsibility for approving or declining RDTI claims.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Revenue	-	3.400	3.850	3.850	3.850	14.950	-

Reduction in revenue from ACC

This initiative will replace \$10.6 million in revenue each year that Inland Revenue currently receives from ACC for the collection of earner levies. The amount paid by ACC was last reviewed in 2002 and there have been significant cost savings and other changes since then. Inland Revenue and ACC have developed a new approach for determining the fee so there is no cross-subsidisation. This initiative ensures that Inland Revenue's services are not adversely affected.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Revenue	-	10.600	10.600	10.600	10.600	42.400	-

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	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Security Intelligence	-	0.263	0.390	1.175	1.670	3.498	-

Royal Commission of Inquiry – Maintaining and Enhancing Counter-Terrorism Services

This initiative provides funding for the counter-terrorism activities of the NZSIS, responding to commentary within the report of the Royal Commission of Inquiry into the terrorist attack on Christchurch masjidain.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Security Intelligence	-	3.157	7.893	5.790	5.721	22.561	-

Serious Fraud

Fraud and Corruption Prevention

This initiative provides for the ongoing development of a national financial crime and corruption strategy and strengthening of the public sector's response to financial crime. This initiative aims to reduce financial crime, and the harm caused to victims of financial crime, and protect New Zealanders' financial and economic wellbeing.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Serious Fraud	-	1.794	2.897	3.338	3.338	11.367	-

Serious Fraud Office – Accommodation and Facilities

This initiative provides funding to maintain the Serious Fraud Office's accommodation and facilities and allow it to continue to respond effectively to serious financial crime.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Serious Fraud	-	0.463	0.532	0.550	0.550	2.095	-

Serious Fraud Office – Cyber Security and ICT Resilience Capability

This initiative provides funding to enable the Serious Fraud Office to maintain its existing ICT and cyber security capability and implement a multi-year programme to strengthen cyber security protections.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Serious Fraud	-	0.257	0.269	0.278	0.278	1.082	-

Serious Fraud Office – Remuneration

This initiative provides funding to enable the Serious Fraud Office to recruit and retain employees with the necessary levels of specialist skills and experience to deliver core services.

This initiative is part of the multi-year Justice cluster process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Serious Fraud	-	0.650	1.138	1.274	1.274	4.336	-

Social Development

Apprenticeship Boost Initiative – Cost pressure

This initiative (agreed by Cabinet in December 2021) ensured sufficient funding was available to meet the projected cost of the Government's COVID-19 Response and Recovery Apprentice Boost Initiative through to its scheduled end-date of 4 August 2022. The Apprenticeship Boost Initiative provides wage subsidies to help employers keep early-stage apprentices employed and training towards their qualifications. Enrolments in apprenticeships grew significantly in 2021, requiring additional funding to meet demand for Apprenticeship Boost Subsidies.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	57.302	69.746	-	-	-	127.048	-

Apprenticeship Boost Initiative – Extending the programme

This initiative will extend the end-date of the Apprenticeship Boost Initiative (ABI) from 4 August 2022 to 31 December 2023. The extension is expected to enable the employers of around 24,000 new apprentices to continue to receive ABI support, and the employers of around 14,000 existing apprentices to keep receiving ABI support after 4 August 2022. This will support firms to keep early-stage apprentices employed and to bring on new apprentices, strengthening the pipeline for the skilled workforces New Zealand needs to recover from the impacts of COVID-19.

This initiative is funded through \$40 million of existing unspent 2021/22 Apprenticeship Boost Cost pressure funding (above), and \$190 million of new funding from the COVID-19 Response and Recovery Fund, totalling \$230 million.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	(40.000)	134.918	94.615	-	-	189.533	-
Tertiary Education	-	0.600	0.300	-	-	0.900	-

Better Later Life – Implementing the Strategy

This initiative will provide funding to continue implementing the Better Later Life – He Oranga Kaumātua 2019 to 2034 Strategy and its Action Plan 2021-2024 by implementing three priority initiatives:

- Digital Inclusion: provision of digital literacy training and support to improve the wellbeing of older people by enabling them to have the trust and confidence to learn, connect and keep up with changing technology;
- Senior Entrepreneurs: pilot to encourage entrepreneurship among older people, including those not currently well-represented in entrepreneurial activities eg, older Māori, Pacific People and women;
- Shared Housing: pilot to encourage home sharing by older people as a means of both enabling them to age in place and providing an affordable housing option.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	1.062	1.086	0.685	0.270	3.103	-

Building Financial Capability Services – Continuing support to improve financial outcomes of individuals and whānau

This initiative continues time-limited increases in funding for Building Financial Capability Services to ensure that providers can continue to address increased demand in response to the impact of COVID-19. The services provide support to individuals and whānau to improve their financial capability and reduce the risk of experiencing financial hardship.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	14.000	7.000	-	-	21.000	-

Building Oranga Tamariki Social Worker Capability

This initiative will provide funding for additional staff for the Social Workers Registration Board to work with and support Oranga Tamariki to implement the Oranga Tamariki Future Direction Action Plan by:

- Establishing micro-credential standards for supervision and other practice areas for social workers, and
- Developing training materials and provide expertise to upskill Oranga Tamariki social workers. Funding will improve professional development, capability and performance of Oranga Tamariki social workers which can be leveraged to provide training material and build capability in the sector more broadly.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	0.765	0.735	-	-	1.500	0.028

Children's Commissioner – Cost pressures

The initiative provides funding to address the Children's Commissioner's existing critical cost pressures and those associated with transitioning into the Children and Young People's Commission this year. These include a significant volume increase in the number of sites the Children's Commissioner is required to monitor under the United Nations Convention against Torture and other Cruel Inhuman or Degrading Treatment or Punishment (OPCAT), costs for establishing and maintaining a new Board, increases in rent and staffing costs, and a management of change process required as part of the proposed legislative changes in the Oversight of Oranga Tamariki and Children and Young People's Commission Bill.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	1.640	-	-	-	1.640	-

Continuing to replace the Financial Management and Payroll systems

This initiative provides the remaining funding to complete the Ministry of Social Development's (MSD) Financial Management Information System (FMIS) and Payroll system. Completing these projects will allow greater insights to be drawn from information on these systems and retires legacy software which will reduce the current high risk of failure in these systems. In addition, this initiative will allow scoping for the replacement of MSD's aging and high-risk Social Sector contract management systems to occur. This initiative is foundational for transforming MSD's operating model to support the Welfare Overhaul.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	28.518	-	-	-	28.518	-

Community-Based Services for Disabled People – Expanding accessibility

This initiative will expand existing community-based services for disabled people by an additional 370 places per year from 2023/24 onwards. This will allow more disabled people to access the services they require. The services are based on the Enabling Good Lives principles, which aim to enhance the mana and quality of life of disabled people by supporting them to participate in and contribute to the wider community.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	2.000	3.000	3.000	3.000	11.000	-

Disability Support Services Cost Pressures

This initiative funds cost pressures on the Government Disability Support Services budget, including price increases due to inflationary pressures and increases in service volumes due to demand for services. Funding has been provided in Vote Health for pressures in the current financial year (2021/22). Funding provided in Vote Social Development is for anticipated ongoing pressures on the disability budget managed by the Ministry for Disabled People in the 2022/23 financial year.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	176.000	176.000	176.000	176.000	704.000	-
Health	31.000	-	-	-	-	31.000	-

Disability Support System Transformation – Implementation of the Enabling Good Lives approach

This initiative will extend Enabling Good Lives (EGL) to more of the disabled population and their whānau, progressing towards a national rollout of the EGL approach. This includes providing Connectors/Kaitūhono to help people navigate assistance, achieve more seamless support and funding which is easier to access. A national model for delivery of the Disability System Transformation based on the EGL approach and implementation plan will show how the funding will be used and the phasing of the expenditure.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	14.600	17.500	27.400	40.500	100.000	-

Driver Licence Support – Better access to licences for disadvantaged groups to improve employment and safety outcomes

This initiative will fund MSD contracted driver licence support for 64,000 people over 4 years. It will support people most disadvantaged by barriers to driver licences to progress through the driver licencing system by providing lessons with wrap around support. It will increase access to jobs (70% require licences) and services, improve road safety, address industry workforce demand (eg, in primary, construction, and care sectors) and reduce fine debt and the related risk of criminalisation. The initiative will stabilise and expand access to support and testing infrastructure. The multi-agency funding covers costs for: support; consultation; referral pathway design; sector development; increased testing capacity for transport disadvantaged communities; and monitoring of effectiveness.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	11.862	16.319	20.244	21.111	69.536	-
Transport	-	4.300	4.300	4.300	4.050	16.950	-

Fund to support community-led initiatives to foster social cohesion

This initiative establishes a contestable grant fund that supports community-led projects which foster social cohesion. The fund will operate as a co-funding model with both government and communities contributing to the cost of the project. Funded projects are expected to result in more positive social interactions between different communities and reduce social isolation resulting in an increased sense of belonging, recognition and safety. This initiative forms part of the Government's response to recommendations in the Royal Commission of Inquiry into the Attack on Christchurch masjidain on 15 March 2019.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	2.000	-	-	-	2.000	-

He Tapuae: Tūhoe Service Management Plan

This initiative provides funding to continue for a further three year's funding to support Tūhoe to engage on He Tapuae: Tūhoe Service Management Plan with the Crown. The purpose of He Tapuae is to develop, implement, expand and renew from time to time a plan for the transformation of the social circumstances of the people of Tūhoe.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	1.000	1.000	1.000	-	3.000	-

Housing-Related Hardship Assistance – Improving Support For Housing Insecure and Low-Income New Zealanders

This initiative will create a single, new and improved programme for housing-related hardship assistance, based on three existing programmes. The new programme will better respond to the needs of lower-income clients in the private rental market, through increased maximum payments and an increase in the frequency payments can be made. The programme includes piloting a non-recoverable payment for groups where there are gaps in current assistance (eg, better supporting clients to leave emergency housing). Through the changes, support will be more transparent and easier to understand for clients. The initiative will serve longer-term goals of preventing homelessness and reducing pressure on emergency, transitional, and public housing.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	14.295	13.171	7.023	7.514	42.003	-

Implementation of Iwi Relationship agreements

This initiative will provide funding for seven Crown/Māori partnerships to support partners to engage with the Ministry of Social Development to realise shared outcomes through the development and implementation of joined action plans for Post Treaty Settlements. The funding will help partners to meet project management costs and costs associated with effective engagement and partnership.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	0.500	0.500	-	-	1.000	-

Kāinga Whānau Ora – Continuing support

This initiative will support the continuation of Kainga Whānau Ora (KWO), a Crown and Māori initiative to deliver whānau-centred services to whānau in two locations (Palmerston North and Whanganui). Funding ensures that Te ao Māori values and practices form a core part of the way that integrated housing, education and social services are delivered to participating whānau.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	2.400	-	-	-	2.400	-

Mana in Mahi – Continuing employment support linked to industry training for at-risk jobseekers

The initiative tops-up baseline funding for Mana in Mahi to support an additional 150 placements (from 650 to 800) from August 2022 as a one-year programme. Participants will be supported to gain an apprenticeship or formal industry qualification, leading to long-term sustainable employment. Mana in Mahi will continue to provide a wage subsidy of \$16,000, pre-employment support, additional pastoral and education support and incentive payments for participants from 2022/23 to 2023/24. The initiative will also provide additional funding for second-year Mana in Mahi participants for agreements entered into before August 2022.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	7.355	3.553	-	-	10.908	-

Māori Trades and Training Fund – Continuing to support Māori entities delivering training and employment for Māori

This initiative provides additional grant funding and resourcing for the Māori Trades and Training Fund (MTTF) which is a contestable, grant-based fund that supports by-Māori-for-Māori employment-based training programmes. This additional funding will enable the delivery of contracts with existing MTTF providers, support applications from and develop the capability of new providers, support employment placements, and complete an evaluation (including Kaupapa Māori evaluation) of the first two years of the programme.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	21.700	21.832	21.335	1.335	66.202	-

Ministry for Disabled People – Establishing a new Ministry

This initiative will fund the establishment of the new Departmental Ministry and support its ongoing operation from 1 July 2022. The Ministry will drive improved outcomes for disabled people, lead cross-government strategic disability policy, deliver Disability Support Services, and lead ongoing work on Disability System Transformation. Funding also includes investment to develop disability leadership and capability within the disability sector. This initiative will potentially benefit up to 1.1 million disabled people in New Zealand.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	32.975	27.772	23.418	23.694	107.859	-

Ministry of Youth Development – Increasing equitable access to youth development services

This initiative provides funding to increase access for up to additional 6,800 young people per year to youth development services. This initiative will also ensure funding over four years to pilot a minimum of six full-time qualified youth workers to deliver increased contact time (more intensive service) with around 360 young people per year to address more complex and urgent needs. The funding will also support a cycle of youth development evidence, including research and evaluation on what works for cohorts of young people,

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	3.750	3.750	3.750	3.750	15.000	-

Preventing Family Violence and Sexual Violence: Actioning Te Aorerekura's prevention shift

This initiative invests in six primary prevention components that will work together to reduce family and sexual violence and encourage long-term wellbeing in individuals, whānau and communities. This time-limited funding will strengthen current work programmes (eg, E Tū Whānau, Pasifika Proud and the Campaign for Action on Family Violence) and develop new prevention approaches for ethnic communities, older people and youth. It will focus on both those more at risk of being victims as well as those likely to use violence. It realises Te Aorerekura's shift towards investment in primary prevention (Actions 21 and 23 of Te Aorerekura).

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	12.635	13.295	11.695	-	37.625	-

Public and Transitional Housing – Maintaining and Increasing Public, Transitional and COVID-19 Housing Supply

This initiative supports the current delivery of public and transitional housing, including the delivery of new places committed to through the Public Housing Plan 2021-24. It will also enable the extension of existing contracted transitional housing motels and motel places contracted at the start of the COVID-19 outbreak.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	-	(0.220)	(0.638)	(0.836)	(1.694)	-

Public Housing Register – Supporting clients on the Public Housing Register

This initiative funds the Ministry of Social Development (MSD) to hire additional staff to manage the Public Housing Register more effectively, and to better support clients with serious housing needs. This will allow MSD to direct more staff to make regular contact with clients, ensure their housing priority is up to date, and to offer alternative options to access sustainable housing.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	3.935	2.769	2.208	1.913	10.825	0.900

Social Sector Commissioning – Growing the Capability of the Social Sector

This initiative invests in increases in efficiency and effectiveness of social sector NGO systems and services by establishing a fund for targeted investment in sector capability. This investment aims to strengthen sector capability as it will allow the Ministry of Social Development to work with the social sector peak bodies and other collectives, including those set up under COVID-19, to engage in capability building activity across the sector.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	2.000	2.000	-	-	4.000	-

Social Sector Commissioning – Hub to monitor and support implementation of work programme

This initiative will establish a commissioning hub in government to support the Social Wellbeing Board's system stewardship role overseeing, coordinating, and directing implementation of Social Sector Commissioning across government agencies, NGO providers and communities. It will provide dedicated expertise to support implementation of the Social Sector Commissioning change programme, through secretariat support, policy advice on cross-government system barriers, research and monitoring, and evaluating progress with building trusting, meaningful relationships in the commissioning process.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	1.000	1.000	-	-	2.000	-

Te Pae Tawhiti – Designing the Ministry of Social Development's future operating model

This initiative provides funding for Ministry of Social Development (MSD) staff and contractors to design and lay the foundations for the transformation of MSD's operating and service models.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	35.660	-	-	-	35.660	-

Te Hiku o te Ika Social Accord

This initiative continues previously time-limited funding to support the continued delivery of a Joint Work Programme between Te Hiku o te Ika Social Accord and the Crown. It will support Te Hiku to engage with the Crown to achieve the outcomes specified in its Social Accord. The initiative invests in capability to enable Te Hiku to partner in the design and delivery of services to Māori including testing new ideas for employment and wellbeing, and an improved evidence base.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	1.500	1.500	1.500	1.500	6.000	-

Welfare Overhaul – Special Needs Grants for Dental Treatment

This initiative will improve the adequacy and accessibility of immediate and essential dental treatment, by increasing the level of support provided. This will help improve oral health and wider health outcomes and reduce debt for those on low incomes. From December 2022, the funding will increase the amount of non-recoverable support available to beneficiaries and low-income families for dental treatment from \$300 to \$1,000, allow multiple grants in a 52-week period (up to a total of \$1,000), and removes the requirement for the need to have arisen from an emergency (necessary dental treatment would be covered for people with an immediate and essential need).

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	18.090	33.713	35.874	38.127	125.804	-

Welfare Overhaul – Working for Families – Increasing tax credits to support low income families

This initiative increased the Family Tax Credit rate in addition to the planned Consumer Price Index adjustment of Working for Families payments and was part of the 1 April package. This increase to incomes will help families with the costs of raising children. In total, 346,000 families will be better off by an average of \$20 per week. It also increased the Unsupported Child's Benefit, the Orphan's Benefit, and the Foster Care Allowance. This will help reduce rates of child poverty and contributes to the Government's Welfare Overhaul programme.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	0.122	0.745	0.924	0.760	1.130	3.681	-
Revenue	17.500	70.000	65.000	61.000	61.000	274.5	-
Housing and Urban Development	(0.599)	(2.552)	(2.555)	(2.141)	(2.141)	(9.988)	-
Oranga Tamariki	0.252	1.009	1.012	1.009	1.009	4.291	-

Welfare Overhaul – Main Benefit Increases and Complementary Changes to Student Support

This initiative continues the investment from Budget 2021. It provides funding for the further increases to main benefits and complementary changes to student support, that come into force on 1 April 2022. For families with children, benefit rates increased a further \$15 per adult per week and student support increased by \$25 per adult, per week. Between 19,000 and 33,000 children are projected to be lifted out of poverty on the after-housing-costs measure in 2022/23 as a result of increases to benefit levels in Budget 2021 and Budget 2022.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	133.93	511.967	504.602	496.097	496.097	2142.693	-
Revenue	-	5.000	4.000	3.000	3.000	15,000	-
Housing and Urban Development	(4.417)	(18.855)	(20.463)	(21.524)	(21.524)	(86.783)	-

Welfare Overhaul – Permanently Increasing Hardship Assistance Income Limits

This initiative permanently increases the income limits for Special Needs Grants (SNGs), Recoverable Assistance Payments (RAPs) and Advance Payments of Benefit (Advances) from 1 July 2022 and indexes the limits to average wage growth from 1 April 2023. This increase enables wider access to this hardship support for working New Zealanders.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	-	13.572	13.941	14.058	14.410	55.981	-

Welfare Overhaul – Child Support Pass On

This initiative provides funding to enable child support payments to be passed on to sole parent beneficiaries rather than being retained by the Crown. This will ensure the equitable treatment of sole-parent beneficiaries with respect to receipt of child support payments. The resulting increase in incomes to sole-parent beneficiaries contributes to the Government's goal of reducing child poverty. It is estimated to reduce child poverty by around 6,000 children on the Government's after housing costs measure, and around 10,000 children on the before housing costs measure in the 2023/24 financial year.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Social Development	0.645	2.260	(38.569)	(41.906)	(42.260)	(119.830)	17.500
Revenue	-	1.450	155.736	159.133	159.133	475.479	2.700
Housing and Urban Development	-	-	(6.897)	(7.344)	(7.343)	(21.574)	-

Sport and Recreation

Lifting Integrity Across Play, Active Recreation and Sport

This initiative provides funding to meet increased costs of protecting and upholding the integrity of the play, active recreation and sport system. It will fund additional capability, complaints and mediation service, and provide athlete voice mechanisms.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Sport and Recreation	-	4.800	-	-	-	4.800	-

Statistics

Collecting the Expenditure Supplement to the Household Economic Survey

The Household Economic Survey (HES) Expenditure Supplement collects information on what items consumers buy, thereby determining what items are in the Consumers Price Index basket of goods and services.

Recommencing HES (Expenditure) data collection in the 2022/23 financial year requires additional funding for data collection. Without HES (Expenditure) funding, there would be a negative impact on the measurement of macroeconomic indicators, including an overstating of inflation, which leads to an understating of economic growth.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Statistics	-	-	-	-	-	0.094	-

Delivering for, and with, Iwi, Hapū and Māori

Accurate, robust, and relevant Iwi-Māori data is critical to achieving economic, environmental, social and cultural outcomes with, and for, Māori. The initiative addresses inequities and challenges across the data system through system-wide transformation, increased Māori data capability, Māori data governance and data innovation. This initiative is about having partnerships to pursue opportunities that will enhance the data ecosystem for the whole nation.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Statistics	-	4.114	1.250	-	-	5.364	-

Providing Sustainable, Quality Data for Generations to Come

Direct data collection methods, including the Census, are becoming unfeasible with decreasing response rates, and increasing unsustainable costs. This initiative modernises how Stats NZ sources and uses data to meet greater demand across government and the broader economy for statistics, data and insights. It will also reduce the burden on respondents and provide flexibility to respond to changing data needs and insights.

The initiative will deliver:

- Multi-modal survey system to offer our survey respondents more ways to respond
- Continued household surveys to meet increasing data needs
- A plan to implement a future Census model which uses increased administrative data

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Statistics	1.349	11.467	11.143	5.980	5.954	35.893	18.137

Te Arawhiti

Historical Treaty Settlements

This initiative provides funding to maintain the level of departmental activity for Treaty settlement negotiations.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Te Arawhiti	-	3.614	2.000	-	-	5.614	-

Relativity Mechanism – Dispute Resolution

This initiative will enable the Crown to participate in the resolution of disputes arising from the relativity mechanisms included in the historical Treaty settlements with Waikato-Tainui and Ngāi Tahu.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Te Arawhiti	-	1.800	-	-	-	1.800	-

Supporting the Māori Crown Relationship

This initiative maintains Te Arawhiti's capacity to support the Crown to work effectively with and for Māori and the Māori Crown relationship. It also provides one-off funding in 2022/23 for Te Arawhiti to review its future priorities, workplan and workforce needs.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Te Arawhiti	-	1.300	1.000	1.000	1.000	4.300	-

Takutai Moana – Financial Assistance Scheme

This initiative provides additional funding for the Takutai Moana Financial Assistance Scheme to ensure applicants can progress their applications for recognition of customary marine interests under Te Takutai Moana Act 2011 and Ngā Rohe Moana o Ngā Hapū o Ngāti Porou Act 2019.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Te Arawhiti	-	-	-	6.573	7.786	14.359	-

Takutai Moana – Implementation of Engagement Strategy

This initiative provides funding to Te Arawhiti for the delivery of the Takutai Moana Engagement Strategy, which launched in June 2021. The Takutai Moana Engagement Strategy is focussed on achieving fair, transparent and timely determination of Takutai Moana applications for recognition of customary interests.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Te Arawhiti	-	1.700	3.300	3.300	3.300	11.600	-

Treaty Settlements Tagged Contingency

This initiative sets aside funds for additional Treaty settlements redress and purchase of properties for the Treaty Settlements Landbank. This will enable critical decisions to be taken in a timely way throughout the financial year.

Funding for this initiative is held in contingency. The contingency amount is not reported due to ongoing negotiations.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	-	-	-	-	-	-

Tertiary Education

Cost Adjustment for Tertiary Tuition and Training Subsidies

This initiative applies an increase to tuition and training subsidies to support tertiary providers to manage increases in delivery costs and to maintain the quality and accessibility of tertiary education over time. The increase in per-student subsidies will support providers to ensure their delivery remains relevant and responsive to students' and employers' needs, especially as they continue to manage the impact of COVID-19 on their operations.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tertiary Education	-	39.344	76.218	75.733	75.600	266.895	-

Te Pūkenga – New Zealand Institute of Skills and Technology Capital Investment Fund

This initiative will fund capital injections into Te Pūkenga – New Zealand Institute of Skills and Technology to co-fund prioritised remediation and upgrades of infrastructure across its network of Institutes of Technology and Polytechnics. The investments will support Te Pūkenga to modernise its physical infrastructure as part of implementing the Government's Reform of Vocational Education. This will support students to access fit-for-purpose teaching facilities that enables more flexible and work-based learning.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tertiary Education	-	-	-	-	-	-	40.000

Tertiary Education and Training – Increased Funding for Enrolments

This initiative provides funding for tertiary education and training provision in prioritised areas in 2023, particularly work-based learning such as apprenticeships. Demand in 2023 is forecast to exceed the volume that can currently be funded through baselines. As indicative 2022 provider-based enrolments data show a decline from high 2021 enrolments, \$40 million of 2021/22 funding is being transferred in Budget 2022 to increase the funding available for 2023 enrolments. Without additional funding, the ability of prospective students to access tertiary education and training would likely be restricted.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tertiary Education	(40.000)	56.343	56.343	-	-	72.686	-

Transport

Auckland Light Rail: Progressing the Next Phase of Project Delivery

This initiative provides funding for the Auckland Light Rail Unit to carry out detailed planning activities following Cabinet decisions on Auckland Light Rail in December 2021. Costs covered include client delivery and professional services, the Auckland Light Rail Board and secretariat services, the policy work programme, and contingency funding for strategic land acquisition.

Some funding for this initiative is held in contingency. The contingency amount is not reported for commercial sensitivity reasons.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Transport	10.602	72.843	114.940	0.720	-	199.105	-
Finance	-	0.180	0.180	-	-	0.360	-
Tagged Contingency	-	-	-	-	-	-	-

Crown Support for Waka Kotahi NZ Transport Agency's Regulatory Business, as a Result of COVID-19 Impacts

This initiative provides Waka Kotahi NZ Transport Agency access to Crown funding following reductions in regulatory revenue as a result of COVID-19 in the 2021/22 financial year.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Transport	7.000	-	-	-	-	7.000	-

Future of Rail – Rail Network Investment Programme

This initiative provides a further Crown top-up to the National Land Transport Fund to meet the funding requirements to restore a resilient and reliable national rail network. This funding will enable KiwiRail to continue to run rail services and supports future growth in New Zealand rail.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Transport	-	-	-	312.300	-	312.300	-

Future of Rail – Rolling Stock

This initiative provides funding for the final tranche of KiwiRail's rolling stock investment programme to replace life-expired assets with modern, energy efficient units.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Transport	-	-	-	-	-	-	349.200

Ground-Based Navigation Aids at Five Locations, to Complete a Safe Minimum Operating Network for Aviation

This initiative provides funding for Airways New Zealand to deliver five navigation aids that will be used to safely recover aircraft as an emergency alternative to GPS navigation across mainland New Zealand, at locations where the usual avenue of user-pays cost recovery is not feasible. This will complete the safe minimum operating network in New Zealand (a full network of 24 ground-based navigation aids).

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Transport	-	-	0.400	0.400	0.400	1.200	-
Finance	-	-	-	-	-	-	10.000

Implementation of MARPOL Annex VI to Reduce Pollution from Ships

This initiative provides funding for Maritime New Zealand and the Ministry of Business, Innovation and Employment to implement the International Convention for the Prevention of Pollution from Ships (MARPOL) Annex VI, that Cabinet agreed to accede to November 2019. This funding will enable the two agencies to develop and implement new surveys and certification, testing, and monitoring regimes required to meet MARPOL obligations.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Transport	-	1.900	-	-	-	1.900	1.100
Business, Science and Innovation	-	1.100	-	-	-	1.100	-

Maintaining International Airfreight Capacity (MIAC)

This initiative provides funding to extend the existing MIAC scheme from 31 October 2021 to 31 March 2023. The final extension of this scheme will provide much-needed certainty as passenger travel recovers, protecting our links with the world, continuing to grow our export base, and getting time-critical supplies like medicines and special equipment into the country quickly. MIAC support levels will be scaled back and ultimately end as international flight frequencies and passenger numbers recover, and international airlines return, between now and 31 March 2023.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Transport	245.850	155.250	-	-	-	401.110	-

Maritime New Zealand Meeting its Obligations Under the Health and Safety at Work Act 2015

This initiative increases the level of funding provided to Maritime New Zealand to meet its obligations under the Health and Safety at Work Act 2015. This funding enables Maritime New Zealand to fully undertake its role as the delegated maritime regulatory agency and continue to undertake essential health and safety activities. This increase is a charge against the Working Safer Levy, not through Budget 2022 allowances.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Transport	-	4.350	4.620	4.930	5.050	18.950	-

Ongoing Crown Support for Maritime New Zealand Core Functions

This initiative provides Maritime New Zealand with continued access to Crown funding following the impacts of COVID-19 on maritime passenger numbers. The funding will ensure Maritime New Zealand can continue to fulfil its core statutory, regulatory, compliance and response functions over the 2022/23 financial year.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Transport	-	23.300	-	-	-	23.300	-

Ongoing Crown Support for the Civil Aviation Authority and Aviation Security Service Core Functions

This initiative provides the Civil Aviation Authority and the Aviation Security Service with continued access to Crown funding following the impacts of COVID-19 on aviation passenger numbers. The funding will ensure that the Civil Aviation Authority and the Aviation Security Service can continue to fulfil their core statutory, regulatory, compliance and response functions over the 2022/23 financial year.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Transport	-	109.293	-	-	-	109.293	-

Port Sector Opportunities to Support Decarbonisation, Resilience, and Regional Development

This initiative provides funding for three technical studies: a research exercise to inform the development of the New Zealand Freight and Supply Chain Strategy; a study considering the technical engineering feasibility of the Manukau Harbour as a location for a future port; and a study on the proposal for a Northland dry-dock.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Transport	-	3.700	-	-	-	3.700	-

Rescue and Firefighting Service at Whangārei Airport (Capital Component)

This initiative provides the capital costs for a Rescue and Firefighting Service at Whangārei District Airport, to maintain its compliance with Civil Aviation Authority certification status. Specifically, this initiative will fund the design and construction of a purpose-built facility for the Airport's Rescue and Firefighting Service. Under an existing Deed between the Crown and the Whangārei District Council, the Crown must pay the capital cost of the Rescue and Firefighting Service.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Transport	-	-	-	-	-	-	1.840

Resourcing the Ministry of Transport's COVID-19 Response and Policy Function

This initiative provides funding to contribute to the Ministry of Transport's COVID-19 response and policy function through the 2022/23 financial year.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Transport	-	1.000	-	-	-	1.000	-

SuperGold Card Concessions – Ensuring Continued Access to Affordable Public Transport for Older New Zealanders

This initiative provides local government additional Crown funding to meet the expected increased costs of funding the SuperGold Card concession as the eligible population increases. The funding will protect the integrity of the SuperGold Card Scheme, ensuring that older New Zealanders can continue to benefit from free off-peak public transport.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Transport	-	2.000	2.000	3.000	3.000	10.000	-

Supporting a Chatham Islands Replacement Ship to Enable Critical Transportation Services

This initiative provides contingency funding to support the Chatham Islands to replace its current vessel, the Southern Tiare as it reaches the end of its life. Funding is also allocated to support short-term maintenance of the Southern Tiare until a replacement vessel is delivered.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	11.020	24.080	-	-	35.100	-

Supporting Implementation of Initiatives Detailed in the Enabling Drone Integration Package

This initiative provides contingency funding for the Civil Aviation Authority and the Ministry of Transport to deliver actions identified in the Enabling Drone Integration package. The Enabling Drone Integration package outlines regulatory updates, digital infrastructure, and rule changes that need to be implemented by agencies.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	1.590	2.255	1.635	1.637	7.117	1.750

Supporting Implementation of the Maritime Security Strategy

This initiative provides Crown funding to contribute to implementation of the Maritime Security Strategy - Guardianship of Aotearoa New Zealand's Maritime Waters: Te Kaitia kitanga O Tangaroa. Specifically, this funding contributes to the operating costs of the Automatic Identification System, an information technology system used to enable maritime domain awareness.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Transport	-	0.068	-	-	-	0.068	-

Women

Continuing the support for the Mana Wāhine Kaupapa Inquiry

This initiative provides funding for the Ministry to continue to lead the government response to the Waitangi Tribunal's Mana Wāhine Kaupapa Inquiry. The Ministry is increasing its work across multiple streams (inquiry, engagement and policy coordination) ensuring a collaborative response to Waitangi tribunal directives; policy responses to improve wellbeing of wāhine Māori and their whānau; as well as strengthened relationships between Māori and the Crown.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Women	-	0.900	2.050	2.050	2.150	7.150	-

Ministry for Women's support post COVID-19 with increased engagement and policy capability

This initiative provides funding for Manatū Wāhine Ministry for Women to meet increasing demands for policy, engagement and data capability. The Ministry will develop gender budgeting resources and increase community and sector engagement to improve outcomes for women, particularly for wāhine Māori.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Women	-	1.600	2.200	2.200	2.200	8.200	-

Climate Emergency Response Fund Initiatives by Vote

Agriculture, Biosecurity, Fisheries and Food Safety

Agriculture Emissions Reduction – Accelerating Development of Greenhouse Gas Mitigations

This initiative will accelerate development and uptake of high impact agricultural mitigation technologies. Funding will accelerate research, grow capability, expand greenhouse gas measurement capacity, streamline the path to market, and deliver demonstration programs to ensure there are fit for purpose tools for use on farm. Expanding international collaborations and our cleantech sector through innovation prizes will further raise both our international standing and contribution to reducing global agricultural emissions. Funding will also support matauranga-based approaches to reduce agricultural emissions, providing further options for Māori and non-Māori landowners to improve sustainability.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	-	28.015	64.766	123.735	122.235	338.751	-

Agriculture Emissions Reduction – Developing the He Waka Eke Noa Pricing System (Phase One)

This initiative funds essential development work necessary to support and enable decisions during 2022/23 on the options for the implementation of the agricultural emissions pricing scheme in accordance with new obligations under the Climate Change Response Act 2002.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	-	6.280	-	-	-	6.280	-

Agriculture Emissions Reduction – Supporting Producers and Māori Entities Transition to a Low Emissions Future

This initiative ensures farmers, growers and whenua Māori entities can access support and have the confidence to move to low emissions farm systems. Building on the He Waka Eke Noa partnership, it funds access to credible information and communications to help shift practices. It will increase on-the-ground and on-farm activities aimed at helping producers change farm practices and adopt new technologies, including through local producer groups focused on reducing emissions. It funds tikanga-based programmes to develop and support long-term low emissions profiles for whenua Māori.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Agriculture, Biosecurity, Fisheries and Food Safety	-	3.456	10.406	10.332	10.497	34.691	0.650

Business, Science and Innovation

Developing a Circular Economy and Bioeconomy Strategy

This initiative supports the development of a circular economy and bioeconomy strategy to reduce emissions. The funding supports cross-agency development of the strategy, research into the ability of the bioeconomy to meet biofuel demand, resource flow maps, and a baseline of New Zealand's current level of circularity.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	1.600	1.100	0.300	-	3.000	-

Equitable Transitions Programme

This initiative will fund a programme to co-design an Equitable Transition Strategy in partnership with iwi/Māori and other stakeholders, as a key initiative in the Emissions Reduction Plan and responding to the Climate Change Commission's advice. The Strategy will seek to better understand and respond to the distributional impacts that emerge as a result of the transition to a low emissions economy. By working in partnership with identified affected groups we can determine measures to manage challenges and seize opportunities in the transition.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	4.520	9.290	2.050	0.460	16.320	-

Extending the Warmer Kiwi Homes programme

This initiative will deliver more insulation and heating retrofits for low-income homeowners by extending the Warmer Kiwi Homes programme following on from funding already allocated. Delivery of more retrofits will improve educational opportunities and productivity by reducing time off school and work due to illness and improve the housing stock by making it warmer and drier. It will support jobs in the energy service sector and improve environmental outcomes by reducing marginal electricity consumption at times of peak demand.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	-	73.118	-	-	73.118	-

Funding Further Decarbonisation of Process Heat and Implementation of Supporting Policies

This initiative increases funding to reduce emissions from industry and process heat and resource the implementation of new regulatory measures. With this funding, businesses will improve energy productivity, bring forward fuel-switching projects, and reduce exposure to carbon price risk. It increases the Government Investment in Decarbonising Industry Fund, provides support to small and medium enterprises, provides rebates for renewable and efficient equipment, and resources the implementation of an energy and emissions reporting scheme and national direction on industrial emissions.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	69.642	151.392	207.375	223.839	652.248	0.570

Supporting the Transition to a Renewable Electricity System

This initiative will develop and implement electricity market measures that support reliable and affordable electricity supply while accelerating the transition to a highly renewable electricity system. It also includes funding to facilitate public sector procurement of renewable electricity through long term power purchase agreements.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	2.770	2.455	-	-	5.225	0.055

Supporting the Energy Transition to a Low Emissions Economy

The components of this initiative are development of a strategy to decarbonise the energy system, developing a regulatory framework for offshore renewable energy, and developing a roadmap for development and use of hydrogen. These will facilitate the introduction of low carbon fuels and greater renewable electricity to drive New Zealand's transition to a low carbon economy.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	5.647	7.037	4.990	-	17.674	0.054

Supporting Renewable and Affordable Energy in New Zealand Communities

This initiative funds delivery of community-based renewable energy projects, including grants for the development costs of projects, and fund implementation costs. Funded projects will be innovation pilots to support New Zealand's energy transition. Projects will enable access to secure, renewable and more affordable energy, with a focus on low-income communities and/or insecure access to energy. Funding will cover renewable energy generation options (eg, solar, geothermal), and means of optimising energy use (eg, energy storage and demand management). Funding will also support efficiency measures, education and capacity building.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Business, Science and Innovation	-	4.000	4.000	4.000	4.000	16.000	-

Environment

Delivering New Zealand's International Climate Change Target Through Offshore Mitigation

This initiative provides funding to develop options for offshore emissions mitigation needed to meet New Zealand's international climate change target. It includes work to scope, identify and develop some initial sources of offshore mitigation including options in the Asia-Pacific region that support sustainable development, and negotiate and implement links between the NZ ETS and international ETS's.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Environment	-	1.944	2.149	2.349	2.484	8.926	-

Emissions Reduction Plan Performance Monitoring

This initiative provides funding for a suite of monitoring and accountability mechanisms to help to keep delivery of the Emissions Reduction Plan on track.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Environment	-	4.171	4.132	4.132	4.132	16.567	-
Finance	-	1.339	1.306	1.348	1.348	5.341	-

Enabling a Scaled-up, High Quality Voluntary Carbon Market

This initiative will fund a government-supported framework and approval scheme for a voluntary carbon market to serve the Carbon Neutral Government Programme and businesses. This includes developing rules and standards to ensure the credibility of offsets. This will enable the design of a framework that will cover standards for offsets, including what kind of projects will be permissible in the short and long term. It will facilitate work with existing providers, scoping for an accreditation process and a register of projects to account for offsets so that providers and buyers can trade amongst themselves.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Environment	-	1.044	1.094	0.744	0.744	3.626	-

Māori Climate Action

This initiative provides funding to establish a platform to strengthen the Crown/Māori partnership and support a holistic approach to climate change that supports an equitable transition for Māori. The platform will include mechanisms to ensure diverse Māori participation in climate policy and climate action, support development of a Māori climate strategy, and activate kaupapa Māori, tangata Māori solutions for the climate emergency. A pilot approach to activating kaupapa Māori, tangata Māori solutions will be piloted in year one, with further funding held in contingency subject to Ministers' agreement on the more enduring form of the Māori Climate Partnership and Representation platform.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Environment	-	3.488	2.538	3.258	3.258	12.542	-
Tagged Contingency	-	-	2.000	6.000	10.000	18.000	-

Reducing Emissions from Waste

This initiative seeks to implement a suite of proposals to reduce emissions in line with the target reduction pathway in the Emissions Reduction Plan. This initiative will reduce and divert organic waste from landfill and enable emissions to be reduced through delivering:

- resource recovery feasibility studies, business cases, infrastructure and other assets
- behaviour change programmes to reduce emissions from waste, and
- a national waste data programme including landfill gas capture research.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Environment	-	29.887	61.779	5.865	5.565	103.096	-

Forestry

Establishing Native Forests at Scale to Develop Long-Term Carbon Sinks and Improve Biodiversity

This initiative removes barriers for native afforestation: increases propagation capacity, using automated technology to scale up native seedling production and reduce costs; facilitates innovation in seed collection, propagation and forest establishment including restoration, through focused research; and develops a long-term national strategy and action plan to grow native forests in partnership with rural landowners, iwi/Māori, foresters, communities and the private sector.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	9.270	16.529	18.585	20.227	64.611	78.850
Agriculture, Biosecurity, Fisheries and Food Safety	-	-	-	-	-	-	1.500

Increasing Woody Biomass Supply to Replace Coal and other Carbon Intensive Fuels and Materials

This initiative will increase biomass supply and stimulate private sector investment to alleviate projected shortages, through Crown planting 10,000ha of short rotation energy forest, and targeted research and development. The initiative will help transform forestry and wood processing to a high-value, high wage sector.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	2.028	5.578	9.843	12.023	29.472	61.594

Maximising Carbon Storage: Increasing Natural Sequestration to Achieve New Zealand's Future Carbon Goals

This initiative will fund research to link forest carbon storage to management actions; enable changes to ETS look-up tables to more accurately reflect carbon stock changes and incentivise improved management for new and existing forests and quantify the carbon impact of management in non-forest land use, soil, and coastal ecosystems; and stimulate investment in wood processing to maximise carbon stored in wood products. Together these initiatives will directly contribute to reductions in the first three emission budgets by more than 9.3 million tonnes over 2022-2035.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Forestry	-	5.811	11.630	8.108	4.728	30.277	-
Agriculture, Biosecurity, Fisheries and Food Safety	-	-	-	-	-	-	4.000
Conservation	-	0.935	0.915	0.755	0.755	3.360	-
Environment	-	1.732	2.233	2.234	2.235	8.434	-
Tagged Contingency	-	-	5.963	7.009	7.209	20.181	45.000

Transport

Cleaner Vehicles for Low-Income New Zealanders – Social Leasing Scheme

This initiative provides contingency funding to implement and operate a social leasing scheme that leases low-emission vehicles to low-income participants.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	10.000	10.000	-	-	20.000	-

Cleaner Vehicles for Low-Income New Zealanders – Vehicle Scrap and Replace Scheme

This initiative provides funding to implement and operate a vehicle scrap and replace scheme that provides funding and in-kind support to low-income households to shift to low emission alternatives, upon scrapping a vehicle.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	15.906	15.906	242.900	294.050	568.762	-

Crown Support for Public Transport Revenue Shortfall due to COVID-19

This initiative provides Crown funding to cover a portion of the revenue shortfall experienced by Waka Kotahi NZ Transport Agency and Public Transport Authorities as a result of reduced patronage due to COVID-19 in the 2021/22 financial year.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Transport	47.400	-	-	-	-	47.400	-

Decarbonising Freight Transport – Resourcing and Seed Funding

This initiative provides funding for activities that support decarbonising the freight and supply chain sector. This includes funding for business cases and research programmes, capability and capacity, and contestable funding for low emission freight solutions.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Transport	-	1.840	1.368	0.568	0.568	4.344	-
Business, Science and Innovation		-	1.292	12.240	2.240	15.772	-

Decarbonising the Public Transport Bus Fleet

This initiative provides funding to support Public Transport Authorities to invest in bus decarbonisation initiatives, (such as deploying zero-emission buses or investing in associated infrastructure), to reduce greenhouse gases and harmful emissions from the bus fleet.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Transport	-	4.290	8.965	13.695	13.695	40.645	-

Mode-Shift and Reducing Light Vehicle Kilometres Travelled

This initiative provides funding for activities, infrastructure and services that reduce reliance on cars and supports the uptake of active and shared modes. It commits funding to four indicative investment areas including the rapid roll out of urban cycle networks, creation of walkable neighbourhoods, support for safer, greener, and healthier school travel, and provisions for more reliable and user-friendly public transport. It also provides funding for Waka Kotahi NZ Transport Agency and third parties to develop urban Vehicle Kilometres Travelled reduction plans and programmes that identify activities required to achieve mode-shift and reduce Vehicle Kilometres Travelled

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Transport	-	110.300	263.250	1.000	-	374.550	-

Public Transport – Extension to the 50 percent Fare Reduction

This initiative extends the existing reduction in public transport fares by 50 percent currently in place from 1 April 2022 to 30 June 2022 for an additional two months from 1 July 2022 to 31 August 2022. This will encourage greater public transport usage, promoting decarbonisation in the transport sector, and directly reduce household transport costs.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Transport	-	27.100	-	-	-	27.100	-

Retaining and Recruiting Bus Drivers – Improving Terms and Conditions

This initiative provides funding to improve the retention and recruitment of bus drivers through more attractive terms and conditions to help provide the workforce necessary to absorb an increase in demand for public transportation and support emissions reductions. This is to be given effect to through nationally consistent terms and conditions for bus drivers to be agreed through a bus industry standard agreement for urban bus drivers (represented by Government, Industry, and Unions).

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	13.000	15.000	16.000	17.000	61.000	-

Public Transport Concessions for Community Services Cardholders

This initiative provides funding to implement and operate a 50 percent concession on public transport for Community Services Cardholders to improve transport affordability and support an equitable transition to a low emissions economy.

This investment is funded through the Climate Emergency Response Fund.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	<i>Operating Total</i>	<i>Capital Total</i>
Transport	-	24.777	24.666	24.546	24.546	98.535	-
Social Development	-	1.709	1.146	0.737	0.737	4.329	2.276

Budget 2022 Savings Initiatives by Vote

Agriculture, Biosecurity, Fisheries and Food Safety

Return of Tagged Contingency Funding: Replacing Lost Frontline Biosecurity Operations Revenue Contingency

This initiative returns funding previously held in the Replacing Lost Frontline Biosecurity Operations Revenue tagged contingency. The undrawn contingency of \$20 million is returned for reallocation as part of Budget 2022, as funding is no longer required.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	-	-	-	-	-	(20.000)

Business, Science and Innovation

Return of Tagged Contingency Funding: COVID-19 Infrastructure Cost Overruns and Reprioritisation

This initiative returns funding previously held in the COVID-19 Infrastructure Cost Overruns and Reprioritisation tagged operating contingency for reallocation as part of Budget 2022, as this funding is no longer required.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	(50.000)	-	-	-	-	(50.000)	-

Return of Tagged Contingency Funding: Wellington Accommodation Project (WAP) – Tranche 2

This initiative returns funding previously held in the Wellington Accommodation Project (WAP) – Tranche 2 tagged operating contingency for reallocation as part of Budget 2022, as this funding is no longer required.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	(12.638)	-	-	-	-	(12.638)	-

Education

March Baseline Update 2021 Forecast Changes

This savings initiative shows the impact of Forecast Changes in the 2021 March Baseline Update process. 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	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	(53.390)	(57.713)	(59.728)	(59.716)	(59.716)	(290.263)	-

October Baseline Update 2021 Forecast Changes

This savings initiative shows the impact of Forecast Changes in the 2021 October Baseline Update process. 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	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Education	(30.675)	(57.183)	(39.234)	(34.502)	6.291	(155.303)	-

Return Tagged Contingency Funding: Emergency Support for Casual Workers in State and State-integrated Schools and Kura

This initiative returns funding previously held in the Emergency Support for Casual Workers in State and State-integrated Schools and Kura tagged operating contingency for reallocation as part of Budget 2022, as this funding is no longer required.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	(0.829)	-	-	-	-	(0.829)	-

Return of Tagged Contingency funding: Funding Uplift for School Transport Contract

This initiative returns funding previously held in the Funding Uplift for School Transport Contract tagged operating contingency for reallocation as part of Budget 2022, as this funding is no longer required

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	(5.849)	-	-	-	-	(5.849)	-

Return of Tagged Contingency funding: Removal of the charter school model

This initiative returns funding previously held in the Removal of the charter school model tagged operating contingency for reallocation as part of Budget 2022, as this funding is no longer required.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	(3.773)	-	-	-	(3.773)	-

Foreign Affairs

Return of Tagged Contingency funding: Hosting a Virtual APEC in 2021

This initiative returns funding previously held in the Hosting a Virtual APEC 2021 tagged operating contingency for reallocation as part of Budget 2022, as this funding is no longer required.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	(6.640)	-	-	-	-	(6.640)	-

Health

Return of Tagged Contingency Funding: Assisted Dying Services / End of Life Choice Act 2019 Implementation – Contingency

This initiative returns a portion of funding previously held in the Assisted Dying Services / End of Life Choice Act 2019 Implementation – Tagged Operating Contingency for reallocation in Budget 2022. This funding is no longer required due to an expectation of lower funding requirements for this service over the next few years.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	(1.800)	(1.350)	(0.900)	(0.450)	(4.500)	-

Labour Market

Return of Tagged Contingency Funding: Implementing Fair Pay Agreements and Screen Industry Bargaining Systems

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

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	-	-	-	-	-	-	(0.500)

Return of Tagged Contingency Funding: Improving the System for Refugee Family Reunification

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

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	(6.191)	(1.358)	(1.161)	-	-	(8.710)	-

Revenue

Closure of Inland Revenue's transformation programme

This technical initiative is for the closure of Inland Revenue's Business Transformation programme. This initiative hands back \$269 million of capital and operating funding and seeks approval for a transfer of \$35 million from 2021/22 to 2022/23 and 2023/24. The \$35 million transfer will be used to undertake residual activities following the closure of the programme that were unable to be completed before 30 June 2022 due to COVID-19 priorities. A final transfer of funding will also be made to Inland Revenue's Multi-Category appropriation to meet the ongoing costs associated with new assets and systems related to Transformation, including capital charge and depreciation.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Revenue	(169.709)	1.859	(8.150)	(18.560)	(18.560)	(213.120)	(93.000)

Taxation of Housing: Limiting Interest Deductions for Residential Property

This initiative recognises the additional tax revenue arising out of changes to interest deductibility rules for residential property. In 2021, Cabinet agreed to limit property investors' interest deductions for residential property to reduce investor demand for existing housing and improve housing affordability for first home buyers. The initiative included an exemption for main homes and for newly built properties. This is expected to result in significant additional tax revenue.

	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tax Revenue	(80.000)	(200.000)	(350.000)	(490.000)	(650.000)	(1,770.000)	-

Tertiary Education

Return of Tagged Contingency Funding: Administration of the Code of Practice for Pastoral Care of Domestic Tertiary Students

This initiative returns funding previously held in the Administration of the Code of Practice for Pastoral Care of Domestic Tertiary Students tagged operating contingency for reallocation as part of Budget 2022, as this funding is no longer required.

Vote	2021/22	2022/23	2023/24	2024/25	2025/26	Operating Total	Capital Total
Tagged Contingency	(0.179)	(0.179)	(0.179)	(0.179)	(0.179)	(0.895)	-

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 covering four Budgets

In the Budget Policy Statement 2022, the operating allowance for Budget 2022 was set at \$6 billion per annum, and the capital allowance (also known as the Multi-Year Capital Allowance or MYCA) was \$9.8 billion available to allocate over the next four Budgets. These allowances are built into the Treasury's fiscal forecasts included in the *Economic and Fiscal Updates*.

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 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 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. For capital funding, we look a bit further ahead, using a ten-year total instead.

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 2022/23 (the second year of the forecast period), the total allowance impact will be \$8 million.

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 four years (ie, \$6 billion per annum, rather than \$24 billion total). 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 2022/23”.

Capital *allowances* are always presented as the *total* amount of funding available across the four Budgets covered by the MYCA (ie, \$9.8 billion). The funding amounts for capital *initiatives* are always communicated as the *total* impact of the initiative over the next ten years.

Budget 2022 introduces new processes that impact multiple allowances

Two new processes have been 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 has been 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 provides *three Budgets’ worth of funding* for two groups of agencies in the Justice and Natural Resources sectors. This funding is counted against the 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 established in recent years.

A process was run alongside Budget 2022 to agree a package of initiatives responding to the climate crisis, which are funded from the *Climate Emergency Response Fund (CERF)* established in 2021. This 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 proceeds of the New Zealand Emissions Trading scheme.

Another example of a funding source outside the allowance framework is the *COVID-19 Response and Recovery Fund (CRRF)*. This fund was a temporary tool created to manage operating and capital costs associated with the COVID-19 response and recovery. It has been closed as part of Budget 2022.

GLOSSARY

Consumers Price Index (CPI)

Statistics New Zealand'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.

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.

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.

Labour productivity

Output per unit of labour input (where labour inputs might be measured as hours worked or the number of people employed).

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.

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 of all Government reporting entities. 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 and liabilities and excludes minority interests' share of those assets and liabilities.

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.

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).

