



## BRIEFING

### 2023 March Baseline Update Submission: Vote Building and Construction – Health Portfolio (previously COVID-19 Response)

<b>Date:</b>	17 February 2023	<b>Priority:</b>	High
<b>Security classification:</b>		<b>Tracking number:</b>	2223-2436

Action sought		
	Action sought	Deadline
Hon Dr Ayesha Verrall <b>Minister of Health</b>	<b>Approve</b> changes to the appropriations for which you are responsible in Vote Building and Construction – Health portfolio for inclusion in the 2023 MBU submission. <b>Sign</b> and send <b>one soft copy</b> of the 2023 MBU submission to the Minister of Finance's office by 1.00pm, 20 February 2023.	1.00pm, 20 February 2023

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Shayne Gray	General Manager MIQ	Privacy of natural persons	
Privacy of natural persons	Manager Finance Business Partnering, Managed Isolation and Quarantine	Privacy of natural persons	✓

The following departments/agencies have been consulted
Treasury

- Minister's office to complete:
- |  |   |                                    |
|--|---|------------------------------------|
| <input type="checkbox"/> Noted               | <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined  |
| <input type="checkbox"/> Overtaken by Events | <input type="checkbox"/> Needs change         | <input type="checkbox"/> Seen      |
|  | <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

**Comments**

*Approved and signed by Minister on 20/2/23.*



## BRIEFING

### 2023 March Baseline Update Submission: Vote Building and Construction – Health Portfolio (previously COVID-19 Response)

Date:	17 February 2023	Priority:	High
Security classification:	In Confidence	Tracking number:	2223-2436

#### Purpose

---

The March Baseline Update (MBU) process provides an opportunity for appropriation Ministers to make changes to their appropriations to reflect or implement relevant Cabinet or joint Ministers decisions approved since the 2022 October Baseline Update (OBU), and to make other technical adjustments (that do not put any new policy in place, do not entail any new funding, or do not require an approval by Cabinet).

This briefing seeks your:

- approval of recommended appropriation baseline changes, as part of the 2023 MBU process, and
- agreement to submit approved baseline changes to the Minister of Finance by 1.00pm 20 February 2023.

#### Recommended action

---

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

- a **Note** that because of the disestablishment of the COVID-19 Response portfolio as of 1 February 2023, responsibility for the *Managed Isolation and Quarantine* multi-category appropriation has been reallocated to you as Minister of Health

*Noted*

- b **Note** that:

- The MBU process provides an opportunity to reflect Cabinet or joint Ministers' decisions approved since OBU 2022 and propose other adjustments in line with Cabinet Office Circular CO (18) 2.
- This briefing is accompanied by the 2023 MBU submission to the Minister of Finance (Annex B) and 'Table 2', which is exported from the Treasury's Crown Financial and Information System (CFISnet) and provides the authority for financial changes by Vote;
- Table 2 cannot be split by portfolio and therefore proposed financial changes have been provided in Annex A showing only the appropriations you are responsible for.
- Other appropriation Ministers in Vote Building and Construction will forward their approved MBU changes to the Minister of Finance by 1.00pm on 20 February 2023.

- There is a new reporting standard, Public Benefit Entities – Financial Reporting Standards (PBE FRS 48) for reporting non-financial information.

Noted

c **Individually note** the proposed financial changes to appropriations as set out in Annex A of this briefing

Noted

d **Note** that there are no proposed non-financial changes to appropriations

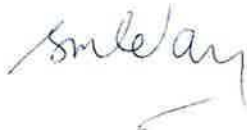
Noted

e **Agree** to sign and return this briefing to MBIE by 20 February 2023

Agree / Disagree

f **Agree** to sign and forward **one soft copy** of the 2023 MBU submission as set out in Annex B to the Minister of Finance by 1.00pm 20 February 2023

Agree / Disagree



Shayne Gray  
**General Manager MIQ**  
Labour, Science and Enterprise, MBIE



Hon Dr Ayesha Verrall  
**Minister of Health**

17 / 02 / 2023

29 / 2 / 2023

## Background

---

1. The Government's spending intentions are established as part of the Budget process each year and tabled in the House on Budget Day. During the year there are opportunities to update the agreed spending intentions through baseline updates in October and March.
2. MBU provides an opportunity for Ministers to make changes to their appropriations to reflect or implement relevant Cabinet or joint Ministers' decisions approved since OBU 2022, and to make other adjustments which do not put any new policy in place, do not entail any new funding, or do not require approval by Cabinet.
3. Joint Ministers are requested to approve changes within the criteria set out in the Cabinet Office Circular CO (18) 2, *Proposals with Financial Implications and Financial Authorities*.
4. Below are the types of changes that can be made through MBU:
  - a. **Cabinet decisions or decisions by joint Ministers under delegation** approved after OBU, for example, new funding to implement a policy or service that was agreed by Cabinet, or joint Ministers who have been delegated authority by Cabinet.
  - b. **Expense transfers and in-principle expense transfers** (IPETs), used to move funding from an appropriation in one financial year to the same appropriation in one or more of the next three financial years.
  - c. **Fiscally neutral adjustments**, transfers of funding from one appropriation to a different appropriation in the same financial year or increases to appropriations fully offset by increases in third-party revenue (i.e. transfers with no impact on the operating balance or debt).
  - d. **Technical adjustments**, which include technical approvals to give effect to decisions already approved by Cabinet, and adjustments with no cash impact (such as changes to the indicative spending profile between financial years for a multi-year appropriation).
  - e. **Forecast adjustments**, which include changes to the amount incurred under a Permanent Legislative Authority or changes in revenue that are the result of an external factor.
  - f. **Retention of underspends**, which are transfers of departmental underspends, as a result of savings, to the next financial year.
  - g. **Front-loading of spending**, bringing forward of departmental spending from future financial years for specific activities that will reduce spending in outyears.
5. Previous Cabinet or joint Ministers' decisions are not required to be detailed in the Ministerial letter to the Minister of Finance for baseline updates. These decisions are still entered into CFISnet and form part of the Table 2 Vote changes. For your reference Cabinet and joint Ministers' decisions have been included in the annexes.
6. The External Reporting Board (XRB) issued Public Benefit Entities – Financial Reporting Standards (PBE FRS 48) Service Performance Reporting (the standard) in 2017. The standard applies to annual reports covering reporting periods starting on or after 1 January 2022 and is part of generally accepted accounting practice (GAAP). The standard establishes principles and high-level requirements for the reporting of service performance

information. Also, it helps organisations communicate their key achievements and demonstrate value and accountability to funders, donors and the public. We have made changes to performance measures shown in Annex B below to improve our measures in line with the new standard.

## Next steps

---

7. Subject to your approval of proposed MBU changes as set out in Annexes A and B of this briefing, please:
  - a. sign and return this briefing to MBIE by 20 February 2023, and
  - b. provide **one soft copy** of the 2023 MBU submission for your portfolio(s) to the Minister of Finance by 1.00pm 20 February 2023 (Annex B).

## Annexes

---

**Annex A:** 2023 MBU – Proposed financial changes for Vote Building and Construction – Health portfolio

**Annex B:** 2023 MBU Submission to the Minister of Finance for Vote Building and Construction – Health portfolio

## Annex A: 2023 MBU – Proposed financial changes for Vote Building and Construction – Health portfolio

Adjustment Type	Title	Appropriation	Expense Type	Revenue Source	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	Minister's Response
Cabinet or Joint Ministers' paper	New Zealand's future quarantine and isolation capability	Isolation and Quarantine Management MCA - Operational Support	Departmental Output Expenses	Revenue - Crown	(7,358)	-	-	-	-	Noted
		Delivering Primary, Community, Public and Population Health Services	Non-Departmental Output Expenses	Non-Departmental - N/A	-	3,323	3,323	-	-	
		COVID-19 Public Health Response	Non-Departmental Output Expenses	Non-Departmental - N/A	-	356	356	-	-	

# Hon Dr Ayesha Verrall

Minister of Health  
Minister of Research, Science and Innovation



Hon Grant Robertson  
Minister of Finance  
Parliament Buildings  
WELLINGTON

## 2023 March Baseline Update

### Submission for Vote Building and Construction

#### Introduction

This report covers those items affecting the baseline for Health appropriations in Vote Building and Construction for the March Baseline Update.

I confirm that none of the changes contained in this update require Cabinet decisions at this time. The Table 2 referred to below is attached to this letter.

There are no proposed changes to baselines which require your approval.

#### Other Cabinet decisions

A number of items listed in Table 2 attached to this submission do not require Joint Minister approval. All Cabinet decisions relating to the Health appropriations in Vote Building and Construction made since the previous baseline update have been included in this update and are listed in detail in Table 2 attached to this letter.

#### Recommendations

I recommend that you:

1. **note** that Table 2 includes for completeness other changes to baselines for the Health appropriations in Vote Building and Construction that have been approved by Cabinet or Joint Ministers since the previous baseline update or do not require such approval.

Signed

A handwritten signature in blue ink, appearing to read 'Ayesha Verrall'.

Hon Dr Ayesha Verrall  
Minister of Health

20/2/2023

**Table 2: Baseline Changes Report, 2022/23 MBU, Vote 70 - 7: MBIE - Building and Construction. Data has not been validated**

	Classification	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	Authority for Change	Final Year Funding
<b>Departmental Output Expenses</b>								
<b>Occupational Licensing</b>								
<b>Dept Annual Appropriation</b>								
B&C - Occupational Licensing platform for EW and LBP regime - memo accounts	Tech Adj	4,000	4,700	-	-	-	CO (18) 2 para 59	On going
<b>Residential Tenancy and Unit Title Services</b>								
<b>Dept Annual Appropriation</b>								
B&C-HSG - funding cost pressure to meet demand for Residential Tenancy & Unit Title Services	FNA	750	-	-	-	-	CO (18) 2 para 24.1.1	On going
<b>Revenue Crown</b>								
B&C-HSG - funding cost pressure to meet demand for Residential Tenancy & Unit Title Services	FNA	750	-	-	-	-	CO (18) 2 para 24.1.1	On going
<b>Weathertight Services</b>								
<b>Dept Annual Appropriation</b>								
B&C - Transfer from Weathertight Services for Remediation Support Services	FNA	-	(1,769)	(858)	-	-	CO (18) 2 para 24.1.1	On going
B&C-HSG - funding cost pressure to meet demand for Residential Tenancy & Unit Title Services	FNA	(750)	-	-	-	-	CO (18) 2 para 24.1.1	On going
B&C-WR&S - cost pressure transfer to W&S - Employment Relations Services (Vote Labour Market)	FNA	(1,380)	-	-	-	-	CO (18) 2 para 24.1.1	On going
B&C-WR&S - transfer to reflect the increase in cost of remuneration for Remuneration Authority members	FNA	(30)	-	-	-	-	CO (18) 2 para 24.1.1	On going
<b>Revenue Crown</b>								
B&C - Transfer from Weathertight Services for Remediation Support Services	FNA	-	(1,769)	(858)	-	-	CO (18) 2 para 24.1.1	On going
B&C-HSG - funding cost pressure to meet demand for Residential Tenancy & Unit Title Services	FNA	(750)	-	-	-	-	CO (18) 2 para 24.1.1	On going
B&C-WR&S - cost pressure transfer to W&S - Employment Relations Services (Vote Labour Market)	FNA	(1,380)	-	-	-	-	CO (18) 2 para 24.1.1	On going
B&C-WR&S - transfer to reflect the increase in cost of remuneration for Remuneration Authority members	FNA	(30)	-	-	-	-	CO (18) 2 para 24.1.1	On going
<b>Total changes - Departmental Output Expenses</b>		<b>2,590</b>	<b>2,931</b>	<b>(858)</b>	<b>-</b>	<b>-</b>		
<b>Total changes - Output revenue (Crown +Dept+Other)</b>		<b>(1,410)</b>	<b>(1,769)</b>	<b>(858)</b>	<b>-</b>	<b>-</b>		
<b>Non-Departmental Other Expenses</b>								



	Classification	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	Authority for Change	Final Year Funding
<b>Residential Earthquake-Prone Buildings Financial Assistance Scheme: Delivery and Administration of the Loan Scheme for Earthquake Prone Buildings</b>								
<b>Non-Dept Annual Appropriation</b>								
B&C - funding for Earthquake Prone Building Remediation Support Services	FNA	-	(1,500)	(1,500)	(1,500)	(1,500)	CO (18) 2 para 24.1.1	On going
B&C - transfer funds to deliver Remediation Support Service pilot	FNA	(2,324)	-	-	-	-	2223-1867 12-Dec 2022	On going
<b>Total changes - Non-Departmental Other Expenses</b>		<b>(2,324)</b>	<b>(1,500)</b>	<b>(1,500)</b>	<b>(1,500)</b>	<b>(1,500)</b>		
<b>Multi-Category Expenses and Capital Expenditure</b>								
<b>Building Policy, Regulation and Advice (MCA)</b>								
<i>Departmental Output Expenses</i>								
<u>Building Regulation and Control</u>								
<b>Dept Annual Appropriation</b>								
B&C - Uplift for the Building Regulation and Control category	FNA	7,209	7,002	6,377	6,377	6,377	2223-0967 24-Oct 2022	On going
<b>Revenue Other</b>								
B&C - Uplift for the Building Regulation and Control category	FNA	7,209	7,002	6,377	6,377	6,377	2223-0967 24-Oct 2022	On going
<u>Policy Advice and Related Services to Ministers - Building and Construction</u>								
<b>Dept Annual Appropriation</b>								
B&C - tnfr to Vote Environment to provide co- funding to procure updated climate modelling data from NIWA	FNA	(2,500)	-	-	-	-	2223-0391 24-Oct 2022	On going
<b>Revenue Crown</b>								
B&C - tnfr to Vote Environment to provide co- funding to procure updated climate modelling data from NIWA	FNA	(2,500)	-	-	-	-	2223-0391 24-Oct 2022	On going
<b>Isolation and Quarantine Management (MCA)</b>								
<i>Departmental Output Expenses</i>								
<u>Operational Support</u>								
<b>Dept Annual Appropriation</b>								
Health - NZ future quarantine and isolation capability - transfer to Vote Health - SWC-22-MIN- 0256	Cabinet	(7,358)	-	-	-	-	CAB-22-MIN-0589.01	On going
<b>Revenue Crown</b>								
Health - NZ future quarantine and isolation capability - transfer to Vote Health - SWC-22-MIN- 0256	Cabinet	(7,358)	-	-	-	-	CAB-22-MIN-0589.01	On going
<b>Residential Earthquake-Prone Building Support Services (MCA)</b>								

	Classification	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	Authority for Change	Final Year Funding
<b>Non-Departmental Other Expenses</b>								
<u>Delivery and Administration of the Residential Earthquake-Prone Building Financial Assistance Scheme</u>								
<b>Non-Dept Annual Appropriation</b>								
B&C - funding for Earthquake Prone Building Remediation Support Services	FNA	-	1,500	1,500	1,500	1,500	CO (18) 2 para 24.1.1	On going
B&C - transfer funds to deliver Remediation Support Service pilot	FNA	996	-	-	-	-	2223-1867 12-Dec 2022	On going
<b>Departmental Output Expenses</b>								
<u>Earthquake-Prone Building Remediation Support Service</u>								
<b>Dept Annual Appropriation</b>								
B&C - Transfer from Weathertight Services for Remediation Support Services	FNA	-	1,769	858	-	-	CO (18) 2 para 24.1.1	On going
B&C - transfer funds to deliver Remediation Support Service pilot	FNA	1,328	-	-	-	-	2223-1867 12-Dec 2022	On going
<b>Revenue Crown</b>								
B&C - Transfer from Weathertight Services for Remediation Support Services	FNA	-	1,769	858	-	-	CO (18) 2 para 24.1.1	On going
B&C - transfer funds to deliver Remediation Support Service pilot	FNA	1,328	-	-	-	-	2223-1867 12-Dec 2022	On going
<b>Total changes - Multi-Category Expenses and Capital Expenditure</b>		<b>(325)</b>	<b>10,271</b>	<b>8,735</b>	<b>7,877</b>	<b>7,877</b>		
<b>Total changes - Output revenue (Crown +Dept+Other)</b>		<b>(1,321)</b>	<b>8,771</b>	<b>7,235</b>	<b>6,377</b>	<b>6,377</b>		

### Classification Key

Short Name	Description	Reference
Cabinet	Cabinet policy decision	Approvals are sought in cabinet papers (refer to cabinet manual), with authority given via a cabinet minute. The authority for change should reference both supporting documents.
ECT	Expense and Capital Transfer	Defined in (Cabinet Office Circular Financial changes that can be approved by Joint Ministers). Transferring funding within an appropriation across financial years.
ECT ip	Expense and Capital Transfer in-principle	Defined in (Cabinet Office Circular). The portion of an ECT that can't be accurately quantified so the transfer amount has been approved in-principle. 1st time can count in fiscal forecasts is OBU.
Fcst Adj	Forecast Adjustments	Defined in (Cabinet Office Circular). Adjustments to the forecast expenditure of PLAs or where there is a pre-determined cost calculation, or Crown Revenue.
FLoS	Front-Loading of Spending	Defined in (Cabinet Office Circular Financial changes that can be approved by Joint Ministers). Bringing forward expenditure to create lasting cost savings.
FNA	Fiscally Neutral Adjustment	Defined in (Cabinet Office Circular Financial changes that can be approved by Joint Ministers). Transferring funding between appropriations within a financial year.
RoU	Retention of Underspends	Defined in (Cabinet Office Circular Financial changes that can be approved by Joint Ministers). Transferring underspends to the next financial year.
RoU 50%	Retention of Underspends @ 50%	Defined in CO Circular. Portion of an ROU can't accurately quantify so the transfer amount of 50% of an underspend has been approved in-principle. 1st time can count in fiscal forecasts is OBU.

Tech Adj	Technical adjustment	Defined in (Cabinet Office Circular). Technical accounting adjustments with no cash impact to the Crown, MYA spending profile changes, non-controversial appropriation title or scope changes.
Return Sav	Return of savings to the Crown	Returning savings to the Crown is always encouraged. Departments can achieve this by constantly looking for efficiency gains through improvements in processes and technology.
Crwn Liab	Recognition of Existing Crown liability	Crown liabilities need to be recognised as soon as possible. These affect Non-Departmental Appropriations.
<u>Other</u>	Other changes outside the above criteria	There should be very few changes outside the above criteria, so if there are any they require extra scrutiny.