



BRIEFING

2020/21 Supplementary Estimates of Appropriations and 2021/22 Main Estimates: Vote Building and Construction – COVID-19 Response portfolio

Date:	12 April 2021	Priority:	High
Security classification:		Tracking number:	2021-2493

Action sought		
	Action sought	Deadline
Hon Chris Hipkins Minister for COVID-19 Response	Approve information related to your portfolio to be included in the 2020/21 Supplementary Estimates of Appropriations and 2021/22 Main Estimates for Vote Building and Construction. Approve non-financial performance information, for appropriations you are responsible for, in this Vote.	12.00pm, 20 April 2021

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Stewart McRobie	Chief Financial Officer, Finance and Performance	-	Privacy of natural persons	
Nicky Haslam	General Manager, Enterprise Performance and Reporting	Privacy of natural persons		
Privacy of natural persons	Manager Finance Business Partnering, Managed Isolation and Quarantine			✓

The following departments/agencies have been consulted
Treasury

Minister's office to complete:

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 Withdrawn |

Comments



BRIEFING

2020/21 Supplementary Estimates of Appropriations and 2021/22 Main Estimates: Vote Building and Construction – COVID-19 Response portfolio

Date:	12 April 2021	Priority:	High
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Purpose

This briefing seeks your:

- approval of the content included in the 2020/21 Supplementary Estimates of Appropriations and 2021/22 Main Estimates (the Estimates) for Vote Building and Construction that relates to appropriations in your portfolio, and
- agreement to include non-financial performance information, as attached in Annex 3, into the Estimates.

Executive summary

On Budget Day (20 May 2021), the Estimates will be tabled in Parliament as part of Budget 2021.

The 2020/21 Supplementary Estimates include details of all new appropriations and changes to the existing appropriations, or their supporting information, since the prior year Estimates were approved on 14 May 2020.

The 2021/22 Main Estimates include spending intentions for the next financial year and information to understand what is intended to be achieved with this spending.

The Estimates capture the following, previously approved, Ministerial decisions related to your portfolio:

- 2020 October and 2021 March Baseline Update decisions
- all joint Ministers or Cabinet decisions approved before the Budget moratorium that will begin on 12 April 2021, including the Technical Budget package approved on 6 April 2021.

Recommended action

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

- a. **Approve** content related to appropriations in your portfolio that form part of the Estimates as set out in Annexes 1 and 2

Approved / Not Approved

- b. **Approve** changes to non-financial performance information for appropriations in your portfolio as set out in Annex 3

Approved / Not Approved

- c. **Note** that, subject to your approval of the Estimates content for your portfolio, the Minister for Building and Construction, as the lead Minister for Vote Building and Construction, will submit the Estimates to the Minister of Finance by **1:00 pm on 20 April 2021** on behalf of all appropriation Ministers within the Vote. This submission will also include recommendation to approve any required scope changes or end-of-year performance reporting exemptions

Noted

- d. **Approve** MBIE to make non-significant corrections to the Estimates, following their submission to the Minister of Finance, if required to address feedback from the Treasury

Approved / Not Approved



Stewart McRobie
Chief Financial Officer
Finance and Performance, MBIE

Hon Chris Hipkins
Minister for COVID-19 Response

12 / 04 / 2021

___ / ___ / 2021

Background

1. The Supplementary Estimates set out the changes to the 2020/21 financial year since the Main Estimates were published on 14 May 2020. The Main Estimates provide members of Parliament with details of all proposed spending intentions for the next financial year (2021/22) for each Vote. It also includes performance information for each appropriation, and each category within a multi-category appropriation, which helps to understand what is intended to be achieved with the funding.
2. The information in the Estimates (both Mains and Supplementary) supports Parliament's examination of appropriations and other authorities requested by the Government for the forthcoming year, and provides a base against which an assessment can be done of what has been achieved with each appropriation at the end of the financial year.
3. This briefing presents the 2020/21 Supplementary Estimates and 2021/22 Estimates of Appropriations for Vote Building and Construction, which include details of appropriations you are responsible for. These are attached as Annexes 1 and 2.
4. Subject to your approval of the content related to your portfolios, the Minister for Building and Construction, as the lead Minister for Vote Building and Construction, will submit the Estimates to the Minister of Finance by **1:00 pm on 20 April 2021** on behalf of all appropriation Ministers within the Vote.

Information in the Estimates

2020/21 Supplementary Estimates

5. The attached 2020/21 Supplementary Estimates (Annex 1) focus on information that has changed since the prior year's Main Estimates were approved. These changes include:
 - new appropriations established during the year
 - changes to baselines that were previously approved through the 2020 October Baseline Update (OBU), and 2021 March Baseline Update (MBU), including explanations for those changes
 - changes to non-financial performance information approved at MBU, and
 - other baseline changes and funding decisions made by Cabinet or joint Ministers which have an impact on the 2020/21 financial year.

2021/22 Main Estimates

6. The attached 2021/22 Main Estimates (Annex 2) sets out the spending intentions for the next financial year and includes the following:
 - details of all appropriations in your portfolio, including explanations for significant changes compared to the current year
 - components of appropriations above \$50 million
 - memorandum accounts, where applicable
 - non-financial performance information for each appropriation and each category of a multi-category appropriation, and where this will be reported at year-end, and

- information about current and past policy initiatives.

Non-financial performance information

7. MIQ has adopted an integrated approach to planning, performance reporting, risk management and governance. Work was completed last year to develop key performance indicators against our key outcomes. From this process, we gained a better understanding of the availability and reliability of different data sets. For example, in the case of the measure for breaches, we have opted for a proxy measure based on reliable data rather than measuring a broader range of incidents that would be less reliable due to the nature of how that data is collected.
8. In the current environment, given the nature of MIQ, it is extremely difficult to forecast targets. We have limited historical data or benchmarks to draw from. The targets were developed based on what we know now and consultation with the subject matter experts or business owners in that area. For example, the target for debt recovery is based on the modelling done by our finance team and MBIE's experience with debt recovery in general. The target for breaches takes into account our internal reporting as well as the Ministry of Health's IPC audits in conjunction with our continuous improvement approach.
9. Pending approval of the non-financial performance information, the MIQ leadership team will incorporate them into the monthly performance report review as part of our ongoing governance activities. This will enable us to track and adjust as required on a monthly basis.

Next steps

10. Subject to your approval, please sign and return this briefing together with a signed copy of the Annexes.
11. The Minister for Building and Construction, as the lead Minister for Vote Building and Construction, will submit the Estimates to the Minister of Finance on behalf of all appropriation Ministers in the Vote by **1.00pm on 20 April 2021**.
12. If you wish to make any changes to non-financial performance information we will incorporate them into The Treasury's CFISnet system, and generate new versions of the Estimates documents for your submission to the Minister of Finance.
13. MBIE has worked with Treasury Vote analysts in preparing the content of the Main and Supplementary Estimates documents. Should Treasury officials provide us with any further feedback prior to the publication of the Estimates documents (after you have approved and submitted them to the Minister of Finance), we have sought your agreement to make minor (i.e. non-significant) corrections to address Treasury's feedback if required.

Annexes

Annex 1: 2020/21 Supplementary Estimates of Appropriations for Vote Building and Construction

Annex 2: 2021/22 Main Estimates of Appropriations for Vote Building and Construction

Annex 3: Proposed non-financial changes for the COVID-19 Response portfolio

Annex 1: 2020/21 Supplementary Estimates of Appropriations for Vote Building and Construction

Refer to Treasury website

Annex 2: 2021/22 Main Estimates of Appropriations for Vote Building and Construction

Refer to Treasury website

Annex 3: Proposed non-financial changes for COVID-19 Response portfolio

Requested changes are underlined:

Appropriation title	Details of change	2020/21 Supplementary Standard	2020/21 Estimated Actual	2021/22 Budget Standard	Reason for change
Isolation and quarantine management MCA	Overarching Intention statement <u>This appropriation is intended to achieve entry of people into New Zealand, while minimising the risk of community transmission of imported cases of COVID-19.</u>				New multi-category appropriation approved by Joint Ministers on 29 June 2020. New performance assessment information from 2020/21 onwards.
	Overarching assessment of performance New measure: Ratio of transmissions of COVID-19 to the community from MIQ facilities per 10,000 returnees	<1 case of transmission per 10,000 returnees	<1 case of transmission per 10,000 returnees	<1 case of transmission per 10,000 returnees	
	<i>Category: Operational Support</i> Intention statement <u>This category is intended to achieve operational leadership and departmental support necessary for the efficient, effective and safe delivery of MIQ services.</u>				
	Assessment of performance New measures: Debt recovery: Percentage of debt recovered against invoices raised	60%	60%	70%	
	<i>Category: Delivery of services</i> Intention statement <u>This category is intended to achieve accommodation and necessary related services, including pastoral care, for people entering New Zealand for the duration of their mandatory isolation and/or quarantine.</u>				
	Assessment of performance New measures: Breaches of safety protocols: ratio of breaches per 10,000 returnees	<100 breaches per 10,000 returnees	<100 breaches per 10,000 returnees	<100 breaches per 10,000 returnees	

Appropriation title	Details of change	2020/21 Supplementary Standard	2020/21 Estimated Actual	2021/22 Budget Standard	Reason for change
Isolation and quarantine management MCA	<p>Assessment of performance</p> <p>New measures:</p> <p>Returnee experience: Percentage of returnees/groups agreeing that their needs in relation to safety, pastoral support, fair treatment and respect were met most of the time or better</p>	-	-	90%	<p>New multi-category appropriation approved by Joint Ministers on 29 June 2020.</p> <p>New performance assessment information from 2021/221 onwards.</p> <p>The level of debt recovery is already included as a measure for <i>Operational Support</i> category and therefore measures for the Impairment of Debt category does not add any additional information.</p>
	<p><i>Category: Managed Isolation and Quarantine Loans - Impairment of Debt</i></p> <p>Intention statement</p> <p><u>This category is intended to achieve the recognition of write-off and impairment of debts owed to the Crown that are deemed uncollectable.</u></p>				
	<p><i>Category: Managed Isolation and Quarantine Loans - Impairment of Debt</i></p> <p>End of Year Performance Reporting</p> <p><u>An exemption was granted under s15D(2)(b)(ii) of the Public Finance Act 1989 as additional performance information is unlikely to be informative.</u></p>	<u>Exempt</u>	Exempt	<u>Exempt</u>	
	<p><i>Category: Managed Isolation and Quarantine Loans - Fair Value Write-down</i></p> <p>Intention statement</p> <p><u>This category is intended to achieve accounting for fair value write downs on loans provided to persons undergoing managed isolation and quarantine arrangements.</u></p>				
	<p><i>Category: Managed Isolation and Quarantine Loans - Fair Value Write-down</i></p> <p>End of Year Performance Reporting</p> <p><u>An exemption was granted under s15D(2)(b)(ii) of the Public Finance Act 1989, as additional performance information is unlikely to be informative because this category is solely for the initial fair value write-down of Managed Isolation and Quarantine loans.</u></p>	<u>Exempt</u>	Exempt	<u>Exempt</u>	
	<p><i>Category: Managed Isolation and Quarantine Loans</i></p> <p>Intention statement</p> <p><u>This category is intended to achieve the capture of the technical treatment of the fee scheme as lending under the Public Finance Act 1989 where payment terms are over 90 days.</u></p>				

Appropriation title	Details of change	2020/21 Supplementary Standard	2020/21 Estimated Actual	2021/22 Budget Standard	Reason for change
Isolation and quarantine management MCA	<p><i>Category: Managed Isolation and Quarantine Loans</i></p> <p>End of Year Performance Reporting</p> <p><u>An exemption was granted under s15D(2)(b)(ii) of the Public Finance Act 1989 as additional performance information is unlikely to be informative because this category is solely for technical treatment of deferring payment for the invoicing over 90 days under the Public Finance Act 1989.</u></p> <p>End of year performance reporting</p> <p>This performance information will be reported by the Ministry of Business, Innovation and Employment in its annual report.</p>	<u>Exempt</u>	Exempt	<u>Exempt</u>	<p>New multi-category appropriation approved by Joint Ministers on 29 June 2020.</p> <p>New performance assessment information from 2020/21 onwards.</p>