



## BRIEFING

### 2022 October Baseline Update Submission: Vote Building and Construction – COVID-19 Response Portfolio

<b>Date:</b>	10 October 2022	<b>Priority:</b>	High
<b>Security classification:</b>		<b>Tracking number:</b>	2223-0976

Action sought		
	Action sought	Deadline
Hon Dr Ayesha Verrall <b>Minister for COVID-19 Response</b>	<b>Approve</b> changes to the appropriations for which you are responsible in Vote Building and Construction – COVID-19 Response Portfolio for inclusion in the 2022 OBU submission. <b>Sign</b> and send <b>one soft copy</b> of the 2021 OBU submission to the Minister of Finance's office by 1.00pm, 17 October 2022.	1.00pm, 17 October 2022

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Shayne Gray	General Manager MIQ	Privacy of natural persons	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:

Noted

Overtaken by Events

Approved

Needs change

See Minister's Notes

Declined

Seen

Withdrawn

**Comments**



## BRIEFING

### 2022 October Baseline Update Submission: Vote Building and Construction – COVID-19 Response Portfolio

<b>Date:</b>	10 October 2022	<b>Priority:</b>	High
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	2223-0976

#### Purpose

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The October Baseline Update (OBU) 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 Budget 2022, 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 2022 OBU process, and
- agreement to submit approved baseline changes to the Minister of Finance by 1.00pm 17 October 2022.

#### Recommended action

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

**a Note that:**

- The OBU process provides an opportunity to reflect Cabinet or joint Ministers' decisions approved since Budget 2022 and propose other adjustments in line with Cabinet Office Circular CO (18) 2.
- This briefing is accompanied by the 2022 OBU submission to the Minister of Finance (Annex B) and 'Table 2', which is exported from 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 OBU changes to the Minister of Finance by 1.00pm on 17 October 2022.

*Noted*

- b Individually approve** the proposed financial changes to appropriations as set out in Annex A of this briefing

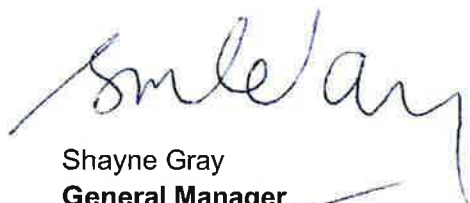
*Approved / Not approved*

c **Agree** to sign and return this briefing to MBIE by 17 October 2022

Agree / Disagree

d **Agree** to sign and forward **one soft copy** of the 2022 OBU submission as set out in Annex B to the Minister of Finance by 1.00pm 17 October 2022

Agree / Disagree



Shayne Gray  
**General Manager**  
Managed Isolation and Quarantine, MBIE



Hon Dr Ayesha Verrall  
**Minister for COVID-19 Response**

07 / 10 / 2022

12 / 10 / 2022

## Background

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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. OBU provides an opportunity for Ministers to make changes to their appropriations to reflect or implement relevant Cabinet or joint Ministers' decisions approved since Budget 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 OBU:
  - 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.

## Proposed OBU changes: COVID-19 Response Portfolio

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6. The financial impacts for the following proposed changes are shown in Annex A of this briefing. A full explanation is provided in Annex B for all changes (except for Cabinet or joint Ministers' decisions as these have already been approved).
  - a. A joint Ministers' decisions made after Budget relating to the MIQ Appropriation and the return of MIQ underspend.
  - b. One other matter relating to a voluntary capital withdrawal.

## Next steps

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7. Subject to your approval of proposed OBU changes as set out in Annex A of this briefing, please:
  - a. sign and return this briefing to MBIE by 17 October 2022, and
  - b. provide **one soft copy** of the 2022 OBU submission for your portfolio(s) to the Minister of Finance by 1.00pm 17 October 2022 (Annex B).

## Annexes

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**Annex A:** 2022 OBU – Proposed financial changes for Vote Building and Construction – COVID-19 Response Portfolio

**Annex B:** 2022 OBU Submission to the Minister of Finance for Vote Building and Construction – COVID-19 Response Portfolio

**Annex A: 2022 OBU – Proposed financial changes for Vote Building and Construction – COVID-19 Response 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 JM Paper	MIQ Appropriation and the returning the MIQ underspend	Isolation and Quarantine Management MCA - Operational Support	Departmental Output Expenses	Revenue - Crown	(200,342)	-	-	-	-	Noted
Other Matter	Voluntary Capital Withdrawal	Isolation and Quarantine Management MCA - Delivery of Services Departmental Net Assets - Dept. Capital Withdrawals (Vote Business, Science and Innovation – Economic and Regional Development portfolio)	Non-Departmental Output Expenses Departmental Capital Withdrawals	Non-Departmental – N/A Departmental Capital Withdrawal	(28,816) (10,601)	-	-	-	-	Noted Approved/ Not Approved

**Annex B: 2022 OBU Submission to the Minister of Finance  
for Vote Building and Construction – COVID-19 Response  
Portfolio**

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# Hon Dr Ayesha Verrall

Minister for COVID-19 Response  
Minister of Research, Science and Innovation  
Minister for Seniors  
Associate Minister of Health



17 October 2022

Hon Grant Robertson  
Minister of Finance  
Parliament Buildings  
WELLINGTON

## 2022 October Baseline Update

### Submission for Vote Building and Construction – COVID-19 Response Portfolio

#### Introduction

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This report covers those items affecting the baseline for the COVID-19 Response Portfolio appropriations in Vote Building and Construction for the October Baseline Update.

I confirm that none of the changes contained in this update require Cabinet decisions at this time.

The proposed changes to baselines are as follows:

#### Other Matters that Require the Authority of the Minister of Finance

##### Voluntary Capital Withdrawal

In December 2020, capital injections totalling \$13.423 million (\$5.423 million for 2020/21 and \$8 million for 2021/22) was approved for the MIQ Operating Model and Funding [CAB-20-MIN-0511 refers]. In March 2022 Cabinet delegated you and I, as Minister for COVID-19 Response, to make future decisions on MIQ [SWC-22-MIN-0032 refers]. In August 2022, joint Ministers agreed to return the 2021/22 and 2022/23 underspends to the centre including a voluntary underspend in capital injections [2223-0295 refers].

Accordingly, as a result of underspends, I seek your approval to return \$10.601 million in capital injections through a voluntary Capital Withdrawal.

#### Other Cabinet decisions

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An item listed in Table 2 attached to this submission do not require Joint Minister approval. The Cabinet decisions relating to the COVID-19 Response appropriations in Vote Building and Construction made since Budget 2022 have been included in this update and are listed in detail in Table 2 attached to this letter.



IN CONFIDENCE

**Recommendations**

I agree and recommend that you:

1. **note** that the 2021/22 underspends for the MIQ appropriation will not be carried forward in to the 2022/23 financial year;
2. **agree** the changes to those baselines for the COVID-19 Response appropriations in Vote Building and Construction that require Joint Ministers' approval, as set out in Table 2;
3. **agree** that the proposed changes to appropriations and departmental capital injections for 2022/23 covered by recommendation one above, be included in the 2022/23 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

I also recommend that you:

4. **note** that Table 2 includes for completeness other changes to baselines for the COVID-19 Response 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



Hon Dr Ayesha Verrall  
**Minister for COVID-19 Response**

12 / 10 / 2022