

| Name | Position | Telephone | 1st contact |
|---------------|---|-----------|-------------|
| Julie Knauф | Chief of Staff, COVID-19 Group | s9(2)(a) | ✓ |
| Ruth Fairhall | Deputy Chief Executive, COVID-19 Response | s9(2)(a) | |

Minister's office comments:

- Noted
- Seen
- Approved
- Needs change
- Withdrawn
- Not seen by Minister
- Overtaken by events
- Referred to

Proactively Released

VOTE PRIME MINISTER AND CABINET: COVID-19 RESPONSE AND RECOVERY FUND QUARTER 3 REPORT

Background

1. Within Vote Prime Minister and Cabinet, the COVID-19 Response portfolio received funding through the COVID-19 Response and Recovery Fund (CRRF) for the establishment of a new business group within the Department of the Prime Minister and Cabinet (DPMC) to lead and coordinate the all-of-government COVID-19 response effort.
2. Funding has been provided to ensure a coordinated all-of-government response to COVID-19 continues until 30 June 2023.
3. Cabinet directed departments receiving CRRF funding to report to the Treasury at least quarterly on how much has been spent, progress against key milestones, and forecast future expenditure on these initiatives or programmes [CAB-21-MIN-0487 refers]. In addition, Cabinet also directed officials from DPMC to ensure contracts entered into to fulfil this initiative be structured in a way that enables them to be terminated quickly and funding returned to the Crown [CAB-21-MIN-0487 refers].
4. A report has been developed to address these Cabinet directives.
5. Additionally, the Minister of Finance has requested an update on DPMC's publicity expenditure including information on the vaccine campaign, which is managed through the Unite Against COVID-19 channels and primarily funded through Vote Health.

Quarter 3 update

6. The Quarter 3 CRRF report for funding appropriated within Vote Prime Minister and Cabinet is provided for your approval (**Attachment A**). It updates the quantum in the previous Quarter 2 report to reflect the November 2021 "Omnibus funding decisions" [CAB-21-MIN-0487 refers] and those taken as part of the October and March baseline update processes.
7. It sets out that:
 - a) over the period from July 2021 to March 2022, \$51.840 million has been spent and \$11 million is expected to be spent by June 2022;
 - b) as at March 2022, 59 per cent of New Zealanders say that they have access to all the information about COVID-19 that they want and need;
 - c) ongoing coordination of the COVID-19 initial response, development of the COVID-19 Response Framework and changes to settings, and coordination of the Reconnecting New Zealand work programme continue; and
 - d) the DPMC-funded component of the vaccine campaign has concluded.

8. The Ministry of Health leads the vaccine campaign which is delivered through the Unite Against COVID-19 channels. The funding is reimbursed to DPMC through a Memorandum of Understanding (MOU) signed by both Chief Executives, with the delegated authority to approve this expenditure provided by the Minister of Health to DPMC's Chief Executive. The DPMC-funded component of the vaccine campaign has recently concluded and therefore shows as a forecast of zero spend in quarter four.
9. While both of these authorities are closely monitored against campaign expenditure, a delay in approving the variation in expenditure level under the MOU led to DPMC seeking an increase of \$15 million to its 2021/22 COVID-19 All of Government Response appropriation. This expenditure is reported in the Quarter 3 report. We have not sought in-principle approval to carry forward any unused amount into 2022/23.
10. For completeness, the total amount spent by DPMC on the vaccine campaign, including personnel, is set out below:

| 2021/22 Vaccine campaign including personnel for Unite Against COVID-19 channel expenditure to 31 March 2022 | | | |
|--|---------------------|--------------------------|-----------------------------|
| Vote | Total spent YTD | Total spent this quarter | Forecast spend next quarter |
| Prime Minister and Cabinet | \$7,635,000 | \$6,853,000 | \$0 |
| Health | \$23,049,200 | \$2,719,044 | \$9,012,000 |
| TOTAL | \$30,684,200 | \$9,572,044 | \$9,012,000 |

Quarter 4 focus

11. DPMC continues to revise the projections for expenditure in Quarter 4 in the largest areas of the budget including publicity, campaigns, modelling and personnel.
12. The trajectory of spend is already reducing in the publicity and advertising area, driven by a revised purchasing strategy and tailoring procurement to fit the current response. As part of this there is a new procurement Request for Proposal out for campaign expenditure (creative content and media buy), to ensure value for money and ensure the level of expenditure is tailored to suit the post-winter strategy context. In addition, DPMC has adjusted the reach and frequency of advertising, and has moved to plan and book media on a monthly rather than weekly basis. This creates efficiencies in both agency administration fees and media pricing. This will result in reduced expenditure in the order of hundreds of thousands of dollars each month compared to Quarter 2.
13. Cabinet has already approved in-principle the carry-forward into 2022/23 of the majority of unexpended appropriation, with the exact amounts to be determined at the October Baseline Update following finalisation of the audited accounts for DPMC.
14. As part of preparation for the COVID-19 Group's business planning for 2022/23, a detailed review of the forward budget needs is being undertaken. All areas are expected to have reductions in planned expenditure in 2022/23 based on the working assumption that we continue to move away from the need for a highly centralised response. A critical eye is being run over the publicity budget in particular, to ensure prudent spending at an appropriate level for the next stage of the response.

Next Steps

15. If you agree with the attached report (**Attachment A**), we ask that you to sign and send the letter (**Attachment B**) and the report attached to the Minister of Finance.

| | | |
|----------------------|--|---|
| Attachments: | | Withheld in full under section 9(2)(f)(iv) of the Act |
| Attachment A: | 2021/22 CRRF funding: Vote Prime Minister and Cabinet Quarter 3 report | |
| Attachment B: | Letter to the Minister of Finance | |

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ATTACHMENT B

Letter to the Minister of Finance

Proactively Released

Hon Chris Hipkins

~~BUDGET SENSITIVE~~



MP for Remutaka

Minister for COVID-19 Response

Minister of Education

Minister for the Public Service

Leader of the House

Hon Grant Robertson
Minister of Finance
Parliament Buildings
WELLINGTON

Dear Minister Robertson

As requested as part of the Budget 22 process, attached, as Annex A is a progress report on spending to date of funding allocated in this portfolio from the COVID-19 Response and Recovery Fund.

For completeness, the total amount spent by the Department of the Prime Minister and Cabinet on the vaccine campaign, including personnel, is set out below:

| 2021/22 Vaccine campaign including personnel for Unite Against COVID-19 channel expenditure to 31 March 2022 | | | |
|--|---------------------|--------------------------|-----------------------------|
| Vote | Total spent YTD | Total spent this quarter | Forecast spend next quarter |
| Prime Minister and Cabinet | \$7,635,000 | \$6,853,000 | \$0 |
| Health | \$23,049,200 | \$2,719,044 | \$9,012,000 |
| TOTAL | \$30,684,200 | \$9,572,044 | \$9,012,000 |

Yours sincerely,

Hon Chris Hipkins
Minister for COVID-19 Response

~~BUDGET SENSITIVE~~