

Priority Routine

THE DEPARTMENT OF INTERNAL AFFAIRS

Te Tari Taiwhenua

Community and Voluntary Sector Briefing

Hon Tariana Turia
Minister for the Community and Voluntary Sector

Title: Budget 2009 Line-by-Line Review – Vote Community and Voluntary Sector

Date: 4 February 2009

Key issues

As input for Budget 2009, by 1pm on Thursday 5 February 2009 you are required to provide a submission to the Minister of Finance with the outcome of a Line-by-Line Review of Vote Community and Voluntary Sector and present any Budget initiatives.

Action sought	Timeframe
Note the contents of this briefing. If there are any issues, please advise.	1pm, 4 February 2009
Sign and forward the attached submission for Vote Community and Voluntary Sector to the Minister of Finance	1pm, 5 February 2009

Contact for telephone discussion (if required)

Name	Position	Telephone		Suggested first contact
		direct line	after hours	
Brendan Boyle	Chief Executive	<i>[information deleted in order to protect the privacy of natural persons, including deceased people]</i>		
Shirley Smith	Chief Financial Officer			

Return to: *[deleted – privacy]*
DMS file reference: Corporate 600848DB
Ministerial database reference: BSB2009000011

Purpose of briefing

1. In your role as Minister for the Community and Voluntary Sector you are required to provide a submission to the Minister of Finance with the outcome of a Line-by-Line Review of Vote Community and Voluntary Sector and present any Budget initiatives for consideration as part of Budget 2009.

Background

2. The Minister of Finance, in a letter dated 17 December 2008, briefed you on the priorities and process for the 2009 Budget and the beginning of a value for money review process. In preparation for Budget 2009, Departmental Chief Executives were asked to complete line-by-line reviews of expenditure by 5 February 2009.
3. The Department has already completed a review of budget issues for 2009-12 and is actively working to control costs, make savings and demonstrate value for money in the services we provide. Our aim is to respond in a professional way to the recession, which impacts on all New Zealanders, and meet the expectations of the Prime Minister as outlined at his 3 December 2008 meeting with Departmental Chief Executives. Our focus is to control costs and make savings so that services to Ministers and the public are not compromised and the Department delivers improved value for money within existing baselines.
4. This briefing provides you with financial information for the Vote.
5. Vote Community and Voluntary Sector is one of six votes administered by the Department of Internal Affairs, with a total Vote of \$56.097 million representing 15.3% of total Vote expenditure managed through the Department and 0.091% of all government expenditure.

	Budget 2008/09 \$ million	% of Total DIA Votes
<i>Crown funded</i>	11.742	52.1%
<i>Third party funded</i>	10.803	47.9%
Total Departmental output expenses	22.545	10.0%
Non-departmental expenses	33.552	23.5%
Total Vote	56.097	15.3%

The scope and trends for the Vote are outlined in Appendix 1.

Election Commitments

6. The Minister of Finance has asked if there are any election commitments specific to this Vote, with the expectation that there will not be bids for the funding of initiatives which were not election campaign commitments.
7. We are not aware of any election commitments for Vote Community and Voluntary Sector.

Previous Government's Unfunded Commitments

8. The Minister of Finance has asked you to consider the steps necessary to reverse any specific pre-commitments of the previous Government which were announced but were to be to be paid out of future Budgets.
9. Cabinet minute [SDC Min 08) 16/5 refers] provides a \$2.000 million contingency to the Charities Commission over the three-year period 2008/09 to 2010/11 to provide for the risks associated with registration volumes and annual return revenues which are outside the control of the Commission.
10. There are no other tagged contingencies in Budget 2008 for this Vote.
11. The Pre-election Economic and Fiscal Update (PREFU) included a list of fiscal risks arising from policy choices which Ministers in the previous government were considering. There were no risks published in the PREFU for this Vote.

Summary of Vote Expenditure

12. There are three Departmental Output Expenses within Vote Community and Voluntary Sector, namely:
 - i. Administration of Grants
 - ii. Community Advisory Services
 - iii. Policy Advice – Community.
13. There is one Non-departmental Output Expense, namely Charities – Administration.
14. There are seven Non-departmental Other Expenses, namely:
 - i. Community Development Scheme
 - ii. Community Internship Programme
 - iii. Community Organisation Grants Scheme
 - iv. Community Partnership Fund
 - v. Disarmament Education Grants
 - vi. Support for Volunteering
 - vii. Youth Workers Training Scheme.
15. Each expense category is described into Appendix 2. A breakdown of Departmental expenditure by inputs is included in Appendix 3.

Reviewing priorities

16. The Department has reported to you separately on the review of key initiatives in the 2008/09 Output Plan for Vote Community and Voluntary Sector for the balance of the year. Proposed changes have been made to the 2008/09 Output Plan to better align the priorities with those of the Government.
17. The briefing also seeks your views on the draft three year work priorities looking out to 2012 that will be used by the Department to shape the Estimates of Appropriation and Statement of Intent for 2009-12.

Budget 2009 and Savings Identified

Title	Description	\$ million					
		2008/09	2009/10	2010/11	2011/12	2012/13	Outyears
Crown Trusts & Fellowships	Recognise historical underspends in admin budget for Crown Grants, trusts and fellowships.	0.000	0.140	0.140	0.140	0.140	0.140

18. The savings identified in Vote Community and Voluntary Sector are in the area of administrative support.

Emergency Pressures

19. There are no emergency pressures for this Vote.

Future Focus Opportunities

[information deleted in order to maintain the constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]

Consequential Impacts and Long-term Risks

[information deleted in order to maintain the constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]

Recommendations

22. The recommendations are that you:

- a) **Note** the contents of this briefing.
If there are any issues, please advise by 1pm, 4 February 2009.
- b) **Sign and forward** the attached submission for Vote Community **Yes/No** and Voluntary Sector to the Minister of Finance by 1pm, 5 February 2009.

Brendan Boyle
Chief Executive

Hon Tariana Turia
Minister for the Community and Voluntary Sector

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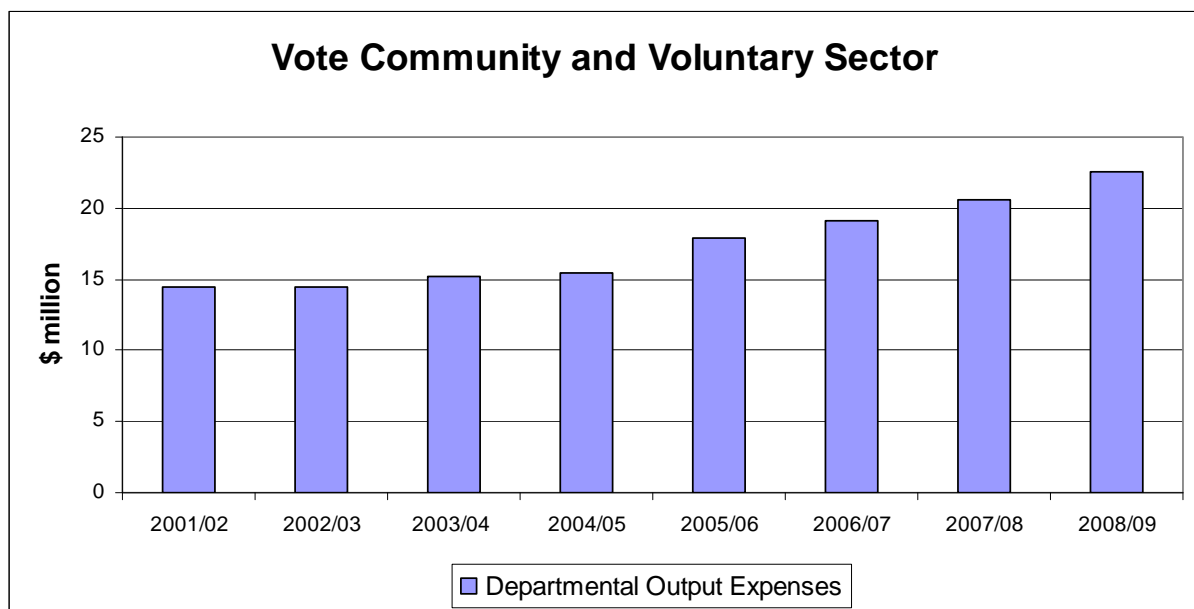
Appendix 1

Scope and Trends for the Vote

This Vote was established on 1 July 2001.

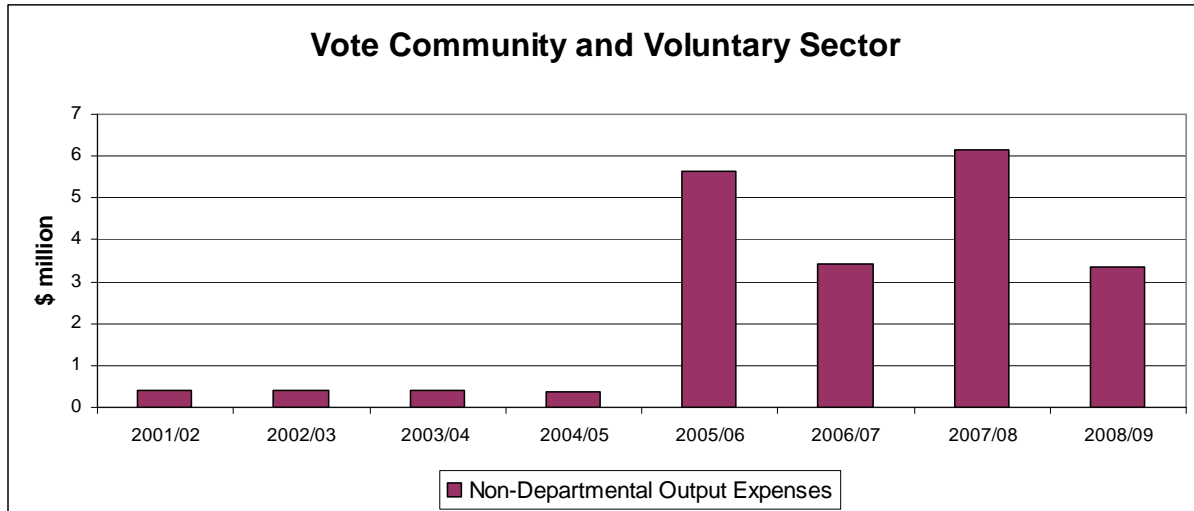
Departmental

Expenditure was stable from 2001/02 to 2005/06. Expenditure increased in 2005/06 as a result of initiatives to improve the policy capacity of the Department, monitoring the performance of and appointments to the Charities Commission, increased audit capacity relating to Crown grants and administration of trusts, the upgrade of departmental Information and Technology Infrastructure and enhanced departmental personnel capability. Expenditure increased in 2006/07 mainly increased services to the Lottery Grants Board, ongoing support of the CommunityNet website, and monitoring the development of the Charities Register. Expenditure increased in 2007/08 mainly due to increased services to the Lottery Grants Board.



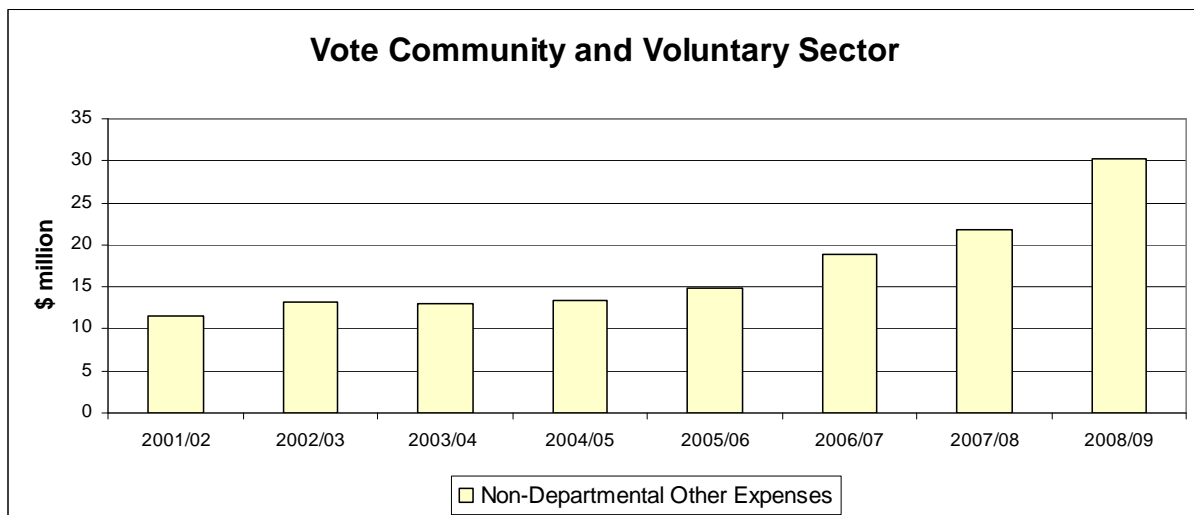
Non-Departmental Output Expenses

Expenditure was relatively stable until 2005/06 when ongoing funding was provided to establish and then purchase services on an ongoing basis from the Charities Commission.



Non-Departmental Other Expenses

Expenditure was broadly stable from 2001/02 until 2005/06. In 2005/06 a four year \$17.4 million multi-year appropriation “Community Partnership Fund” was created. Grant allocation expenditure commenced in 2006/07 for this appropriation, with the Fund fully allocated in 2007/08. In 2008/09 additional funding was provided: to the Community Partnership Fund to promote development of new projects and further development and replication of successful projects, and identification and targeting of gaps to ensure equity in funding across New Zealand; expansion of the Community Organisation Grants Scheme; and enhancements to the Community Internship Programme.



Capital

In 2005/06 and 2006/07 capital injections totalling \$1.793 million were provided to the Charities Commission.

Appendix 2

Expense Categories

Departmental Output Expenditure

1. **Administration of Grants** has the following outputs:

- Administration of Applications and Grants

This output involves:

- providing information and assistance to prospective grant applicants
- processing, assessing and monitoring grant applications
- providing recommendations to Ministers on appointments to boards, committees and trusts
- providing administration, training and support services to boards and grant distribution committees.

Grant services cover the following schemes:

- Lottery grants
- Community Organisation Grants Scheme
- Crown trusts and fellowships.
- Administration and Advisory Services to Committees

This output involves the provision of administration and advisory services to boards and grant distribution committees, including training and support services.

2. **Community Advisory Services** has the following output:

- Development Assistance to Community Groups

This output covers a community development service delivered from a national office and 16 regional offices around New Zealand.

This output includes providing advice, information, resources and facilitation services to empower communities/whānau/hapū/iwi, Māori organisations and community groups to develop innovative responses to meet their needs.

3. **Policy Advice – Community** has the following outputs:

- Community Policy Advice

This output covers the provision of policy advice with a community/whānau/hapū/iwi development perspective and the preparation of Ministerial briefings and speech notes, including support for the Minister as required in Cabinet committees, select committees, and Parliament.

- **Ministerial Correspondence and Questions**

This output covers draft replies to ministerial correspondence, Official Information Act 1982 requests, Ombudsman's inquiries and parliamentary questions.

Non-departmental

Non-Departmental Output Expenses

- *Charities - Administration*

Funding for the Charities Commission to fulfil its functions outlined in the Charities Act 2005.

Non-Departmental Other Expenses

- *Community Development Scheme*

Three-year grants for salary and programme costs to community organisations for community development workers. Approximately 17 projects are funded at any one time.

- *Community Internship Programme*

Grants for up to 13 community internship programmes to place experienced people from the public, private and community sectors in short-term internships with community and voluntary sector organisations.

- *Community Organisation Grants Scheme*

Locally distributed grants to community organisations for direct social service provision to disadvantaged community sectors.

- *Community Partnership Fund*

A contestable fund for the development of initiatives by partnerships that will improve capability and skills to use information and communication technology, and develop community driven requirements for digital content.

Commences: 1 July 2005

Expires: 30 June 2009

- *Disarmament Education Grants*

Grants to fund activities to support New Zealand organisations in non-government work in the disarmament education field.

- *Support for Volunteering*

Funding to promote the effective use, training and support of volunteers by funding Volunteering New Zealand, regional volunteer centres and various targeted projects within the community.

- *Youth Workers Training Scheme*

Grants for informal training for both paid and voluntary youth workers to increase and maintain the quality of youth worker practice.

Appendix 3

Breakdown of Departmental Expenditure for the Vote by Area of Input

1. Departmental expenditure in each of the output areas of Vote Community and Voluntary Sector falls across a range of inputs. The type of expenditure reductions undertaken will be guided in part by the ability to vary expenditure across the different inputs. The chart below provides a breakdown of the input costs for the Vote.
2. Personnel costs account for \$12.553 million of total expenditure and represent an area where reductions are difficult to implement in the short-term without a restructuring of the organisation.
3. Operating costs represent \$3.227 million of total expenditure. A reduction in this area is possible in the short term but with consequential implications for outputs delivered.
4. Occupancy costs are \$1.635 million of total expenditure and represent a cost that is usually variable only in the long term.
5. Asset costs are \$0.982 million of total expenditure and represent a cost that is usually variable only in the long term.
6. Shared Services expenditure within this Vote is \$4.148 million of total expenditure and includes support for Human Resources, Information Technology, Finance, Planning and Performance, Property and Procurement Services.

