

The Treasury

Budget 2015 Information Release

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [3] 6(e)(iv) - to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.
- [4] 9(2)(a) - to protect the privacy of natural persons, including deceased people
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- [6a] 9(2)(ba)(ii) - to protect information, where the making available of the information would be likely otherwise to damage the public interest
- [7] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [8] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [8a] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting the collective and individual ministerial responsibility
- [9] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [10] 9(2)(h) - to maintain legal professional privilege
- [11] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [12] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [13] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [14] Not in scope

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, a [4] appearing where information has been withheld in a release document refers to section 9(2)(a).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

TERMS OF REFERENCE: BUDGET 2015 PACKAGE FOR CHILDREN LIVING IN MATERIAL HARDSHIP – BUDGET SENSITIVE

Context

1. The Prime Minister has asked DPMC to lead policy work, for a package in Budget 15, on addressing children living in material hardship.
2. The work will focus on more immediate measures to reduce the number of children living in material hardship, especially those in deeper levels of hardship (between 60,000 – 100,000 children or 30,000 – 50,000 families). Specifically the focus of work will be on policies that can be quickly developed to:
 - increase a family's income
 - decrease the outgoing demands on a family's budget
 - assist families to manage within the resources that are available to them.
3. As efforts to reduce material hardship must be across multiple fronts, this package will be nested within the wider-reaching and longer term focus of:
 - social sector ministers on addressing complex social issues, which includes continuing to evolve the way in which services are delivered
 - housing ministers on New Zealand's housing supply, which includes short term measures to shift social housing assistance towards those in greatest need, and medium-long term measures to increase the supply of affordable housing options
 - economic ministers on the growth of the economy and the operation of the labour markets
4. As a result of the work of Ministers and agencies noted in paragraph 3 above and the 'population approach' being undertaken in the Budget, other initiatives for Budget 15 may be put forward that fit with a focus on addressing children living in material hardship. DPMC will make connections with this work where appropriate.
5. The Prime Minister and social sector ministers have also agreed that DPMC develop a simple narrative about efforts to address children living in material hardship to sit alongside Budget 2015, which draws together the various initiatives that the Government has implemented or is in the process of developing (e.g. focus on educational achievement, social housing reform, lending code changes, welfare and labour market policies, and the Business Growth agenda).

Purpose

6. The purpose of this project is to develop a package of four-to-five initiatives for Budget 2015 that will have a meaningful impact on levels of material hardship experienced by children. This may involve a combination of broader-brush interventions, which affect relatively large numbers of families with children, and more tightly targeted interventions, which deliver assistance to more narrowly defined groups.

Approach and outputs

7. The project will consist of a series of five work-streams, which will focus on the development of options for the Prime Minister's consideration, in consultation with the Ministers of Finance, Economic Development, Social Housing, Social Development and Revenue. Other Ministers will be consulted where needed. The preferred options will be worked up into a package for inclusion in Budget 2015.
8. Alongside these five work-streams, DPMC will:
 - construct an overarching narrative which explains the Government's approach to addressing children living in material hardship
 - advise on how impact and/or progress may be reported on
9. Treasury will identify opportunities for reprioritisation as a part of its normal budget process.
10. The work-streams will be coordinated by a project team in DPMC, and overseen by an interagency steering group of Chief Executives and their Deputies. DPMC will be responsible for reporting on the project to the Prime Minister (see governance section).

Scope

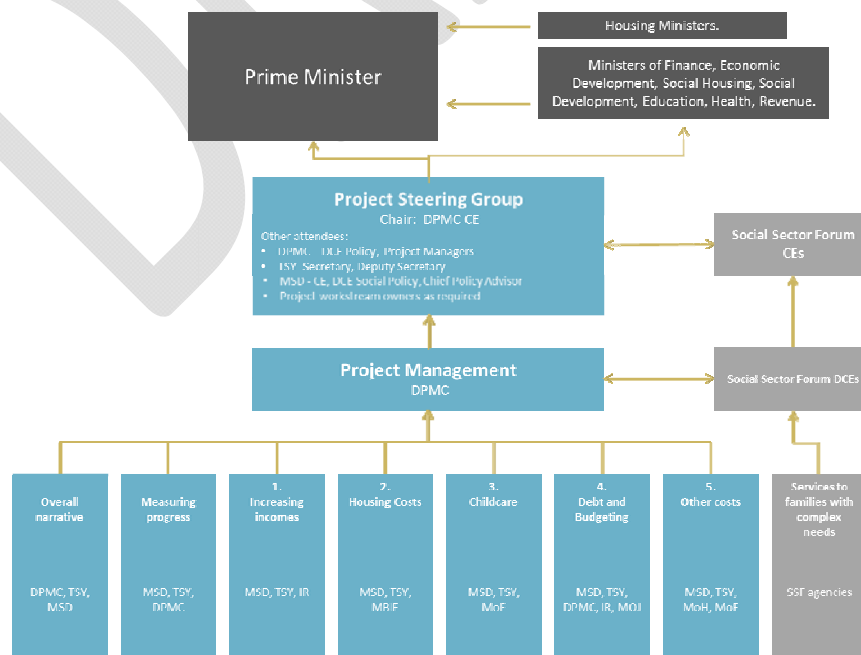
11. The primary focus of each work-stream will be on measures that will have an impact on material hardship for children, for inclusion in Budget 2015. 'Children' here includes all those aged 17 and under.
12. Policy options are to focus on those that improve the material resources available to a family, by increasing a family's income, reducing outgoing demands on their budgets, or helping them to manage better on their current income. However the impact of the option on other policy objectives (for example, work incentives and/or children's development) will be considered.
13. The policy options identified are to be within the fiscal envelope indicated by the Prime Minister and Minister of Finance. Policy options should be able to be relatively quickly worked up and announced in the Budget, with implementation possible in the next two years.
14. Options for the Budget package will be focused on the immediate levers available to Government (transfers, subsidies, direct services), and will not include measures primarily focused on influencing the operation of private markets (labour markets and wage levels, housing market and rental prices). The impact of these factors on material hardship for children will be considered as part of the broader work of the Government and Ministers.
15. While the work to improve services to families with complex needs is thematically linked to reducing material hardship, the work will be managed separately through social sector ministers and the Social Sector Forum. There will be a standing item on the Social Sector Forum's agenda, where DPMC will update the Forum on the progress of the project and discuss connections with other key pieces of work.

Governance

16. The project will be managed by a project team in DPMC (Ellen MacGregor-Reid, Simon MacPherson and Tim Garlick).
17. A Steering Group will be formed and will include senior officials from DPMC, the Ministry of Social Development, and the Treasury. The Steering Group comprises:

Department		
DPMC	Andrew Kibblewhite (Chair) Helen Wyn Ellen Macgregor-Reid Simon MacPherson	Chief Executive DCE Policy Project Manager Project Manager
Treasury	Vicky Robertson Jane Frances	Acting Secretary Deputy Secretary, Growth and Public Services
MSD	Brendan Boyle Anneliese Parkin Nic Blakeley	Chief Executive DCE Chief Policy Advisor DCE Social Policy

18. DPMC will also liaise closely with second-tier managers on specific matters as they arise.
19. Each work-stream will be supported by a small team of appropriately skilled and knowledgeable individuals to undertake the work, drawn from across agencies. Members of the steering group will be responsible for resourcing the project and for ensuring support for the project from their own agencies and in their respective sectors. DPMC will arrange resourcing from other agencies as required.
20. Members of each project team will be responsible for consulting internally within their own agencies, including considering any impact on service delivery lines, and reporting any major concerns or issues to the project managers.



Deliverables and Timing

21. By 10 December 2014, a report identifying suitable options for each work-stream will be prepared for the Prime Minister's and Ministers' consideration. Based on the Prime Minister's feedback and direction, officials will then develop more detailed versions of preferred options. Some work-streams may cease at this stage.
22. In February 2015, a draft Cabinet paper will be prepared for the Prime Minister's and Ministers' feedback, as a means of confirming the details of the final package proposed for Budget 2015. Officials will revise the Cabinet paper on the basis of this feedback.
23. In March 2015, the Prime Minister will seek Cabinet's approval to the package of initiatives that will be included in Budget 2015.
24. In May 2015, the package will be announced in the Budget.
25. In June 2015, it is expected that the project will conclude, with subsequent work on material hardship delegated to individual Ministers. The project team will then develop advice to the Prime Minister on what individual Ministers and agencies could focus on from this point.

Consultation and communications

26. There will be engagement with key stakeholders as necessary and to be determined by the Steering Group. The project teams are not anticipated to have a high public profile. By default any comment will be coordinated by PMO. To the extent public comment by officials is required, it will be handled by the Chair of the Steering Group.
27. All work is expected to be treated as strictly confidential, involving only those officials necessary for the successful completion of the work. All material produced by the project team and the work-streams will be Budget Sensitive.

Workstreams

Workstreams	Agencies
Overall narrative	Project Manager: DPMC Officials: DPMC, TSY, MSD
Measuring progress	Project Manager: DPMC Officials: DPMC, MSD, TSY, MSD
Increasing incomes	Project Manager: DPMC Officials: MSD, TSY, IR
Housing costs	Project Manager: DPMC Officials: MSD, TSY, MBIE
Childcare	Project Manager: DPMC Officials: MSD, TSY, MoE
Debt and budgeting	Project Manager: DPMC Officials: MSD, TSY, IR, MoJ
Other costs	Project Manager: DPMC Officials: MSD, TSY, MoH, MoE