

The Treasury

Budget 2015 Information Release

Release Document July 2015

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- [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.

Reference: T2015/166

DH-3-2-3-9

Date: 5 February 2015

To: Associate Minister of Finance (Hon Paula Bennett)

Cc: Minister of Finance (Hon Bill English),
Associate Minister of Finance (Hon Steven Joyce)

Deadline: Ahead of your meeting with Hon Tolley on Monday 9 February

Aide Memoire: Early Discussion on Vote Social Development and Budget 2015

The Ministry of Social Development (the Ministry) faces large cost pressures over the forecast period

Including savings already identified, the Ministry faces a forecast baseline gap of approximately [8] million in 2015/16, rising to [8] million in 2018/19. This includes some inflationary and wage pressures, but is predominantly made up of demand driven cost pressures and time-limited funding (approximately [8] million in 2015/16).

Funding for those time-limited programmes (e.g. Temporary Accommodation Assistance) and some of the demand driven costs (e.g. Very High Needs Scheme) are being sought through Budget 2015. There are therefore some difficult decisions for Ministers to make within this, such as whether to continue to fund programmes that have no funding beyond 2014/15, or trade-off existing expenditure to fund demand driven costs.

The remaining initiatives are new social service investments, Manifesto commitments and Ministerial priorities. Again, there are choices around scaling and phasing for some of those initiatives. [8]

The Ministry has made good progress on prioritising and scaling its Budget initiatives

The Ministry has responded to the challenges presented by Budget 2015 by actively prioritising requests for new funding early in the process. The result of this work, which is ongoing, is a more cohesive and realistic Budget package compared to other Votes.

As at 5 February, the total funding sought for Vote Social Development is [8] million over four years. We expect the package of initiatives to be further reduced as a result of the Social Sector Board discussions and upcoming Ministerial discussions.

Partially offsetting this will be the flow on impacts to forecast driven appropriations as a result of Simplification, which is estimated to increase the expenditure on the Accommodation Supplement and Childcare Assistance, but decrease the level of overpayments made through main benefits. The net impact is still being worked through, but is positive and likely to be in the range of \$100 million over the forecast period.

More significant trade-offs will need to be identified in order to fund the Social Sector Budget package

Despite the level of prioritisation to date, more work is needed to look at options for reprioritisation in order to fund the Social Sector Budget package. This is going to be challenging in the current environment and given the level of change already underway at the Ministry. For example, the level of financial pressure and change facing Child, Youth Family makes it difficult to identify realistic opportunities for savings over the short-term.

However, that process of decision making and identifying trade-offs will need to be more visible for Ministers over the coming months. You may want to discuss with the Minister for Social Development some of the areas that you think officials should explore for reprioritisation for Budget 2015 and Budget 2016 and beyond. Two areas that could be explored are:

- [8]
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The Minister for Social Development's budget initiatives as at 5 February are set out in the Appendix.

[9]

Fiona Carter-Giddings, Manager, Labour Market & Welfare, 04 917 7021

Appendix: summary of Budget initiatives as at 5 February 2015

[8]