

Reference: 20150464

30 November 2015



Thank you for your Official Information Act request, received on 30 October 2015. You requested the following:

*"...all documents held by the Treasury relating to the Community Max scheme".*

Following consultation with a Treasury official, you revised your request to:

*"all substantive advice to Ministers generated by the Treasury relating to the Community Max Scheme".*

In accordance with section 15(1AA) of the Official information Act, your request is deemed to have been received by the Treasury on 6 November 2015 i.e. the date you clarified the request. This brings the due date for our response to 4 December 2015.

### **Information Being Released**

Please find enclosed the following documents:

| <b>Item</b> | <b>Date</b>      | <b>Document Description</b>                           | <b>Decision</b> |
|-------------|------------------|---|-----------------|
| 1.          | 23 February 2010 | Email to MoF's Office - Community Max Extension paper | Release in part |
| 2.          | 18 June 2010     | MoF Significant Issues - Monday 21 June 2010          | Release in full |

I have decided to release the above documents, noting that the attachment to document 1 is covered by your request to the Ministry of Social Development.

Please also note that this letter (with your personal details removed) and enclosed

documents may be published on the Treasury website.

This fully covers the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

David Mackay  
**Manager, Labour Market and Welfare**

# Information Being Released

## OIA 20150464

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|       |        |
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| Doc 1 | Page 1 |
| Doc 2 | Page 3 |

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**From:** Fiona Carter-Giddings  
**Sent:** Wednesday, 10 February 2010 8:06 a.m.  
**To:** ^MOF: Alex Harrington  
**Cc:** Simon MacPherson  
**Subject:** FW: Community Max  
**Attachments:** Community Max Extension - latest draft 9 Feb.doc

Hi Alex

Attached is the final Community Max paper being considered at SOC this morning (with power to act). No change from our advice below. As far as we know, there is no intention to seek a transfer of the unspent Job Support Scheme (9 day fortnight) funding at this stage. This paper only relates to the unspent Community Max funding.

We asked them to insert a rec to report back to Joint Ministers on the final number of Community Max placements (rec 12) – not sure why Treasury was included in the rec.

Cheers  
Fiona

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**From:** Simon MacPherson  
**Sent:** Monday, 8 February 2010 9:48 a.m.  
**To:** Henley McKegg; ^MOF: Alex Harrington  
**Cc:** Fiona Carter-Giddings; Ben Gleisner; Sian Roguski; Peter Mersi; Tony Burton  
**Subject:** Community Max

MSD have just informed me that Work & Income have come to the realisation that not all of the community max sponsors need the full amount of the training and supervision money that was set aside for each trainee (hardly a surprise given how generously community max was funded per place). They expect to have a saving of \$3 million this calendar year which Minister Bennett intends to ask Cabinet for agreement to use for an increased numbers of places. At around \$13,000 per 6 month place this would work out at a little over 200 places, although if they do not have the full training and supervision component it might be a few more. Given this is using the same appropriation for the intended purpose we do not have the same concerns with the proposal as we do with the proposal to use the \$9 million dollar underspend from the 9 day fortnight that is covered below.

It is possible Minister Bennett may raise this as an oral item at Cabinet this morning, either asking for a decision or for SOC to have power to act. I do not know whether she will also raise the suggestion of using the 9 day fortnight underspend as well.

Simon

**Simon MacPherson** | Manager, Workforce Attachment and Skills | **The Treasury**  
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**From:** Henley McKegg  
**Sent:** Friday, 5 February 2010 12:09 p.m.  
**To:** ^MOF: Alex Harrington  
**Cc:** Fiona Carter-Giddings; Ben Gleisner; Simon MacPherson  
**Subject:** Heads up on MSD thinking re:underspends

Hi Alex,

Just a heads-up: We understand Minister Bennett's Office may be in touch with you to test the possibility of transferring underspends from the Job Support Scheme (9 day fortnight) to the Employment Assistance appropriation (which pays for job subsidy type things including Job ops and community max).

The main issue here is that the Job Support Scheme underspends (which we still anticipate being in the realm of \$9m over two years) are "windfall" gains from uptake of the policy being less than expected, which according to the Budget rules confirmed by Cabinet are to be returned to the centre.

It is also hard to see why Employment Assistance would need more funding – At December actuals it was tracking slightly below forecast, and before the Job Ops and Community Max funding was put in, had been reduced several times to fund various other initiatives, always with MSD's assurance that it is fine.

As always, happy to discuss,  
Henley

**Henley McKegg** | Analyst | **The Treasury**

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IN CONFIDENCE

**LIST OF SIGNIFICANT ISSUES FOR THE MINISTER OF FINANCE  
WEEK BEGINNING MONDAY 21 JUNE 2010**

| Issue   | Why does the Minister need to get involved?   | When and where is the issue likely to come up?             | Can the Minister do something about it now?   | Minister's action for the Office |
|---|---|--|---|----------------------------------|
| <p>Community Max Extension</p> <p>Contact: Henley McKegg</p> <p><b>NEW ITEM</b></p> | <p>The Minister for Social Development and Employment is taking a paper to Cabinet on Monday that proposes to extend the Community Max scheme for a further year by 1,500 places, at a cost of \$17.4 million.</p> <p>Treasury does not support Community Max on the basis that it has no evidence of effectiveness, and costs more than any other employment intervention or training (at \$11,600 per participant for six months it costs almost twice as much as a typical wage subsidy or funded tertiary training position).</p> <p>Treasury expressed this view in a comment in the consultation section of the paper. The Treasury comment was removed by the Office of the Minister for Social Development and Employment prior to lodging with Cabinet Office, in contravention of Cabinet guidelines.</p> | <p>Paper to be considered by Cabinet on Monday 21 June</p> | <p>The Minister can table Treasury's comment (provided in your pre-cab briefing) when the paper is considered by Cabinet.</p> <p>The Minister can remind his colleagues of Cabinet guidelines, which require the Consultation section of a Cabinet paper to include a clear statement of consulted agencies' views.</p> |                                  |

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