

Reference: 20160088

27 April 2016



Thank you for your Official Information Act request, received on 29 March 2016. You requested the following:

*“Please provide all Treasury initiated or contributed to reports, reviews and assessments on the Limited Service Volunteer (LSV) Scheme undertaken by the New Zealand Defence Force over the past three years.”*

### Information Being Released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	21 January 2015	Budget 2015 Initiative Assessment	Release in part

I have decided to release the relevant parts of the documents listed above, subject to information being withheld under one or more of the following sections of the Official Information Act, as applicable:

- advice still under consideration, section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials.
- names and contact details of junior officials and certain sensitive advice, under section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions.

### Information Publicly Available

The following information is also covered by your request and is publicly available on the Treasury website:

Item	Date	Document Description	Website Address
2.	13 March 2015	Budget 2015 Proactive release – Budget Report: Social Sector Budget package: Treasury Advice  (Page 9)	<a href="http://www.treasury.govt.nz/downloads/pdfs/b15-info/b15-3139448.pdf">http://www.treasury.govt.nz/downloads/pdfs/b15-info/b15-3139448.pdf</a>
3.	9 April 2015	Budget 2015 Package – Budget Ministers Meeting 13 <sup>th</sup> April 2015	<a href="http://www.treasury.govt.nz/downloads/pdfs/b15-info/b15-3156633.pdf">http://www.treasury.govt.nz/downloads/pdfs/b15-info/b15-3156633.pdf</a>

Accordingly, I have refused your request for the documents listed in the above table under section 18(d) of the Official Information Act – the information requested is or will soon be publicly available.

Some relevant information has been removed from documents listed in the above table and should continue to be withheld under the Official Information Act, on the grounds described in the documents.

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

Please 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

Hayden Fenwick  
**Acting Manager, Labour Market and Welfare**

## Budget 2015 initiative assessment

Vote	Responsible Minister	Department	Responsible Person
<b>Social Development</b>	<b>Hon Tolley</b>	<b>Ministry of Social Development</b>	s9(2)(g)(i)

Initiative Number	8494
Initiative title	Limited Services Volunteer Programme
Initial Recommendation	<b>Do not support</b> , however, if Ministers wished to continue to fund the programme we recommend it be scaled to 500 places, at a cost of \$1.9 million per annum.
New Activity	No
	Current activity is time limited.
Have you seen a supporting business case, or Capital Asset Management plan?	No
Value for Money Rating	1
Alignment with Results	2
Degree of Commitment	Agreed initiative/agreed policy direction  (No Cabinet decision but commitment from Prime Minister)

Funding Sought	2015/16	2016/17	2017/18	2018/19
Operating	s9(2)(f)(iv)			
Capital	-	-	-	-
Treasury	2015/16	2016/17	2017/18	2018/19
Operating	-	-	-	-
Capital	-	-	-	-

Initiative Assessment

1. In your opinion, will the initiative contribute to the achievement of All of Government priorities? Which ones? Is the rationale for Government intervention well defined? If relevant, who are the target group?	<p>The initiative is targeted at young people at risk of long-term benefit dependency.</p> <p>It may contribute to achieving the Better Public Services Result 1.</p>
2. Have alternative options been identified for tackling the problem? Is this the best option?	Alternative options have not been explored.
3. Has the agency performed robust costing (across all agencies, where applicable)? Have they identified and quantified all costs and benefits? Has a cost benefit analysis been undertaken? Does it support the preferred option? How confident are you in the benefit and cost estimates provided by the agency?	Yes. MSD assesses the cost-effectiveness of its employment services. This analysis suggests that LSV is unlikely to break even. Note this is not a full cost benefit analysis and only compares the cost of the programme to the income support savings achieved.
<p>4. Where possible:</p> <p>a. What are the estimated costs in present value terms?</p> <p>b. What are the estimated monetary benefits? Please list the source of benefits.</p> <p>c. What are the estimated non-monetary benefits? Please list the source of benefits.</p> <p>d. Taking costs and benefits into account, does the initiative look positive? Highly positive or minimally?</p>	<p>a. N/A</p> <p>b. Across the 2010 and 2011 cohorts of LSV participants, the average income support savings are close to zero (\$37 ±471). There are likely to be other Crown savings (e.g. Justice), however, these have not been measured to date.</p> <p>c. Greater confidence in participants and other social benefits (these have not been formally assessed).</p> <p>d. From an income support perspective, LSV is unlikely to break even. It's uncertain if this would change by including other quantifiable outcomes like Justice.</p>
5. Are there other investments or activities in the agency or all of government that this investment could significantly affect or be significantly affected by? This could be a positive or negative effect.	<p>Expanding the Youth Service to include 18 and 19 year olds could result in service overlap for some clients.</p> <p>This could have a positive effect of providing ongoing support to young people after completing LSV, which has been identified as a shortcoming with the current programme.</p>
6. Does the agency have the capability to implement this initiative? Does it have an implementation plan?	<p>MSD contracts with NZDF who is the current service provider. s9(2)(f)(iv)</p> <p>s9(2)(f)(iv)</p> <p>s9(2)(f)(iv)</p> <p>s9(2)(f)(iv)</p>
7. If this initiative is not approved for funding, what would happen? Would the agency find other funding e.g. from baselines or an alternative means of delivery? Is there a service failure risk, i.e. essential	MSD would likely reprioritise funding from other employment interventions within the MCA. Treasury would not support this option as there is a risk that interventions with higher

services would not be provided?	Return on Investment are stopped in order to fund LSV.
8. Do you agree with the agency's assessment of the links to the 4YP? If not, please explain	Yes.
9. What are the options and impacts of scaling funding down (or up) for this proposal? <b>Please explain your recommended funding option.</b>	<p>Do not fund.</p> <p>However, if Ministers wished to continue to fund the programme we recommend it be scaled to 500 places, at a cost of \$1.9 million per annum.</p> <p>It is possible that more effective targeting of the service will increase likelihood of it breaking even or producing a return.</p> <p>s9(2)(f)(iv)</p>