

Reference: 20160215

22 September 2016



Thank you for your Official Information Act request, received on 14 June 2016. You requested:

- 1. Copies of all information on social sector agencies cost pressures provided to Treasury for the 'triage' period in November 2015*
- 2. Copies of all papers discussing social sector options presented to Social Sector Priority Ministers for Budget 2016.*

On 12 July 2016 I extended the time limit for deciding on your request by an additional 30 working days. The extension was required because of the consultation needed to make a decision on your request. I regret the delay in providing this response to you.

Interpretation of your Request

Subsequent to the report you refer to in your request, the triage period for Budget 2016 was amended to exclude cost pressures. Cost pressures were considered through a separate process and cost pressure documents relevant to Budget 2016 decisions have been released through the Budget 2016 proactive release (link below).

We have interpreted the second part of your request as being in relation to the November triage period.

Information Publicly Available

Information relevant to the first part of your request can be found in documents released as part of the Budget 2016 proactive release. You can find these documents here: <http://www.treasury.govt.nz/publications/informationreleases/budget/2016>.

Accordingly, we have declined the request for this information 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 released publicly and we believe this information should continue to be withheld under the Official Information Act, on the grounds described in the documents.

Information Being Released

In relation to the second part of your request, please find enclosed the following document:

Date	Document Description	Decision
2 December 2015	Social Sector Priorities Ministers Meeting 7 December – Budget Update	Release in part

I have decided to release the document listed above, subject to information being withheld under the following section 9(2)(f)(iv) of the Official Information Act:

- *to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials.*

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

Zoe Wyatt
Team Leader, Fiscal and State Sector Management

Social Sector Priorities Ministers Meeting

Social Sector

To: Social Sector Priorities Ministers

From: The Treasury

Date: 7 December 2015

Prepared by: The Treasury

Security level: BUDGET SENSITIVE

1. Budget 16 Process Update

Note the key steps in the currently agreed Social Sector Investment process are:

- 4 December – Ministers identify **Budget initiatives** to the Minister of Finance and agencies upload. Each new initiative (non-cost pressure) will include an agency completed CBAX assessment.
- 10 December – Agency submit **4 year plans**. Ministers endorse agencies' plans.
- Week 14 December – **Overview of submitted initiatives** provided to Ministers and Social Investment Panel.
- 10-12 February + TBC follow up discussion – **Social Investment Panel** considers selection of initiatives and Treasury assessments. Agencies present to Panel on relevant initiatives.
- 22-29 February 2016 (TBC) – Treasury and Social Investment Panel **advice provided to SSPM and Budget Ministers**
- 23 March and 5 April (TBC) – Budget Ministers decisions on SSPM and Treasury advice.

2. Draft Assessment Criteria

Treasury will assess Social sector Budget 2016 initiatives for strategic alignment and value for money (VFM) – and test judgements with the Social Investment Panel. The CBAX assessment informs one element of the VFM judgements. Similar criteria are used for BGA and capital discussions.

Annex 1 outlines the draft assessment criteria for strategic alignment and VFM judgements intended to reflect SSPM discussions about priorities. These judgements are intended to inform Ministers' decisions.

Agree the strategic alignment criteria reflect Ministers' intentions and priorities.

3. Budget 16 Priorities Discussion

Treasury collated an overview of indicative new initiatives for your 9 November meeting. This is reattached as annex 2 (on request from HEDJ Ministers), but the overview has been superseded by initiatives that will be submitted on 4 December, and we have not updated for feedback on better ways to cut/group initiatives. An updated overview of submitted initiatives will be provided in Mid December.

Discuss your cross-sector priorities for Budget 16 and identify any areas you want further advice.

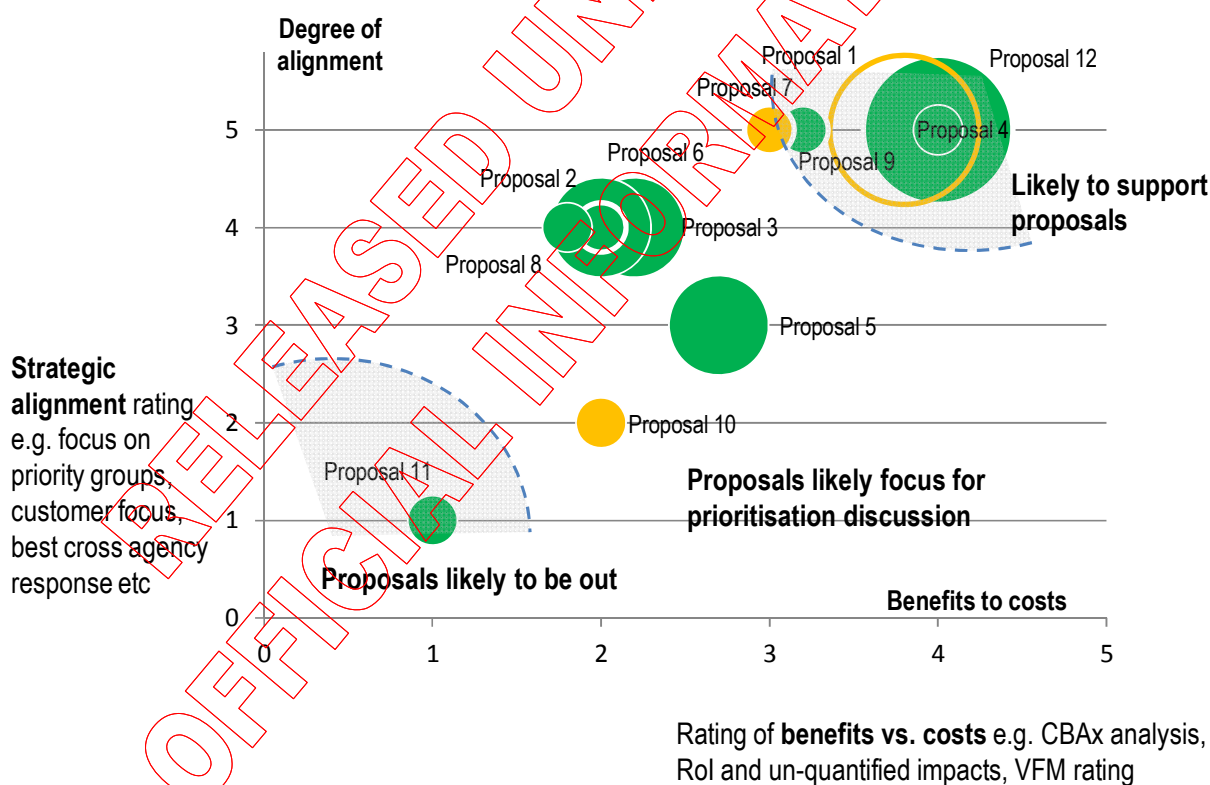
Annex 1 DRAFT Criteria for Assessing Social Investments

There are two key judgements that Ministers are likely to want to consider when prioritising Budget 2016 initiatives:

- **Strategic alignment.** The strategic alignment judgement rating seeks to reflect Ministers' priorities and focus (see draft criteria page 4).
- **Value for money (VFM).** The VFM rating is a judgement about the quantified and unquantified impacts for New Zealanders and the return on investment Ministers can expect, factoring in the confidence in the assumptions and evidence base (see draft criteria page 5).

To support ministerial considerations, the Treasury will assess and advise on these dimensions, eg as illustrated below.

Investment mapping across the strategic and economic social investment cases:



The discussion is important, and judgements are wider than the CBAX "RoI number".

Discussions based on the impact analysis will include what we can learn about system information, analytic capability and how to track results. In addition to the strategic alignment and VFM judgements, Ministers will consider the overall investment case, including evaluation, delivery risks, fit with current services and fiscal constraints.

Strategic Alignment Judgement

Strategic alignment score reflects the alignment with government and ministerial priorities and strategic direction.

Rating	Strategic Alignment Judgement
5 Strong alignment	<ul style="list-style-type: none">Strong alignment across social investment principles, BPS results and population focus groups
4 High alignment	<ul style="list-style-type: none">High alignment with social investment principles, BPS results and population focus groups
3 Some alignment	<ul style="list-style-type: none">Align with some of the priority areas: social investment principles, BPS results, population focus groups, and placed based approaches
2 Limited alignment	<ul style="list-style-type: none">Some cross social sector collaboration/impactHigh alignment in a specific sector/agency
1 Low alignment	<ul style="list-style-type: none">Limited cross social sector collaboration/impactSome alignment in a specific sector/agency
0 No alignment	<ul style="list-style-type: none">No alignment cross social sector impactLimited alignment in a specific sector/agency

Consider strategic alignment in five main areas:

Social investment principles

- Customer-centric services with a system approach
- Data and evidence driven
- Benefit realisation evaluation and feedback loops.

SSPM' population group focus

- Vulnerable 0-24 year olds (including 0-5 year olds and 15-24 year old youth) and their families
- Address priorities identified in the two reviews for focus population groups:
 - Review for vulnerable 0-5 year olds and their families with two or more of four specific risk characteristics: CYF finding of neglect or abuse; Caregiver with a corrections history; Long-term benefit receipt; and Mother has no formal qualifications.
 - 15-24 youth review.

BPS result areas

Placed based approaches

Agency or sector specific strategic direction and priorities

Value for Money Judgement

- Value for money (VFM) score reflects the impacts on and benefits to New Zealand, ie an economic welfare perspective, rather than just the Crown or an agency.
- It captures the marginal impact compared to what would happen if an initiative does not proceed, eg factoring in current services and their impacts.

Rating	Impact indicators - one or several may apply	Assumptions /evidence indicators - may alter impact judgements
5 High returns - confident	<ul style="list-style-type: none"> Significant positive impacts on national living standards RoI estimate – 5 and above 	<ul style="list-style-type: none"> Conservative reasonable assumptions Evidence certainty high or medium (ie green/orange summary)
4 High returns - likely	<ul style="list-style-type: none"> Significant positive impacts on national living standards RoI estimate – 5 and above 	<ul style="list-style-type: none"> Reasonable assumptions Evidence certainty medium (orange)
3 Medium returns - confident	<ul style="list-style-type: none"> Positive impacts on national living standards RoI estimate – 2 to 5 	<ul style="list-style-type: none"> Reasonable assumptions Evidence certainty medium (orange)
2 Medium returns - likely	<ul style="list-style-type: none"> Positive impacts on living standards RoI estimate – 2 to 5 	<ul style="list-style-type: none"> Reasonable assumptions, with optimism bias Evidence certainty medium (orange)
1 Low returns	<ul style="list-style-type: none"> Limited impacts on national living standards RoI estimate – 1 - 2 	<ul style="list-style-type: none"> Assumptions include optimism bias Evidence certainty medium or low (orange/red)
0 Low returns	<ul style="list-style-type: none"> Unclear that it delivers value 	<ul style="list-style-type: none"> Assumptions with optimism bias Poor evidence base (red)

VFM considerations

Considers the mix of monetarised and non-monetarised impacts/benefits in relation to the initiative cost. This is a judgement call.

The VFM rating captures the overall judgement of the level of return on the investment that Ministers can expect, considering:

- All impacts** - unquantified / monetised (by using CBAX); government / wider societal. It is not a straight reflection of the return on investment numbers
- How reasonable the **assumptions** are, conservative / optimism bias;
- Confidence in the **evidence base** for the assumptions and impact estimates.

ANNEX 2 B16 Social Investment Triage – 0 – 24 Population Focus BUDGET-SENSITIVE

- This is an **illustrative grouping** of identified initiatives by possible themes or priority areas to enable Ministers to **start discussions about priorities and possible Budget package shape**, and make connections between initiatives. Priority has been given to grouping similar initiatives together (e.g. targeting same group or service line).
- The groupings on this page have some connection to the 0-24 population focus and associated characteristics and outcomes, but:
 - These are broad connections and Treasury has not yet done an assessment of how closely initiatives target the specific at risk population;
 - Initiatives in the groups on the following page may still have connection to the 0-24 focus families (e.g. prioritising social housing access) and/or be important priorities to advance in B16.
- Groupings around different priorities or themes can be provided to inform further Budget discussions.

PLACE BASED APPROACHES		
Initiative	Lead	Fiscal Impact
Place Based Approach 0-24 system	SSICP	TBD
Increase Whanau Ora navigators	TPK	Low
s9(2)(f)(iv)		
Social Sector Trials	Cross agency	TBD
Children's Action Plan - Vulnerable Children's Hub	MSD – Children	TBD
s9(2)(f)(iv)		
Total		TBD

VULNERABLE CHILDREN – CONNECTION TO VCP AND CYF ACTIVITY		
Initiative	Lead	Fiscal Impact
CAP Evaluation	MSD	TBD
CYF – Expert Advisory Panel Implementation	MSD	TBD
CYF Service Delivery Enhancements	MSD	TBD
s9(2)(f)(iv)		
Total		TBD

VIOLENCE		
Initiative	Lead	Fiscal Impact
Family Violence Prevention Networks, White Ribbon & Evaluation	MSD	Low
Funding for Specialist Sexual Violence Services	MSD	High
s9(2)(f)(iv)		
Domestic Violence Programme Services	Justice	Low
s9(2)(f)(iv)		
Total		\$55-60 million pa

At risk 0-5s – TARGETING SPECIFIC AT RISK GROUP		
Initiative	Lead	Fiscal Impact
Intensive extended support for pregnant women with issues with alcohol and other drugs, and their children - intensive additional support (PB)	0-5 Review	Medium
s9(2)(f)(iv)		
Total		\$10-25 million pa

YOUTH		
Initiative	Lead	Fiscal Impact
s9(2)(f)(iv)		
Reducing teen pregnancy	Health	Medium
s9(2)(f)(iv)		
Total		\$30-35 million pa

KEY: Fiscal Impact: Low: \$0.5m pa; Medium: \$5.15m pa; High: \$15m pa (on operating costs); TBD: To Be Determined

Triage - Other Priority Focus Areas (some have alignment to 0-24 focus)

ENTITLEMENT BASED – Changes to levels or eligibility		
Initiative	Lead	Fiscal Impact
s9(2)(f)(iv)		
Legal Aid Eligibility	Justice	Medium
Elective Volume Increase	Health	Medium
In-class Support extension	Education	Medium
s9(2)(f)(iv)		
Total		\$55-135 million pa

HOUSING		
Initiative	Lead	Fiscal Impact
Social Housing (extra places, water rates, contracting capability)	MSD/Tsy/MBIE	High
s9(2)(f)(iv)		
Extend access to the existing Healthy Homes Initiatives to families with babies and young children with housing related preventable admissions to hospital (PB)	0-5 Review	Low
Total		\$60-80 million pa

DATA and Analytics		
Initiative	Lead	Fiscal Impact
s9(2)(f)(iv)		
Vulnerable Kids Information System	MSD	Low
Total		\$10 million pa

BETTER PUBLIC SERVICES RESULT 1		
Initiative	Lead	Fiscal Impact
Achieving Result 1	MSD	TBD High
s9(2)(f)(iv)		
Total		TBD High

LOW INCOME		
Initiative	Lead	Fiscal Impact
s9(2)(f)(iv)		
Financial Capability Pilots for Maori and Pacifica	Retirement Commissioner	Low
Community Finance Scale Up	MSD	Low
Total		>\$5 million pa

HEALTH PRIORITIES		
Initiative	Lead	Fiscal Impact
Bowel Screening Roll out	Health	High (capex & opex)
s9(2)(f)(iv)		
PHARMAC Increase Budget	Health	High
s9(2)(f)(iv)		
Mental Health	Health	Medium
Total		\$50-100 million pa

PROPERTY AND INFRASTRUCTURE (Operating Impact)		
Initiative	Lead	Fiscal Impact
MSD Capital Base	MSD	Medium
s9(2)(f)(iv)		
Equity Funding for Integrated Schools in Christchurch	Education	Medium
ICT Maintenance in schools	Education	Medium
Total		\$25-30 million pa

EDUCATION PRIORITIES		
Initiative	Lead	Fiscal Impact
s9(2)(f)(iv)		
Education Operations Grant Cost Adjustment	Education	High
Total		High

KEY: Fiscal Impact: Low - \$0-5m pa; Medium \$5-15m pa; High \$15+m pa (on operating costs); TBD – To Be Determined
 Colours show Lead agency: 0-5 review Health Education MSD Justice Agencies
 0-5 Review initiatives can be implemented in a place based (PB) or national (N) roll out as noted after title

Annex 3 Social Investment Panel Members

Name	Organisation
Ben McBride (Chair)	Manager, The Treasury
Andy Fulbrook	Chief Financial Officer, Ministry of Justice
Clare Ward	Chief Executive, SuPERU
Fiona Ross	Deputy Secretary, The Treasury
Laura Black	Director, The Methodist Mission
Liz Gibbs	Chief Executive, Philanthropy NZ
Rangimarie Hunia	Director, Rangitia Associates
Sir Peter Gluckman	Chief Science Advisor, Office of the Prime Minister's Chief Science Advisor
Steffan Crausaz	Chief Executive, Pharmac
Stuart McNaughton	Science Advisor, Ministry of Education