

The Treasury

Budget 2011 Information Release

Release Document

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MINISTERIALS
Date: 20 September 2010

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SEEN



THE TREASURY
Kaitohutohu Kaupapa Rawa

To: Minister of Finance

**AIDE MEMOIRE: VOTE SOCIAL DEVELOPMENT 2011 BUDGET PACKAGE,
MEETING 21 SEPTEMBER**

Purpose

You are meeting with the Minister for Social Development and Employment and the Prime Minister on Tuesday 21 September at 7.30pm about the Vote Social Development 2011 Budget package. This aide memoire provides you with Treasury's advice and some possible discussion points for the meeting.

Vote Social Development 2011 Budget package

We understand that the Minister for Social Development and Employment wants to discuss her strategy and initiatives for Budget 2011. The Minister has provided you with a paper outlining her proposed package.

[2]

The proposed Budget package also includes initiatives [2]
to be funded from within baselines and from unallocated Pathways to
Partnership funding:
[2]

Possible discussion points

We recommend that decisions about the Vote Social Development Budget package are not made now. You may wish to signal that final decisions about the Budget process and strategy will be made soon. It is important that funding decisions are made in accordance with the agreed process for Budget 2011 so that they are consistent with the Budget strategy, and the relative priority of proposals across Votes can be considered.

The Welfare Working Group will report to government in February 2011 with proposals that may have significant funding implications. We consider that decisions to significantly increase funding for Vote Social Development should not be made before then.

You may wish to discuss how Ministers could come to a plan for what to do in the social development area, and which proposals would be elements of that plan.

NOTED/APPROVED/DECLINED

22 SEP 2010

Proposed Budget initiatives

Priority

We are currently unclear about what some of the initiatives in the package would involve. For example the package includes additional options for LSV, [2] which have not been developed.

The priority of the initiatives is unclear and there is either no, or mixed evidence for many of the proposals. For example there is no evidence that the proposals for employment assistance for youth will be effective in reducing youth unemployment. There is also no evidence of benefits of the package of initiatives for children in state care.

[2]

The package notes that there has been a reduction in the Employment Assistance appropriation since 2004/05. This reduction reflects the removal of funding that was not being used, consistent with Ministry of Social Development advice.

Initiative costs

There are a range of other ideas with potentially significant costs, which are not traversed in the summary at the front of the paper. [2]

It is also not clear whether all costs have been identified. [2]

[2]

There is more information on the initiatives and possible discussion points in Appendix 1.

Possible discussion points

It is likely that the Minister for Social Development and Employment is not equally committed to all initiatives and all costs, but this is not clear from the paper. You may wish to ask the Minister what she sees as the relative priority of the initiatives.

[1] Analyst, Workforce Attachment and [1]
Simon MacPherson, Manager, Workforce Attachment and Skills,[1]

Appendix 1: Vote Social Development Budget 2011 proposals

Proposal	Description	Proposed funding	Possible discussion points
<i>Proposals to be funded from operating allowance</i>			
1 Drivers of Crime: Services for Children in Care	Package of initiatives to improve outcomes for children in state care. Initiatives include: <ul style="list-style-type: none"> Gateway health and education assessments for all children in state care Child mental health services <p>[2]</p> <ul style="list-style-type: none"> Early childhood education for children in care. 	[2] Some initiatives funded from baselines.	<ul style="list-style-type: none"> [2] What evidence is there that the initiatives will be effective? [2] Earlier in 2010, the Minister for Social Development and Employment proposed to fund some of these initiatives from unallocated Pathways to Partnership funding. If these initiatives are of high priority, this should be considered.
2 Limited Services Volunteers (LSV)	Funding for 1250 places expires in December 2011. Options include: <ul style="list-style-type: none"> Renewed funding to continue to deliver LSV [2] <p>Other proposals include:</p> <p>[2]</p>	[2]	<ul style="list-style-type: none"> The 2009 LSV extension was time-limited as a response to the recession. LSV is expensive at \$6,000 per place for a six-week programme. The equivalent government subsidy for an apprentice is \$5,000 per year. There is little evidence that LSV is effective in improving employment outcomes (18% of participants secured employment). <p>[2]</p>
3 Historical claims	Time limited funding for management of historical claims expires at the end of 2010/11. The proposal involves additional funding to enable MSD to proactively reduce the number of MSD historical claims. [6]	\$4 million [2]	<ul style="list-style-type: none"> How much of the appropriation has been spent in previous years? <p>[2]</p>
4 [2]			
<i>Proposals to be funded from baselines</i>			
5 Employment Assistance for Youth	Package of measures to improve the delivery of a range of existing employment services to unemployed young people. [2]		<ul style="list-style-type: none"> What evidence is there that these initiatives will be effective? <p>[2]</p> <ul style="list-style-type: none"> How far does the government intend to go with employment support for youth?
6 Increasing Support for Young People and their Families	Initiatives for the use of unallocated Pathways to Partnership funding, including: [2] Home Instruction Programme for Pre-School and Year One Youngsters (HIPPY). [2]	\$86.6 million over 4 years unallocated Pathways to Partnership funding, ring-fenced for purchasing family and community services.	<ul style="list-style-type: none"> There is little, or mixed evidence that these initiatives will be effective. [2] What is the relative priority of using Pathways to Partnership funding for increasing support for young people and their families versus initiatives for children in state care? <p>[2]</p>