

The Treasury

Budget 2011 Information Release

Release Document

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Date: 14 March 2011

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THE TREASURY
Kaitohutohu Kaupapa Rawa

To: Minister of Finance

AIDE MEMOIRE: BUDGET MINISTERS MEETING 15 MARCH – VOTE SOCIAL DEVELOPMENT BUDGET PACKAGE

Purpose

Budget Ministers are meeting on 15 March. You met with the Minister for Social Development and Employment on 9 March and discussed MSD providing Budget Ministers with an overview of the Vote Social Development Budget package before SOC considers policy papers on the components of the package on Wednesday 22 March. This aide memoire provides Treasury's advice on the Vote Social Development Budget package.

Overview of Vote Social Development Budget package

Treasury was expecting to see an overview of the Social Development Budget package by 14 March. We have not yet seen the overview and consequently have used information made available to us on 9 March for this aide memoire. This information is summarised in Appendix One. It is likely that the package has changed since 9 March and we will provide you with the up-to-date overview when we receive it.

[2]

We do not have a good sense of the outyear spending profile for the package.

Treasury assessment

Social Development Priorities for Budget 2011

We are unclear whether some of the proposals in the Social Development Budget package are of high priority, given funding required for earthquake welfare support in 2011 and welfare reform in 2012.

MSD estimates that the earthquake welfare package agreed in late February will cost between \$127-134m. In the coming weeks a limited extension of the Earthquake Support Subsidy is likely to be proposed.

We are also unclear about the relative priority of the proposals within the package. In some cases the proposals also seem to be inconsistent with each other. For example it is unclear whether the youth employment package (Limited Services Volunteers, Job Ops with Training and Skills for Growth) is of higher priority than the proposed [2] extra for Employment Assistance programmes.[2]

We continue to have questions about the likely effectiveness of the Protecting our Children and Youth Employment proposals. We currently do not have a good sense of the likely impact of the Protecting our Children proposals (Parents Inc., Mental Health Services for Children in Care and Expansion of Gateway Assessments) on outcomes for children in state care. This is particularly the case for Parents Inc which does not seem to be directly targeted at children in state care. We also do not have a clear sense of the likely impact of the youth employment proposals on youth unemployment, particularly Limited Services Volunteers (LSV) which has not been shown to improve participant employment outcomes. We will continue to work with MSD on these issues as policy papers are prepared for SOC.

Ministers may have options around the level of service delivered for some of the proposals in the package:

- LSV
[2]

If Ministers choose to continue LSV, there are options around the level of service to deliver. Treasury understands that the target group for LSV is more likely to require 1,000 places per year than 2,000. [2]

- Canterbury Social Support
[2]

Given that the government is also establishing a trust to administer earthquake recovery funds that will provide support for NGO services, as well as individual and business support, we are unclear how much funding is required for NGO services.

Reprioritisation, savings and underspends

The funding sources proposed make up most of the readily available savings and reprioritisation in Vote Social Development. [2]

[2]

The package proposes using underspends (e.g. \$4.7m Job Ops, \$13m Crown underspend, \$40m Community Response Fund) to fund priorities and be returned to the centre as savings. We are not necessarily opposed to the use of underspends for high priority pressures (e.g. earthquake related spending), but we note that as a matter of course these underspends would return to the centre.

[2]

Next steps

We understand that the Minister for Social Development and Employment plans to take three policy papers to SOC on 22 March on the Vote Social Development Budget package, with final Budget Cabinet decisions to be made in April. Budget Ministers have an opportunity to feed back views on Social Development Budget proposals.

[1]

Analyst, Workforce Attachment and Skills, [1]

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

Appendix One: VOTE SOCIAL DEVELOPMENT BUDGET 2011 PROPOSALS

Reprioritisation, Savings and Underspends in Votes SD

	\$ million					
	2010/11	2011/12	2012/13	2013/14	2014/15	4 Yr total
Ring Fenced Fund	-	(23.667)	(27.294)	(35.673)	(35.673)	(122.307)
[2]						
		[2]				
Preferred supplier arrangements for medical alarms	-					
Remove unsubsidised pharmaceuticals from DA	-					
Remove unproven alternative medical treatments from DA	-					
Crown Underspend (W&I and FACS)	(13.000)	-	-	-	-	(13.000)
Balance sheet cash	(8.000)	-	-	-	-	(8.000)
Community Response Fund underspend	[2]					
Job Ops underspend	(4.700)	-	-	-	-	(4.700)
[2]						
Industry Partnerships Fund	-	(4.300)	(4.300)	(4.300)	(4.300)	(17.200)
Total funding identified in Votes Social Dev	[2]					

Calls against savings/reprioritisation

	\$ million					
	2010/11	2011/12	2012/13	2013/14	2014/15	4 Yr total
Agreed						
Historic Claims	-	4.000	4.000	-	-	8.000
Subtotal agreed	-	4.000	4.000	-	-	8.000
Not yet agreed						
		[2]				
Canterbury Social Support Limited Service Volunteers (from Community Response Fund)						
Limited Service Volunteers (outstanding)						
Job Ops with Training	-	13.000	-	-	-	13.000
Skills for Growth	-	4.300	4.300	4.300	4.300	17.200
Parenting Support Services (Parents Inc.)	-	0.600	0.600	0.600	0.600	2.400
Mental Health Services for Children in Care	-	1.938	3.330	4.245	5.000	14.513
Expansion of Gateway Assessments	-	3.831	3.831	3.831	3.831	15.324
Be Accessible	-	1.000	1.000	1.000	1.000	4.000
Employment Assistance	-	[2]				
[2]						
Sleepovers	-	[2]				
Whanau ora	-	5.000	5.000	5.000	5.000	20.000
Subtotal not agreed	-	[2]				
Total call against funding available	-					

Unallocated Surplus over 4 years

[2]

Notes

Where we are unsure about the split between years, we have put funding in the 2011/12 year