

The Treasury

Budget 2011 Information Release

Release Document

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From: [1]
Sent: Thursday, 24 March 2011 3:10 p.m.
To: ^MOF: [1]
Cc: [1] Simon MacPherson
Subject: MoF/Bennett meeting at 4.30pm
Attachments: MSD Budget 2011 proposal analysis 24 March.doc; Vote Social Development 2011 Budget package as at 24 March.xls

Hi [1]]

Update: Changes to the SD package since Budget Ministers on 22 March for MoF/Minister for Social Development and Employment meeting at 4.30pm.

We met with MSD yesterday afternoon and they ran us through the Minister for Social Development and Employment's revised Budget package. We have not seen anything from MSD today so it is possible that the package may be different from our understanding. If we see anything from MSD before the meeting we will send it to you. Attached is an updated overview table and another table with our understanding of the package and Treasury comment (attached).

Overview

Budget Ministers have discussed the Social Development Budget package with Minister Bennett and we are now more comfortable with the package. [2]]

[
[
[
[

The key changes to the package following Budget Ministers meeting are:

[2]

Savings

We understand that MSD is still preparing a Cabinet paper for 4 April on [2]] possible savings from changes to [2] Disability Allowance. Options around the level of savings may also be presented. As we have previously noted, we support these savings and at least some of them are likely to be required for the package to balance and return savings to the centre.

Further possible savings

If Ministers were looking to trim down the package further, the following options could be considered:

	Proposal	Option	Priorities reduced by (over 4 years)	Treasury Comment
[2]				
2	[2] for Employment Assistance	Funding for this proposal only if it is for earthquake-related expenditure.	[2]	We are not clear that the proposed funding is for earthquake-related unemployment. Funding for Employment Assistance was reduced in Budget 2008 consistent with MSD advice.
3	Parenting Support Services (Parents Inc.)	No funding for this proposal	\$2.4m	There may be scope to change the mix of existing family support contracts to provide extra funding for Parents Inc. without the need for funding from the Ring-Fenced Fund. Not directly targeted at children in state care.
4	Children’s Action Plan	Funding from MSD policy appropriations	\$1.6m	One approach would be to fund the proposal from existing policy appropriations. A separate appropriation could be set up for the funding to go into.
5	HIPPY	No funding for this proposal	\$8.874m (Vote Ed funded)	This proposal is to be funded from the Vote Education allocation. The rationale for increasing government funding from 75% to 85% is unclear. An MSD evaluation of HIPPY concluded that it was of unknown/mixed effectiveness
6	Whanau Ora (Minister Turia priority)	Funding of \$20m over 4 years	[[2] [[The efficacy and value for money of Whanau Ora is still as yet untested.
Total package reduction				
<ul style="list-style-type: none"> • [2] • 				

Budget Ministers agreed to funding 1,500 places for LSV. If Ministers were interested in further savings, the number of places could be reduced to 1,250 or even 1,000. This would save up to \$11m.

Other issues

- Sleepovers: \$9.6m over four years (\$2.4m per annum) is proposed for forward liabilities relating to the Court of Appeal decision in *Dickson v Idea Services*. [2]

[2]

[1]

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[1]

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Vote Social Development Budget 2011 Proposals as at 24 March

Reprioritisation, Savings and Underspends in Votes SD

	\$ million					4 Yr total
	2010/11	2011/12	2012/13	2013/14	2014/15	
Ring Fenced Fund	-	[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	(32.000)	-	-	-	-	(32.000)
Employment Assistance (Job Ops) underspend	(4.700)	-	-	-	-	(4.700)
Employment Assistance reprioritisation	-	(12.600)	(4.300)	(4.300)	(4.300)	(25.500)
Total funding identified in Votes Social Dev		[2]				

Calls against savings/reprioritisation

	\$ million					4 Yr total
	2010/11	2011/12	2012/13	2013/14	2014/15	
Agreed						
Historic Claims	-	4.000	4.000	-	-	8.000
Subtotal agreed	-	4.000	4.000	-	-	8.000

Not yet agreed

Canterbury earthquake support

Canterbury Social Support	-	[2]				
Employment Assistance	-					

Youth Employment

Limited Service Volunteers	-					
Job Ops with Training	-	13.000	-	-	-	13.000

Protecting Our Children

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

Minister Turia Priorities

Whanau Ora	-	5.000	5.000	5.000	5.000	20.000
Be Accessible	-	1.000	1.000	1.000	1.000	4.000
Family Violence	-	-	-	-	-	-

Other priorities

[2]						
Sleepovers	-	2.400	2.400	2.400	2.400	9.600
Children's Action Plan	-	0.800	0.800	-	-	1.600
Subtotal not agreed	-	[2]				

Total call against funding available

Unallocated Surplus over 4 years [2]

Proposals to be funded from other Votes

	\$ million					4 Yr total
	2010/11	2011/12	2012/13	2013/14	2014/15	
ECE for Children in State Care (Vote Education)	-	2.789	2.852	2.913	2.913	11.467
HIPPY (Vote Education)	-	1.141	1.871	2.731	3.131	8.874
[2]	-	[2]				
Total call against funding in other Votes		1				

Notes

[2]

IN-CONFIDENCE

Social Development package following Budget Ministers meeting and Treasury comment - 24 March 2011

	Proposal	Description	Treasury comment
Earthquake related priorities			
1	Canterbury Social Support.	Further support package for victims of the 22 February aftershock. N	It is still not clear that a separate fund for NGO services is needed, given that the government has also established a trust to administer Christchurch Earthquake Appeal funds. N
2	Employment Assistance	N increased funding for employment assistance	We are unclear whether funding is for earthquake-related unemployment. If Ministers were interested in more savings, the proposal is scalable N
Youth Employment package			
4	Limited Service Volunteers	1,500 LSV places per annum	We understand that Budget Ministers agreed on 1,500 places p.a. Fewer places could be considered as an option if Ministers want more savings (e.g. 1,250 places reducing to 1,000 p.a. or 1,000 places p.a.). We understand that the target group is likely to be around 1,000 places N
5	Job Ops with Training	3,000 Job Ops places + training for 2011/12 only.	We are broadly supportive of this proposal.
6	Skills for Growth	\$17.2m over four years for subsidised work placement and industry-specific training for broadly work-ready young beneficiaries.	We are not necessarily opposed to this proposal provided it is of high priority and does not duplicate other services. The Minister for Social Development and Employment originally proposed that this initiative be funded from reprioritisation of Employment Assistance.
Protecting Our Children package			
8	Parenting Support Services (Parents Inc.)	Specialised parenting support services for family and whanau carers.	If Ministers were interested in more savings there may be scope to change the mix of existing family support contracts to provide extra funding for Parents Inc.. Not directly targeted at children in state care.
9	Mental Health Services for Children in Care	Increased mental health services for children in state care who do not meet current Ministry of Health thresholds.	Unclear what the Ministry of Health's view is on the proposal, in particular the mental health sector's capacity to provide increased services. We recommended supporting this proposal.
10	Expansion of Gateway Assessments	Comprehensive screening (health, education, other screening) and facilitating interagency response for children in state care.	We are broadly supportive of this proposal
Minister Turia priorities			
11	Whanau Ora	\$20m over four years from Vote Social Development to expand Whanau Ora to more geographical areas. Some extra funding N come from other Votes.	The efficacy and value for money of the concept is still as yet untested. We are broadly comfortable with \$20m over four years if Ministers wish to fund a partial expansion of Whanau Ora.
12	Be Accessible	Information, tools and training for businesses to improve how accessible they are for disabled people, especially ahead of the Rugby World Cup.	We are broadly comfortable with this initiative. If Ministers were interested in more savings, this initiative could be scaled to 1-2 years time-limited funding so that it is focussed on the Rugby World Cup.
13	Family Violence	Five family violence initiatives totalling \$44m over 4 years funded from reprioritisation of existing family violence expenditure.	We are broadly comfortable with this proposal.
Other priorities			
14	Sleepovers	Increased costs of maximum \$2.4m per annum for forward liabilities relating to the Court of Appeal decision in <i>Dickson v Idea Services</i> .	The outcome of negotiations with unions, any legislative change and consequently the size of the forward and backdated liability is not yet known. The estimates for forward and backdated liability are at the high end of the possible cost range. We supported contingency funding for the forward liability, N
15	ECE for Children in State Care (Vote Education funded)	Funding to meet most, if not all costs of ECE for children aged 18 months to 3 years old in state care.	We are supportive of this proposal
16	HIPPY (Vote Education funded)	Increased coverage of HIPPY in existing locations and expanded to new locations (\$8.9m over 4 years).	The rationale for increasing government funding from 75% to 85% is unclear. An MSD evaluation of HIPPY concluded that it was of unknown/mixed effectiveness.
17	Children's Action Plan	\$1.6m over 2 years for development of a long-term strategy for children in New Zealand.	A paper on this is planned for CBC consideration on Monday. If Ministers were interested in more savings one approach would be to fund the initiative from existing policy appropriations. A separate Children's Action Plan appropriation could be set up for the funding to go into.
18		N	N