

# The Treasury

## Budget 2011 Information Release

### Release Document

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- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [2] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [3] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

**Vote Community and Voluntary Sector**

**Four-year Budget Plan**

Version 1.1

1 December 2010

Submitted by:

**Department of Internal Affairs**

A handwritten signature in black ink, appearing to be the initials 'M.' followed by a small flourish.

## **Section 1: New Baseline and Summary of Changes**

### Direction of Change

The four priority areas for Vote Community and Voluntary Sector over the medium-term are:

- 1 Structuring for effectiveness (includes a review of Crown-funded schemes)
- 2 Setting and delivering quality
- 3 Improving regulation
- 4 Seizing opportunity.

These are consistent with Government's goals to improve state sector performance, and delivering better value for money from within existing budgets.

These priorities are currently administered by the Department of Internal Affairs, and the Office for the Community and Voluntary Sector within the Ministry of Social Development. Effective from 1 February 2011, the Office for the Community and Voluntary Sector will transfer to the Department of Internal Affairs.

### Overall Impact

The impact from structuring for effectiveness is to enhance the accountabilities for the delivery of advice, simplify access to government for the community and voluntary sector, and provide more integrated and efficient arrangements for the portfolio.

The impact of the first principles review of Crown-funded schemes will see better outcomes for communities, hāpu, iwi Māori, achieved through a larger more strategic investment in local communities rather than through small ad hoc annual grants to community groups. The Department is looking to a comprehensive community-led approach that builds on our core skills in community development and advisory services for communities, hāpu and iwi. To achieve this, we propose to reprioritise \$1.500 million per year from the Non-departmental Other expenses - Community Organisation Grants Scheme (COGS) within Vote Community and Voluntary Sector, to meet the costs of an initiative within the Non-departmental Other expense - Community Development Scheme.

Where necessary the Department will work with any community groups who currently receive small annual grants from COGS, and may therefore be impacted by this reprioritisation, to access funding from other sources.

The Vote has additional financial pressures arising from the integration of the Department of Internal Affairs, the National Library of New Zealand and Archives New Zealand. Cabinet agreed to additional one-off expenditure in 2010/11 to cover the immediate integration expenses, but has also set the new Department savings targets for the following four financial years. These targets represent the financial savings expected to flow from the integration, for example from the rationalisation of support functions across the new Department

The additional one-off costs of integration and outyear baseline reductions for the ongoing savings that will be realised from integration were included in the October Baseline Update, with the spread being across all Votes in the affected agencies. In Vote Community and Voluntary Sector the indicative savings targets are \$0.255 million per annum over the next four years.

Operating	Impact (\$000s)				
	2010/11	2011/12	2012/13	2013/14	2014/15
Current Baseline *	47,073	47,951	47,549	45,308	45,308
Cost of new/increased activities	-	1,500	1,500	1,500	-
Amount reprioritised	-	(1,500)	(1,500)	(1,500)	-
New baseline	47,073	47,951	47,549	45,308	45,308

\* includes funding transfer from Vote Social Development [DOM Min (10) 20/6 refers]

Note: the decrease in baseline funding from 2012/13 to 2013/14 is due to the cessation of time-limited funding for the Community Based Digital Literacy initiative that was funded through reprioritisation as part of Budget 2010 (\$2.242 million in each of 2010/11 and 2011/12 and \$2.241 million in 2012/13).

Capital	Impact (\$000s)				
	2010/11	2011/12	2012/13	2013/14	2014/15
Capital proposals seeking new funding in Budget 2011.	-	-	-	-	-
Capital proposals seeking decisions in Budget 2011 funded within baselines	-	-	-	-	-
Total capital intentions	-	-	-	-	-

## **Section 2: Vote Priorities and Pressures**

### *Vote Priorities*

The four strategic priority areas for Vote Community and Voluntary Sector are as follows:

### ***Structuring for Effectiveness***

#### *Review of funding and institutional arrangement for the Community and Voluntary Sector Portfolio*

Ministers decided on 10 November 2010 [DOM Min (10) 20/6] that the institutional and Vote arrangements would be improved if all parts of the Community and Voluntary Sector portfolio were brought together into one Crown agency rather than remain split between the Ministry of Social Development and the Department of Internal Affairs. The transfer of the functions, staffing and funding of the Office for the Community and Voluntary Sector from the Ministry of Social Development to the Department of Internal Affairs will take effect from 1 February 2011 (aligning with other machinery of government changes affecting the Department of Internal Affairs).

Regional support to communities can be improved through administrative efficiencies and working better within current resources. The results of the amalgamation of portfolio functions into a single organisation will be improved collaboration between agencies and within communities, and improved priority setting for local advisory services through better use of local information.

The fiscally-neutral adjustments to appropriations between Vote Community and Voluntary Sector and Vote Social Development will be included in the 2010/11 Supplementary Estimates.

#### *Review of Vote Community and Voluntary's Crown Funding Scheme*

The findings of a recent first principles review of Crown-funded schemes indicate that better outcomes for communities, hāpu, iwi Māori are achievable through a larger, more strategic investment in local communities with less emphasis on small ad hoc annual grants to community groups. The Department of Internal Affairs will shift its emphasis towards an up-scaled community-led development approach to achieve enduring community driven outcomes.

### ***Setting and Delivering Quality***

#### *Kia Tutahi Standing Together Relationship Agreement*

The Kia Tutahi Standing Together Relationship Agreement is an aspirational document that provides an important platform for enhancing relationships between communities and government.

As government changes the way that it funds and works with communities, government decision-making is increasingly being devolved to regional and local levels. This means there is increased emphasis on government agencies and communities working in partnership. Relationship difficulties can take up unnecessary time and energy, and get in the way of achieving valuable outcomes for communities.

The Minister for the Community and Voluntary Sector intends to report to Cabinet in February 2011 with a proposed final Agreement, for launching and signing in April 2011. This report will include a progress report on the outcome of related actions to

build strong community relationships, that Cabinet agreed to in August 2009 [CAB (09) 31/5A].

The Minister will also advise Cabinet on a plan of action for how government departments and the community sector can reflect the Relationship Agreement in their way of working together.

#### *Continuing to build community-government collaboration*

Citizen and community engagement in government decision-making is an important part of a robust democracy. Public participation can enable wider sources of knowledge to be drawn into policy-making, builds civic capacity to address local concerns, and fosters greater trust in government.

A Ready Reference Engagement Guide will be finalised, which will provide a valuable summation of the key aspects of effective community engagement for government agencies. This will provide a base for development of induction material for new public servants later in 2011.

The Department will continue the highly popular seminars and workshops on good practice in:

- funding community and voluntary organisations; and
- engaging with citizens and communities, including ways of working with different population groups.

It will undertake follow-up surveys of participants in these events to test the value and impact of attendance.

Feedback from non-profit organisations and government agencies on use of the new Code of Funding Practice will assist in early assessment of its impact and inform necessary refinements and updating. A full review of the Code's effectiveness will be undertaken in 18 months time.

### ***Improving Regulation***

#### *Review of the Charities Act and regulations*

The review of the Charities Act 2005 and Regulations indicated how fragmented the current regulatory framework is, and the impact of this on the sector. Agencies are working together to respond to specific issues, and to increase sector awareness and understanding of operating within the current environment.

There will be a first principles review of the Charities Act, scheduled for completion by 2015. In October 2010, Cabinet noted the inconsistencies in statutory definitions of charitable purpose and the impact of different statutes on the operation of charities. Cabinet agreed that the definition of charitable purpose and its alignment across the legislation would be a key focus on the first principles review [CAB Min (10) 35/5B refers].

The Law Commission is reviewing the Charitable Trusts Act 1957 as part of its review of trust law. That review will have implications for the charitable sector as approximately 30 per cent (7,200) charitable entities are registered with the Commission are also incorporated as charitable trusts.

With the agreement of the Ministers of Commerce, Justice and Revenue, a joint review of the legislation affecting the charitable sector will be undertaken to ensure that any changes to statutes are consistent, coherent and undertaken in an integrated manner.

## ***Seizing Opportunity***

### *Promoting and supporting generosity and community participation*

2011 is the tenth anniversary of the International Year of the Volunteer. This is an opportunity to promote the valuable contribution that volunteers make to our communities by:

- supporting the Generosity Hub (a collaboration across community, government, philanthropic, and business sectors) in its work to promote giving of time and donations;
- continuing to collect information on the giving of time and money; and
- launch guidelines for employer supported volunteering in the New Zealand public sector.

### *Social lending and social enterprise policies*

Working with other Ministers, the Minister for the Community and Voluntary Sector will continue to investigate development of social lending and social enterprise policies in 2011 and beyond. This responds to feedback from social lenders and philanthropic organisations about policy and regulatory barriers to strengthening social lending.

Support for social enterprise from non-government funders helps communities to take responsibility for their own goals, creates real jobs and stimulates innovation in disadvantaged communities.

### *Vote Pressures*

The fiscal pressures on the Vote stem mainly from the need to continue to do more within baseline, while at the same time absorbing cost pressures, including those arising from internal system and process changes.

In recent years, the Vote Community and Voluntary Sector has been scrutinised. Lower priority activities have been previously identified, and the funding transferred to higher priority areas.

### **Section 3: Proposed Changes for Budget 2011 (Reprioritisation)**

There are no changes to existing baseline, with the exception of the transfers relating to the relocation of the Community and Voluntary Sector functions within the Department of Internal Affairs, the savings targets highlighted in Section One, and the reprioritisation within the Vote to meet the costs of an initiative within the Non-departmental Other Expense – Community Development Scheme.

## Section 4: Summary of Financial Movements

### Four-Year Budget Plan - Financial Summary Report (Operating - Including Operating Associated with Capital Initiatives 2011)

Vote:	Community and Voluntary Sector	2010/11	2011/12	2012/13	2013/14	2014/15
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Share Allocation		0	0	0	0	0
Operating						
Baseline (2010/11 OBU)		46,204	46,067	46,065	43,824	43,824
Changes:						
Centralised Saving						
Total Centralised Saving		0	0	0	0	0
Reprioritisation						
Increased Support for Community Development Scheme		0	0	0	0	0
Total Reprioritisation		0	0	0	0	0
Transfers Outside Vote						
Total Transfers Outside Vote		0	0	0	0	0
Total Changes		0	0	0	0	0
Total Proposed Operating Baseline		46,204	46,067	46,065	43,824	43,824

**Four-Year Budget Plan - Financial Summary Report (Capital 2011)**

Vote:	Community and Voluntary Sector	2010/11	2011/12	2012/13	2013/14	2014/15
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Capital						
Baseline (2010/11 OBU)		0	0	0	0	0
Proposals for new Capital Funding						
Refurbish/Replace						
Total Refurbish/Replace		0	0	0	0	0
Improve Functionality						
Total Improve Functionality		0	0	0	0	0
Meet Demand						
Total Meet Demand		0	0	0	0	0
Capital Associated with Operating Initiatives						
Total Capital Associated with Operating Initiatives		0	0	0	0	0
<b>Total Capital Proposals</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Proposed Capital Baseline</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

