

The Treasury

Budget 2022 Information Release

August 2022

This document has been proactively released and is available on:

- The **Budget website** from August 2022 to May 2023 only at: <https://budget.govt.nz/information-release/2022>, and on
- the **Treasury website** from later in 2022 at: <https://treasury.govt.nz/publications/information-release/budget-2022-information-release>.

Information Withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [36] 9(2)(h) - to maintain legal professional privilege
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [40] Out of Scope
- [41] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment
- [42] 18(d) - information is already publicly available or will be publicly available soon

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [1] appearing where information has been withheld in a release document refers to section 6(a).

Copyright and Licensing

Cabinet material and advice to Ministers from the Treasury and other public service departments are © **Crown copyright** but are licensed for re-use under **Creative Commons Attribution 4.0 International (CC BY 4.0)** [<https://creativecommons.org/licenses/by/4.0/>].

For material created by other parties, copyright is held by them and they must be consulted on the licensing terms that they apply to their material.

Accessibility

The Treasury can provide an alternate HTML version of this material if requested. Please cite this document's title or PDF file name when you email a request to information@treasury.govt.nz.

Treasury Report: Overview of NGO impacting initiatives in draft Budget 2022 package

Date:	17 February 2022	Report No:	T2022/283
		File Number:	SH-3-0-3

Action sought

	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Indicate to officials if you would like Treasury to continue to provide overviews or further analysis of NGO initiatives as the Budget 2022 package develops.	None

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Keegan Taylor	Analyst, Welfare and Oranga Tamariki	[39]	N/A (mob) ✓
Keiran Kennedy	Manager, Welfare and Oranga Tamariki	N/A (wk)	[35]

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: Yes

Treasury Report: Overview of NGO impacting initiatives in draft Budget 2022 package

Recommended Action

We recommend that you:

- a **note** that the Treasury has identified 53 initiatives across 12 votes in the Budget package that are within the scope of the Social Sector Commissioning project and provide funding to Non-Government Organisations (NGOs);
- b **note** that there are several potential next steps that Treasury could take including:
 - a. updating this analysis on the presence NGO initiatives in the Budget 2022 package as the package continues to develop;
 - b. assisting to develop Budget communication material about NGO initiatives and support for NGOs in Budget 2022 in conjunction with the SSC Project;
 - c. increasing our understanding of the NGO component of specific (e.g. the largest) initiatives in Budget 2022; and
- c **indicate** if you would like Treasury to continue to provide overviews or further analysis of NGO initiatives as the Budget 2022 package develops.

Yes / No

Minister of Finance



Keiran Kennedy

Manager, Welfare & Oranga Tamariki

Hon Grant Robertson
Minister of Finance

Treasury Report: Overview of NGO impacting initiatives in draft Budget 2022 package

Purpose of Report

This Treasury Report provides an overview of initiatives in the draft package submitted by social sector agencies (as defined in Table 1) that seek to fund NGOs. In defining scope, The Treasury used the definitions provided by the Social Sector Commissioning (SSC) project. The identified list of initiatives in scope (attached in Annex 1) could be used as a baseline for future analysis of Budget spend on NGO initiatives (noting that the government currently has limited ability to easily and reliably determine existing NGO spend). The initiative list could also be used as a starting point for Budget 2022 communication material about social sector NGO initiatives and support. Finally, we have outlined common themes identified across initiatives.

Table 1

Social Sector Agencies	
Department of Corrections	Ministry of Social Development
Department of Internal Affairs	Ministry of Youth Development
Ministry of Business, Innovation and Employment	Oranga Tamariki - Ministry for Children
Ministry of Education	Te Puni Kōkiri
Ministry for Ethnic Communities	New Zealand Police
Ministry of Health	Ministry of Health
Ministry of Housing and Urban Development	Kāinga Ora
Ministry of Justice	Accident Compensation Corporation
Ministry for Pacific People	Tertiary Education Commission

The Social Sector Commissioning Project

The SSC project began in 2018 and seeks to shift commissioning practice to address longstanding issues and improve intergenerational wellbeing for communities. The project is well aligned with and seeks to progress the Labour 2020 Manifesto commitment to “work toward a more effective social service sector by improving how government commissions and works with social service providers”.

In November 2021, Cabinet agreed to adopt a relational approach to commissioning across government-funded social sector services and agreed to seven principles (Table 2) as the foundation for this approach [SWC-21-MIN-0173 refers]. As part of this agreement, Cabinet directed social sector agencies to align their commissioning policies, process and practice with these seven principles. The Minister for Social Development and Employment is due to report back to Cabinet in May 2022 with a plan for the implementation phase of the SSC project.

As part of Budget 2022, Budget guidance directed agencies to identify initiatives that sought to procure from NGOs and outline relevant initiatives’ alignment with the SSC principles. Using this information, Treasury analysts made a high-level assessment of initiatives’ alignment with the SSC principles, and most initiatives were assessed as aligning or partially aligning to SSC principles. Similar processes in future Budget rounds could be used to support the implementation phase of the SSC project and assess agencies’ progress and alignment against the implementation plan.

Table 2

Social Sector Commissioning Principles	
<ul style="list-style-type: none"> Individuals, families, whānau and communities exercise choice. Māori-Crown partnerships are at the heart of effective commissioning. Commissioning is responsive to the equity of unique and diverse populations. 	<ul style="list-style-type: none"> The sector works together locally, regionally, and nationally. The sector is sustainable. Decisions and actions are taken transparently. The sector is always learning and improving.

As the lead Minister for the SSC project the Minister for Social Development and Employment has submitted a package of four initiatives¹ that aim to support the implementation of the SSC project. These four initiatives are a subset of the NGO initiatives submitted by the Minister for Social Development and Employment. We have low confidence that these initiatives will deliver the promised outcomes. We have therefore not recommended these initiatives be included as part of the draft package and consider there are other Budget 2022 initiatives that could be used to signal support for the SSC project’s work. The Minister for Social Development and Employment may want to discuss these initiatives at her bilateral on Monday, 21 February. The Vote team is providing further advice on these initiatives as part of their bilateral advice.

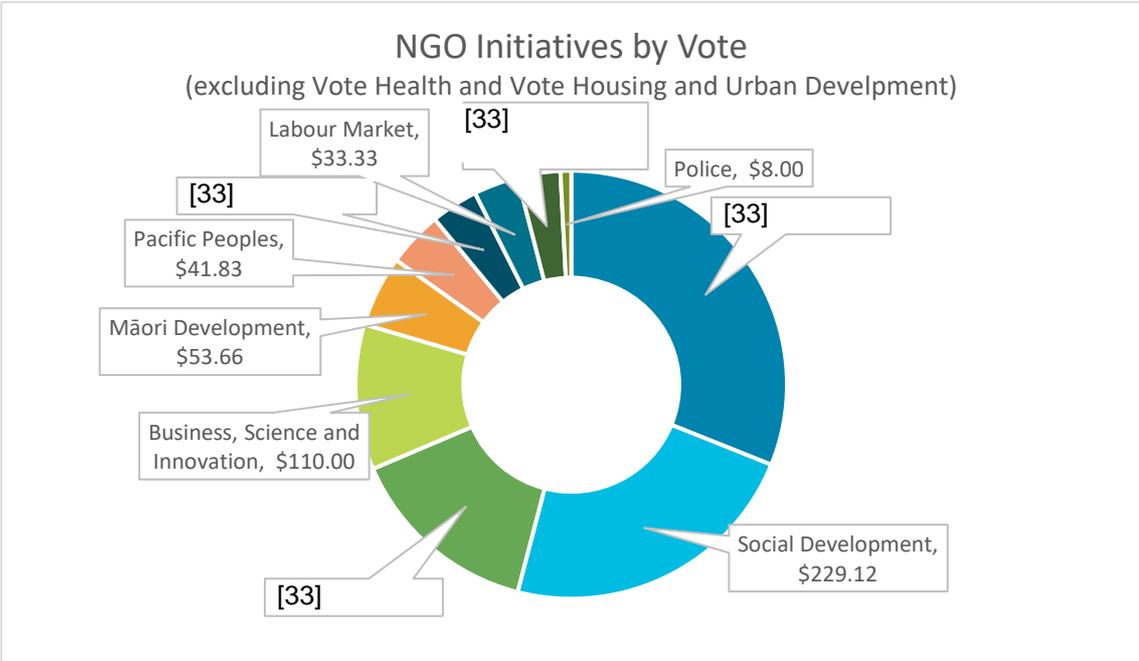
Overview of Budget 2022 Social Sector NGO Initiatives

The Treasury has identified a total of 53 initiatives across 12 Votes in the current draft package as in scope as defined by the SSC project. These initiatives represent [33] billion operating expenditure and [33] million capital expenditure. **Not all this funding would go directly to NGOs, and it is currently not possible to separate out the NGO component without significant additional work.** Most of this total (81%) is driven by four initiatives:

- 13981 - Vote Health cost pressures (2022/23 portion) - \$4.828 billion
- 14063 - Vote Health cost pressures (2023/24 portion) - [33] billion
- 13569 - Public and Transitional Housing – Maintaining and Increasing Public, Transitional and COVID-19 housing supply - [33] billion
- 13986 - Disability Support Services Cost Pressures - [33] billion

From a Vote perspective, Vote Health makes up the majority of the expenditure (79%) followed by Vote Housing and Urban Development (HUD) at 15% and then 2% each for Votes Justice and Social Development. Figure 1 shows the distribution across Votes when excluding Vote Health and Vote HUD.

Figure 1: NGO Initiatives by Vote (excluding Vote Health and Vote Housing and Urban Development)



The pattern observed here is broadly consistent with the pattern found by the review of existing NGO spend by the SSC project, although it is only a rough comparison as not all the funding from identified Budget 2022 initiatives would go directly to NGOs. The SSC project identified total funding of \$6.0 billion for the 2020/21 financial year primarily made up of contracts and

¹ Technical Hub for Social Sector Commissioning (14191); Increased costs for Social Sector Accreditation (14239); Provider and Community Capability (14266) and One-off fund to lift social sector capability (13728).

grants from the Ministry of Health (excluding DHBs) (36%), ACC (34%) and the Ministry of Social Development (10%). Vote HUD is overrepresented in Budget 2022 NGO initiatives because we are currently unable to separate out initiatives' NGO funding components, which are likely a small component of Vote HUD's initiatives.

Common Themes Across Initiatives

We have identified common themes across initiatives in scope and have grouped these into three broad headlines. Figure 2 shows the proportion of initiatives that demonstrate each common theme, and Table 3 provides definitions for each theme.

Figure 2: Proportion of Initiatives Demonstrating Themes

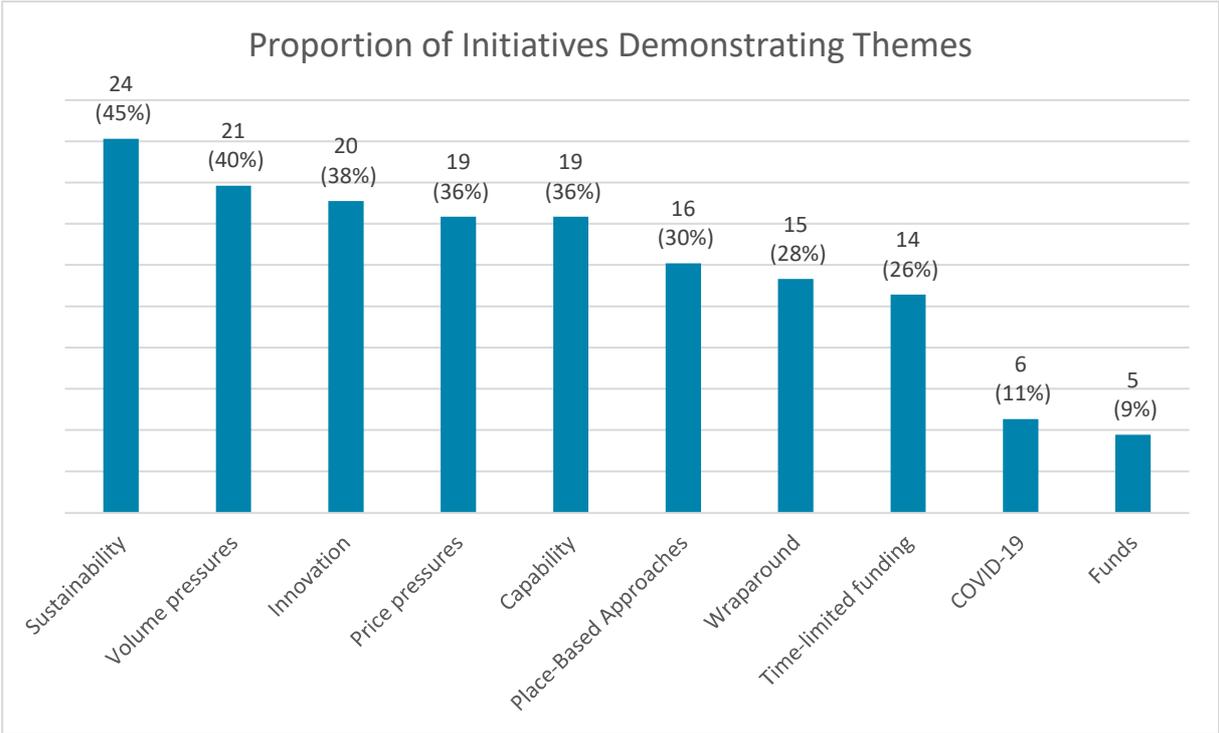


Table 3

Theme	Definition
Sustainability	Includes initiatives that seek to address issues impacting the viability and ongoing operation of NGOs including but not limited to funding levels, workforce retention, pay disparities and equity.
Innovation	Includes initiatives that seek to identify, develop or assess innovative ways of providing support or where the initiative seeks to fund a prototype or trial.
Volume pressures	Includes initiatives that seek to address increases in demand for a service or product including proposed expansions even where the expansion is a policy decision.
Price pressures	Includes initiatives that seek to address increases to the cost of providing existing services or products. This includes policy decisions to pay more for the same service or product e.g. increase government's contribution rate.
Capability	Includes initiatives that seek to address and/or increase NGOs capability. This includes initiatives that target NGO workforces, provide guidance, increase data capability or support back office infrastructure.
Place-Based Approaches	Includes initiatives that seek to provide services in a way specific to the needs of a particular place or group of people.
Wraparound	Includes initiatives that provide services which address more than one need e.g. health, education, housing.
Time-limited	Includes initiatives seeking to extend time-limited funding and/or seeking time-limited funding.
COVID-19	Includes initiatives relating to COVID-19 or that respond to the impact of COVID-19 or were originally funded from the CRRF.
Funds	Includes initiatives that hold funding for distribution based on a set of specified criteria and/or purpose.

Themes in the types of initiatives for which government is partnering with or procuring through NGOs

Several initiatives use NGOs to **provide wraparound or holistic services** or support, for example, in providing wraparound support for individuals and families in transitional housing. In the same vein, NGOs were identified as being useful partners in **implementing place-based approaches** to reach specific or hard to reach groups. There was also a strong theme of **innovation** with many initiatives seeking to identify new approaches to provide support and/or provide funding for prototypes such as Kainga Whanau Ora (14229) or Contracted Emergency Housing (Rotorua Response) (13570).

Themes in the types of cost pressures and other types of issues faced by existing initiatives

As with previous Budgets, there were several significant cost pressures for NGO contracts that have received little to no increase in funding for several years. **Volume pressures** described issues of growth in demand or addressing unmet demand. **Price pressures** focused on the lack of additional funding to reflect inflation. Capability and sustainability of NGOs were terms frequently mentioned. Some initiatives sought to adjust the government's contribution rate to ensure that funding provided for the 'full cost' (both direct and indirect costs) of providing the initiative. It is worth noting that SSC principles do not commit agencies to fund at 'full cost' only at a sustainable level. Other initiatives sought to target support for back office/overhead functions to **increase capability** and **secure sustainability**.

Other common themes of a fiscal nature.

Several initiatives sought to **establish funds** (typically discretionary funds) as a method for achieving the initiative's objectives. It is not clear whether there is a consistent approach to administering these funds or whether the risk of duplication between funds is significant. Finally, there were several initiatives that sought **to start or provide extensions to time-limited funding** (typically from the 2020 COVID-19 Response and Recovery Fund rounds) which usually related to longer-than-expected impacts of COVID or some form of **COVID-19 response**.

Potential next steps

There are several potential next steps that Treasury could take including:

- Updating this analysis on the presence of NGO initiatives in the Budget 2022 package as it continues to develop
- Assisting to develop Budget communication material about NGO initiatives and support for NGOs in Budget 2022 in conjunction with the SSC Project
- Increasing our understanding of the NGO component of specific (e.g. the largest) initiatives in Budget 2022.

We recommend you indicate if you would like the Treasury to continue to provide overviews or further analysis of NGO initiatives as the Budget 2022 package develops.

Annex 1: NGO impacting initiatives in draft Budget 2022 package

Vote(s)	ID	Title	Budget Track	Total OPEX	Total CAPEX	
Health	13981	Vote Health cost pressures (2022/23 portion)	Cost Pressure	4,827.616	-	
	14063	Vote Health cost pressures (2023/24 portion)	Cost Pressure	[33]	-	
	13986	Disability Support Services Cost Pressures	Cost Pressure		-	
	13860	Hauora Maori Commissioning	Health Reform New Spending		-	
	13999	Emergency Road Ambulance Services – cost pressures	Health Reform New Spending		-	
	13960	Continuing and expanding integrated mental wellbeing support for primary and intermediate school-aged children	Health Reform New Spending		-	
	14262	Critical Data and Digital Foundations	Health Reform New Spending		[33]	
	14001	Emergency Air Ambulance Services – cost pressures	Health Reform New Spending	90.712	-	
	13864	Service integration for priority cohorts	Health Reform New Spending	[33]	-	
	13972	Funding to stabilise and redesign Well Child Tamariki Ora (WCTO)	Health Reform New Spending		-	
	13875	Maori provider development	Health Reform New Spending		-	
	13876	Pacific provider development	Health Reform New Spending		-	
	13884	Addressing the burden of diabetes for Pacific communities	Health Reform New Spending		-	
	13963	Expansion of the Well Child Tamariki Ora (WCTO) Enhanced Support Pilots	Health Reform New Spending		-	
	13996	Continuing Piki, integrated primary mental health and addiction supports for young people in the Greater Wellington area	Health Reform New Spending	12.250	-	
	13886	Introducing a rights-based approach to health care for intersex children and young people	Health Reform New Spending	2.516	-	
	13885	Improving access to primary health care services for transgender people	Health Reform New Spending	2.182	-	
	Health Total				11,205.284	[33]
	Housing and Urban Development	13569	Public and Transitional Housing – Maintaining and Increasing Public, Transitional and COVID-19 housing supply	Cost Pressure	[33]	-
14288		Supporting the reset and redesign of the emergency housing system	Manifesto	355.000	-	
13570		Contracted Emergency Housing (Rotorua Response)	Cost Pressure	145.688	-	
13575		Homelessness Action Plan	Manifesto	[33]	-	
Housing and Urban Development Total				2,082.448	-	
Justice	14170	Electoral Commission - maintain service levels in a complex environment with greater resilience	Cost Pressure	[33]	-	
	13616	Preventing Family Violence and Sexual Violence: Support and expand integrated community-led responses	Manifesto		-	
	14109	Creating a sector-wide strategy and operating model for improving outcomes for victims of crime	Justice Cluster Priorities		-	
	13621	Preventing Family Violence and Sexual Violence: Actioning Te Aorerekura’s prevention shift (Actions 21 and 23)	Manifesto	37.625	-	
	13601	Preventing Family Violence and Sexual Violence: Services for victims of non-fatal strangulation	Cost Pressure	8.112	-	
	13605	Preventing Family Violence and Sexual Violence: Maintaining services for victims and perpetrators of family violence	Cost Pressure	7.876	-	
	14127	Preventing Family Violence and Sexual Violence: Building workforce capability to ensure the right response every time	Manifesto	7.383	-	
	14130	Preventing Family Violence and Sexual Violence: Foundational capability training for Ministry of Justice Workforce	Manifesto	4.568	-	
Justice Total				311.282	-	
Social Development	13726	Driver licence support - equitable access to driver licences to improve employment, wellbeing and safety outcomes	Manifesto	86.486	-	
	13692	Continuing to support Maori entities delivering employment training for Maori through the Maori Trades and Training Fund	Manifesto	54.867	-	
	14196	Sustainable Funding for Community Services – Disability Services	Manifesto	[33]	-	
	13772	Sustainable Funding for Community Services – Building Financial Capability	Manifesto		-	
	13935	Increasing the sustainability of youth development providers and quality of services for young people	Cost Pressure		-	
	14229	Kainga Whanau Ora	Manifesto	2.400	-	
	13687	Implementing the Better Later Life Strategy: Employment, Housing and Age Friendly	Manifesto	0.074	-	
Social Development Total				229.117	-	
Courts	14116	Maintaining critical court ordered and justice services	Justice Cluster Cost Pressure	59.495	-	

[33]

	14208	Improving the coronial system for bereaved families and whanau	Justice Cluster Priorities	28.455	1.576
		Ongoing operations of the Alcohol and Other Drug Treatment Courts in Auckland and the Waikato -Justice Cluster			
	14125	Component	Justice Cluster Cost Pressure	13.410	-
Courts Total				[33]	1.576
Business, Science and Innovation	13937	The Regional Strategic Partnership Fund	Manifesto	55.000	55.000
Business, Science and Innovation Total				55.000	55.000
Māori Development	13697	Te Pae Tawhiti – foundational investment to protect and enable appropriate use of matauranga Maori and other taonga	Manifesto	27.660	-
	13694	Progressive Procurement – increasing public sector supplier diversity and improving economic outcomes for Maori	Manifesto	26.000	-
Māori Development Total				53.660	-
Pacific Peoples	14025	Building Pacific STEAM futures through Toloa	Cost Pressure	18.276	-
	13998	Pacific Economic Development – Accelerating Pacific businesses and social enterprises	Cost Pressure	15.549	-
	14024	Delivering bespoke employment and training services through Tupu Aotearoa	Cost Pressure	8.000	-
Pacific Peoples Total				41.825	-
Education	14155	Supporting Schools and Communities to Improve Attendance and Engage Moderately and Chronically Absent Students	Cost Pressure	[33]	
	14176	Creating safe, inclusive schools – Targeted & Intensive supports for Maori & Pacific learners at risk of disengaging	Manifesto	7.745	0.017
Education Total				[33]	
Labour Market	13740	Sustaining access to Sexual Abuse Assessment and Treatment Services	Cost Pressure	19.490	-
	13785	Refugee Quota Programme cost pressures	Cost Pressure	13.842	-
Labour Market Total				33.332	-
Oranga Tamariki	14315	Enabling Partners and Communities	Manifesto	23.000	-
	14314	VOYCE - Whakarongo Mai: independent advocacy and connection services for tamariki and rangatahi with care experience	Cost Pressure	[33]	-
Oranga Tamariki Total					-
Police	14252	Te Pae Oranga: Youth Pathways, Family Violence, and increased responsiveness to victims	Justice Cluster Cost Pressure	8.000	-
Police Total				8.000	-
Grand Total				14,231.817	306.644