

The Treasury

Budget 2011 Information Release

Release Document

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THE TREASURY

Kaitohutohu Kaupapa Rawa

Date: 8 April 2011

To: Minister of Finance

AIDE MEMOIRE: PAPER FOR CABINET MONDAY 11 APRIL - COMMUNITY RESPONSE FUND EXTENSION

Purpose

We understand that the Minister for Social Development and Employment is intending to take a paper directly to Cabinet on Monday 11 April entitled Community Response Fund Extension. This Aide Memoire provides Treasury's advice on the paper.

Community Response Fund Extension

The paper proposes extending the Community Response Fund set up in 2009 to respond to recession-related funding or demand pressures faced by NGOs. The extension involves reprioritisation of \$25 million from the Community Response Model's Quality Services and Innovation Fund and from within the Non-departmental Output Expense appropriation Strong Families:

- \$4.429 million in funding is from underspends in 2010/11;
- \$6.323 million is from reprioritisation in 2011/12; and
- \$14.248 million is from funding brought forward from 2012/13 and 2013/14.

Three draw-downs from the fund over 2011/12 are proposed with Cabinet agreement to the amount drawn-down required.

Treasury Comment

Treasury has had limited time to consider the paper. Treasury has concerns about the proposal, which centre around its consistency with the approach taken to the rest of the Social Development Budget package.

1. The rationale for extending the Community Response Fund is that the effects of the recession are likely to be felt through 2011, that CPI funding for NGOs ends in 2010/11 and that the Canterbury earthquake may reduce philanthropic funding for other NGOs.

[2] Community Response Fund Extension - Budget 2011

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- Funding from the existing Community Response Fund contingency was reprioritised as part of Budget 2011 for NGOs in Canterbury to respond to the earthquake.

2. The existing Community Response Fund contingency was likely to be underspent by approximately \$32 million when it expires on 30 June 2011. As a matter of course this underspend would return to the centre, but as part of the Budget the underspend is being used to fund Limited Services Volunteers and Canterbury Social Support. This information is not included in the paper and it is unclear why the underspend was reprioritised for use in other areas if more funding for NGO services was required.
3. In Treasury's view the focus for NGO funding should be on supporting efficient and effective NGO providers. Treasury is unclear how the proposed extension to the Community Response Fund will support efficient NGOs. You may wish to ask the Minister for Social Development and Employment what mechanisms will be put in place to ensure quality of spend.
4. The \$4.429 million 2010/11 underspend from the Community Response model would, as a matter of course, return to the centre at the end of 2010/11.

We recommend that you do not support the extension of the Community Response Fund. However, if Ministers wish to extend the Community Response Fund to 2011/12, we recommend that you do not support the use of \$4.429 million in 2010/11 underspends and ask the Minister for Social Development and Employment to fund the proposal from reprioritisation in 2011/12 and outyears.

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Workforce Attachment and Skills, [1]

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