

# The Treasury

## Budget 2020 Information Release

### July 2020

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- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
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- [29] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [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;
- [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
- [42] 18(d) - information is already publicly available or will be publicly available soon.

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**Treasury Report:** Bilateral Discussion: Associate Minister of Finance and Parliamentary Under-Secretary Jan Logie

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<b>Date:</b>	6 November 2019	<b>Report No:</b>	T2019/3463
		<b>File Number:</b>	DH-42-6

**Action sought**

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	<b>Action sought</b>	<b>Deadline</b>
Hon Grant Robertson <b>Minister of Finance</b>	<b>Note</b> the contents of this report.	None
Hon Dr David Clark <b>Associate Minister of Finance</b>	<b>Discuss</b> the contents of this report with Under-Secretary Logie at your bilateral on 13 November 2019.	11am, Wednesday 13 November 2019

**Contact for telephone discussion (if required)**

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<b>Name</b>	<b>Position</b>	<b>Telephone</b>	<b>1st Contact</b>
Tim Stevenson	Senior Analyst, Justice, Security and Government Services	[39]	N/A (mob) ✓
Colin Hall	Manager, Justice, Security and Government Services	[23]	

**Minister's Office actions (if required)**

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**Return** the signed report to Treasury.

Note any feedback on the quality of the report

**Enclosure:** No.

# Treasury Report: Bilateral Discussion: Associate Minister of Finance and Parliamentary Under-Secretary Jan Logie

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## Purpose of Report

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1. This report provides background information and advice for your Budget 2020 bilateral discussion on the joint venture for addressing family violence and sexual violence (FVSV) with Parliamentary Under-Secretary Jan Logie at 11am on Wednesday 13 November 2019, including:
  - context on existing funding, including funding received in recent Budgets, and
  - an overview of cost pressures submitted for Budget 2020.
2. Attached to this report are two annexes.
  - Annex A provides talking points for your bilateral discussion.
  - Annex B provides a full list of the cost pressure initiatives submitted by the joint venture agencies.
3. We have provided initial comments for significant cost pressure initiatives. We will provide you with further advice, including funding recommendations for each cost pressure, ahead of the development of the cost pressures package.

## Context for the family violence and sexual violence sector

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### ***Current funding across government***

4. The Joint Venture Business Unit (JVBU) has been working with agencies to develop a better understanding of current expenditure across government, by updating and refining similar analysis from 2014. The initial analysis suggests that current funding aimed at preventing or addressing family violence and sexual violence is between \$1.3 and \$2.0 billion in 2018/19.<sup>1</sup>
5. Over coming weeks the JVBU is working to further refine this estimate, compare it to the 2014 analysis, and establish a replicable methodology for assessing future spending on addressing family violence and sexual violence.
6. We expect that the core conclusions from the 2014 analysis still hold: most of the government expenditure occurs after a serious incident has occurred, and relatively little is spent directly on prevention or earlier intervention.
7. Taking the midpoint of the estimated range of expenditure in 2018/19, the new funding from Budgets 2018 and 2019 combined corresponds to around a 6% increase in annual funding.

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<sup>1</sup> The lower estimate in the range is based on a narrower definition of FVSV expenditure.  
T2019/3463: Bilateral Discussion: Associate Minister of Finance and Parliamentary Under-Secretary Jan Logie

### **Funding received in recent budgets**

8. Budget 2018 provided \$78 million over four years, predominantly for specialist family violence services.
9. Budget 2019 provided an additional \$311 million over four years for:
  - a range of specialist sexual violence services
  - family violence prevention and community-level family violence responses, and
  - legislative reform to improve the justice response to victims of sexual violence and establishment of the JVBU.
10. The JVBU coordinates a report to Joint Venture governing Chief Executives and Deputy Chief Executives on key milestones and actions to implement Budget 2019 funding. We understand that most of the funding forecast for 2019/20 has been committed and contracted, although agencies are still working to finalise proposals for some of the funding set aside in tagged contingency.
11. Although the majority of funding for 2019/20 has been committed, the Joint Venture still has a significant work programme to develop and deliver a national strategy, build workforce capability, and design and implement a model for an Integrated Community Response. Budget 2020 will therefore need to strike a balance between keeping momentum, funding immediate gaps and pressures, and ensuring that joint venture agencies and communities have the capacity and capability to continue to implement and evolve.

### **Cost pressures submitted for Budget 2020**

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12. The Joint Venture have submitted four cost pressure bids:
  - three that relate to specialist family violence services procured by the Ministry of Social Development (MSD), totalling [33] over four years, and
  - one related to addressing the higher than expected rates of non-fatal strangulation charges subsequent to it becoming an offence in December 2018, totalling [33] over four years.
13. Police on behalf of the Ministry of Justice and Ministry of Health, where most of the costs would fall, are submitting the initiative relating to strangulation offences. The initiative states that the original forecast number of cases was 14 per annum; there are currently 33 per week, or 1,511 in total in the 11 months since the legislation was passed. This raises a question of why the original estimates were wrong, and whether the system is set up to respond appropriately to prevent this type of harm.
14. The three cost pressures relating to family violence services are aligned with MSD's More Effective Social Services package, which totals [33] for non-FVSV social service cost pressures). Both sets of initiatives seek to implement a draft set of 'Transparent Funding and Commissioning Principles'. Some of the key principles outlined in the draft are:
  - pay for the full cost of (new) services (where appropriate), being cognisant of pay equity and pay parity issues
  - providers have the opportunity to influence cost/funding modelling, and
  - be explicit about the direct costs and overheads included and excluded and the assumptions made.

15. The current procurement and commissioning process is competitive, prescriptive and limits flexibility. These principles aim to allow for local co-design, which supports the idea that one size does not fit all when it comes to providing a service for people in need.
16. Treasury supports the intent of the approach. In our view, the key considerations for Budget 2020 will be:
  - whether to fully fund the gap between current contracts and the full cost of delivering services
  - if phasing across budgets, where to invest first, and
  - more broadly, how the JVBU and MSD will support NGOs to build their capability in line with increases in funding in order to achieve better outcomes for clients.

## Recommended Action

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We recommend that you:

- a **note** the context and cost pressure information outlined in this report, and
- b **use** the talking points in Annex A to guide your discussion at the bilateral with Under-Secretary Logie.

Colin Hall  
**Manager, Justice, Security and Government Services**

Hon Grant Robertson  
**Minister of Finance**

Hon Dr David Clark  
**Associate Minister of Finance**

## **Annex A: Talking Points for your Bilateral with Under-Secretary Jan Logie**

Talking points for the joint venture package on family violence and sexual violence:

- How is the implementation of Budget 2019 funding going? Are there any capacity or capability constraints that Ministers should be aware of, to inform Budget 2020 decisions?
- If additional funding is provided for family violence contracts, how will the JVBU and MSD support NGOs to build their capability in line with increases in funding in order to achieve better outcomes for clients?
- What impact is the significant unexpected number of strangulation cases having on the justice sector, and what impact would funding this cost pressure have? What work is the Joint Venture doing to prevent strangulation offences?

## Annex B: Submitted Cost Pressure Initiatives

Title	Description	Funding Sought by Agency		
		Opex Avg (\$m)	Opex Total (\$m)	Capex Total (\$m)
More Effective Social Services: Funding for Refuges and Services for Victims/Survivors of Family Violence (MSD)	<p>This initiative seeks to address personnel-driven cost pressures for refuges and services for victims/survivors of family violence (predominantly women and children). This includes services by Māori with Māori. These essential services provide advocacy, safe houses, one-on-one and group therapy, and family-centred services in the crisis and short/medium term for victims/survivors of family violence.</p> <p>Significant, sustained underfunding of these services means that victims/survivors have limited access to safe, effective and high-quality services. Victims/survivors face increased frequency and severity of violence and other harm through prolonged exposure to unsafe situations. Providers are not funded to spend the time or resources needed to ensure that each victim/survivor receives the best support possible in order to disrupt the cycles of intergenerational trauma for women and their children.</p> <p>The Ministry of Social Development (MSD) current funds these services \$27.884m per annum but due to high demand levels and the increasing complexity of client needs this is not enough.</p>	[33]	[33]	-
More Effective Social Services: Specialist Services for Perpetrators of Family Violence (MSD)	<p>This initiative seeks to address personnel driven cost pressures for crisis and short/medium term services for perpetrators of family violence. This includes services by Māori with Māori. These essential services provide advocacy, one-on-one and group support, non-violence programmes and some counselling services for perpetrators of family violence. Without addressing the behaviour of perpetrators, family violence will continue to increase.</p> <p>Evidence suggests that the greatest reduction in family violence will occur when abusive men stop using violence against their female intimate partners and children and therefore it is essential that we have the services funded and available when people using violence seek help.</p>	[33]	[33]	-

Title	Description	Funding Sought by Agency		
		Opex Avg (\$m)	Opex Total (\$m)	Capex Total (\$m)
	The Ministry of Social Development (MSD) currently funds these services \$2.27m per annum but due to high levels of family violence demand, and the true cost to deliver services this is not enough. The sector is stretching current funding to try to ensure that clients can receive the support they need, but this is resulting in providers working unpaid hours at low salaries, long waitlists, high caseloads, and having to focus more effort in fundraising. As the level of funding is so out of balance with the need of communities, waitlists can often be around 6-8 months in some areas, and there are significant geographical gaps. This means there are limited options for perpetrators to easily access high quality, effective services.			
More Effective Social Services: Elder Abuse Response Services (MSD)	<p>This initiative seeks to address personnel-driven cost pressures for elder abuse response services (EARS). These services are delivered by high quality practitioners (predominantly social workers or nurses) who provide advice, support, advocacy, safety planning, goal setting and whānau mediation to people experiencing or at risk of experiencing family violence.</p> <p>Currently EARS practitioners are having to manage high workloads, resulting in a risk of unsafe practice. There are approximately 32 FTE across New Zealand delivering EARS. In 2019, 4,204 people were referred to EARS, this is 30% above contracted volumes and has resulted in each FTE having to manage 132 referrals on average. Research indicates that elder abuse cases are becoming more complex, with housing pressures, substance abuse, familial relationships, and deteriorating health compounding the issues faced by older people and their families. EARS practitioners indicate that the increase in complexity means that more time is required to ensure each client is safe and supported to remain safe</p>	[33]	[33]	-

Title	Description	Funding Sought by Agency		
		Opex Avg (\$m)	Opex Total (\$m)	Capex Total (\$m)
Family Violence and Sexual Violence: Specialist Responses to Strangulation (MoH/Police)	<p>This initiative seeks funding to provide non-fatal strangulation forensic services for evidential purposes where non-fatal strangulation has occurred, and assist in ensuring there is evidential sufficiency to inform prosecutions pursuant to the Solicitor General Prosecution Guidelines.</p> <p>This bid would address the gap to ensure victims can access a highly trained medical practitioner who recognise the severity of the incident, ensures appropriate referrals are made and enables collection of evidence in a way that is sensitive to the nature of trauma the victim has suffered.</p>	[33]	[33]	-
<b>Total</b>		[33]	[33]	-