

The Treasury

Budget 2017 Information Release

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[40]	Not in scope	

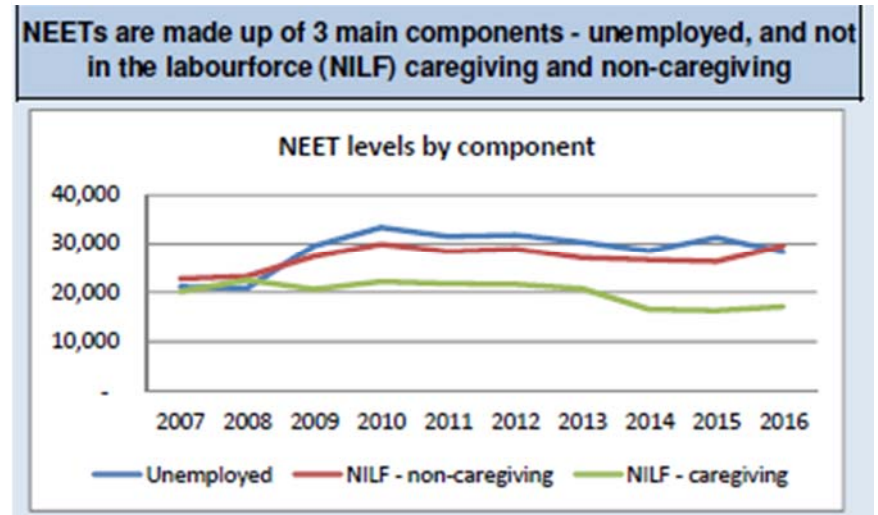
In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.

NEETs Narrative – The start of the story

What has the government achieved for at risk youth since 2008?

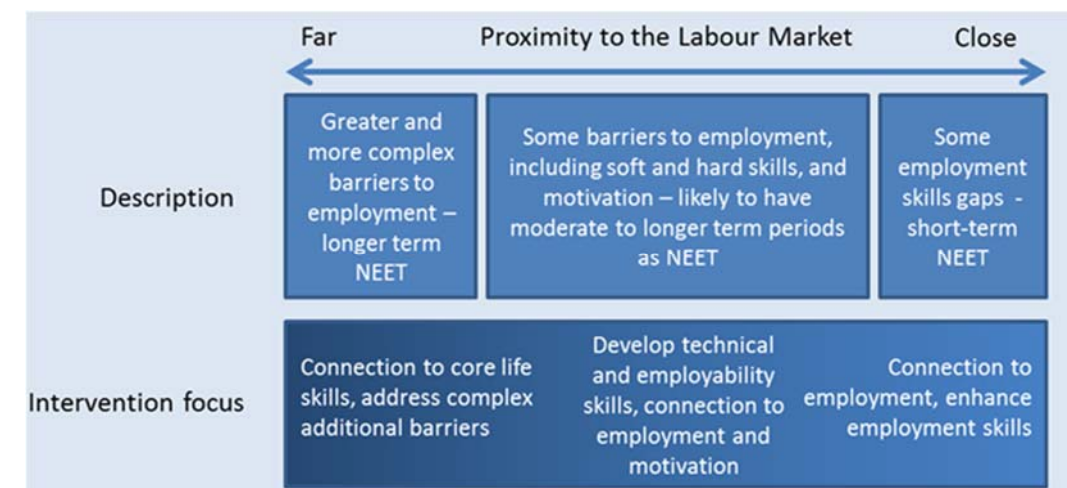
- The rates of NEETs has declined moderately from 2012 to 2015, mainly due to reductions in young females in caregiving roles (see Annex 1). There was an increase in the rates from 2008 (corresponding with the Global Financial Crisis) and they have been relatively stable since.
- Over the last 8 years, the Government has increased its stress on the need for tertiary education to align strongly with employers' needs. Priority One in the TES now drives the tertiary education system.
 - Increased achievement of foundation qualifications (NCEA Level 2 and equivalent), which provide the minimum skills needed to progress to higher study or employment – from 74.3% of 18-year-olds in 2011 to 85.2% in 2016 (estimate based on provisional data). The gain for Māori and Pasifika has been even greater (57.1% to 74.7% for Māori over the same time period, and 65.5% to 80.3% for Pasifika). Trades Academies and Youth Guarantee Fees Free have contributed significantly to these achievement increases and participants have higher educational achievement rates than comparator groups.
 - Stronger transitions from education to employment through Vocational Pathways and related tools, Trades Academies (where over 50% more students progress to full employment than a comparator group), and Māori and Pasifika Trades Training where more graduates progress to apprenticeships than similar students in similar programmes.
- Welfare reform was initiated in 2011 to improve employment outcomes and participation in education for young people (youth and young parent beneficiaries, NEETs). The reforms increased investment in services for at risk youth, with additional obligations and sanctions.
 - The key initiative, introduced in 2012, was the Youth Service. The Youth Service is effective for young parents, YPP in particular, in improving educational attainment, reducing time on benefit and increasing employment outcomes. Results for young people without children (YP) are mixed, with short term improvements in educational attainment, and modest impacts on employment outcomes.
 - Contracted providers offer wrap around support and obligations and sanctions ensure that young people receiving a benefit have a clear expectation that they are in, or available for, full-time education and participate in budgeting and parenting courses. These obligations are backed by incentive payments and an abatement regime designed to encourage participation in education.
 - The NEET Youth Service has improved educational attainment for NEET at highest risk, but has been only marginally effective for other NEET participants. Participants receive the wrap around service component only as they are not on benefit and participation is voluntary.
- Developed Regional Action Plans under the Regional Growth Programme with a focus on linking youth to economic and employment opportunities identified in action plans including Pathways to Employment in Opotiki, Project 1000 and Project Hua in Hawke's Bay and the Youth Employment strategy in Gisborne.

Youth aged 15 to 24 Not in Education, Employment or Training (HLFS)



What are we going to do? – For discussion

- The needs of NEETs are complex and diverse, therefore we need to ensure that we can effectively address these issues through a package of relevant services and programmes.
- There are good foundations of programmes for youth NEETs across agencies, but there is a need for better targeting and joined up services.
- We suggest talking through the different options for a package of initiatives to target the most at risk NEETs using adjustments to current programmes and smaller targeted trials.



Description of current services – only large programmes

	Name of Initiative	What does it do?	Target group	What do we know about performance?	Funding per year (\$million)
Flow	Youth Guarantee (covers Trades Academies and Youth Guarantee Fees-Free)	Trades Academies: Integrated learning programme between schools and tertiary providers towards NCEA Level 2 and industry-related certificates Youth Guarantee Fees-Free: 2 nd chance learning in a tertiary setting for students who have not checked foundation qualifications in school	Senior secondary students who would benefit from tertiary learning opportunities that link to a career pathway 16-19 year-olds who have left school without NCEA level 2 and are at risk of becoming NEET	The Ministry monitors Trades Academies and YGFF using a comparator group methodology in the Integrated Data Infrastructure. Both programmes show: <ul style="list-style-type: none"> higher educational achievement than comparator higher retention in education Trades Academies show <ul style="list-style-type: none"> higher proportion going onto full-time employment Lower proportion going onto benefit or NEET YGFF shows: <ul style="list-style-type: none"> following 2012 merger with Youth Training, not yet effective in reducing the numbers who go on to benefit or NEET 	Trades Academies \$74.5 Youth Guarantee Fees-Free \$110 .0
	Māori and Pasifika Trades Training	Consortia of providers, employers and communities recruit and prepare learners for entry to sustainable employment and workplace-based training in high priority trades	Māori and Pasifika aged 16-40 (on entry)	Qualification completion rates are higher than for similar learners undertaking similar programmes. For these graduates, progressions to employment are at a similar rate to similar graduates of similar programmes, but a higher percentage tend to go into New Zealand Apprenticeships (a premium form of industry training).	Currently around \$16m. [33]
	Youth Service – Youth Payment (YP)/Young Parent Payment (YPP)	Contracted intensive wrap around service (including money management) for young beneficiaries to support them to move to independence, achieve education goals, budgeting and parenting. The goals for the Youth service are improving educational participation and attainment, reducing time on benefit and increasing employment outcomes.	YP is paid to a young person aged 16 or 17 years, with no dependent children, who is attending or available for full-time education or training, and with no or minimal income. YPP is paid to a young person aged 16 – 19 years with a dependent child, attending or available for full-time education or training, and with no or minimal income. In October 2016, the Youth Service was extended to 19 year old sole parents (since October 154 clients have enrolled)	Youth Service – YP Evaluation results for young people without children are mixed, with short term improvements seen in educational participation and attainment, and modest impacts on employment outcomes. Improved employment outcomes did not however translate to less time on benefit. Youth Service – Young Parent payment The Youth Service is effective for young parents YPP, in particular in improving educational participation and attainment, reducing time on benefit and increasing employment outcomes. The extension of the Youth Service to 19 year old sole parents will be evaluated in due course.	Currently around \$19m for the Youth Service for YP/YPP ¹ 3,659 YP/YPP recipients in service as at the end of September 2016
	Youth Service - NEET	Contracted intensive wrap around service for NEETs to support them to achieve education and employment goals and to not move onto a benefit.	Young people aged 16 – 17 years, or aged 15 with an Early leaving Exemption, who are not in education training or employment (NEET), or are at risk of becoming NEET, not receiving a main benefit, and not receiving funding for a similar service. A rating system is used to target young people who most	Youth Service - NEET has shown to be marginally effective at improving educational attainment on average, but not effective at improving participants' employment or benefit outcomes. The service is more effective for the very highest risk 10 percent of youth (in terms of expected poor outcomes at age 18) at improving educational attainment.	Currently around \$21m for YS NEET 8,823 NEET recipients in service as at the end of September 2016

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¹ This figure does not include costs for in-house provision for the Youth Service of approximately \$1.176m

			need the NEET service. Enrolment is voluntary.		[34]	
Stock/Demand	Sector Workforce Engagement Programme	SWEP aims to improve employers' access to reliable, appropriately skilled staff at the right time and place, whilst giving priority to domestic job seekers including beneficiaries. This will be achieved through a series of industry-led, government-supported engagements to develop labour market solutions in industries critical to New Zealand.	<p>Aimed at increasing the proportion of New Zealanders, including beneficiaries, employed in the total workforce.</p> <p>Sectors chosen generally have increased their hiring of lower-skilled migrants and decreased their hiring of beneficiaries.</p>	<p>SWEP engagements are underway for construction, road freight transport, horticulture and viticulture, the Auckland International Airport, the dairy industry and the tourism sector. SWEP depends on industry leadership as well as the active participation of agencies. To date, achievements include:</p> <ul style="list-style-type: none"> • Co-owned Job and Skills Hubs for the construction sector in Auckland • Co-sponsored demand and supply modelling for a number of sectors • Inspiring the establishment of industry-owned group employment and training scheme for the primary sector 		
	Regional Economic Growth Programme	Key to a regional approach to economic development is that it is employer and community driven, focusing on matching the skills and employment needs of local employers. A regional approach can build long term connections to employers through local delivery of programmes. It can provide more flexible delivery of initiatives and enable trials of innovative approaches with close links to employers including social enterprises, communities and other stakeholders.	16-24 year olds, with a focus on the 20-24 age group, more likely to be moving into employment.	Many Regional Action Plans under the Regional Growth Programme (RGP) have identified the needs of rangatahi/youth and building skills within regional economic development opportunities. These include Pathways to Employment in Opotiki, Project 1000 in Hawke's Bay and the Youth Employment strategy in Gisborne, as outlined in Regional Action Plans under the RGP. The RGP action plans depend on community ownership and active participation by government agencies.	It is proposed that there is a specific focus on NEETs within the ambit of the RGP so that existing initiatives can be expanded to provide enhanced access to sustainable employment and enhanced pastoral support to NEETs. The regional approach will focus on better connections to existing services for NEETs and new approaches where appropriate. Key will be the willingness and incentives for employers to engage through the RGP approach.	A proposed budget bid to use regional approaches to reduce NEET numbers is discussed below.

[33]

Annex 1

Participation in post-compulsory education and training by young people aged 16 to 24: 2012-2015



KEY	Age 16-19				Age 20-24															
	2012	2013	2014	2015	2012	2013	2014	2015												
"Free education"	Secondary schools Ministry of Education has responsibility. School is not compulsory after students reach the age of 16 years. Schools generally provide a level of pastoral care to students, including careers information and advice and counselling.				6,040				4,220				5,200				3,510			
	Secondary Tertiary Programmes (Trades Academies)				4,880				4,660				4,410				3,510			
	Gateway				4,880				4,660				4,410				3,510			
	Targeted Training MSD referrals to Training for Work and learners in Foundation Focused Training Opportunities (ceased in 2014)				8,210				8,080				8,150				7,440			
	Most learners are referred on by MSD, to Foundation-Focused Training Opportunities (FFTO) or Training for Work, and can continue to receive any benefits they are eligible for. Learners may also qualify for transport costs.				11,800				11,100				10,500							
	All courses are free to learners, and providers generally provide a greater degree of pastoral care than in mainstream tertiary provision.				75,600				75,900				76,200				77,100			
	Youth Guarantee – fee free tertiary provision				30,800				33,000				34,500				35,400			
	Certificates 1-2				12,700				13,200				13,900				13,000			
	Student Achievement Component-funded provision				4,260				8,820				4,510				9,900			
	Funding allocated by TEC Provided by: universities, polytechnics, wānanga, PTEs etc				2,400				3,820				4,710				5,530			
Providers are not specifically funded to provide pastoral care (except equity funding for Maori and Pasifika students at higher qualification levels), but do provide some services.				4,510				4,060				3,400				2,580				
Students may be eligible for student loans and allowances.				7,280				4,060				3,400				2,580				
Maori and Pasifika Trade Training – (from 2014) (levels 1-4 only)				5,470				6,350				6,170				5,510				
This enables young Maori and Pasifika to gateway into a NZ Apprenticeship and includes a pastoral care element and provides top ups to cover fee costs.				26,200				26,900				27,800				27,100				
Industry Training/Modern Apprenticeships (until 2013)/NZ Apprenticeships (from 2014)				13,300				14,000				14,600				13,300				
TEC funds Industry Training Organisations and a few large employers for formal workplace learning for people in employment (predominately at levels 1-4). Employers also contribute to the cost of training.				41,300				37,500				39,900				42,800				
Industry trainees are earning wages, and are generally not eligible for student loans or allowances.				3,400				3,300				3,000				2,700				
From 2014, ITOs were expected to provide pastoral care and coordination support for NZ Apprentices.				24,400				21,200				20,800				19,000				
Up until 2013, TEC also provided additional funds for a Modern Apprenticeship Co-ordinator for Apprentices aged 16-21. These co-ordinators facilitated the relationship between trainees and their employer, and provided pastoral care.																				
Industry training was reformed from 2014																				
In employment, not in study																				
Not in education, employment or training – caregiver home duties																				
MSD may have responsibility for some people – either through contact as WINZ clients, or via Youth Transitions Services																				
Not in education, employment or training – no caregiver home duties																				
MSD has responsibility – either through contact as WINZ clients, or via Youth Transitions Services																				

Beneficiaries at end of March	Age 16-19				Age 20-24			
	2012	2013	2014	2015	2012	2013	2014	2015
Other								
Job Seeker Support							17,197	16,605
Sole Parent Support							15,663	14,137
Supported Living Payment	16,222	12,194	7,366	7,148	42,714	40,739		
Youth Payment/Young Parent Payment		2,415	2,628	2,490			5,318	5,281
			2,809	2,893				

Notes: Participation in school, Targeted Training, Student Achievement Component, Youth Guarantee and Industry Training is based on total participation across the year. This may result in over-counts of the total cohort, because many of these learners may participate in more than one programme during the year.