

Chair  
Cabinet

## **VOTE SOCIAL DEVELOPMENT FINAL OUTSTANDING 2010 BUDGET PROPOSALS**

### **Proposal**

- 1 This paper seeks Cabinet confirmation of outstanding Vote Social Development 2010 Budget proposals, as approved by Budget Ministers. It is in two parts:
  - Part A seeks approval to:
    - ring-fence uncommitted Vote Social Development funding for family and community services to take forward Government social sector priorities
    - fund specific measures from uncommitted Vote Social Development funding to improve support for vulnerable teen parents and protect our most vulnerable children
    - return uncommitted Vote Social Development funding to the centre for other Government priorities
  - Part B seeks approval to use Work and Income underspends and savings identified from the Ministry of Social Development line by line review to provide additional Job Ops positions and employment and training places.

### **Executive summary**

#### ***Part A: Building strong, effective and efficient family and community services***

- 2 This Government is committed to helping to build a strong and efficient community and voluntary sector that delivers high-quality services to New Zealand's families and communities.
- 3 I have been working with representatives of the not-for-profit family and community social services sector for some time to move from the passive funding approach proposed by the previous Government under Pathway to Partnership (P2P), to an approach that delivers better outcomes for families and better value for taxpayers. The sector understands that every dollar has to be justified and that spending must result in improved services and outcomes for families.
- 4 The uncommitted P2P funding of \$348 million over four years is the largest single source of uncommitted funding available to the Government at this time. On 22 March 2010, Cabinet agreed to a community response model (CRM) Quality Services and Innovation Fund (\$90.5 million over four years) to be funded from the redirection of uncommitted P2P funding [CAB Min (10) 10/7 refers]. CRM will support and incentivise efficiencies in service price, quantity and standard in Ministry of Social Development (MSD) funded family and community services.
- 5 In developing the proposals in this and the preceding Cabinet paper [CAB Min (10) 10/7 refers], Ministers have recognised that the 2010 Budget is under considerable pressure, with the Government forecasting large deficits to be funded from borrowing. In developing and considering these proposals Ministers have sought to balance our commitment to the NGO

sector to retain uncommitted P2P funding in the sector with the need to respond to other critical pressures.

- 6 Building on previous Cabinet decisions [CAB Min (10) 10/7], and the recommendation of Budget Ministers, this paper seeks Cabinet confirmation that:
- \$86.6 million over four years (and \$35.7 million per annum in outyears) of uncommitted P2P funding be ring-fenced within Vote Social Development and used to purchase services that support this Government’s social sector priorities
  - \$21.5 million over four years (and \$5.9 million per annum in outyears) of uncommitted P2P funding be used to fund the measures to improve support for vulnerable teen parents and protect our most vulnerable children (proposals outlined in paragraphs 36 to 57 below).
- 7 This will enable \$120 million over four years (and \$30 million per annum in outyears) of the uncommitted P2P funding to be used to support vulnerable families through the implementation of Whānau Ora.
- 8 The final portion of P2P funding, \$29.3 million over four years (and \$18 million per annum in outyears) of uncommitted P2P funding will be returned to the centre for other Government priorities.
- 9 The following table summarises how the total uncommitted P2P funding will be allocated:

<b>Agreed and proposed use of the uncommitted P2P funding</b>	<b>Total over four years \$ Million (rounded)</b>
CRM Quality Services and Innovation Fund [CAB Min (10) 10/7 refers]	90.5
Family and community services ring-fenced fund	86.6
Proposed specific initiatives: teen parent support and Social Workers in Hospitals	21.5
Whānau Ora	120.0
Funding to be returned to the centre	29.3
<b>Total</b>	<b>347.9</b>

- 10 Appendix A shows changes in the P2P funding allocation over time, including the Community Response Fund (CRF) and the proposals in this paper.
- 11 I will continue to work with Social Sector Ministers on proposals to draw down on the ring-fenced funding. These proposals will be submitted to Cabinet for consideration as soon as practicable. This will enable us to take advantage of the efficiencies gained through CRM.
- 12 I have directed MSD to work with relevant agencies, including the Ministries of Education and Health, on the implementation of these initiatives to ensure effective co-ordination with other Government initiatives at the national, regional, community and family levels.

**Part B: Employment assistance**

- 13 The Youth Opportunities package that we introduced in August 2009 has had a very high take-up. In particular, the Job Ops and Community Max programmes have helped to limit the

rise in youth unemployment over the course of the recession. However, while the recession is technically over, we still have high numbers of young people on the Unemployment Benefit.

- 14 This Government is committed to helping all New Zealanders reach their potential. Investing more now in employment programmes will help those on benefit get back to work and make better lives for themselves, their families and their communities.
- 15 Work and Income's Employment Assistance appropriation for helping beneficiaries back into work has also fallen by \$45.8 million over the last six years (from \$105.5 million in 2004/05 to \$59.7 million in 2010/11).
- 16 On 31 March 2010, Budget Ministers agreed, subject to Cabinet approval, that underspends in a number of Work and Income programmes in the 2009/10 and 2010/11 financial years, and line by line savings (totalling \$29.3 million), be used to provide a necessary top up to the Employment Assistance appropriation in the 2010/11 financial year.
- 17 The Government's Youth Guarantee scheme demonstrates our commitment to helping young New Zealanders get the education and training that they need to make the most of themselves. To support the Youth Guarantee, we need to make sure that young people on benefit have the opportunities to learn skills and gain valuable work experience.
- 18 I therefore propose to fund 6,000 additional Job Ops places for young people in the 2010/11 financial year from the projected underspends and line by line savings at an estimated net cost of \$16.7 million.
- 19 I am also proposing that employers should be able to use the 90-day employment trial in conjunction with these additional Job Ops places and that these additional places should be limited to one per employer.
- 20 I propose that the remainder of the funding from the underspends and line by line savings (estimated to be \$12.6 million) be used to:
  - focus on preventing and reducing long term unemployment
  - provide more Industry Partnerships
  - encourage employers to take on disadvantaged beneficiaries.

## **Part A: Building strong, effective and efficient family and community services**

### ***Background***

- 21 In February 2008, the previous Government announced an initiative called Pathway to Partnership (P2P) [CBC Min (08) 4/1 refers]. P2P was primarily directed to increasing the amount the Government paid for MSD funded not-for-profit community-based social services, rather than to deliver more services to New Zealand families.
- 22 While funding for this initiative was publicly announced, and included in Vote Social Development, when we came into Government a significant proportion remained uncommitted (\$348 million over four years, with \$124 million per annum uncommitted in outyears). This represents the largest single uncommitted funding source within the Government sector.
- 23 With a global downturn, a domestic recession, and the Government forecasting large deficits that must be funded from borrowing, Ministers are very aware of the need to achieve the best

possible value and outcome for every taxpayer dollar spent. This is evidenced by line by line spending reviews across Government.

- 24 I have been working with representatives of the not-for-profit family and community social services sector for some time to ensure that they are aware of the real and pressing fiscal pressures we face. The sector understands that every dollar has to be justified and that spending must result in improved services and outcomes for families. I have been impressed by the sector's understanding of the fiscal situation and of the practical priorities of this Government. The sector representatives I have been working with are strongly committed to delivering high quality services to New Zealanders and good value for money for taxpayers.
- 25 On 22 March 2010, having worked through this process, Cabinet agreed a package of measures that:
- extends the role and function of the Community Response Forums, giving communities a greater say in MSD funding of family and community services
  - creates of a two level CRM Quality Services and Innovation Fund totalling \$90.5 million over four years, which will deliver efficient MSD funded family and community services and better outcomes for families [CAB Min (10) 10/7 refers].
- 26 CRM, which is based on greater involvement from communities and better intelligence from the frontline, will support and incentivise efficiencies in service price, quantity and standard in MSD funded family and community services
- 27 Budget Ministers have now approved, subject to Cabinet confirmation, to:
- ring-fence a further \$86.6 million over four years (and \$35.7 million per annum in outyears) of uncommitted P2P funding within Vote Social Development to purchase family and community services that support this Government's social sector priorities
  - fund improved support for vulnerable teen parents and expand the provision of CYF Social Workers in hospitals using \$21.5 million over four years (and \$5.9 million per annum in outyears) of uncommitted P2P funding.
- 28 The above decisions will enable \$120 million over four years (and \$30 million per annum in outyears) of the uncommitted P2P funding to be used to support vulnerable families through the implementation of Whānau Ora.
- 29 Finally, \$29.3 million over four years (and \$18 million per annum in outyears) of uncommitted P2P funding will be returned to the centre for other Government priorities.
- 30 This package delivers on our commitments to the sector and to taxpayers: to ensure every dollar is well spent and that the great majority of the P2P funding is used within the community service sector to improve the lives of New Zealand families and children.

31 The following table summarises how the uncommitted P2P funding will be allocated:

<b>Agreed and proposed use of the uncommitted P2P funding</b>	<b>Total over four years \$ Million (rounded)</b>
CRM [CAB Min (10) 10/7 refers]	90.5
Family and community services ring-fenced fund	86.6
Proposed specific initiatives	21.5
Whānau Ora	120.0
Proposed funding to be returned to the centre	29.3
<b>Total</b>	<b>347.9</b>

32 Appendix A shows changes in the P2P funding allocation over time, including CRF and the proposals in this paper.

### ***Funding for family and community services***

33 In line with the recommendations of Budget Ministers, I am seeking Cabinet confirmation that:

- \$86.6 million over four years (and \$35.7 million per annum in outyears) of uncommitted P2P funding be ring-fenced within Vote Social Development and used to purchase services that support this Government's social sector priorities
- \$21.5 million over four years (and \$5.9 million per annum in outyears) of uncommitted P2P funding be used for measures to support vulnerable teen parents and protect our most vulnerable children (proposals below).

34 I will continue to work with Social Sector Ministers on proposals to draw down on the ring-fenced funding. These proposals will be submitted to Cabinet for consideration as soon as practicable.

35 The \$21.5 million over four years, agreed by Budget Ministers, *[deleted – free and frank]*. These initiatives will improve support for vulnerable teen parents and protect our most vulnerable children:

- intensive case workers and volunteer supporters for vulnerable teen parents
- supported housing for vulnerable teen parents and their children
- parenting support for teen fathers
- the continuation and expansion of the Child, Youth and Family (CYF) social workers in hospitals scheme to cover all District Health Boards.

### ***Teen parent prevention and support***

36 New Zealand's teen pregnancy and birth rates are high by international standards:

- in 2009, there were 4,670 births to women aged under 20. Twenty-nine of these births were to women aged under 15 years
- approximately one third of all teen births are to young women under 18 years of age.

37 Preventing teen pregnancy offers the best opportunity to reduce long-term disadvantage for parents and children. The health education components of the National Curriculum and

youth-focused health services all contribute to providing young people with the knowledge, skills and means to prevent pregnancy. This Government's initiatives to address educational underachievement, youth crime and excessive alcohol use by young people also make an important contribution because they address risk factors for early pregnancy and parenting.

- 38 I will continue to work with the Ministers of Health and Education to explore further initiatives to prevent teen pregnancy.
- 39 While many teen parents and their children do well, I want to ensure that, where possible, all of them reach their potential. I have held a number of focus groups with teen parents and have drawn on evidence about what works to develop a number of initiatives that will deliver better outcomes for vulnerable teen parents and their children. MSD officials will work with the Ministries of Health and Education on the final design and implementation of the measures outlined below.

#### *Intensive case workers and volunteer supporters for vulnerable teen parents and children*

- 40 I am proposing to enhance the role of the nine existing teen parent co-ordinators (whose funding is due to expire on 30 June 2010) to that of intensive case workers. I also propose to extend the service to up to another ten communities where there is high need for teen parent support.
- 41 Intensive case workers will play an important role in helping teen parents stay in education, connecting teenage parents with Work and Income<sup>1</sup> and helping those on benefits to prepare themselves for future employment. Workers will link teen parents and children to services they need, such as antenatal care, housing, budgeting and parenting services, and ensure their children are participating in Well Child services and early childhood education. Preventing further unplanned pregnancies will also be a focus.
- 42 Currently, the existing co-ordinators have waiting lists for their services. Other communities, beyond those currently served, have identified a need for intensive case workers to support the most vulnerable teen parents and children. Expanding this service to ten more high need communities, refocusing it to provide intensive case management, and providing existing workers with access to volunteer neighbourhood supporters for vulnerable teen parents, will reduce waiting lists and ensure more of the most vulnerable teen parents and children receive support.
- 43 The volunteer neighbourhood supporters will provide support for teen parents who are not facing major challenges, but may be isolated and would benefit from support to better connect them to their neighbourhoods.

#### *Supported housing for vulnerable teen parents and children*

- 44 We know that there are a number of young teenage parents and children living in unsafe environments, sometimes in overcrowded and dilapidated housing. These are young people who are unable to be supported by their parents and who lack resources to find a suitable and stable place to live. Supported housing will provide them with a safe place to live, help them adjust to parenting, and develop skills to prepare for independent living. Those who work with teen parents describe this as a pressing issue.

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<sup>1</sup> A number of teen parents will be below the age where they can apply for a Work and Income benefit.

- 45 Currently there are few supported housing options for pregnant and parenting teenagers. For example, Holly House in Christchurch takes national referrals and there is high demand for beds. The majority of young mothers that enter Holly House have:
- been referred from or involved with CYF
  - drug and alcohol issues
  - other children in care
  - mental health issues
  - no family support
  - low levels of parenting skills.
- 46 In line with the evidence of what is needed, I propose to make funding available for up to seven supported houses, in high priority communities. Not all of the supported houses will be on the scale of Holly House. Some will be smaller initiatives more akin to the House of Grace on Wellington which has two or three mothers and their babies living in a house with a family.
- 47 This proposal will provide 24 hours a day, seven days a week adult supervision and support by trained staff. Providers will work closely with health and education services.
- 48 The proposal will be a partnership between MSD and approved community organisations. Funding includes costs associated with running the house, with residents contributing to their board and lodgings. We are aware that organisations, such as those noted above, and other church-based, iwi-based or culturally based groups, have existing houses that could be used for this purpose.

#### *Parenting support for teen fathers*

- 49 Teen mothers are commonly the focus of initiatives for teen parents. Teen fathers are often overlooked. We know that teenage mothers parent better when they have strong social and emotional support from their child's father. Fathers need to be involved in planning for the child's arrival, and evidence tells us that the father's presence at the birth predicts later involvement. I therefore want to encourage teenage fathers to be more engaged in their children's lives.
- 50 I propose to bring together parenting experts, teen parent practitioners and teen fathers to develop materials that will help community-based services to deliver effective approaches that encourage nurturing and responsible parenting by teen fathers. Providers will be trained to deliver parenting support programmes for teen fathers in up to nine high needs communities.

#### ***Protecting our most vulnerable children***

- 51 Defining the scale of child maltreatment is problematic. As with family violence, a significant level of child maltreatment may never be identified. However, we do know that New Zealand experienced:
- 248 hospital admissions for child abuse (2008/09) including 75 under two year olds (provisional NZHIS data)
  - 23 hospital admissions per year for shaken babies (estimated).
- 52 We also know that the estimated cost of lifetime care for a brain-damaged infant is \$20 million.

- 53 Having senior CYF Care and Protection Social Workers based in hospitals helps ensure that appropriate action is taken to address possible abuse, and that medical and care and protection information is brought together when required to provide a fuller picture of a child's circumstances.

#### *Expansion of Child, Youth and Family Social Workers in Hospitals*

- 54 The positive impact of the CYF hospital based social worker in Auckland led to the expansion of the scheme to a further six hospitals (Counties Manukau, Wellington, Hutt, Waikato, Dunedin, and Christchurch). Feedback from frontline health staff has been that these positions greatly enhance the links between professional services, resulting in better outcomes for children, young people and their families.
- 55 An example of this is a recent case where a baby was admitted to Starship Hospital with a fracture which appeared accidental. The paediatrician, however, was uneasy and consulted with the hospital CYF social worker. The social worker reviewed CYF records and found previous concerns. Due to this information sharing, medical staff conducted further x-rays and found unexplained historic fractures on the baby's ribs, indicating potential non-accidental injury. As a result, immediate action was taken to ensure the baby's safety. A meeting was held with NZ Police and a multiagency safety plan was put in place to ensure the baby was kept safe.
- 56 This example illustrates the two key functions of the CYF hospital social worker role. The first is ensuring that Police, CYF and Health work together effectively so that for all children and young people who come into contact with the DHB as the result of abuse, their health needs are addressed, they are kept safe from further abuse, and offenders are held to account. The second key function of the CYF hospital social worker role is early identification of at-risk children. Working together and sharing information enhances CYF's ability to identify at-risk children. Preventing child maltreatment is one of my top priorities.
- 57 I seek agreement for funding to continue the existing provision and expand the number of social workers in hospitals to 16 full-time equivalent positions. This will enable a CYF social worker to be in a hospital in every District Health Board region.

#### **Part B: Additional employment assistance for unemployed New Zealanders**

- 58 The Youth Opportunities package that we introduced in August 2009 has had a very high take-up. The Job Ops and Community Max programmes have given more than 7,000 young people an opportunity to learn new skills and gain valuable work experience. These programmes have helped to limit the rise in youth unemployment over the course of the recession.
- 59 While the recession is technically over, we still have high numbers of people on benefit. In particular, the number of young people on benefit is still very high with 18-24 yr olds making up almost a third of all people on the unemployment benefit (at the end of March 2010 there were 19,117 18-24 yrs olds on unemployment benefit out of a total of 60,211). We are committed to helping people on benefit get back to work, realise their potential and create better lives for themselves and their families.
- 60 Having the right employment and training programmes available is crucial to ensure people can take advantage of the economic recovery. These employment and training programmes will also help us to successfully implement the Future Focus benefit reforms.



- 61 Work and Income's employment assistance funding for helping beneficiaries back into work has also fallen over the last six years. The ongoing "Employment Assistance" appropriation (net of time-limited funding) has fallen by \$45.8 million over the last six years (from \$105.5 million in 2004/05 to \$59.7 million in 2010/11). The reduction in recent years helped to pay for youth justice, Working New Zealand, P2P as well as the Youth Opportunities package.
- 62 Work and Income has identified projected underspends in a number of other programmes including:
- Job Support Scheme – when the Job Support Scheme was introduced it was very hard to estimate how many employers would take up the programme. Take-up has been less than the level for which funding was appropriated, leading to projected underspends in both 2009/10 and 2010/11
  - Job Ops underspend – we expect there to be an underspend in the Job Ops programme of approximately \$3 million in 2010/11. This underspend is due to the fact that some young people do not complete their six-month placement. If a young person does not complete their placement then the employer may not receive the final \$2,000 payment
  - Cycleway underspend – the Youth Opportunities package included funding for 500 wage subsidies for young people to work on cycleway projects. While the first seven 'Quick Start' cycleway projects are now underway there is a projected underspend of \$4.5 million in 2010/11. MSD staff are in contact with the people leading the local cycleway projects and will ensure that Work and Income clients are referred to vacancies on these projects. Where appropriate, this may include using employment programmes such as the Taskforce Green wage subsidy.
- 63 I have also identified savings of \$9.2 million within my line by line review.
- 64 On 31 March 2010, Budget Ministers agreed, subject to Cabinet approval, that the Work and Income underspends in the 2009/10 and 2010/11 financial years, and line by line savings (totalling \$29.3 million), be used to provide a necessary top up to the Employment Assistance appropriation in the 2010/11 financial year.
- 65 I propose that this funding should be used to provide:
- 6,000 additional Job Ops places for the 2010/11 financial year
  - an additional funding boost for employment assistance in the 2010/11 financial year.
- 66 The proposals outlined above will support the Future Focus reforms and help Work and Income to further reduce unemployment.

### ***Additional Job Ops places***

- 67 The Government's Youth Guarantee scheme demonstrates our commitment to helping young New Zealanders get the education and training that they need to make the most of themselves. To support the Youth Guarantee, we need to make sure that young people on benefit have the opportunities to learn skills and gain valuable work experience. Introducing 6,000 additional Job Ops places for the 2010/11 financial year will help these young people to get into work and learn new skills. This will double the number of Job Ops places to 12,000 in total since the Youth Opportunities package was introduced.
- 68 When we introduced Job Ops, we decided that contracts should exclude employers from using the 90-day employment trial in conjunction with Job Ops. Feedback shows that employers would welcome being able to use the employment trial in conjunction with the Job Ops programme. There is no legal barrier stopping Job Ops employers from using the

employment trial in the same way that other employers do. I therefore propose that, to encourage more employers to offer Job Ops positions, employers be allowed to use the 90-day employment trial period in conjunction with these additional 6,000 Job Ops places.

- 69 This will mean that those employers with 19 or fewer employees will be able to use the trial period, where this is agreed to by the employer and employee in good faith and in writing, as part of the employment agreement.
- 70 Demand for Job Ops places from employers remains high, so I also propose to limit the additional 6,000 positions to one per employer. This will further reduce the risk of employers using Job Ops to fill a position that they would otherwise have filled anyway.
- 71 These additional Job Ops positions will be for the 2010/11 financial year. New positions could be created up until June 2011 so the final Job Ops placements will end in December 2011.
- 72 The gross cost of 6,000 additional Job Ops places is estimated to be \$26.7 million, but an estimated \$10 million of this cost can be met from benefit offsets due to a reduced number of young people being on benefit. The estimated net cost of the 6,000 additional places is therefore \$16.7 million.
- 73 The Ministry of Social Development and Treasury will work together to finalise the growth cost and the level of benefit offset once more data is available on the number of Job Ops participants that return to benefit. Any changes that may be required to the estimated net cost of the additional Job Ops places and subsequently the additional funding that is available for the Employment Assistance appropriation will be made as part of the baseline update process.

#### ***Additional Employment Assistance funding***

- 74 The remainder of the \$29.3 million will be used to provide additional employment and training places for beneficiaries in the 2010/11 financial year. In addition to our ongoing commitments for young New Zealanders, the initial focus would be on supporting the long-term unemployed and Maori and Pacific peoples.
- 75 The additional investment will allow us to:
- focus on preventing and reducing long term unemployment. The additional investment will allow us to provide more work focused support and activities for long term beneficiaries, at more regular intervals. Programmes such as Taskforce Green provide partial wage subsidies for beneficiaries to participate in community projects and are proven to be effective in improving employment outcomes
  - provide more Industry Partnerships. Industry Partnership programmes like Straight to Work have a high take up by Maori, and Pacific peoples and they are value for money. We will form more partnerships with industries with good growth potential such as the tourism, aged care and food and beverage industries
  - encourage employers to take on disadvantaged beneficiaries. The additional funding will allow us to invest in more Skill Investment Subsidies, which provide an incentive for employers to take on disadvantaged jobseekers by making a temporary contribution to their wages and training to help them access and maintain employment.

## Possible risks

- 76 NGO's may still express some disappointment with the amount of funding available to the sector given what was announced in 2008 under P2P. I have, however, made it clear to the NGOs I have been working with that the Government is operating within tight fiscal constraints and, contrary to what was planned under P2P, we are not proposing to pay more for the same level of service. The proposals outlined in this paper retain the bulk of P2P funding in the sector while delivering improvements in service price, quantity and standards. This reflects our commitment to better services for families and better value for taxpayers.

## Consultation

- 77 The Ministries of Health, Education, Justice, Women's Affairs, and Pacific Island Affairs, Treasury, the New Zealand Police, Te Puni Kōkiri, the Department of Internal Affairs, Housing New Zealand Corporation, Office for Disability Issues, and the Office for the Community and Voluntary Sector were consulted during the development of the earlier paper [SOC Min (10) 4/4 refers] and the Department of Prime Minister and Cabinet and the State Services Commission were informed.
- 78 Following the Cabinet decisions on the earlier paper [CAB Min (10) 10/7 refers], the Minister of Finance chaired a meeting of social sector Ministers at which the proposal to ring fence a portion of the remaining uncommitted Pathway to Partnership funding was agreed. Budget Ministers subsequently met and approved the proposals taken forward in this paper.
- 79 The Treasury, the Ministries of Health and Education, and the Department of Labour have been consulted. The Department of the Prime Minister and Cabinet has been informed.

## Financial implications

### *Part A: Building strong, effective and efficient family and community services*

- 80 The costs of the service proposals (including Departmental costs) to be drawn down from the ring-fenced funding:

	\$ Million				
	2010/11	2011/12	2012/13	2013/14 & outyears	Total
Intensive case workers for vulnerable teen parents	1.266	2.218	2.218	2.218	<b>7.920</b>
Supported housing for vulnerable teen parents and children (including young people leaving care)	0.893	1.786	1.786	1.786	<b>6.251</b>
Parenting support for teen fathers	0.136	0.198	0.198	0.198	<b>0.730</b>
CYF Social Workers in Hospitals expansion	1.405	1.732	1.732	1.732	<b>6.601</b>
<b>Total costs of initiatives</b>	<b>3.700</b>	<b>5.934</b>	<b>5.934</b>	<b>5.934</b>	<b>21.502</b>
<b>Family and community services ring-fenced fund</b>	<b>6.658</b>	<b>17.009</b>	<b>27.294</b>	<b>35.673</b>	<b>86.634</b>

	\$ Million				
	2010/11	2011/12	2012/13	2013/14 & outyears	Total
<b>Total cost of family and community services proposals in this paper</b>	10.358	22.943	33.228	41.607	<b>108.136</b>

81 As noted previously, the proposals in this paper will enable:

- \$29.326 million over four years (and \$17.952 million per annum in outyears) of uncommitted P2P funding be returned to the centre for other Government priorities
- the final portion of the uncommitted P2P funding of \$120 million over four years (and \$30 million per annum in outyears) to be used to support the implementation of Whānau Ora family services.

**Part B: Additional employment assistance for unemployed New Zealanders**

82 The table below shows how much funding is expected to be available from the employment programme underspends and the line-by-line savings review and how I propose to distribute this funding between the employment assistance appropriation and additional Job Ops places:

	\$ Million					
	2009/10	2010/11	2011/12	2012/13	2013/14	Total
Line by Line savings		1.620	2.098	2.462	3.060	<b>9.240</b>
Job Support Scheme underspend	8.400	4.200				<b>12.600</b>
Job Ops underspend		3.000				<b>3.000</b>
Cycleway underspend		4.500				<b>4.500</b>
<b>Total funding available from underspends</b>						<b>29.340</b>
Underspends and line by line savings would be used to provide 6,000 Job Ops places and additional Employment Assistance places		<b>29.340</b>				<b>29.340</b>
<b>Total cost</b>		<b>29.340</b>				<b>29.340</b>

83 This additional funding of \$29.340 million will provide 6,000 additional Job Ops places over the 2010/11 financial year as well as additional employment and training places for beneficiaries.

84 As the additional Job Ops places can be created up until the end of June 2011 some of these additional places will fall in the 2011/12 financial year. Some of the additional Job Ops funding will therefore need to be transferred from the 2010/11 financial year into the 2011/12 financial year. The actual amount that will need to be transferred will depend on the rate of take-up of the additional places. I propose that this transfer between financial years be handled by an expense transfer as part of the usual baseline update process.

## Human rights implications

85 These proposals are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

## Legislative implications and regulatory impact and compliance cost statement

86 These proposals have no legislative implications. A regulatory impact analysis is not required.

## Gender implications

87 The teen parent proposals primarily focus on teen mothers but they will also address the often overlooked role and responsibility of teen fathers in raising their children.

## Disability perspective

88 Proposals include better support for parents of young children, including those who have disabilities.

## Publicity

89 Public announcements will be co-ordinated with Budget 2010.

## Recommendations

90 It is recommended that the Committee:

### *Part A: Building strong, effective and efficient family and community services*

- 1 **note** that this Government is committed to helping build a strong and efficient community and voluntary sector that can deliver high-quality services to families and communities;
- 2 **note** that on 22 March 2010 Cabinet approved a package of measures and funding to transform Ministry of Social Development funded family and community services, including:
  - 2.1 extending the role of the Community Response (CRM) forums;
  - 2.2 a two level CRM Quality Services and Innovation Fund totalling \$90.486 million over four years;
  - 2.3 further work to address barriers to proper information sharing [CAB Min (10) 10/7 refers];
- 3 **note** that the measures referred to in paragraph 2 above will:
  - 3.1 support and incentivise efficiencies in service price, quantity and standards in Ministry of Social Development funded family and community services;
  - 3.2 be funded by reallocating uncommitted Pathway to Partnership funding;

- 4 **approve** the recommendations of Budget Ministers on 31 March 2010 that:
- 4.1 \$86.634 million over four years (and \$35.673 million per annum in outyears) of uncommitted Pathway to Partnership funding be ring-fenced within Vote Social Development and used to purchase family and community services that support this Government's social sector priorities;
- 4.2 \$21.502 million over four years (and \$5.934 million per annum in outyears) of uncommitted Pathway to Partnership funding be used to fund measures (as set out in paragraph 7) to address specific Government social sector priorities;
- 4.3 \$29.326 million over four years (and \$17.952 million per annum in outyears) of uncommitted P2P funding be returned to the centre for other Government priorities;
- 5 **agree** that the Minister for Social Development and Employment will continue to work with Social Sector Ministers on proposals to draw down on the ring-fenced funding (paragraph 4.1) and will submit these to Cabinet for consideration as soon as practicable after Budget 2010;
- 6 **note** that the proposals as set out in paragraph 4 will enable the final portion of \$120 million over four years (and \$30 million per annum in outyears), from the uncommitted Pathway to Partnership funding, to be used to support the implementation of Whānau Ora;
- 7 **approve** the following initiatives to improve support for vulnerable teen parents and protect our most vulnerable children:

	2010/11	2011/12	2012/13	2013/14 & outyears
Case workers for vulnerable teen parents ( <i>in up to 19 communities</i> )	Provide 9 intensive case workers, increasing to up to 19 case workers, from 1 April 2011 Provide 9 volunteer neighbourhood support workers, from 1 April 2011			
Supported housing for vulnerable teen parents and children	Provide 24 hour social support in up to 7 supported houses accommodating teen mothers and their children from 1 January 2011			
Parenting support for teen fathers ( <i>in up to 9 communities</i> )	Develop materials and train providers to deliver parenting support programmes for teen fathers (programme delivery to start from 1 January 2011)			
CYF Social Workers in Hospitals	Provide 16 full time equivalent social worker positions to extend coverage to all DHBs			

- 8 **direct** the Ministry of Social Development to work with the Ministries of Education and Health and other agencies as appropriate, to ensure the effective implementation of the initiatives outlined in paragraph 7 and to co-ordinate with other Government initiatives and priorities;

*Part B: Additional employment assistance to help more unemployed New Zealanders into work*

- 9 **note** that the Youth Opportunities package, in particular the Job Ops and Community Max programmes, has had a very positive take-up and has helped to limit the rise in youth unemployment in the recession;
- 10 **note** that Work and Income's annual Employment Assistance appropriation for employment and training programmes has fallen by \$45.8 million over the last six years, from \$105.5 million in 2004/05 to a projected \$59.7 million in 2010/11;
- 11 **note** that there are projected underspends totalling \$20.1 million in some employment programmes within Vote Social Development that could be used to help Work and Income reduce unemployment faster than would otherwise occur and support the Future Focus reforms:
  - 11.1 Job Support Scheme (projected underspend of \$12.6 million across the 2009/10 and 2010/11 financial years);
  - 11.2 Job Ops (projected underspend of approximately \$3 million in the 2010/11 financial year);
  - 11.3 Cycleway (projected underspend of approximately \$4.5 million in the 2010/11 financial year);
- 12 **note** that the Minister for Social Development and Employment has also identified \$9.240 million of savings in the Ministry of Social Development line by line review;
- 13 **approve** the recommendation of Budget Ministers on 31 March 2010 that the projected underspends outlined in paragraph 11 above and the savings identified from the line by line review outlined in paragraph 12, totalling \$29.340 million, be transferred into the Vote Social Development Employment Assistance appropriation for the 2010/11 financial year to provide additional Job Ops positions and additional employment and training places;
- 14 **agree** that 6,000 Job Ops places be funded from the \$29.340 million identified in paragraph 13, limited to one place per employer;
- 15 **note** that the full cost of providing 6,000 Job Ops places is estimated to be \$26.664 million;
- 16 **agree** that \$10 million from the Unemployment Benefit appropriation be used to off-set the full cost of the Job Ops places in paragraph 15 due to the resulting anticipated reduction in the number of young people who will receive an Unemployment Benefit;
- 17 **note** that the cost of the Job Ops places (including the benefit off-set), in paragraphs 15 and 16 above, are estimates;
- 18 **direct** the Ministry of Social Development, in consultation with the Treasury, to report back to the Minister of Finance and the Minister for Social Development and Employment on the cost of the Job Ops places, including the benefit off-set, by 31 August 2010, once additional data is available;
- 19 **agree** that any changes to the costs of the additional Job Ops places arising from the report referred to in paragraph 18 will be made as part of the baseline update process;

- 20 **agree** that the remainder of the \$29.340 million identified in paragraph 13 be used in the 2010/11 financial year to provide additional employment and training places;
- 21 **agree** that, to encourage more employers to offer Job Ops positions, employers should be allowed to use the 90-day employment trial period in conjunction with these additional 6,000 Job Ops places;
- 22 **agree** that the Job Ops programme will cease on 31 December 2011;
- 23 **note** that dependent on the take up of the additional Job Ops positions, some of the funding identified in paragraph 14 will need to be transferred forward to the 2011/12 financial year from the 2010/11 financial year as part of the baseline update process;

*Appropriation Changes*

- 24 **note** the proposed changes to provide 6,000 additional Job Ops places have the following impacts;

Vote Social Development	\$m - increase/(decrease)				
	2009/10	2010/11	2011/12	2012/13	2013/14& Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact (tax on benefits)	-	(1.429)	-	-	-
<b>Total</b>	-	(1.429)	-	-	-

- 25 **approve** the following changes to appropriations to use reductions in Unemployment Benefit and Emergency Benefit to partially fund an additional 6,000 Job Ops places;

Vote Social Development Minister for Social Development and Employment	\$m - increase/(decrease)				
	2009/10	2010/11	2011/12	2012/13	2013/14& Outyears
Non-Departmental other Expense: Employment Assistance	-	10.000	-	-	-
Benefits and Other Unrequited Expenditure: Unemployment Benefit and Emergency Benefit	-	(11.429)	-	-	-
<b>Total Operating</b>	-	(1.429)	-	-	-



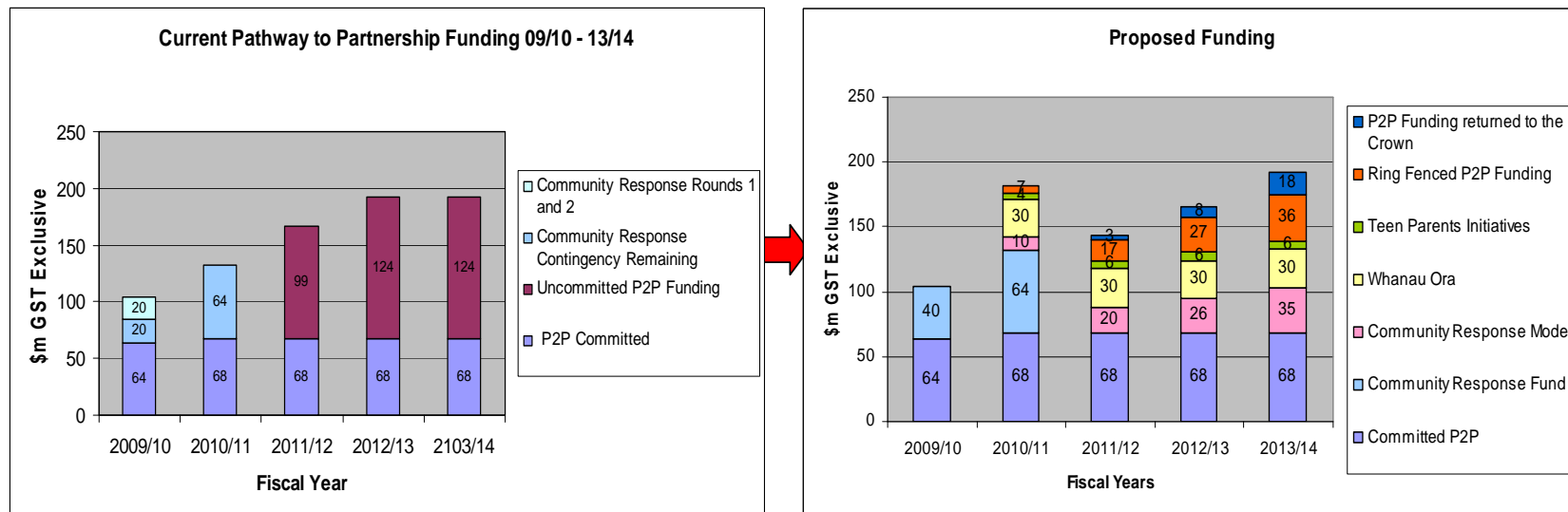
*Budget approval*

- 26 **note** that the detailed financial recommendations needed to give effect to the decisions above (paragraphs 4 to 23) will be included in the final Budget 2010 Cabinet paper to be considered by Cabinet on 19 April 2010, with no impact on the operating balance.

Hon Paula Bennett  
Minister for Social Development and Employment  
Minister of Youth Affairs  
/ /

## Appendix A

# P2P Funding



The first chart shows the total P2P funding over five years from 2009/10 of \$787 million. The second chart shows the proposed application of this funding over the same five years. (Note: all figures been rounded)

The second chart shows a rising profile of remaining unallocated PSP funding to 2013/14, with \$17.9 million unallocated P2P in 2013/14. This profile reflects the need, under Budget parameters, to show the full amount of the P2P funding being fully utilised in the final year of the four year Budget horizon.