

# The Treasury

## Budget 2017 Information Release

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[40]	Not in scope	

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Reference: T2017/550

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Date: 10 March 2017

To: Minister of Finance (Hon Steven Joyce)

Deadline: For Safe & Skilled Workplaces Ministers' Meeting on 14 March 2017

## **Advice on Budget 2017 NEET Proposals for Safe & Skilled Workplaces Ministers' Meeting**

### **Purpose**

This note advises you on a cross-agency budget package responding to high numbers of young people who are not in education, employment, or training (NEET).

The package was commissioned by Ministers Tolley, Bridges and Goldsmith, and will be discussed at the Safe and Skilled Workplace (SSW) Ministers' meeting on 14 March 2017.

You will be receiving papers on the NEET package as part of the briefing material for the SSW Ministers' meeting.

This SSW meeting is a chance to reinforce your expectations for a NEET package. Your bilateral budget discussions will also provide an opportunity to discuss elements of the package with your colleagues ahead of reaching a firmer position for the Budget Ministers' meeting on 20 March.

We provide suggested talking points and questions for the SSW meeting below.

### **Background**

Agencies have submitted a number of Budget 2017 initiatives seeking to reduce the number of young people who are NEET:

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### **Cross-agency NEET package**

[33] Ministers have directed agencies (MSD, MoE, and MBIE) to develop a common understanding of the population, current services, and how agencies can work together. Ministers have also sought advice on a cross-agency NEET package. This is one item on the SSW agenda for 14 March 2017.

Agencies have made some progress on these expectations. But there is still much work to be done to tell a complete story of the population at risk, what the current services available to them are, and what the gaps are in those services.

There is also no advice on where agencies could shift baseline funding from services that have been shown not to be effective for some populations (such as MSD's Youth Service). Not requiring agencies to do this risks missing a chance to streamline and optimise government services, as well as a chance to offset the cost of new initiatives.

If time is not a constraint, our first best advice is to direct agencies to produce a joint investment plan that is consistent with social investment principles, and includes the views of stakeholders, for consideration by Ministers later this year. This could mean establishing a NEET contingency. Establishing a contingency would not remove the need for agency advice on options to reprioritise low value spending.

If a final package is required for this budget, our second best advice is to establish some "bottom-line expectations" for the proposed Budget 2017 package. Those expectations could include advice on options to reprioritise low value spending, and advice on implementation and evaluation arrangements.

We will provide you with further advice following the SSW meeting, and before the Budget Ministers meeting on 20 March 2017.

### **Suggested talking points and questions for SSW meeting**

- Are officials confident that this is the best-value package of investments for NEETs? What are the most critical elements of the package?
- What are the options to reprioritise funding from low value / ineffective services to offset the new spending?
- If Ministers established a tagged contingency for NEET initiatives, how much time would agencies need to produce a more investment-ready package?

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