

In Confidence

Chair

Cabinet Social Wellbeing Committee

## **PROPOSAL TO DISESTABLISH THE PARTNERSHIP FUND BOARD**

### **Proposal**

- 1 This paper seeks agreement to disestablish the Partnership Fund Board (the Board) and that the Ministry of Youth Development – Te Manatū Whakahiato Taiohi (MYD) formally oversee the Partnership Fund (the Fund).

### **Relation to Government priorities**

- 2 This proposal aligns with the Government's priority to make Aotearoa New Zealand the best place in the world for children and young people. The Fund has a role to play in achieving this vision.
- 3 The Fund enables partnered decision making between Government, business, philanthropic sectors, and iwi to create quality youth development opportunities. With the impact of COVID-19 still emerging for young people, achieving that vision has never been more important. Fund investments align with the outcomes sought by *The Youth Plan 2020-22: Turning Voice into Action – Rebuilding and Recovering (the Youth Plan)*, which aims to amplify youth voices, support the wellbeing of young people and their whānau, enable youth leadership and collectively drive transformative change, particularly regarding decisions about COVID-19 recovery.

### **The Board was established as a non-statutory Board in 2016 to manage the Fund**

- 4 The Board was established by Cabinet agreement alongside a significant refocusing of the Ministry of Youth Development to enable it to deliver more effectively on its youth development responsibilities [SOC-15-SUB-0034 refers].
- 5 The Board was established to outsource oversight and distribution of the Fund, a \$1 million reallocation of existing MYD funding to be used in partnership with the business and philanthropic sectors to co-fund youth development opportunities (such as leadership, mentoring and volunteering). The Minister for Youth, responsible for the establishment of the Board, believed that there was significant untapped potential within the business and philanthropic sectors to contribute to the goal of quality youth development opportunities for all young people.
- 6 The Board was designed to achieve three objectives:
  - to form relationships with the business and philanthropic sectors to co-fund youth development opportunities, thereby increasing the amount of money available for quality opportunities for New Zealand youth
  - to make recommendations on the types of youth development opportunities to be funded
  - to reduce the operational burden on MYD to distribute funding.
- 7 It was decided at the time that a Board (or some form of independent body) was a necessary mechanism. It was viewed that while the fund could be delivered from within MYD, the

business and philanthropic sectors may not consider a Government department the most successful model to engage with.

- 8 The preferred option was to establish a ministerially-appointed Board to oversee the Fund, reporting directly to the Minister for Youth as it was considered cost-effective and relatively quick to establish. Board members were to include representatives from the business and philanthropic sectors, with the intention that these people would be well placed to provide first-hand advice on how to engage with their respective sectors.
- 9 Reflecting Cabinet decisions, MYD has managed and facilitated Board appointments as secretariat for the Board. This includes induction and wrap-around support for new Board members. MYD is responsible for the financial delegations and administration of the Vote Social Development - Partnering for Youth Development appropriation which the Partnership Fund sits within. MYD also oversees the approval and monitoring of contracts for the Fund.
- 10 In 2017, a review of the Board was undertaken. The review found that the Board was experiencing difficulty operating according to the intentions set out in the original 2015 Cabinet paper [SOC-15-SUB-0034 refers].
- 11 Reflecting a shift in Government priorities, the previous Minister for Youth made interim changes to the Board. These changes were to align with his strategic vision of the Youth Development portfolio supporting transformational impact initiatives.
- 12 He identified a renewed vision for the Board, 'to explore opportunities for partnership investments in transformational impact initiatives, including through private equity investors.' His interim changes to the Board included:
  - reorienting the Board and its Terms of Reference to have a more strategic role to support the priorities "to develop genuine partnerships to support quality youth development opportunities to improve outcomes for rangatahi (aged 17 to 24 years) that have been disproportionately affected by COVID-19, with a focus on the following cohorts of young people:
    - rangatahi Māori
    - Pacific young people
    - disabled young people
    - rainbow young people; and,
  - to investigate opportunities to partner with iwi and other funders to support rangatahi leadership, particularly for rangatahi Māori
  - adding/increasing the number of youth dedicated roles on the Board to encourage youth representation in decision-making.
- 13 The addition of four dedicated youth roles on the Board provided a leadership opportunity for young people and enabled a forum for youth Board members to be at the decision-making table, seeking and developing proposals for quality youth engagement or development opportunities.

**In 2020, following his changes to the Board, the previous Minister for Youth commissioned a review of the governance arrangements to consider whether the arrangements were 'fit-for-purpose'**

- 14 Key priorities included ensuring the Board was operating strategically and independently and determining whether the Board had the right resources and funding to deliver on its objectives. In early 2021, the Ministry of Social Development (MSD) – Te Manatū Whakahiato Ora led this policy review.

- 15 The findings of the review noted that the policy intent of the Board did not align with the operational implementation. The review found that the Board was not delivering to the required level on two of three of its objectives:
- To form relationships with the business and philanthropic sectors to co-fund youth development opportunities: the Board's membership has a mix of capabilities; members have experience working with young people of diverse backgrounds, and include business owners, Chief Executive Officers of non-governmental organisations and charities, and founders of successful programmes to enhance young people's wellbeing and leadership skills. However, the reorientation towards a youth voice in government decision making with four youth roles, has meant the current mix of capabilities in the Board has made it difficult to realise the vision of building strong investment connections with the business, philanthropic, youth, and community sectors. The mixed capability of the Board to partner strategically and effectively may account for some of the reason why MYD has needed to continue to play a greater role in sourcing/presenting suitable community youth development opportunities.
  - To reduce the operational burden on MYD to distribute funding: shifts in the Board's strategic focus and governance over time has seen an increase in additional resource required from MYD to oversee and support the Board. Operationally, the roles and responsibilities of the Board's members and of MYD overlap. MYD supports the administration of the Board, which includes secretariat support. MYD also organises travel, coordinates Board events, and oversees financial reporting. Financial delegations sit with the General Manager, MYD, who carries full accountability for provider contracting, contract administration, relationship management, performance, and reporting. Further, MYD also sits on the Board in an advisory capacity.
- 16 The review also determined that due to its initial design, the operating model of the Board is not empowered to function as a standalone legal entity with direct accountability for the Fund, independent of MYD. The Board does not have the resources or mandate to enter contract relationships with providers and/or influence business, philanthropic sectors, and iwi in their investment decisions, resulting in the board having more likeness to an advisory recommendations panel.
- 17 Additionally, the youth roles on the Board do not meet current youth development and participation best practice. Approaches to youth development have shifted since the Board's inception in 2016. Current best practice has acknowledged that formal leadership roles in traditional committee structures, such as a Board – particularly those with mixed adult and youth membership – do not align with principles for effective youth participation and positive youth development opportunities.<sup>1</sup>

**In response to the review findings, I had an opportunity to consider advice on possible alternate options to the current model**

- 18 Alternate options needed to deliver on the policy objectives outlined, ensure the continuation of the Fund, and allow for effective and strategic sector partnership. The options also needed to consider the best use of resource and expertise, as well as ensuring governance structures are suitable and fit-for-purpose.
- 19 I considered the option of setting the Board up as a statutory body, for example a Crown Agent. This option, along with a number of other independent entity forms were considered by Cabinet in 2015. A statutorily independent body would be overseen by a Board that would be responsible for its own Budget and would undertake its own secretariat functions, freeing up resources for MYD. However, setting up a statutory body would take some time, require

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<sup>1</sup> *Keepin' It Real*, Ministry of Youth Development, 2009, Wellington, outlines principles for effective youth participation and *Hart's Ladder*, a model of quality youth participation [harts-ladder.pdf \(myd.govt.nz\)](#).

legislation to establish which would be subject to the priority assigned on the legislative agenda and require significant set up and operating costs. It is my view that this approach would be disproportionate to the quantum of the Fund.

- 20 I also considered options around clarifying the role of the Board and improving its functionality. This approach included updating the Board's Terms of Reference to set new expectations, ensuring the Board had suitable membership with links to the sectors and contracting out secretariat services to reduce the operational burden on MYD. However, this approach would not resolve the requirement for MYD to approve contracts and distribute funding, nor would it disentangle the Board's strategic overlap with MYD inherent in its design.
- 21 Having considered options, I am proposing to disestablish the Partnership Fund Board, and that MYD formally oversee the allocation and distribution of the Partnership Fund. I propose that the Board model is not the best mechanism to oversee the distribution of the Fund, and deliver on its objectives. This option allows MYD to utilise existing networks and sector expertise, allows for the continuation of the Fund to support quality youth development opportunities, and is cost effective to implement. This approach also aligns with the developments in best practice, concerning the youth roles on the Board.
- 22 It is my view that MYD is in a suitable position to lead the allocation and distribution of the Fund. The agency has formed and maintains strong links with the business, philanthropic, iwi, and youth and community sectors. These existing relationships ensure MYD's ongoing capability to seek out partners in the sector to co-fund opportunities for youth development. MYD's expertise in leading youth development best practice also ensures it is well placed to make appropriate and well-informed recommendations on the allocation and distribution of the fund.
- 23 MYD has pivoted its dedicated Regional Relationship Managers roles to gather timely information to ensure a better understanding of what works on the ground for young people. Regional Relationship Managers actively engage with provider organisations, the wider youth sector, young people and funder networks to determine needs, opportunities and challenges, which will assist with finding appropriate funding partners in the regions and also in determining which projects are best suited to fund. This capability is important following the impacts of COVID-19 on young people and in determining the future impact this will continue to have.
- 24 In addition, MYD has the required experience, resource and financial knowledge in distributing the Fund as financial delegations for the Vote Social Development - Partnering for Youth Development appropriation already sit with the General Manager, MYD, who carries full accountability for provider contracting, contract administration, relationship management, performance and reporting. The benefits of this approach are that MYD can continue to leverage the resources and influence of MSD to deliver on its functions. This means that ongoing costs would be kept low.

**I have considered the need to ensure young people have a voice in issues that affect them given the proposed disestablishment of the Board**

- 25 Disestablishing the Board does mean the loss of the four dedicated youth roles on the Board. However, approaches to youth development have shifted since the Board's inception in 2016. Positive youth development occurs when young people have opportunities to inform, shape, design and contribute to the development of policies, services, and programmes for them, and contribute to society in a way that is valued and respected.
- 26 In March 2021, I hosted a Youth Engagement Zoom Hui (Zui) with young people to hear their voices, opinions and solutions. This was organised by MYD in response to the COVID-19 community outbreak in Auckland. There was strong interest from youth participants to have more opportunities like this to engage directly with myself, in my role as Minister for Youth.

There was also high interest in supporting local youth-led solutions and for young people to be involved in the development of solutions.

27 s 9(2)(f)(iv) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

28 s 9(2)(f)(iv) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

29 s 9(2)(f)(iv) [REDACTED] youth participation in decision-making, informed by youth development best practice.

**Subject to Cabinet decisions, processes will be developed to facilitate a seamless transition to support MYD to deliver the investment function of the Partnership Fund**

- 30 The transition will ensure relationships and networks built by the Board can continue to be maintained by MYD. The focus of the Fund will remain in continuing to invest in best practice youth development opportunities. Evaluation and reporting on the Fund will continue to be managed by MYD to ensure expectations are being met.
- 31 The proposed transition will take place over the following months as MYD implements decisions taken by Cabinet, with the view that the Board will be disestablished by the end of 2021.
- 32 The proposals discussed will look to increase operational efficiencies while ensuring that key partnerships with the business and philanthropic sectors, iwi, and youth and community sectors are maintained. Work underway to strengthen youth engagement will ensure the voice of young people in decision making is retained.
- 33 I am confident that Government can maintain a partnership approach with key sectors to ensure the provision of quality, strength-based youth development opportunities. COVID-19 has had a significant effect on young people, and the longer-term impacts are still unknown. The proposed direction moves to align with the developments in best practice to enable effective youth participation and moves towards driving transformative change in the way Government works with young people.

**Consultation**

- 34 This Cabinet paper has been consulted on with the Ministries of Justice, Health, Education, Business Innovation and Employment, Housing and Urban Development, Environment, Transport, Women, Pacific Peoples; the Departments of the Prime Minister and Cabinet, Internal Affairs, and Corrections; Oranga Tamariki – Ministry for Children, Te Puni Kōkiri, New Zealand Police, Treasury, Statistics New Zealand, Social Wellbeing Agency, Kainga Ora, the Office for Disability Issues, the Office of Film and Literature Classification, the Suicide Prevention Office and Te Hiringa Hauora/Health Promotion Agency.

## Financial implications

35 Any financial implications can be managed within existing baselines. The Vote Social Development - Partnering for Youth Development MCA appropriation in total is not impacted by this proposal.

## Human rights implications

36 The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993 and will support New Zealand to meet its obligations under various international treaties and obligations.

## Legislative implications

37 There are no legislative implications.

## Impact analysis

38 A regulatory Impact Statement and a Climate Implications of Policy Assessment are not required.

## Population implications

Population group	How the proposal may affect this group
Rangatahi Māori	<p>The disestablishment of the Board does not have population impacts for this group. Fund investment settings will not change.</p> <p>s 9(2)(f)(iv) [Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p>
Pacific young people	<p>The disestablishment of the Board does not have population impacts for this group. Fund investment settings will not change.</p> <p>s 9(2)(f)(iv) [Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p>
Rainbow young people	<p>The disestablishment of the Board does not have population impacts for this group. Fund investment settings will not change.</p> <p>s 9(2)(f)(iv) [Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p>
Disabled young people	<p>The disestablishment of the Board does not have population impacts for this group. Fund investment settings will not change.</p> <p>s 9(2)(f)(iv) [Redacted]</p> <p>[Redacted]</p>

	<p>s 9(2)(f)(iv)</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
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### Proactive Release

39 I intend to proactively release this Cabinet paper within 30 working days of Cabinet approval.

### Recommendations

40 It is recommended that the Committee:

- 1 **note** the Board was established as a non-statutory Board in 2016 [SOC-15-SUB-0034 refers]
- 2 **note** in 2017, a review of the Board was undertaken that found the Board was experiencing difficulty in operating according to the intentions set out in the original 2015 Cabinet paper [SOC-15-SUB-0034]
- 3 **note** that following the 2017 review, the previous Minister for Youth made interim changes to the Board
- 4 **note** in 2020, the previous Minister for Youth requested a review of the governance arrangements of the Board to consider whether the arrangements were 'fit-for-purpose' in ensuring the Board was operating strategically and independently, and whether the Board has the right resources and funding to deliver on its objectives
- 5 **note** the review found that the Board was not delivering to the required level on two of three of its objectives
- 6 **note** in response to the review findings, I had an opportunity to consider advice on possible alternate options to the Partnership Fund Board
- 7 **agree** to disestablish the Partnership Fund Board
- 8 **agree** that MYD formally oversee the Partnership Fund
- 9 **s 9(2)(f)(iv)**  
[REDACTED]  
[REDACTED]  
[REDACTED]

Hon Priyanca Radhakrishnan  
Minister for Youth

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