

Budget Sensitive

Office of the Minister for Social Development and Employment

Cabinet Social Wellbeing Committee

Supporting government partnerships with Māori through multi-year Māori Trades and Training Fund contracts

Proposal

- 1 This paper seeks agreement to conduct an expense transfer in the Māori Trades and Training Fund (MTTF) appropriation of \$33.319m from 2021/22 appropriations to future years, when it is expected to be spent. This expense transfer will allow the Ministry of Social Development (MSD) to honour multi-year contracts with Māori entities providing by-Māori-for-Māori training to achieve better employment outcomes for Māori.
- 2 This paper also seeks agreement to delegate the approval process for MTTF programmes from Ministers to officials, in line with similar employment programmes.

Relation to Government Priorities

- 3 Addressing the funding pressures for the MTTF will support the Government's commitment to support people into work and help them to train and upskill for work.
- 4 The by-Māori-for-Māori approach taken by the MTTF aligns with the all of government Employment Strategy and the Māori Employment Action Plan (Te Whai Mahi Māori), which seeks an improved Māori-Crown partnership to deliver more equitable labour market outcomes for Māori. It will also support Māori to exercise rangatiratanga to create intergenerational wellbeing through work.

Executive Summary

- 5 The MTTF supports by-Māori-for-Māori employment-focused training programmes, delivered over multiple years by Māori entities with the financial support of government. The Fund was allocated \$50m over two years through the COVID-19 Response and Recovery Fund (CRRF) as part of Budget 2020.
- 6 MSD forecasts that \$33.319m of MTTF funding in 2021/22 appropriations will remain unspent by the end of this financial year due to delays in the establishment of by-Māori-for-Māori training programmes, intermittent COVID-related delays, and the delivery of these programmes over multiple years.
- 7 This funding is required in future years to support the Government's commitment to continue supporting genuine multi-year partnerships with Māori through the MTTF. This paper seeks agreement to conduct an expense transfer for \$33.319m of MTTF funding from 2021/22 appropriations to 2022/23, 2023/24, and 2024/25 appropriations.

- 8 If current funding is not transferred to future years, funding will cease in June 2022 and MSD will be unable to continue supporting MTTF contracts and partnerships with Māori entities.
- 9 This paper also seeks agreement to delegate the ability to approve MTTF applications from joint ministers to joint officials at MSD and Te Puni Kōkiri in line with other employment programmes and to streamline the approval of applications for the MTTF.

Background

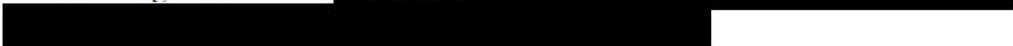
- 10 The MTTF is a contestable grant-based fund supporting partnerships with Māori communities to provide employment-focused learning opportunities, designed and delivered by-Māori-for-Māori.
- 11 The MTTF was established in 2020 through the CRRF to encourage Māori entities to try different approaches to engaging and retaining Māori in employment-focused training opportunities. The MTTF was allocated \$50m over two years (\$30m in 2020/21 and \$20m in 2021/22).
- 12 In response to enduring economic inequities, exacerbated by COVID-19, the MTTF invests in the capacity of Māori entities to deliver training programmes for Māori that build skills for sustainable employment. All programmes are provided in a Te Ao Māori context to enable better lasting outcomes for Māori participants with greater resilience in the face of economic shocks and in preparation for the shift to a high wage, low emissions economy.
- 13 On 1 July 2020, the Cabinet Social Wellbeing Committee agreed to the policy settings for the MTTF [SWC-MIN-0092 refers], including the overall policy objectives:
- 13.1 supporting tailored, community-led initiatives through partnership between Māori and the Crown that empower solutions by-Māori-for-Māori
 - 13.2 placing an emphasis on paid employment-focused training opportunities, but also considering support services such as pastoral care to overcome barriers to participating in training or apprenticeships
 - 13.3 having a focus on group-based initiatives that connect multiple employers to offer work experience and training opportunities.
- 14 MTTF policy settings were reviewed in September 2020 following the merge of the Social Development and Employment Ministerial portfolios. Following this review, in July 2021, responsibility for the MTTF was transferred from the Ministry of Business, Innovation and Employment (MBIE) to MSD [SWC-21-MIN-0079 refers] to support the coordinated delivery of employment and work-readiness programmes.

MSD is partnering with Māori entities to deliver employment-focused training

- 15 Since its inception, the MTTF has begun supporting 17 Māori entities to design, develop and deliver multi-year employment-focused training programmes across

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Aotearoa. One of these programmes has been completed, six are currently being delivered, and ten are in their early set-up stages.

- 16 The 17 programmes being supported by the \$29.990m committed in 2020/21 are expected to support 813 participants through training with a Te Ao Māori focus and into sustainable employment. So far, these programmes have 230 enrolled participants (94 percent of whom identify as Māori), 171 of which are in employment.
- 17 The delivery of MTTF has taken longer than initially expected due to the review of policy settings in 2020, the required set up time for new by-Māori-for-Māori training programmes, intermittent COVID-related delays to these programmes, and the agreed approach with providers to deliver contracts in genuine partnership with Māori over multiple years.
- 18 Current MTTF contracts are expected to continue delivery into future years (some up to 2023) as they are a commitment to multi-year partnerships and provide participants with multiple years of training, employment and extended pastoral care.
- 19 The delivery of these programmes over multiple years enables a more sustained partnership between the Crown and Māori through the MTTF, in addition to building the capacity of Māori entities to deliver employment-focused training opportunities in a Te Ao Māori context, promoting ongoing pastoral care and sustainable training and employment outcomes (often including a formal qualification). The MTTF delivery approach closely aligns with the principles for improved Social Sector Commissioning.
- 20 The MTTF initiative is consistent with the gaps analysis recently undertaken as part of the review of Active Labour Market Programmes. It found a need for more support for Māori to move into training and work opportunities that will lead to higher-skilled roles and industries, including improving women's participation in trades.
- 21 As this is an innovative approach, there is a need to evaluate the programme to test if it is working as intended. § 9(2)(f)(iv)

- 22 To date, MTTF programmes have demonstrated an impressive ability to retain participants in training and employment, with a 97 percent retention rate across the Fund's programmes.

I propose that current funding appropriations be amended so MTTF programmes can continue to support Māori communities

- 23 As MTTF programmes are delivered by Māori entities over multiple years, funding must also be spread over multiple years until 2024/25 when all existing funds are expected to be spent. Funding these programmes upfront would not support an on-going, partnership-based approach.
- 24 In June 2021, \$26.300m of unspent MTTF funding was transferred from 2020/21 appropriations to 2021/22, as agreed by the Minister for Social Development and Employment and the Minister of Finance [MBIE briefing 2021-3831 refers]. This funding is committed in contracts and a significant amount of this funding is still

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being spent from the initial 2020/21 financial year appropriation in line with the multi-year contracting approach.

- 25 As of January 2022, \$3.905m of the \$46.300m currently appropriated to the 2021/22 financial year has been spent through the MTTF. A further \$21.484m has been committed for future spending through existing MTTF contracts. MSD is currently considering applications for the remaining \$20.010m of uncommitted MTTF funding. If this funding is transferred to future years, it will be committed by the end of the financial year for future spending.
- 26 If current funding appropriations are not transferred to future years, existing funding will cease in June 2022. In this event, MSD will not be able to commit the remaining \$20.010m (for which applications have been received) and will not be able to pay out already committed funding to support existing contracts with Māori entities. This will likely impact Māori-Crown relationships.
- 27 MTTF applicants and existing providers have expressed concern regarding the current appropriations constraints and consider that the Government should ensure MTTF funds are used to continue supporting multi-year partnerships.

I am seeking agreement to transfer funding into future years

- 28 I am seeking Cabinet agreement to conduct an expense transfer for unspent funds appropriated for the 2021/22 financial year. Unspent funds will be spread across future years when they are expected to be paid out. This will enable MSD to partner effectively with Māori entities.
- 29 MSD forecasts that \$12.981m from the MTTF will be spent by the end of the 2021/22 financial year, with the remaining \$33.319m committed to MTTF contracts.
- 30 I propose that a total of \$33.319m of unspent funding is transferred into future years, with:
 - 30.1 \$21.302m transferred to 2022/23
 - 30.2 \$11.106m transferred to 2023/24
 - 30.3 \$0.911m transferred to 2024/25.
- 31 The transfer of funding outlined above is an estimate based on forecast and contractually committed spending under the MTTF. If necessary, future adjustments to funding appropriations will be sought through general baseline updates.

I propose to enable MSD and Te Puni Kōkiri officials to approve future MTTF partnerships, in line with similar employment programmes

- 32 Currently, MTTF applications must be jointly approved by the Minister of Employment (now the Minister for Social Development and Employment) and the Minister for Māori Crown Relations: Te Arawhiti [SWC-20-MIN-0092 refers]. Once approved, officials can commence contract negotiations with Māori entities.

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- 33 This process requires an additional layer of decision-making that takes up time and resources and is not reflected in similar employment programmes, such as He Poutama Rangatahi or Industry Partnerships, where applications are approved by officials.
- 34 To streamline the decision-making process and to align the administrative process of the MTTF with similar employment programmes, I propose that joint officials from MSD and Te Puni Kōkiri are able to approve MTTF applications. In doing so, Te Arawhiti would be consulted for input and advice on MTTF applications.
- 35 While the application approval process would be delegated to joint-officials, Ministerial oversight will be maintained through regular reporting to the Minister for Social Development and Employment, the Minister for Māori Development, and the Minister for Māori Crown Relations. Officials will also report to Employment, Education and Training (EET) Ministers on decisions officials take on MTTF applications.
- 36 In making this change, Te Puni Kōkiri will take the role of Te Arawhiti as partner to MSD in administering the MTTF. This change reflects the role of Te Puni Kōkiri as government's principal policy advisor on Māori wellbeing and development. Te Arawhiti will remain closely engaged in the administration of the MTTF to ensure alignment and avoid duplication.

Financial Implications

- 37 The decisions outlined in this paper, if approved, would make the following changes to appropriations, with no impact on the operating balance and/or net core Crown debt across the forecast period:

Vote Social Development Minister for Social Development and Employment	\$m – increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Multi-Category Expenses and Capital Expenditure Improved Employment and Social Outcomes Support Non-Departmental Output Expenses: Māori Trades and Training Programmes	(33.319)	21.302	11.106	0.911	-
Total Operating	(33.319)	21.302	11.106	0.911	-

38

s 9(2)(f)(iv)



Legislative Implications

- 39 There are no legislative implications arising from the proposals in this paper.

Impact Analysis

40 A regulatory impact analysis is not required as no regulatory changes are proposed.

Population Implications

- 41 The MTTF is a by-Māori-for-Māori employment programme with 94 percent of participants identifying as Māori. The proposed changes sought in this paper will allow the programme to continue to be delivered, enabling more Māori to access employment-focused training opportunities in a Te Ao Māori context.
- 42 Currently, only 20 percent of MTTF programme participants are female. Most MTTF programmes are male dominated given their focus on trades apprenticeships. If the expense transfer is approved, MSD officials will look to prioritise consideration of applications that are expected to support more women.
- 43 MTTF programmes are geographically spread across the country, with most regions represented. If the expense transfer is approved, MSD officials will seek to prioritise consideration of applications for currently unrepresented regions (Central and Canterbury).

Treaty Analysis

44 This proposal will support MSD's Treaty obligations, particularly in relation to tino rangatiratanga in Article Two and the Treaty principle of Partnership. The proposals set out in this paper will help give greater effect to the Government's response to these obligations by giving certainty of funding and streamlining processes.

Human Rights

45 The delivery of the MTTF supports Articles 21(2), 23 and 39 of the United Nations Declaration of the Rights of Indigenous Peoples.

Consultation

46 The Treasury, Te Arawhiti, Te Puni Kōkiri, the Ministry of Education and the Ministry of Business, Innovation and Employment have been consulted in the development of this paper.

Communications

47 No public communications are required for this change.

Proactive Release

48 This Cabinet paper will be proactively released, with redactions made consistent with the Official Information Act 1982.

Recommendations

The Minister for Social Development and Employment recommends that the Committee:

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- 1 **note** that MSD is supporting 17 Māori employment-focused training programmes (one completed and six operating), and its ability to financially support these programmes, and fund new ones, is constrained by the current appropriation of funding
- 2 **agree** to an expense transfer from 2021/22 to 2022/23, 2023/24 and 2024/25 to allow MSD to continue supporting multi-year contracts with Māori entities providing by-Māori-for-Māori training to achieve better employment outcomes for Māori
- 3 **approve** the following changes to appropriations to provide for the decision in recommendation 2 above, with no impact on the operating balance and/or net core Crown debt across the forecast period:

Vote Social Development Minister for Social Development and Employment	\$m – increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Multi-Category Expenses and Capital Expenditure Improved Employment and Social Outcomes Support Non-Departmental Output Expenses: Māori Trades and Training Programmes	(33.319)	21.302	11.106	0.911	-
Total Operating	(33.319)	21.302	11.106	0.911	-

- 4 **agree** that the proposed changes to appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates
- 5 **note** that on 1 July 2020, the Cabinet Social Wellbeing Committee agreed that the Minister of Employment and Minister for Māori Crown Relations: Te Arawhiti have joint responsibility to approve applications to the Māori Trades and Training Fund [SWC-20-MIN-0092 decision 16 refers]
- 6 **agree to rescind** the above Cabinet decision [SWC-20-MIN-0092 refers] giving joint-Ministers the responsibility to approve applications to the Māori Trades and Training Fund
- 7 **agree** that officials from the Ministry of Social Development and Te Puni Kōkiri have joint responsibility, from this point forward, to approve applications to the Māori Trades and Training Fund
- 8 **agree** that officials from the Ministry of Social Development and Te Puni Kōkiri will be required to report to Employment, Education and Training (EET) Ministers on decisions they make on Māori Trades and Training Fund applications
- 9 **note** that while the application approval process would be delegated, Ministerial oversight would be maintained through regular reporting to the Minister for Social Development and Employment, the Minister for Māori Development, and the Minister for Māori Crown Relations.

Authorised for lodgement

Hon Carmel Sepuloni

Minister for Social Development and Employment