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Office of the Minister for Social Development and Employment
Social Wellbeing Committee

Mayor's Taskforce for Jobs – approval for 2022/23 funding

Proposal

- 1 This paper seeks Cabinet's approval to allocate \$6 million from an underspend in Vote Social Development in 2021/22 to 2022/23 to fully fund The Mayor's Taskforce for Jobs through to 30 June 2023.

Relation to government priorities

- 2 The decisions in this paper support the Government's priority of accelerating the recovery from Covid-19 and laying the foundations for the future.

Executive Summary

- 3 The Mayor's Taskforce for Jobs (MTFJ) is a Ministry of Social Development partnership with Local Government New Zealand (LGNZ). The MTFJ supports regional and provincial councils throughout New Zealand to deliver programmes that support youth employment and other youth focussed issues. From June 2021 – April 2022, the programme has supported 2978 youth not in employment, education, or training (NEET) into permanent employment.
- 4 \$14 million is required to fully fund the MTFJ for 2022/23. MSD is able to fund \$8 million of this by reprioritising existing funding in 2022/23. Therefore, if Cabinet wishes to continue the programme at current level an additional \$6 million is required.
- 5 I am seeking Cabinet's approval to allocate \$6 million from an underspend in Vote Social Development in 2021/22 to 2022/23 to fully fund the cost of the MTFJ until 30 June 2023.

Background

- 6 The Mayor's Taskforce for Jobs (MTFJ) is a Ministry of Social Development partnership with Local Government New Zealand (LGNZ). The MTFJ supports regional and provincial councils throughout New Zealand to deliver programmes that support youth employment and other youth focussed issues, including vehicle licensing, youth suicide, rangatahi Māori leadership, education and training. MTJF engages directly with agencies, including MSD and the Ministry of Youth Development on specific issues, and also deliver a number of programmes. MTFJ is one of 25+ partnerships included in the Construction Accord: Skills for Industry portfolio. The Portfolio (including MTFJ) has had 8,469 participants to date, with 80% now in permanent employment. Māori and Youth are the largest ethnic and age groups supported through these programmes.

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- 7 In July 2021, Ministers for Social Development and Employment, Local Government, Māori Development and Youth signed a Memorandum of Understanding with the MTFJ and LGNZ to collaborate with the ambition to see all young people under the age of 25 engaged in education, training or employment or other positive activity that will support their growth and development
- 8 Over the last three Budget cycles the MTFJ, through partnership with MSD, has been funded to deliver initiatives that target youth and those disadvantaged in the labour market due to the effects of Covid-19.
- 9 A community recovery pilot was initiated in 2019/20 with four councils. Based on this pilot, and through the discussions with the MTFJ governance group, it was identified that funding was needed to support smaller Councils (with a population less than 20,000) who are actively engaging with Government agencies, iwi, Employer and Community partners and networks to support employment outcomes.
- 10 With funding from the 2020 Wellbeing Budget, the pilot scheme was expanded to include 29 rural and provincial councils and is supported by a wide range of community partners including iwi and Chambers of Commerce. The funding is flexible, which means that an individualised and local based approach is taken when supporting those young people into work. The council can provide a wage subsidy for the employer to take on a young person, cover the costs of training (including driver licencing), tool/boot subsidies and other incentives. All councils are working closely with the Ministry of Social Development, to ensure that there is no duplication of services or resource.
- 11 Previous funding for the MTFJ has included:

Financial Year	Contracted funding	Funding spent (to date)¹	Context
2019/20	\$400,000	\$400,000	A Community Recovery Pilot with four Councils (Ōpōtiki District Council, Central Hawke's Bay District Council, Rangitīkei District Council and South Wairarapa District Council).
2020/21	\$12,150,000	\$11,750,000	The Wellbeing Budget 2020 for MSD's Expanding Skills for industry initiative, under the Construction Skills Action Plan (CSAP) to support Covid-19 recovery.

¹ These figures may be subject to change due to audit processes and the backdating of payments which may occur.

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			MTFJ funded for 1,150 participants however delivered 1,511 full-time permanent employed roles for New Zealanders.
2021/22	\$14,707,102	\$13,300,000	The MTFJ partnership expanded to include an additional 6 Provincial Councils with a Rural community and/or satellite towns. Funded for 1,450 participants and has delivered 1,467 full-time permanent employment places by 30 April 2022.

- 12 An impact report has been commissioned to assess the impact of the MTFJ partnership and programme and we expect to have this in early 2022/23.

Analysis

- 13 The funding for the MTFJ, received from the CRRF during Budget 2020, expires on 30 June 2022, at which point the MTFJ partnership will cease without additional funding.

- 14 s 9(2)(f)(iv) 

- 15 The total funding required to fund the MTFJ for 2022/23 is \$14 million. I have been advised that MSD is able to fund \$8 million of the extension by reprioritising existing funding.

Proposal – \$6 million to fully fund MTFJ for 2022/23.

- 16 I am seeking Cabinet’s approval for \$6 million to be allocated from underspends in Vote Social Development in 2021/22 to fund the MTFJ partnership for 2022/23.

- 17 This will continue funding councils to support initiatives that target youth employment and training. The programme would be funded for 1,450 participants nationally and each of the 29 participating Councils could receive up to \$500,000 in funding per annum, in two tranches, with the first dependent on a Regional Commissioner approved proposal and the second at the discretion of MSD and MTFJ nationally. This is subject to final negotiation and agreement with LGNZ. At this stage, officials do not expect any significant issues in finalising the contract, and are confident if the funding is approved, the contract will be in place by July 2022.

- 18 Additionally, MSD will provide quarterly reporting to the Minister for Social Development and Employment on the progress and impact of MTFJ.

NEETs – the need for continuing support

- 19 Young people who experience a long-term spell of unemployment and non-participation in education or training are at a far greater risk of poorer outcomes later in life, including lower wages, lower employment levels and poorer life satisfaction. The lost potential associated with this group is estimated to be worth \$400 million for the individuals concerned and their communities in wages, productivity and government expenditure. On top of this are the lost wellbeing effects of being in fulfilling work.
- 20 In the March 2022 quarter, the seasonally adjusted proportion of people aged 15–24 years who were not in employment, education, or training (NEET) rose to 11.5 percent, up from 10.9 percent last quarter.²
- 21 In terms of effectiveness of programmes supporting NEETs, international evidence shows that interventions involving job search assistance and work experience or on job training are most effective in improving longer-term employment outcomes.

Strategic value of continuing the MTFJ

- 22 The MTFJ focusses on working with NEETs directly, in place, and delivers wraparound supports to participants to ensure that they are adequately supported in their training and as they move into permanent employment, gaining work experience. The distributed nature of the funding means that there is no one programme, instead councils are free to design localised programmes that leverage local knowledge, connections and resources (such as council premises) to deliver the programme.
- 23 Some of the initiatives developed through the MTFJ include: financial literacy programmes, CV and interviewing skills, mobile employment hubs, Growing Great Entrepreneurs and other self-employment programmes, careers events (expos etc), local sector based training programmes, Chamber of Commerce engagement, iwi partnerships, drop-in job shops, driver licencing programmes, employer speed-dating, pastoral Care, Counselling and Peer Group Forums, Close engagement with School with support for NEETS and those at risk, leadership Programmes, alignment to Council Suppliers, alignment to Jobs for Nature, apprenticeship support (coordinating apprentices and ITO's locally to deliver weekly support sessions to increase apprenticeship outcomes).
- 24 The MTFJ has significant strategic value in obtaining the Government's desired outcomes, and for the delivery and coordination of employment support in the regions. Over last two years the partnership has been very successful at placing NEETs and Covid-19 displaced people into sustainable permanent employment, with 1,467 outcomes reported nationally for this fiscal year to the end of April. The sustainable permanent employment outcomes have been across a broad

² Household Labour Force Survey (Stats NZ, 2022)

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range of sectors, including construction and primary industries. Mayoral leadership has been critical to achieve these results.

- 25 In rural and provincial communities, MTFJ are increasingly well-practiced and well-placed to engage and address NEET issues, effectively closing the gaps with urban cohorts, increasing access to targeted services as well as creating partnerships with the support of iwi and communities.
- 26 Councils are also increasingly working with Regional Public Service Commissioners through Regional Leadership Groups that represent local government, iwi and communities to support greater collaboration on locally led, regionally enabled and nationally supported solutions on priorities. The MTFJ is strongly aligned with supporting the system shift to locally led solutions.
- 27 If funding is not approved there is a high likelihood that ongoing MTFJ services will be paused, scaled down and/or existing council MTFJ coordinators reassigned. A reduced or scaled down MTFJ could include reducing the number of eligible councils, or targets for participants in permanent employment. There is a risk that councils will not be able to meet the demand for their services.
- 28 MTFJ is one of 25 partnerships included in the Construction Accord: Skills for Industry portfolio. There is a further risk that the unsupported Budget bid places all existing partnerships at risk, including sector leading initiatives run in conjunction with the Construction Sector Accord. Not being able to fully fund the MTFJ, places MSD's Broader Outcomes partnerships with Waka Kotahi, Kāinga Ora and Department of Internal Affairs at risk.

Financial Implications

- 29 The cost of fully funding the MTFJ extension into 2022/23 is \$14 million. The Ministry of Social Development is able to fund \$8 million of this by reprioritising funding in 2022/23. The remaining \$6 million of funding is being sought from an underspend in 2021/22 from the Improved Employment and Social Outcomes Support MCA, within Vote Social Development.

- 30 s 9(2)(f)(iv)

Legislative Implications

- 31 There are no legislative implications to this proposal.

Impact Analysis

Regulatory Impact Statement

- 32 A Regulatory Impact Assessment (RIA) has not been undertaken for this paper because the proposals do not have immediate legislative or regulatory implications.

Climate Implications of Policy Assessment

- 33 The CIPA requirements do not apply to this paper as the initiatives either do not have a direct emissions impact, do not meet the emissions abatement threshold to require a CIPA, or do not have enough certainty to be accurately quantified.

Population Implications

- 34 This proposal will fund programmes designed to support youth NEETs, to receive employment and training, as well as improving employment outcomes for women, Māori, Pasifika, disabled people and ethnic community youth.
- 35 In March 2022, 19.3% of Māori youth and 17% of Pacific youth between the ages of 15 and 24 were NEET according to the Household Labour Force Survey. This rate is twice that of European and Asian youth (9.7% and 7.6% respectively),³ and significantly greater than the national NEET rate of 11.7%. Higher NEET rates for Māori and Pacific youth are a persistent feature of New Zealand's labour market.
- 36 In March 2022, 12.3% of young women (between 15 and 24), were NEET, and the NEET rate in 2020 for young disabled people aged 15–24 years was 48.2 %, compared with 10.6 percent for non-disabled youth. Additionally, youth from provincial and rural communities on average have higher rates of NEET than urban comparators.
- 37 The MTFJ programme will fund the development of targeted employment and training supports that are tailored to consider what works best in individual cases and leverage local knowledge, connections, and resources to deliver programmes. This includes partnering with iwi.

Human Rights

- 38 The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Consultation

- 39 The following government departments and agencies have been consulted on this Cabinet paper: Treasury; Department of Prime Minister and Cabinet, Internal Affairs, Education, and Business, Innovation and Employment.
- 40 Local Government New Zealand has also been consulted on the proposal in this paper.

Communications

- 41 Officials will liaise with my office to coordinate a communications plan once funding is agreed.

³ Comparable NEET data was unavailable from Stats NZ for specific ethnic communities (Middle Eastern, African or Latin American). It is important to note that the labour market outcomes for Ethnic Communities (including Asian) are not homogenous, certain individuals can face specific labour market barriers depending factors such as time in New Zealand and language.

Proactive Release

42 This paper will be proactively released within Cabinet Office guidelines and published on the Ministry of Social Development’s website, with redactions as appropriate under the Official Information Act 1982.

Recommendations

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

- 1 **Note** the Mayor’s Taskforce for Jobs has been a successful partnership between central and local government and has been effective in promoting employment and training outcomes for youth NEETs.
- 2 **Note** that the funding for the Mayor’s Taskforce for Jobs will expire at the end of 2021/22 financial year.
- 3 **Note** that MSD can fund \$8 million of the cost of contract extension by reprioritising existing funding in 2022/23, however \$14 million in total is required to continue funding the MTJF at current levels.
- 4 **Agree** to use underspends in 2021/22 from the Vote Social Development, Improved Employment and Social Outcomes Support MCA to increase expenditure by \$6 million for the MTFJ for 2022/23.
- 5 **Approve** the following changes to appropriations to give effect to the policy decision in recommendation 4 above, with no impact on operating balance and/or net debt:

Vote Social Development Minister for Social Development and Employment	\$m – increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Multi-category Expenses and Capital Expenditure Improved Employment and Social Outcomes Support Departmental Output Expense:					

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Improving Employment Outcomes (funded by revenue Crown)	6.000	-	-	-	-
Total Operating	6.000	-	-	-	-

- 6 **Agree** that the proposed change to appropriations for 2022/23 above be included in 2022/23 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply.
- 7 **Note** that the remaining \$8 million of funding required for MTFJ will be reprioritised from within Vote Social Development.
- 8 **Authorise** the Minister of Finance and the Minister for Social Development and Employment to make any required fiscally neutral adjustment as noted in recommendation 7 above, for the MTFJ.

Authorised for lodgement

Hon Carmel Sepuloni

Minister for Social Development and Employment