

# *Policy for vulnerable and disengaged young people*

***Q. Why is the National-led Government focused on welfare reform?***

More than 320,000 people are currently receiving a benefit. Some of these people will realistically not be able to work and the welfare system will continue to support them. But for most, a benefit should only provide temporary support until they can return to work. It is better for families and for children to have parents in work than on a benefit. Long-term welfare dependency can imprison people in a life of limited income and limited choices. In addition, people who receive a benefit are able to do so only because others are going to work every day, earning a wage and paying taxes. In many cases these are people who are themselves far from well off.

***Q. How did the Government get to this point?***

A. The Welfare Working Group made 41 recommendations to the Government in February after a careful analysis of the current welfare system. Ministers have been considering these recommendations and today's announcements form the first part of the Government's response. A series of policy announcements will follow as the Government works its way through what will be a complex set of reforms. Officials will work in stages on the details underpinning each step.

***Q. Why focus on young people first?***

A. Young people who are not in education, training

or work are a priority for this Government because they are very much at risk of long-term benefit dependency. Evidence shows that when young people go on welfare they're at the greatest risk of remaining there for long periods of time. For example, 16-and 17-year-olds who go on a benefit, remain on a benefit for over four years on average. The result is that they suffer from lost opportunities and limited options. Teen parents spend on average seven out of 10 years on welfare once they are introduced to the system. About a third of people currently on the DPB went onto the benefit as teen parents. The Government wants to invest up front in these young people to get them back on track.

***Q. What's wrong with how the welfare system works for young people?***

A. The welfare system helps those in need and the Government will continue to provide that safety net. But currently, when a young person or a teen parent goes onto welfare, they are paid a weekly sum of money and largely left to their own devices. These can be vulnerable young people with few, if any, positive role models in their lives. The hands-off approach to welfare payments is failing these young people and the Government intends to provide greater support so they have a better chance of becoming independent and successful.

***Q. Are all disengaged 16-and 17-year-olds getting a benefit?***

A. No, most 16-and 17-year-olds who are not in



education, training or employment will not be eligible for a benefit because they are supported by their parents.

At any time during the year, between 8,500 and 13,500 young people aged 16 or 17 are not in education, training or work.

Of this group, around 1600 are currently getting a special 16-and 17-year-olds' benefit. These are:

- the Independent Youth Benefit, for 16-and 17-year olds who are estranged from their parents and are not being financially supported
- the Emergency Maintenance Allowance for 16-and 17-year-old sole parents.

However, all 16-and 17-year olds who are not in education, training or employment are highly likely to go onto a fully-fledged adult benefit when they turn 18 and are no longer the responsibility of their parents. It is estimated that 90 per cent of this group will end up on an adult benefit like the Unemployment Benefit or Sickness Benefit when they turn 18.

***Q. How is the Government going to work with 16-and 17-year-olds who are not in education, training or employment?***

A. Regardless of whether they are on a benefit or not, the Government wants to work much more closely with young people who are not in education, training or employment.

The first step is to find out who all these young people are. To do that, the Government is going to amend the Privacy Act and the Education Act to ensure that:

- Schools are required to inform the Government

when 16-and 17-year-olds leave during the year, and

- The Ministries of Education and Social Development will be able to share the information they have on these young people.

This means that for the first time, the Government will be able to find out who the disengaged 16-and 17-year-olds are; what circumstances they are in; what, if any, problems they have had at school; and what their risk is of long-term welfare dependency.

This information will be used to link young people with organisations which will help them into education or training and mentor them. A considerable part of the Government's funding of these organisations will depend on young people meeting goals, like successfully completing a training programme.

***Q. How is the Government going to work with that group of disengaged young people who are receiving a benefit?***

The benefit system will be fundamentally changed for all 16-and 17-year-olds, and for 18-year-old teen parents. The Government will stop simply handing over benefit money the way it does now. Instead, a young person's essential costs, such as rent and power, will be paid directly for them. Money for basic living costs, like food and groceries, will be loaded onto a payment card that can only be used to buy certain types of goods and cannot be used to buy things like alcohol and cigarettes. A young person will also get some discretionary spending money.

In addition, young people who are receiving payments will have to be in education, training or work-based learning.



And because this is a particularly vulnerable group of young people, the Government will fund support providers, such as NGOs, to assist them with intensive case management and mentoring.

***Q. What is the Government planning to do for teen parents?***

A. Teen parents will receive the help described above, and will have the same obligations as other young people who are receiving financial assistance. In addition, they will have to undertake parenting programmes if required.

However, the Government recognises that childcare is vital to supporting teen parents to continue with their education. The Government will therefore cover the costs of childcare as well as providing education or training opportunities.

***Q. How will these changes address youth unemployment?***

A. The official unemployment rate for 15-to 19-year-olds is 27.6 per cent, but this rate includes a lot of young people at school, or in other education, who are looking for a part-time job. The Government is most concerned with young people who are not in education, employment or training at all, which is a considerably smaller group. At any time during the year, between 8,500 and 13,500 young people aged 16 or 17 are not in education, training or work. By ensuring these young people are in education or training, and developing work-related skills, the Government is tackling the real problem of youth unemployment.

***Q. Are opportunities available for these young people?***

A. Yes, there will be plenty of options available.

The Government is providing 7,500 places next year under the Youth Guarantee policy, which provides free study towards school-level qualifications in places like polytechnics and wananga. And in two years' time the Government will have built up the number of Trades Academies so 4,500 places in free, work-focused trades and technology training are being offered.

This year's Budget included a \$55 million youth employment package, which provides 13,000 places over four years for youths to improve their skills and motivation to get into work, and to achieve qualifications.

The Budget also included a \$42 million skills package, which provides trades training for people in the Canterbury region to aid the rebuild.

***Q. When will we know more and when will these changes begin?***

A. As the Government moves through a series of policy announcements which set the direction for welfare reform, officials will work on the complex details underpinning them. Legislation will be introduced from early 2012.

***Q. What about young people on the Invalids Benefit?***

A. This announcement will not affect the Invalids Benefit for young people. The Government is



working through decisions on other aspects of welfare reform and more announcements will be made in due course.

***Q. Will this new approach save money, or cost money?***

A. The National-led Government's view is that it is worth investing money up front when these people are young, to get them back on track. That principle is at the heart of the Government's overall approach to welfare reform.

Officials are still working on the details underpinning the Government's changes for young people, but this new approach is expected to cost between \$20 and \$25 million a year at the outset.

However, if the number of young people going onto a benefit at age 18 can be reduced, the Government will save future welfare payments as well as potentially save future justice and health costs. Social outcomes will also be improved.

