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**MINISTRY OF SOCIAL  
DEVELOPMENT**  
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# **Briefing to the Incoming Minister for Social Development and Employment**

**30 October 2020**

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## 1. Portfolio overview

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### Purpose

1. This briefing provides you with information about the Social Development and Employment portfolio. Principally, it covers the Employment aspect of the portfolio, which was previously supported by the Ministry of Business, Innovation and Employment (MBIE) and the Ministry of Social Development (MSD) as a standalone portfolio.
2. As the Social Development portfolio has been expanded to include Employment, there will be further work to determine how this will operate in practice. The briefing is written based on the responsibilities of the former standalone Employment portfolio, in one of our first meetings with you we would like to discuss how both agencies support you in this expanded portfolio, and how you would like to approach this aspect of the broader Social Development and Employment portfolio.
3. Additionally, further briefings will be provided on specific employment topics and priorities in depth, as second and third-tier advice.

### Introduction to the Employment aspects of your portfolio

#### Overview

4. A workforce with the right knowledge and skills, and the effective utilisation of these skills in workplaces, helps drive economic growth by lifting the competitiveness and profitability of our firms, and facilitating innovation across the economy. Employment is also beneficial for individual wellbeing.

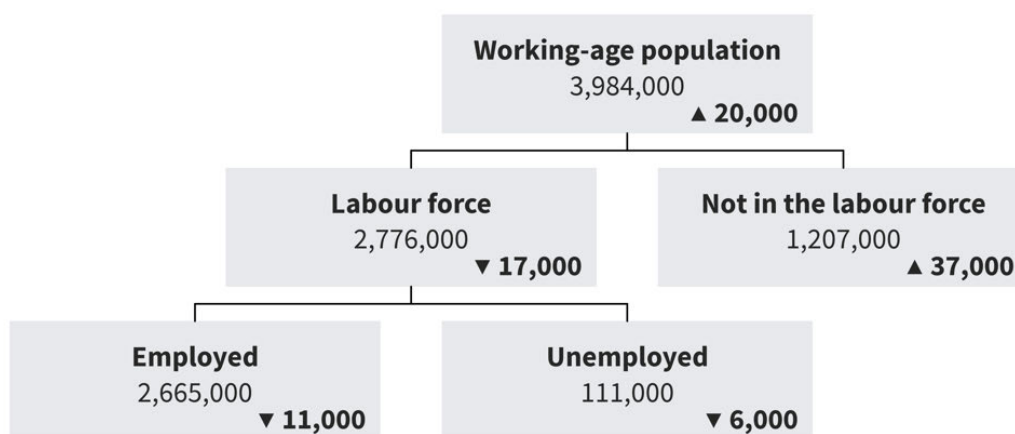


Figure 1: Breakdown of the New Zealand Labour Market and changes between the March 2020 and June 2020 quarters

## BRIEFING TO THE INCOMING MINISTER OF EMPLOYMENT

5. In the year ending June 2020, New Zealand had a working-age population (i.e. everyone 15 and over who is usually resident) of 4.0 million. That consisted of 2.7 million employed people, 100,000 unemployed people, and 1.2 million who were not in the labour force. Of those who were not in the labour force, just under half are retired (around 0.5 million), and around 13 per cent are studying. Of those employed, most work full-time (1.3 million), with about half a million part-time workers, most of whom are women (380,000 compared to 160,000 part-time employed men). The figure below provides an indication of the quarterly change since March 2020, ending in June 2020.
6. Work in the former Employment portfolio looked at the overall performance of the labour market, as well as delivering programmes and services to support employment outcomes. The Employment aspects of your portfolio aim to improve employment outcomes and create meaningful long-term employment opportunities for New Zealanders that meet the country's labour needs. Its primary areas of focus tend to be:
  - monitoring labour market trends, identifying key issues and problems and forecasting future directions
  - bringing a labour market and firm perspective to the education, immigration and welfare systems
  - considering how these systems are working together so that firms are able to access the labour and skills they need, and New Zealanders are able to develop their skills and access employment
  - delivering employment, education and training programmes and services to support people into employment
  - promoting the contribution that skill development and utilisation can make to economic growth
  - promoting better broader employment outcomes such as poverty reduction, higher earnings and income, workplace wellbeing and safety, work-life balance and mental health.
7. These areas of focus aim to ensure that the New Zealand population has the skills needed to access and maintain productive employment, and firms can access the skilled people they need to grow. While this should lead to well-paid, secure and meaningful work, we know that some groups face more barriers to accessing and benefiting from the labour market than others do. A key focus for the portfolio more recently has been on the barriers certain population groups (e.g. women, Māori, Pacific peoples, disabled people, younger and older people and ethnic communities) face to effective participation in the labour market. This contributes to the Government's Economic Plan, which aims to ensure a productive, sustainable and inclusive economy (an overview of the Economic Plan is attached as **Annex 1**).

## BRIEFING TO THE INCOMING MINISTER OF EMPLOYMENT

8. There are multiple portfolios across Government, including Social Development, Education, Immigration, Workplace Relations and Safety and Economic Development that have valuable levers that influence the labour market. A key aspect of the standalone Employment portfolio was to bring a broader labour market perspective and working alongside these portfolios to influence and play a role in promoting a joined-up approach across these levers.
9. The value of a cross agency approach to employment matters has been demonstrated in the work developing and implementing a response to COVID-19. By bringing together consideration of employment, education and training policy and services, agencies were able to identify opportunities for efficient and effective, joined-up delivery such as:
  - MSD supporting the workforce training needs for redeployment initiatives led by the Ministry of Primary Industries, Ministry for the Environment, Provincial Development Unit, and Department of Conservation, to help provide opportunities for people who have been displaced as a result of COVID-19
  - Joined up advice from across the Ministries of Primary Industries, Social Development and Business Innovation and Employment to address seasonal labour market issues
  - The All-of-Government Connected Service. Feedback indicates that the public, including businesses, can find it hard to navigate the additional support made available across government in response to COVID-19, and to find what is right for them. To ensure that regardless of which access point a person turns to, they will receive coherent and consistent information on what is available, 'Connected', an All-of-Government brand, was developed comprising three key elements:
    - the All-of-Government website – <https://www.connected.govt.nz/>
    - an 0800 number (0800 246 737) managed by a team within MSD's Job Connect
    - a face to face service through MSD's 35 Employment Centres and MBIE's three Jobs and Skills Hubs in Auckland.
  - Joint employment data dashboards have been provided to Ministers (through the Education, Employment and Training Ministers Group described in more detail on page 8). This comprehensive and timely information is made possible through the joined-up agency approach and allows highly informed and relevant decision making.

### **MBIE's role**

10. MBIE provides advice on the labour market and support through initiatives designed to foster positive labour market outcomes. MBIE partners with other agencies to deliver our advice and services, and promote coherence across the portfolios that have an interest and influence on the labour market. It is the lead agency with appropriations under Vote Labour Market.

## BRIEFING TO THE INCOMING MINISTER OF EMPLOYMENT

11. MBIE delivers a number of employment initiatives under the portfolio that are designed to promote better labour market planning and skill matching of labour supply to demand, such as the Sector Workforce Engagement Programme (SWEPE) and Regional Skills Leadership Groups (RSLGs). It also delivers activation programmes for community-driven initiatives targeted at rangatahi and Māori such as, He Poutama Rangatahi (HPR) and the Māori Trades and Training Fund (MTTF). MBIE also provides evidence and insights about the labour market, employment conditions, workplace relations, and migration trends and conditions.
12. Within MBIE, the Workplace Relations and Safety Portfolio regulates the labour market. MBIE also partners with other agencies to deliver policy advice and services. Along with MSD, MBIE also works with the Ministry of Education (MoE) and the Tertiary Education Commission (TEC) to join up training and skills offerings.

### **MSD's role**

13. MSD plays a key role in providing employment support to New Zealanders, working alongside people who are unemployed or having difficulty in the labour market, to help prepare them for work and support them to find sustainable employment.
14. MSD has been developing its future state for employment services which focuses on expanding services to New Zealanders who are out of work or at risk of displacement, and strengthening core services by improving outcomes for people who are disadvantaged in the labour market. COVID-19 had a significant and sudden impact on the way MSD delivers its employment services, and many components of the future state have had to be implemented quickly. MSD responded quickly to support a much larger and more diverse group of people requiring employment support, which includes a number of highly-skilled people who have not previously sought help from MSD.
15. MSD's employment-related activities and programmes are funded through the Improved Employment and Social Outcomes Multiple Category Appropriation (MCA) (Vote Social Development). Through the MCA, MSD aims to:
  - improve employment outcomes by providing services to help people into and to retain sustainable employment, including Mana in Mahi, Skills for Industry, support for people with health conditions and disabilities and wage subsidies to support disadvantaged job seekers to secure unsubsidised employment
  - improve work readiness outcomes for people by addressing barriers to employment and helping people to become work ready, by providing access to services such as CV services, driver licencing, certification (SiteSafe, First Aid and Endorsements) and work preparation services.
16. MSD's significant regional footprint and strong local relationships with key stakeholders (including industries, businesses and training providers) allows it to support the delivery of employment programmes that address local challenges and take up local

opportunities. MSD has an Industry Partnership Programme which focuses on effective linkages between MSD and industry at both a regional and national level.

17. MSD also provides income support for people who are jobless (due to unemployment, ill health, disability or caring roles) and plays an important role in providing (with Inland Revenue) payments to people who are working such as the Accommodation Supplement for non-beneficiaries and benefits for people working part-time.
18. MSD partners with other agencies to deliver policy advice and services. Along with MBIE, MSD also works with the Ministry of Education (MoE) and the Tertiary Education Commission (TEC) to join up training and skills offerings.

### **Responding to the COVID-19 pandemic**

19. The COVID-19 response and recovery has created significant and unique labour market challenges. A number of actions were undertaken both within and outside of the Employment portfolio in response to the pandemic. Most notably, new funding was approved through Budget 2020 and from the COVID-19 Response and Recovery Fund (CRRF) on a range of issues. This included:
  - \$121 million over four years to enable HPR to continue in the regions, and expand into the urban centres
  - \$30.3 million to expand the existing Mana in Mahi programme, including increasing the length of the programme up to 24 months, increasing the wage subsidy rate and expanding eligibility to all ages
  - \$50 million over two years for a Māori Trades and Training Fund to partner with Māori entities to provide employment-focused training opportunities and wraparound support, such as intensive pastoral care, that is by Māori, for Māori
  - \$27.5 million over four years to meet the costs of existing Jobs and Skills Hubs in Auckland and additional Jobs and Skills Hubs to be deployed alongside new beacon job-creation projects
  - \$46 million over four years to support the establishment and operation of the Regional Skills Leadership Groups (RSLGs) to identify and influence workforce supply and skills needs in their region
  - Wider initiatives that have a bearing on the labour market as they involve job creation, such as shovel-ready infrastructure projects and Jobs for Nature
  - \$250 million over four years for MSD to increase frontline staff to support the large number of people whose income and employment has been impacted by COVID-19 (across income and employment support)

## BRIEFING TO THE INCOMING MINISTER OF EMPLOYMENT

- \$150 million over two years for MSD to scale up employment programmes to support the increased number of people needing employment assistance – this includes increasing funding to existing programmes as well as providing more ‘light touch’ services to people before they enter the benefit system.
20. MSD also implemented a number of initiatives to respond to the impact of COVID-19:
- MSD’s initial response, prior to moving into Alert Level 4, was the establishment of the Rapid Response Teams in the regions to help businesses and individuals. Throughout Alert Level 4 and Alert Level 3, MSD operated the Rapid Response Teams, along with work brokerage and job matching functions, virtually. The focus was on working with employers in essential services to recruit, linking them with people who were available to work
  - From Alert Level 3, 35 MSD sites reopened virtually and focused on delivering employment services to New Zealanders. The sites were staffed by employment focused staff, responding to the needs of employers and core clients (these sites are now delivering the face to face component of the All-of-Government Connected service – see paragraph 8)
  - Work and Income’s online recruitment tool (WIORT) was established to assist employers to find staff and New Zealanders to search for work opportunities. WIORT focuses on directly connecting employers with New Zealanders looking for work
  - The Rapid Return to Work (RRTW) service is a phone and email based service which aims to support people for up to six weeks, and offers a light-touch support model aiming to equip them to become work-ready or exit to employment. Depending on individual need, services include advice on interview preparation and online job searching, updating CV and cover letters, strategies for addressing any barriers to work, completing a RecruitMe profile and providing a copy of the job search toolkit. The service has recently been expanded through employing an additional 25 Employment Service Representatives in MSD’s Job Connect Call Centre
  - MSD is delivering the Government’s \$380m Apprenticeship Boost Scheme which came into effect in August 2020. It provides a monthly payment to employers for every apprentice they have employed that are in the first or second year of their apprenticeship.
21. Ministers with an interest in employment outcomes also formed the Education, Employment and Training Ministers Group (EET). Chaired by the Minister of Education, EET comprises the Ministers of Employment, Finance, Education, Economic Development, Regional Economic Development, Social Development, Tourism, Workplace Relations and Safety, Agriculture and Seniors.



## BRIEFING TO THE INCOMING MINISTER OF EMPLOYMENT

22. EET's role is to oversee the Government's response to the labour market disruption arising from the pandemic, and especially to support displaced workers return to good jobs.
23. The Minister of Employment is an integral member of the EET Ministers Group, and the COVID-19 recovery. The Employment Minister works both across portfolios, and leads a range of employment programmes. In response to the pandemic, a number of existing programmes have been expanded, and new programmes established.
24. EET Ministers receive support from a cross-agency secretariat, which MBIE and MSD both contribute resourcing to. The EET secretariat is currently focusing on better understanding the immediate and medium to longer term impacts of the crisis, as well as monitoring the delivery of the employment, education and training programmes that were established as part of the Government's response to the pandemic. Looking further ahead, there is also a potential role for EET to consider how employment services are delivered across government, to ensure a cohesive and consistent approach.
25. The employment functions within the new Social Development and Employment portfolio can further contribute to the response and recovery of COVID-19 and help to shift New Zealand to a more productive, sustainable inclusive and resilient economy and society by:
  - ensuring that groups such as Māori, Pacific peoples, women, youth, refugees, recent migrants and ethnic communities, older and disabled people are not further disadvantaged in the labour market
  - working with the broader cohort of Ministers with an interest in labour market and employment issues to support a joined-up approach across different labour market levers. There is a need to ensure effective oversight of initiatives through EET, as well as prioritise future investment and interventions to produce a coherent and strong labour market response
  - strengthening labour market monitoring and trend analysis.

### **Prior to COVID-19 New Zealand's labour market was relatively strong, but with a number of long-standing challenges**

26. Compared to other countries, New Zealand has performed well at an aggregate level, with generally high employment and labour force participation rates, strong employment growth and low rates of unemployment. However, this masks a number of long-standing underlying issues:
  - New Zealand has significant incidence of low-quality work, characterised by long hours, poor work-life balance, low wages, poor opportunities for advancement and poor working conditions. In particular, New Zealand workers experience workplace

fatalities and harm at a higher rate than comparable nations, and this situation is worsening.

- While New Zealand has a comparatively well-educated workforce, there is a significant degree of reported mismatch between the skills workers have and the skills employers require. This is coupled with a growing reliance on migrant labour in some sectors and occupations, which reduces incentives to train and attract domestic workers and to invest in technology to enhance productivity.
- There appear to be significant pockets of labour market disadvantage amongst certain population groups (for example amongst Māori, Pacific peoples, women, disabled people, ethnic communities etc.) for whom historical employment programmes have had limited success. These groups are likely to face greater barriers in the labour market, and there is a compounding effect if a person part of more than one of these groups (Māori women, for example). There may also be situations where discrimination is the cause or part of the cause for the disadvantages and barriers experienced. Pockets of disadvantage also tend to be concentrated in particular regions.

27. Some of these issues were outlined in the All-of-Government Employment Strategy, released in August 2019, which noted the following drivers of challenges in the labour market:

- persistent poor productivity and low skill, low wage work across industries and regions
- workplaces failing to modernise practices
- labour market inequalities between different groups having persistently higher rates of unemployment and lower wages
- labour market resilience and adaptability in the face of the changing nature of work.

### **COVID-19 has had a significant impact on the labour market**

28. COVID-19 has had a significant impact on the labour market and economy. There is substantial uncertainty about how protracted and deep the recession will be, and which sectors, occupations and regions will be most fundamentally impacted in the near and longer-term.

29. Labour market indicators have held up well through 2020. Domestic spending has been kept relatively high through wage subsidies, shorter-than-expected periods of lockdown, and a higher than usual population. There were around 120,000 more people in New Zealand in winter than usual, as New Zealanders stayed at home rather than going on their usual overseas travel, or returned to New Zealand.

30. The labour market impacts of COVID-19 are already evident from the increases seen in new Jobseeker benefit recipients, and we expect the effects will grow over summer 2020/21 and into 2021. International conditions are worsening, wage subsidies have ended and we will be entering the peak tourism season without international tourists.
31. Certain groups are more vulnerable than others to a downturn. While the drop in women's employment numbers in the quarter to June 2020 was not statistically significant, there are other indicators of changes to women's employment that we should continue to monitor. In particular, there was a distinctly sharper increase in underutilisation for women than men. Of those in part-time work, 70 per cent are women and in previous economic downturns, firms initially reacted by cutting hours rather than employment, with initial losses concentrated among part-time employees. Reduced hours, hourly rates and reduced participation seem to have been a feature of the response so far.
32. There remains significant uncertainty about the ongoing impacts of COVID-19 on the labour market. The impact of government intervention, the global efforts to contain the pandemic (including the economic positions of our key trading partners), and business and consumer confidence all will have significant impacts on the operation of the labour market. As such, caution should be taken when coming to conclusions about the implications of current labour market trends. It will be important to improve our intelligence and data about labour market issues and performance to help shape future government responses to the economic and labour market downturns.

### **There are challenges and opportunities across the labour market**

33. As the labour market and economy begin to recover from the impacts of COVID-19, there are both challenges and opportunities for the new Social Development and Employment portfolio, in its own right, and working in tandem with other portfolios.
34. COVID-19 has impacted both the supply and demand sides of New Zealand's economy. The supply of goods and services has reduced due to the Alert Level restrictions, while on the demand side there have been reductions in spending due to falls in both consumer and business confidence. This has resulted in varied impacts on the labour market across the regions due to the regional industry mix and concentration of more vulnerable sectors.
35. COVID-19 has the potential to result in significant job-to-job movements, but it also has the potential to more fundamentally change the structure of New Zealand's industry and job mix, and skill requirements. A positive scenario is that, with the right calibration of policy settings and levers to encourage and facilitate desirable labour market outcomes, we could see a shift to a higher productivity and wage economy.
36. Particular sectors, for instance tourism, international education and the broader hospitality sector will clearly see significant falls in employment. Sectors such as

construction, retail, transport, logistics and manufacturing sectors continue to experience pressures (including those brought on by the subsequent Auckland lockdown). While overseas trading channels largely remain open and primary sector exports have remained strong to date, there have been supply chain challenges that can both affect overseas demand for exports, as well as domestic value-add industries that rely on imports. The longer the pandemic continues globally, the more it is likely that these issues will persist or worsen.

37. Some sectors are likely to face workforce challenges, particularly those that have previously relied heavily on large numbers of low-skilled migrant labour, such as the dairy, tourism, hospitality, aged care, retail and horticulture and viticulture sectors. While there is an immediate challenge to meeting the demand for labour over harvesting seasons, there may also be opportunities to shift to more utilisation of the domestic workforce that has either barriers to participation in the labour market, or displacement from other sectors due to COVID-19.
38. There is also a potential role for government in facilitating job matching in these areas, and driving upskilling and productivity improvements that lead to more employment opportunities across the skill-spectrum. This approach is evident in the Government's manifesto commitment to prioritise additional tertiary education spending to apprenticeships and targeted vocational training to support the recovery. The Government can drive investment into training that helps fill the known labour supply shortages among the domestic workforce. However, this must be balanced with the risk of creating distortionary effects in these labour markets (for example, by limiting efficient reallocation of workers to more sustainable jobs).
39. The Government is also investing heavily in infrastructure projects, with both direct employment effects, and subsequent economic development effects. There will need to be a balance between addressing the short-term hardships faced by those affected by COVID-19, by getting people back into work quickly, and mitigating the longer-term labour market impacts of the crisis by promoting skills development and investment in human capital.
40. Avoiding embedding or re-creating a low skill low productivity model in the recovery will be a particular challenge. We will be faced with a situation where many such jobs remain available, and there will be a strong incentive for people to accept whatever jobs are available, despite their skill level, resulting in wage scarring and skill underutilisation. Ministers can play a key role in promoting long-term job quality over short-term quantity.

41. It will be important to support training and re-training for workers who need to move into different jobs/industries, for example by:
- ensuring the tertiary education system is accessible and appropriately supports people affected by labour market disruption
  - promoting in-work training and recognising on-the-job skill development
  - helping displaced workers to stay attached to the labour market and to find good jobs, retraining and upskilling redeployed workers
  - providing education and training pathways for young people who will face a more difficult start to their working lives
  - supporting better signalling around long-term skills and employment demand that encourages mid-skilled displaced workers to retrain in the right areas throughout the downturn.
42. Firms and employers also have a role to play in supporting workforce development through their hiring and retention practices, commitment to offering in-work training and upskilling. Firms and employers can be a driver to create more jobs and promote better outcomes for Māori and Pasifika. The Government has a strong lever in influencing this behaviour as a large purchaser of goods and services. A new social procurement rule was approved as part of the COVID-19 recovery. MBIE is currently developing further advice on how to best give effect to the rule.
43. COVID-19 is also likely to influence the way sectors operate, for instance with more digital and remote working. Such shifts could in turn create opportunities for more accessible and flexible work, and new higher skilled and productive jobs.
44. It will be important for Active Labour Market Policies (ALMPs) to be better targeted to support people into training and job pathways that promote better labour market outcomes and a more productive economy. Investment in ALMPs should effectively support disadvantaged populations and other groups to access good training and career pathways.

### **Key priorities for the portfolio**

45. There are a number of key issues facing the labour market requiring Ministerial focus, in order to support the economy to respond, and recover from, COVID-19. Our second tier briefing will provide greater details on these issues, however they are summarised below.
46. **Supporting vulnerable groups** that were disproportionately facing barriers to employment and in the labour market generally prior to COVID-19 and may now see these negative outcomes exacerbated.

47. With many New Zealanders losing their jobs, or their hours due to COVID-19, it is important to **support people displaced** (people made redundant, people on casual contracts who haven't been called back, and people who have lost hours) by the pandemic to return to meaningful work, ideally without a long period not in employment, education or training, or without a large reduction in earnings on re-employment. This includes people not otherwise usually at risk of poor labour market outcomes, such as mid-high skilled workers in certain sectors or regions. We consider there are two main areas of focus to address displacement:
- Working with other Ministers to **review the suite of ALMPs** currently provided across government to facilitate matching, promote retraining and upskilling and create jobs to boost labour demand. These policies have typically been developed in an ad-hoc way, with a focus on the groups most disadvantaged in the labour market. We consider that in light of the changing profile of displaced workers from the pandemic, and likely future structural shifts in the labour market, a thorough examination of the type and level of ALMPs on offer will help to ensure these interventions are coherent across government to have the greatest value and effect
  - For the longer term, investigating options for **financial assistance** to smooth incomes for people who lose their jobs and are seeking re-employment, in order to reduce the level of wage scarring (long-term reduction in earnings upon re-employment).
48. Improving the **coordination across regional and sectoral labour market needs** through RSLGs. Other portfolios (including Education and Economic Development) are responsible for other coordination mechanisms that will affect the labour market (for example, through Workforce Development Councils (WDCs) and other initiatives such as Industry Transformation Plans). There is an opportunity to work alongside these Ministers to facilitate improved employment outcomes through those mechanisms.
49. Improving **labour market data, intelligence and monitoring**, to help mitigate risks around the uncertainties of COVID-19, and provide real-time information on its impacts on the labour market and economy to support swift policy responses. RSLGs will both contribute to better intelligence, and enhance on-the-ground collaboration across government agencies, local agencies such as local authorities and their economic development arms, and employers and workers.

### Key strategic initiatives

50. The Minister for Employment was responsible for a number of initiatives and programmes that support labour market outcomes. Of these, some have appropriations that were held directly by the portfolio through Vote Labour Market, while others have been through delegations from other portfolio Ministers. Due to the cross-cutting nature of the Employment portfolio, there were also key strategic initiatives that fell

outside of the portfolio, but have a strong bearing on the labour market. These initiatives are outlined below.

## Portfolio initiatives

### The Employment Strategy and its action plans

51. The All-of-Government Employment Strategy was released in August 2019, setting out a roadmap for a series of population-focused employment action plans for improving outcomes for those at the margins of the labour market and accountability for delivery. An overview of the Strategy is provided in Figure 2 below.
52. The Youth and the Disability Employment Action Plans have been published and are in the implementation phase. The action plans targeting Māori, Pacific peoples, older people and refugees, recent migrants and ethnic communities are all in development.
53. At the beginning of 2020, the Minister of Employment established an independent reference group to develop a recommended Employment Action Plan for Māori. The Action Plan will include all-of-government and cross-agency actions that will improve labour market outcomes for Māori, reduce barriers to participation, and support Māori aspirations and opportunities. The reference group intends to test their proposed actions with stakeholders and iwi/hapū/whānau Māori, before presenting the recommendations to Ministers in mid-2021.
54. When approving the Employment Strategy, Cabinet agreed to receive six monthly report-backs on the Employment Strategy and its action plans.
55. The key upcoming milestone is the next six-monthly report-back in January 2021.

s 9 (2) (f) (iv) Active Consideration

## All of Government Employment Strategy

### *An Employment Strategy to support productive, sustainable and inclusive workplaces*

The Employment Strategy aims to ensure that all New Zealanders can fulfil their potential in developing skills, finding secure employment and engaging in rewarding careers.

The Strategy sets out an overarching framework to guide complementary government work programmes.

### Objectives

#### *Building a skilled workforce*

Enabling the development of a skilled workforce that meets business needs and engages in life-long learning



#### *Supporting thriving industries and sustainable provinces*

Supporting regions and industries to be successful so that everyone gets a fair share of our prosperity



#### *Modern workplaces for a modern workforce*

Creating an employment landscape that supports productive and sustainable workplaces as the world of work changes



#### *Preparing for the changing nature of work*

Partnering with business and workers to respond to the changing nature of work in an equitable way



#### *Supporting an inclusive labour market*

Ensuring that anyone who wants to participate in the labour market can access decent work



### *Employment Strategy Action Plans*

The Strategy is supported by a series of actions plans, to be progressively released, that focus on improving outcomes for groups that consistently experience poor employment outcomes



Figure 2: Overview of the Employment Strategy



### Sector Workforce Engagement Programme

56. SWEP aims to improve employers' access to reliable, appropriately skilled staff at the right time and place, while creating work opportunities for New Zealanders. SWEP seeks to achieve its objectives through industry-led, government-supported engagements to develop labour market solutions in critical industries that have coordinated government agency involvement and contribute to shared inter-agency goals.
57. Jobs and Skills Hubs are a part of SWEP being carried out in conjunction with MSD, and work with employers involved in key construction and infrastructure projects in specific locations to facilitate fast-paced jobs brokerage and training across a range of job levels to source workers from the local workforce. As part of Budget 2020, SWEP was allocated \$27.5 million over four years to maintain funding for the existing Jobs and Skills Hubs, establish new Hubs and develop a nationwide Hubs backbone. In August 2020, in response to the similarities between services, EET Ministers agreed to combine Hubs and MSD Employment Services where appropriate, in order to ensure a more joined-up offering in line with the Government's new 'Connected' branding.
58. In the last several years, Jobs and Skills Hubs have comprised the bulk of activities under SWEP. With the growing need to develop more coherence across labour market initiatives targeted at a sector-level, we consider there is an opportunity for SWEP to play a key role in facilitating sector-based labour market approaches across government. We consider that a 9 2 (f) (iv) Confidential Advice to the Government would be an effective way to contribute to the priority for the portfolio to focus on supporting good labour market outcomes in key sectors of the economy including reducing the reliance on low skilled migrants.

### He Poutama Rangatahi

59. HPR provides funding to community driven programmes to resolve barriers to employment, education and training. It aims to do this by supporting communities to develop pathways for rangatahi (aged 15-24) not currently in employment, education or training (NEETs) and most at risk of long term unemployment.
60. In Budget 2020, HPR received \$121 million over four years to move to a sustained footing in the regions and become established in urban areas. We expect greater demand for HPR as young people become crowded out of the job market due to the recession.
61. The key upcoming milestones and issues for HPR include:

- 9 2 (f) (iv) Confidential Advice to the Government
- 9 2 (f) (iv) Confidential Advice to the Government

- **9 2 (f) (iv) Confidential Advice to the Government**

### **Māori Trades and Training Fund**

62. As part of the COVID-19 Response and Recovery Fund (CRRF) Foundational Package in Budget 2020, \$50 million over two years was allocated for a Māori Apprenticeships Fund. On 6 July 2020, Cabinet agreed to the policy settings for the Fund (SWC-MIN-0092 refers), including its objectives and assessment criteria, and to rename the initiative the Māori Trades and Training Fund (MTTF). It is a grant-based fund aimed at promoting partnerships between the Crown and Māori communities to deliver initiatives that provide paid employment-focused training opportunities for Māori.
63. Three initial applications to the Fund have been approved. Subsequent applications that have been received will be announced in due course, and officials will provide incoming Ministers with recommendations on further applications for funding, on a rolling basis, by December 2020.

### **Regional Skills Leadership Groups**

64. RSLGs are to be established in 15 regions by MBIE, collaborating with the Ministry of Education (MoE), the Tertiary Education Commission (TEC) and the Ministry of Social Development (MSD) as regional labour market planning bodies. These Groups bring together regional economic development agencies and employers, iwi, worker, local government, central government and community perspectives to facilitate dialogue about regional labour market needs and solutions
65. Of the interim RSLGs, 14 of 15 are now established and all have met at least once. Their short-term focus is on providing labour market intelligence to support the economic recovery from COVID-19. As the recovery progresses, the intention is for the RSLGs to evolve to become more future focused. From mid-2021, this will see the establishment of full RSLGs and an expansion of their focus to consider regions' longer-term labour market outlooks and aspirations.
66. Interim RSLGs will initially be providing Local Insights Reports (LIRs) for regions on a bi-monthly basis, with all providing up-to-date qualitative intelligence on regional labour markets to support decision-making at both the local level and within central government. RSLGs will play a strong role in influencing delivery of employment supports by MSD and TEC, along with the Review of Vocational Education and the New Zealand Institute of Technology (NZIST). TEC and NZIST are also required to take the views of RSLGs into account in their decisions. Once fully established, the full 15 RSLGs will be required to provide a future-focused regional workforce plan, which is to be refreshed annually.

## Portfolio initiatives under previous delegation

### Mana in Mahi

67. Mana in Mahi -Strength in Work was launched in August 2018 to help young people needing additional support to enter and retain sustainable and meaningful employment. Mana in Mahi supports participants to gain relevant skills and experience through on the job-training while gaining an apprenticeship or formal industry qualification. Mana in Mahi is led by MSD and is funded through Vote Social Development.
68. In July 2020, Mana in Mahi was expanded. This included an additional \$30.3 million to:
- extend eligibility to anyone at risk of long-term benefit receipt regardless of age
  - increase the wage subsidy amount available to employers
  - increase the coverage of course and education costs
  - extend the length of time participants can be supported through the programme, up to 24 months.

### Cadetships Programme

69. Te Puni Kōkiri Cadetships is a flexible employer-led labour market programme that supports employers in growth sectors to train, develop and mentor Māori staff of all ages, to improve their employability and move to senior leadership roles within organisations.
70. Employers receive up to \$10,000 for each cadet they recruit (they can be new or existing employees) but they must commit to their structured and tailored mentoring, training and development, which should be above and beyond 'business as usual' training for employees. There is a strong focus on pastoral care provided by the employer, and ideally there should be an element of tikanga Māori within Cadetships programmes.
71. Evaluation and regularly monitoring has shown significant short and longer term benefits for cadets and participating employers.
72. In Budget 2020, a significant increase in funding for Cadetships was announced, bringing annual funding to \$11.5 million (having previously been \$4.5 million) and allowing the initiative to be expanded to over 1,200 cadets in 2020/21. Regular reports will be provided to you about progress towards implementing the expanded programme, and opportunities to visit participating employers and meet cadets. This is managed by the overall Māori Development Fund Appropriation.

### Pae Aronui Programme

73. Pae Aronui is a time limited programme administered by Te Puni Kōkiri to test innovative approaches for rangatahi Māori (aged 15-24) who are not in education, employment or training (NEET) or are at risk of becoming NEET, to achieve employment and education outcomes. Contracts are limited to 12 month periods and focused in South Auckland, West Auckland, Hamilton, the Hutt Valley and/or Porirua.

74. Pae Aronui is about building a credible evidence base to improve the delivery of government interventions for rangatahi, and evaluate and measure the impacts on rangatahi and whānau achieved through enhanced education and employment outcomes for rangatahi.
75. Pae Aronui is currently in Year 2 of delivery. The Pae Aronui Year 1 Evaluation Report is in the process of being finalised and TPK expects to provide you with this update by the end of the year.
76. This appropriation is managed by Vote Māori Development within the overall Māori Development Fund Appropriation.

## **Wider initiatives of importance to labour market outcomes**

### **Future of work tripartite forum**

77. The Minister of Employment is a government member of the Future of Work Tripartite Forum. The Forum is a partnership between the Government, Business NZ and the New Zealand Council of Trade Unions (CTU) that aims to support businesses and workers to respond to a rapidly changing world of work. The Forum provides a place to discuss these issues and work together to identify and implement solutions. Between 2018 and 2020, the Forum has met seven times and discussed a wide range of topics relating to labour and skills.
78. The Forum is currently prioritising work in four areas:
- Implementation of Industry Transformation Plans
  - Support for displaced workers (including the role of social unemployment insurance)
  - Better protection for contract workers
  - In-work training and lifelong learning.
79. During 2020, work has progressed in all four areas with active involvement of BusinessNZ and the CTU.

### **Trades and apprenticeship training**

80. As part of the CRRF in Budget 2020, the Government announced \$1.6bn in funding to provide free trades training, which included a range of initiatives across the Education, Tertiary Education and Employment portfolios including:
- \$334.1 million for additional tertiary education enrolments
  - \$320 million targeted investment support for free trades training in critical industries to help people who have lost their jobs retrain, and also allow new employees in some essential services to train on the job

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- Up to \$412 million support for employers to retain and keep training their apprentices, \$380 million of which has been drawn down for the Apprenticeship Boost scheme
  - \$276.0 million funding for the Reform of Vocational Education’s Workforce Development Councils and Regional Skills Leadership groups (led by MBIE), to be established to strategically plan for the recovery of industries and jobs from the impact of COVID-19, and give industry and regions a greater voice and help them respond to COVID-19
  - \$141 million for a general 1.6 per cent increase to tertiary education tuition and training subsidies to meet cost pressures
  - \$32.3 million increased funding to meet demand in Trades Academies and increase the volume of Trades Academy places in secondary schools
  - \$50 million to support Māori trades and training (led by MBIE)
  - \$19.4 million for group training schemes to support apprentices
  - \$26.5 million operating and capital funding for a new online careers advice system.
81. It will be important to maintain a joined-up approach across these initiatives, as they are directed to meeting the demand for labour, particularly in trades and construction, with a supply of appropriately skilled labour.

### **Transforming the Primary Sector Workforce**

82. The Ministry for Primary Industries obtained \$19.3 million over four years through Budget 2020 Transforming the Primary Sector Workforce bid. This aims to place at least 10,000 additional people into primary sector jobs, helping to address rising domestic unemployment and a primary sector workforce shortfall due to reduced availability of migrant/temporary workers.
83. The programme focuses on attracting a larger, more diverse talent pool by equipping New Zealanders who have been displaced from other industries with the basic skills and knowledge needed to enter primary sector jobs. This is primarily achieved through targeted training and “taster” courses. MPI is partnering with industry associations and employers to retain a skilled and productive workforce, and develop a detailed skills database and supply and demand model. The programme includes delivery of a primary sector workforce marketing and media campaign.

### **Procurement rule strengthening**

84. As part of the COVID-19 recovery, the Government has strengthened its procurement rules to create more jobs, use more sustainable construction practices and promote better outcomes for Māori and Pacific peoples. Government departments and agencies spend around \$42 billion annually on goods and services. The new rule means that departments and agencies procuring goods or services must consider how they can create quality jobs, particularly for displaced workers and traditionally disadvantaged

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groups such as Māori, Pasifika, people with disabilities and women. MBIE is currently developing advice on how to give practical effect to the new rule.

### **Mana Wāhine Kaupapa Inquiry**

85. The Mana Wāhine Kaupapa Inquiry is a thematic inquiry by the Waitangi Tribunal into claims alleging the Crown has failed to protect the rangatiratanga of wāhine Māori and their rights to non-discrimination on the grounds of gender, with serious prejudicial consequences for their social, economic, cultural and spiritual wellbeing, and their access to leadership roles.
86. There are currently over 160 statements of claim filed with the Waitangi Tribunal covering a broad range of issues. One of the major themes in these statements of claims is employment and the employment inequities suffered by wāhine Māori, which is relevant to your portfolio.
87. MBIE and MSD are a part of the cross-government response to the Inquiry and are represented on both the cross-government Working Group and the cross-government Steering Group.
88. Agencies will provide you with regular updates on the progress of the Inquiry, including any opportunities for you to discuss the inquiry with your colleagues.

## 2. Portfolio responsibilities

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89. The key areas of responsibility for the employment aspects of your portfolio are:

- reporting on, and providing analysis of, the overall functioning of the labour market; and its role in improving employment, social and economic outcomes in New Zealand. This includes regular updates on the overall state of the labour market to other government Ministers and Cabinet
- bringing a labour market perspective to discussions with Ministers responsible for the Education, Social Development, Economic Development, Immigration and Māori Development and Pacific Peoples portfolios
- promoting a joined-up approach on cross-government employment initiatives and issues
- delivery of initiatives that sit within your portfolio, such as HPR, MTTF and Jobs and Skills Hubs.

90. MBIE and MSD work closely with MoE and TEC on labour market issues, including by providing second-opinion advice on issues related to the supply of skills from the education system (led through the Education agencies), the immigration system (led by MBIE), regional employment impacts and outcomes (led by MBIE) and employment support for beneficiaries and others displaced from the labour market (led through Social Development agencies).

### Legislative responsibilities

91. The employment aspect of the portfolio are not responsible for any legislation.

### Crown entities

92. The Minister of Employment was not responsible for any Crown entities.

### Statutory or advisory bodies

93. You are not responsible for any statutory bodies from the former Employment portfolio. You are responsible for the 15 Regional Skills Leadership Groups across New Zealand.

## Vote Labour Market

94. MBIE's support for you is funded from Vote Labour Market, which includes appropriations to support the Workplace Relations and Safety, Immigration, ACC and Employment portfolios. In 2020/21, Vote Labour Market totals \$2,475 million. The Employment portion of Vote Labour Market totals \$87.073 million, and is a combination of 'Departmental' and 'Non-Departmental' expenses. These are displayed in **Annex 2**.

## MBIE's Financial Viability

95. Pre-COVID, 50 per cent of MBIE's departmental revenue was from third-party sources. The remainder is Crown revenue. Third-party revenue has dropped to 37 per cent this year, principally as a result of a significant fall in revenue from immigration fees. While revenue has decreased, our workload has remained at similar levels due to regulatory requirements and new activity (border exemptions process for example). In the absence of new Crown funding, the current shortfall will need to be funded through changes in service levels or investment across MBIE.

96. COVID has had a structural impact on MBIE's funding. s (9) (2) (g) (i) Free and Frank Expression of Opinions

[REDACTED]

[REDACTED]

Departmental funding covers a number of portfolios, making a cross-portfolio approach to prioritisation essential. However, there are limits to our ability to re-prioritise as third party funding can only be used for the purpose that it was collected – for example revenue from the building levy can only be used to fund activities under the Building Act.

97. Uncertainty around our third-party revenue is forecast to remain for the next few years. Looking ahead, a more sustainable funding model, which facilitates greater cross-portfolio prioritisation, will be required to maintain existing services and ensure that MBIE can continue to contribute effectively to the COVID response and recovery.

## Vote Social Development

98. The Employment portfolio was also supported through a Multi-Category Appropriation within which \$572 million is linked to improving employment outcomes and \$136 million of which is linked to improving work readiness outcomes.<sup>1</sup> This Appropriation is the responsibility of the Minister for Social Development. Mana in Mahi is also funded through this Appropriation under Vote Social Development.

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<sup>1</sup> Figures relate to the 2020/21 financial year.



### 3. Major links with other portfolios

99. The Minister of Employment had a leadership role regarding the overall functioning of the labour market. This involved being a key member of Ministerial groups overseeing the delivery of the new Government's economic and labour strategies, which includes the EET Ministers Group. Going forward, EET is likely to coordinate labour market interventions to address specific skills and labour needs across regions and sectors. MBIE and MSD can support you in your role on any relevant Cabinet Committees and Ministerial groups.



Figure 3: Employment portfolio links to related portfolios

100. You will be able to bring useful cross-system perspective to discussions with your colleagues across portfolios in the areas outlined below.

#### Supply of skills and labour

101. The Employment portfolio had strong links with the portfolios that govern the large government systems which can impact the supply of skills and labour, notably:

- **Education** - focus on how the education system supports people to develop skills needed for employment; how it connects, engages and responds to businesses and their skills needs, and how businesses connect and communicate their needs
- **Immigration** - focus on improving economic and labour market contribution of international migration. Ensuring immigration is used to fill skill and labour shortages
- **Social Development** - supporting benefit recipients to re-enter the workforce and improving their employment outcomes.

### Portfolios that can influence the labour market

102. The Employment portfolio also connected with a number of portfolios which can affect:

- the effective operation of Labour market settings and how it is regulated, through the Workplace Relations and Safety, ACC and Immigration portfolios
- the supply and quality of labour from particular groups: Māori Development, Pacific Peoples, Youth, Women, Disability, ACC, Corrections, with a focus on improving outcomes for these groups
- specific sectors and their demand for labour and skills: Forestry, Fisheries, Agriculture, Tourism, Building and Construction
- portfolios which may impact on people's ability or incentives to work (or provide a safety net when out of work), such as tax, transfer and benefit and abatement settings through the Revenue and Social Development portfolios
- portfolios that impact on people's ability to access employment such as Housing, Urban Development and Transport.

### Economic portfolios





103. Employment also supported New Zealand's economic development through input into:

- the Economic Development portfolio, which sets the overall direction for economic growth in New Zealand, including Regional Economic Development and Rural Communities
- Research, Science and Innovation, which facilitates innovation within the workplace and across the economy
- the Small Business sector, which employs 29 per cent of New Zealand's workforce.




## 4. How MBIE and MSD assist you

104. MBIE and MSD work together to support you in your role as Minister of Employment. The following table lists key contacts across MBIE and MSD.



### MBIE key contacts

Contact	Role	Contact details
<p>Carolyn Tremain</p> 	<p>Chief Executive, Ministry of Business, Innovation and Employment</p>	<p>9 (2) (a) Privacy of Natural Persons</p>
<p>Paul Stocks</p> 	<p>Deputy Chief Executive, Labour, Science and Enterprise</p>	<p>9 (2) (a) Privacy of Natural Persons</p>
<p>Robert Pigou</p> 	<p>Head of the Provincial Development Unit</p>	<p>9 (2) (a) Privacy of Natural Persons</p>
<p>Ruth Isaac</p> 	<p>General Manager, Employment, Skills and Immigration Policy</p>	<p>9 (2) (a) Privacy of Natural Persons</p>

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<b>Contact</b>	<b>Role</b>	<b>Contact details</b>
<p>Nathan Grennell</p> 	<p>Director, Skills and Employment Provincial Development Unit</p>	<p>9 (2) (a) Privacy of Natural Persons</p>
<p>Heather Kirkham</p> 	<p>Director, Strategic Labour Market Planning</p>	<p>9 (2) (a) Privacy of Natural Persons</p>
<p>Libby Gerard</p>	<p>Manager, Skills and Employment Policy</p>	<p>9 (2) (a) Privacy of Natural Persons</p>
<p>Rose Ryan</p> 	<p>Manager, Workforce and Workplace, Evidence and Insights</p>	<p>9 (2) (a) Privacy of Natural Persons</p>

**MSD key contacts**

Contact	Role	Contact details
<p>Debbie Power</p> 	<p>Chief Executive, Ministry of Social Development</p>	<p>9 (2) (a) Privacy of Natural Persons [Redacted]</p>
<p>Viv Rickard</p> 	<p>Deputy Chief Executive, Service Delivery</p>	<p>9 (2) (a) Privacy of Natural Persons [Redacted]</p>
<p>Simon MacPherson</p> 	<p>Deputy Chief Executive, Policy</p>	<p>9 (2) (a) Privacy of Natural Persons [Redacted]</p>

**BRIEFING TO THE INCOMING MINISTER OF EMPLOYMENT**

<b>Contact</b>	<b>Role</b>	<b>Contact details</b>
<p>Nic Blakeley</p> 	<p>Deputy Chief Executive Strategy and Insights</p>	<p>9 (2) (a) Privacy of Natural Persons</p>
<p>Havley Hamilton</p> <p>9 (2) (a) Privacy of Natural Persons</p>	<p>General Manager, Employment and Housing Policy</p>	<p>9 (2) (a) Privacy of Natural Persons</p>
<p>Jayne Russell</p> <p>9 (2) (a) Privacy of Natural Persons</p>	<p>Group General Manager, Employment</p>	<p>9 (2) (a) Privacy of Natural Persons</p>
<p>Kay Read</p> <p>9 (2) (a) Privacy of Natural Persons</p>	<p>Group General Manager, Client Service Delivery</p>	<p>9 (2) (a) Privacy of Natural Persons</p>

## MBIE'S role in employment advice

105. MBIE's advice on Employment is provided by a range of teams across the **Employment, Skills and Immigration Policy Branch**, the **Provincial Development Unit** and the **Evidence and Insights Branch**.
106. The **Employment, Skills, and Immigration Policy Branch** sits within MBIE's Labour, Science and Enterprise Group. This branch includes:
- **Skills and Employment Policy** – primarily responsible for policy advice to the Minister of Employment on policy settings and programmes related to the portfolio. This includes first opinion advice on Employment-led initiatives (including the establishment of various employment programmes, as well as broader work on the Employment Strategy) and second opinion advice on key labour market issues arising in other portfolios
  - **Strategic Labour Market Planning** – responsible for supporting RSLGs. The Strategic Labour Market Planning team fulfils a secretariat function for each of the 15 RSLGs which includes administrative support, relationship management with both group members and other regional stakeholders, and provision and development of government information and data. In addition to this regional support, the team also plays a connecting role with other relevant parts of central government. This is to ensure that insights and advice developed by the iRSLGs is fed into the right channels to influence the decision-making of both government and regions themselves
  - **Labour Market Policy and Performance** – this team is currently being established. It will provide whole-of-labour-market policy analysis and advice.
107. The **Provincial Development Unit** provides the operational support for the administration of various programmes administered under the Employment Portfolio. Specifically, the Skills and Employment team within the MBIE Provincial Development Unit administer HPR, SWEP (including Jobs and Skills Hubs) and the MTTF.
108. The **Evidence and Insights Branch** houses the Workforce & Workplace and Migration teams. These teams work closely with Stats NZ and other external research bodies, and are responsible for providing evidence and insights about the labour market, employment conditions, workplace relations, and migration trends. The teams work across MBIE and with external stakeholders to provide analysis and advice to support regulatory, operational and policy level direction and decision-making. The team supports the portfolio by providing:
- periodic reports on the state of the labour market and analysis of long-term trends, including job vacancies, as well as responding to ad hoc queries
  - modelling and forecasting of employment nationally and regionally
  - leading a cross-agency project looking at factors that are likely to influence labour market supply and demand over the next 18 months
  - quarterly reports on international migration

- easy to access and user-friendly information tools to support policy and strategy development, including the Labour Market Dashboard and Migration Data Explorer
- a range of survey, research, evaluation and analytical work to inform policy, strategy and regulatory development (e.g. survey of employer intentions in response to COVID-19; development of a tool to support pay equity policy development).

109. A list of labour market tools produced by MBIE is further outlined in **Annex 3**.

### **MSD's role in employment advice**

110. MSD's Employment advice is produced by a range of teams across **Policy, Service Delivery** and **Strategy and Insights**.

#### **Employment and Housing Policy**

111. The Employment and Housing Policy team sits within the Policy branch and includes two dedicated employment teams responsible for advice on MSD's employment programmes and broader active labour market policies. The teams work with other parts of MSD and other agencies to support the government's overhaul of the welfare system and the all-of-government Employment Strategy. A key focus is on improving employment and wellbeing outcomes for groups of New Zealanders who are disadvantaged in the labour market.

#### **Employment (Service Delivery)**

112. The Employment Team sits within the MSD Service Delivery branch and is responsible for setting the direction for the operating model for MSD's employment service with a focus on:

- expanding employment services to New Zealanders who are out of work or at risk of displacement
- strengthening MSD's core services by improving outcomes for people that are disadvantaged in the labour market.

113. The operating model is developed in alignment with Cabinet's agreed direction for the Welfare Overhaul, as well as MSD's strategic direction Te Pae Tawhiti. To ensure alignment, the Employment Team leads the Employment Value Stream, which brings together all teams within the Ministry with a focus on employment. The Employment team also works closely with other central government agencies and non-government organisations.

114. The Employment team designs and develops new employment services that are delivered across a range of channels, including online and digital channels.



### **Client Service Delivery**

115. Client Service Delivery is also part of the Service Delivery branch and are responsible for delivering employment services to MSD clients and other New Zealanders in the regions, including:
- delivering work-focused case management services
  - procuring and managing regional work preparation, training and work readiness programmes
  - sourcing employment opportunities for people and matching these opportunities
  - providing services and support to employers and other key stakeholders who we partner with to enable people to access a range of employment opportunities.
116. Client Service Delivery is made up of national and regional staff, with national office providing support for core frontline functions as well as working with a range of national stakeholders such as central government agencies and industry bodies. Services are provided through a number of channels including online and phone-based services such as Job Connect which is a virtual contact centre that provides an end-to-end phone-based recruitment service for job seekers and employers.
117. Services are also provided through the regional footprint of over 125 offices across the country delivering case management and work brokerage services. Client Service Delivery has a strong regional network which supports the development of regional labour markets. The regional commissioners play a key leadership role in implementing, at the regional and local levels, the Government's employment policies.
118. MSD's 13 regions have dedicated employment teams that respond to local labour market conditions. They work with local employers, industry partners and community providers to match and profile jobseekers to available jobs and to increase opportunities for clients. Regional Employment Teams consist of labour market and contract teams, work brokers, programme coordinators, employment-focused case managers and employment coordinators.

### **Industry Partnerships**

119. Alongside the regional employment teams, the nationally-focused Industry Partnerships Team works collaboratively with large employers, service providers and other industry partners that have a national presence. The team partners with industry to help minimise skill and labour shortages and maximise job opportunities for people looking for work. The Industry Partnerships team has a large number of national partners across a range of industry training organisations, industry associations, recruitment partners and employers. A number of these partners provide places to MSD clients through the Skills for Industry programme. The largest number of places are with Kiwi Can Do, the Warehouse Group, and the Auckland Chamber of Commerce.

### Strategy and Insights

120. The role of the Strategy and Insights group is to provide data and insights for effective decision-making, enhance investment capability, understand and evaluate performance, and provide rigorous management of the Ministry's accountability mechanisms. Strategy and Insights is grouped into the following functions:
- **Insights MSD (iMSD)** - iMSD includes Client and Business Intelligence, Research and Evaluation, Data Management and Information Delivery who combine to produce actionable insights, evidence and tools to support a range of strategic, policy and operational decisions throughout MSD. iMSD partners with groups both inside and outside of MSD with a strong focus on delivering joint outcomes
  - **System Performance** - System Performance includes Monitoring & Analysis, Modelling & System Analytics, and Forecasting & Costing. System Performance publish regular benefit data, forecast benefit numbers for regular economic and fiscal updates, estimate the cost and impacts of policy proposals, model social outcomes and provide analysis of how the system is performing
  - **Strategic Issues and Investment (SI&I)** - the SI&I team are responsible for high quality specialist advice, work on MSD's investment approach and a range of issues including household income and material wellbeing and social sector commissioning.
121. Strategy and Insights also host the EET Secretariat, the Chief Science Advisor, Professor Tracey McIntosh, and the Chief Economist, Tim Maloney. There are several other teams within the Strategy and Insights Group whose role is not directly related to the Employment portfolio.

## 5. Immediate priorities and deliverables

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### Key decisions and appointments for the first 100 days

122. There is no legislation before the house or appointments that must be made in the first 100 days through the former Employment portfolio.
123. On 21 October, Ministers were provided with a joint briefing to approve decisions as part of the October Baseline Update (OBU). There are two proposals that related to the Employment portfolio for OBU:
- 9 2 (f) (iv) Confidential Advice to the Government [REDACTED]
  - 9 2 (f) (iv) Confidential Advice to the Government [REDACTED]
124. The Minister of Finance is due to make final decisions on OBU matters by 16 November 2020.

### The Government's manifesto commitments

125. Your manifesto commitments include a range of initiatives and measures that will have a bearing on the labour market and employment, including:
- Commitments that fell **within the responsibility of the Employment portfolio**. These are the commitments to continue HPR and Mana in Mahi. For HPR, this involves further rolling out the programme to urban areas. There has been very strong demand for Mana in Mahi since it expanded in July 2020. The annual target of 450 placements has almost been reached within the first three months and MSD regions have indicated enough interest and need to make another 1,000 placements within the first year.
  - Commitments that were **not directly within the responsibility of the Employment portfolio**, but have a strong bearing on the labour market. These include:
    - continuing to roll out free access to apprenticeships and trade training courses over the next two years. The MTTF is part of this package, and there is a need to promote coordination across various supports to minimise duplication and ensure supports have the greatest reach
    - reinstatement of the Training Incentive Allowance to support sole parents, carers, disabled people and people with long-term health conditions who receive an eligible benefit to study at degree-level and below (level 7 and below on the New Zealand Qualifications Framework)
    - increasing benefit abatement thresholds so people are supported to take up part-time work while on a benefit

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- increasing the number of people into work, or to set up their own business, through the Flexi-wage scheme. Advice will be provided to Ministers on this commitment by the end of this year
- providing vouchers for digital training and short courses to support in-work upskilling
- strengthening the youth transitions system and modernising career advice in schools
- commitments to infrastructure projects that will involve job creation, such as in transport, housing, energy, health, education, water and conservation. EET is the main avenue for bringing together these commitments from a labour market perspective.
- Commitments that **relate to the labour market that the portfolio could provide input on** to ensure good labour market outcomes. These include:
  - completing the Reform of Vocational Education
  - better calibrating the immigration system to meet the demand for skilled workers, while maintaining a focus on meeting labour needs from the domestic workforce
  - establishing the Regional Strategic Partnership Fund.

### Data and intelligence reports

126. There are a number of reports due to be sent to you by MBIE and MSD in the next 100 days. You will be briefed about each in due course.
127. Of particular note, Stats NZ will release its next quarterly Labour Market Statistics for the September quarter on 4 November 2020. These include the Household Labour Force Survey, Labour Cost Index, and Quarterly Employment Survey.
128. On the date of the release, we will provide to you an A3 that provides a graphic overview of the current state of the labour market. We will also provide you with a one-page summary of key points to note about the most recent figures. This will be the first quarter for which we will have post-lockdown statistics, so will be important as an indicator of the initial response of the labour market to COVID-19.

### Upcoming reports and data releases

Topic	Description	Form	Timing	Area
National Survey of Employment Intentions	A nationally representative survey of employers asking about their experiences and employment intentions in response to the Covid-19 pandemic. Two waves: October and March/April.	Reports from provider	Wave 1: November 2020 Wave 2: April 2021	MBIE: Workforce and Workplace

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Topic	Description	Form	Timing	Area
Report on the Wage Subsidy and Wage Subsidy Extension (v.2)	Wage Subsidy and Wage Subsidy Extension demographic, regional and industry data	Monitoring and reporting	Late October/Early November 2020	MSD: Modelling and System
Labour Market	Labour Market Statistics, September 2020 Quarter data release	Data release	4 November 2020	StatsNZ data
Labour Market	The Quarterly Labour Market Statistics Snapshot	A3	4 November 2020	MBIE: Workforce and Workplace
Labour market	Monthly Labour Market Fact Sheet - November 2020	Report	12 November 2020	MBIE: Workforce and Workplace
Labour market	Jobs Online monthly data release - October 2020	Data release	13 November 2020	MBIE: Workforce and Workplace
Nowcasting the unemployment rate	Using benefit data as a proxy for unemployment and to provide real time estimates of the current unemployment rate	Evidence brief	Late November 2020	MSD: Strategic Issues and Investment
Regional Skills Leadership Groups	Local Insights Report  Monthly Update from RSLGs on local insights	Briefing	December 2020	MBIE: Strategic Labour Market Planning
Labour market	Jobs Online monthly data release - November 2020	Data release	14 December 2020	MBIE: Workforce and Workplace
Labour Market	The Pae Aronui Year 1 Evaluation Report	Report	December 2020	TPK: Investments Portfolio

### Other advice

129. There are also a number of decisions you will need to make over the next 100 days as Minister responsible for Employment. Officials will be providing you with advice in the following upcoming briefings to support you in doing that.

Topic	Description	Form	Timing	Area
Employment Portfolio	Key issues for the Employment Portfolio over the next 100 days and in the longer term	Briefing	November 2020	MBIE: Skills and Employment Policy

**BRIEFING TO THE INCOMING MINISTER OF EMPLOYMENT**

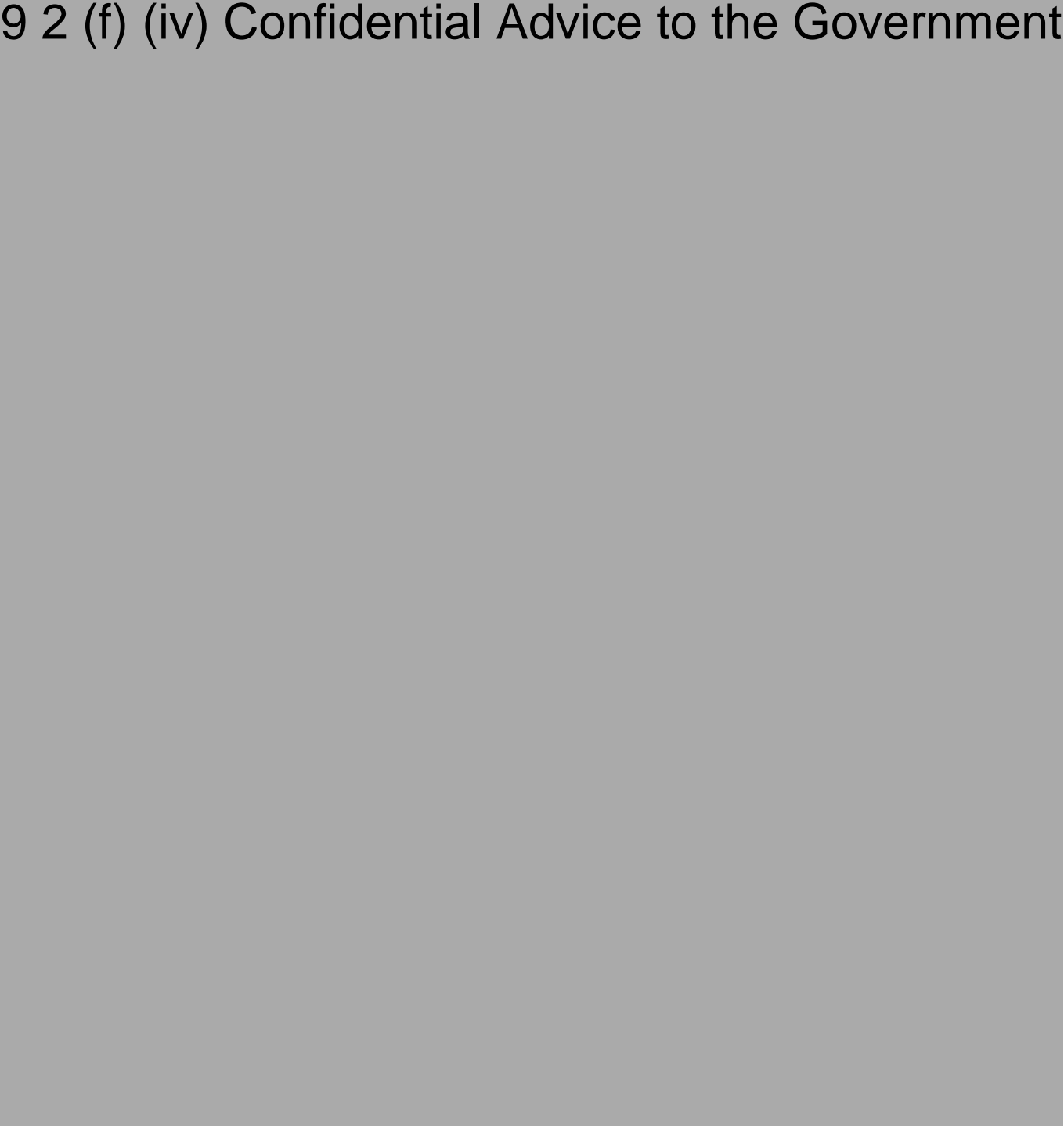
<b>Topic</b>	<b>Description</b>	<b>Form</b>	<b>Timing</b>	<b>Area</b>
Mana in Mahi monthly progress report	Monthly progress report with participant stories, number of participation starts, demographic information and statistics	A3	6 November 2020	MSD: Employment
Displaced workers	Briefing outlining issues relating to displacement in New Zealand, including the scale and breadth of the issue and the mix of levers that are needed to address the issue	Briefing	November 2020	MBIE: Skills and Employment Policy
Displaced Workers	Cross agency report to Ministers of Finance, Employment, Social Development, Workplace Relations and Safety and Revenue on further work on financial support for displaced workers	Joint report to ministers	November 2020	MBIE: Skills and Employment Policy
Supporting New Zealanders into seasonal work	Report on enhancing MSD's products related to seasonal work to better support New Zealanders to take up roles as part of addressing the seasonal labour shortage	Report	November 2020	MSD: Employment Policy (decisions to be made by Minister for Social Development)

9 2 (f) (iv) Confidential Advice to the Government

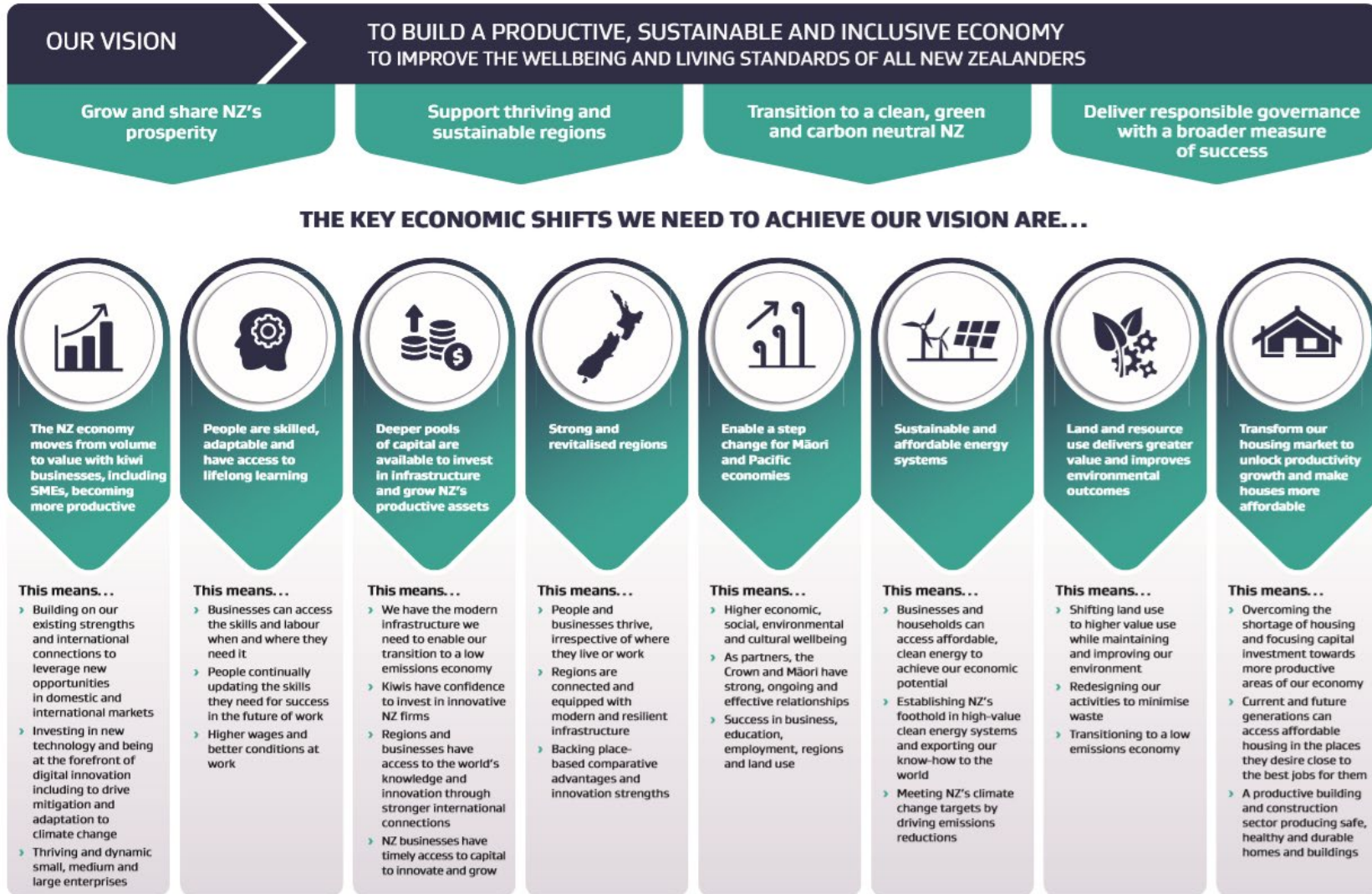
BRIEFING TO THE INCOMING MINISTER OF EMPLOYMENT

Topic	Description	Form	Timing	Area
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9 2 (f) (iv) Confidential Advice to the Government



## Annex 1: Government Economic Plan





## **Annex 2: Funding and appropriations in Vote Labour Market**

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MBIE's support for you is funded from Vote Labour Market, which includes appropriations to support the Workplace Relations and Safety, Immigration, ACC and Employment portfolios. In 2020/21, Vote Labour Market totals \$2,475 million. The Employment portion of Vote Labour Market totals \$87.073 million, and is a combination of Departmental and Non-Departmental expenses:

- \$10.701 million is for 'Employment Sector Analysis and Facilitation' and supports activities such as labour market modelling and the development of labour market tools. Of this, \$7 million has been allocated to SWEP for this financial year, which is primarily the provision of the Jobs and Skills Hubs that were agreed as part of the Construction Skills Action Plan [DEV-18-MIN-0187 refers], and the establishment of three additional Hubs. In total, \$27.5 million is allocated for SWEP over four years
- \$4.097 million is for Policy Advice and services to Ministers related to the Employment Portfolio<sup>2</sup>
- \$11.5 million for 2020/2021 is for Regional Skills Leadership Groups and supports iRSLGs to pull together local intelligence and insights that will help to identify better ways of meeting skills and workforce needs now and in the future
- \$30.775 million is for He Poutama Rangatahi, with \$1.5 million allocated departmental funding for administration of the programme and \$29.275 million in non-departmental funding
- \$30.0 million is for the Māori Trades and Training Fund, with \$0.05 million allocated for departmental funding for administration of the programme and \$29.5 million for non-departmental funding.<sup>3</sup> This is part of a Multi Category Appropriation (MCA).

This information is set out in the diagram below (figures are rounded to one decimal point and may not add up to the total indicated above).

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<sup>2</sup> Of this funding, \$1.4 million is allocated for 2020/21 and 2021/22 as agreed in Budget 2020.

<sup>3</sup> This funding is for two years, with \$30 million allocated to 2020/21 and \$20 million for 2021/22.

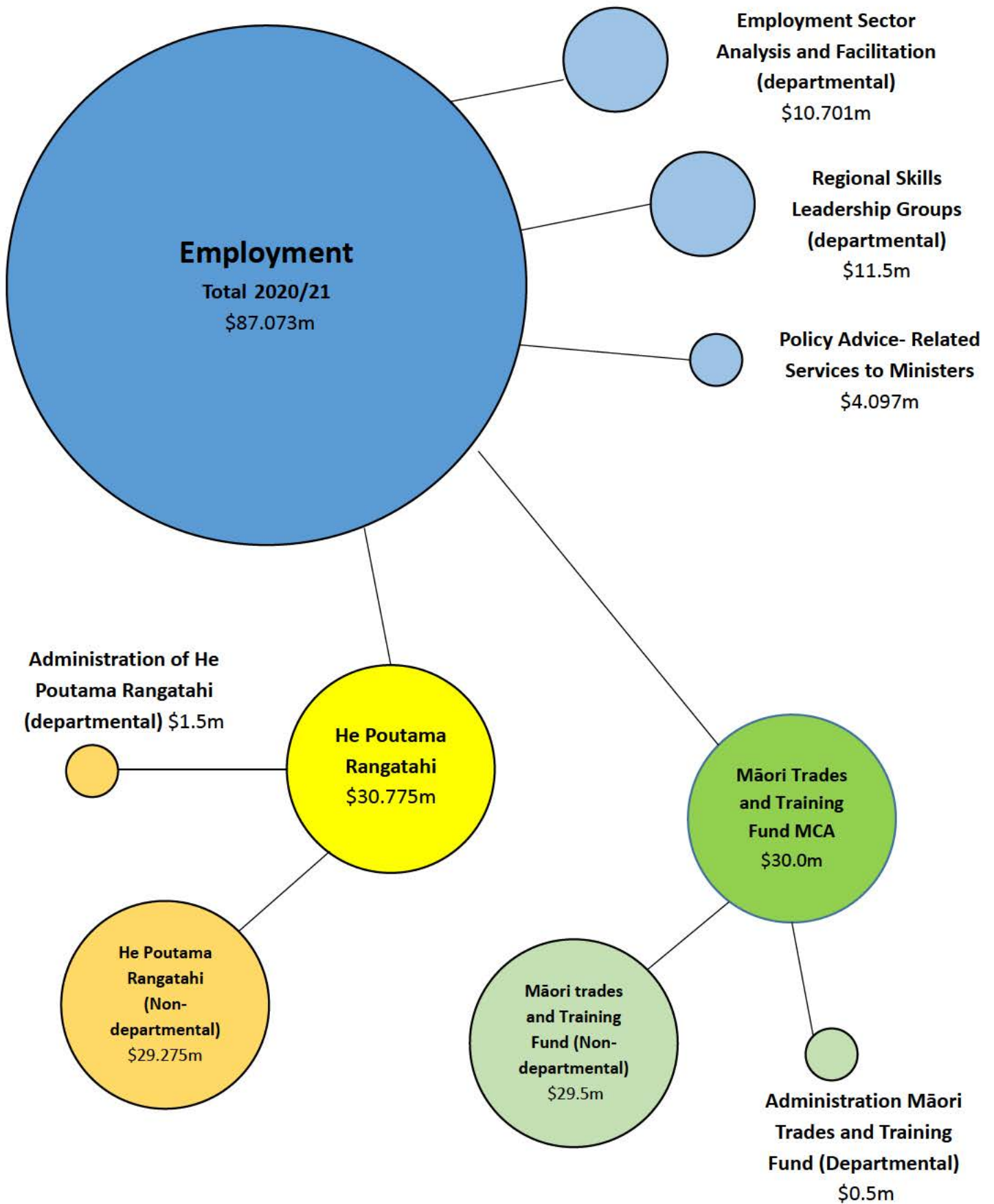


Figure 4: Breakdown of MBIE-administered appropriations under the former Employment portfolio

## Annex 3: Labour market tools produced by MBIE

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MBIE produces a number of tools and reports providing useful labour market information:

- **Monthly labour market fact sheet** – a monthly fact sheet which summarises high-frequency and timely data and surveys with a focus around the impact of COVID-19 on the labour market. It focusses on the latest changes in filled jobs, benefit recipients, COVID-19 wage subsidy and online job advertising. <https://www.mbie.govt.nz/business-and-employment/employment-and-skills/labour-market-reports-data-and-analysis/monthly-labour-market-fact-sheet/>
- **Quarterly labour market statistics snapshot** – a quarterly A3 release that provides an overview of the current state of the labour market. It focuses on the latest employment, unemployment, not in employment, education or training (NEET), and Māori and Pacific Peoples employment and unemployment numbers. <https://www.mbie.govt.nz/business-and-employment/employment-and-skills/labour-market-reports-data-and-analysis/labour-market-statistics-snapshot/>
- **Jobs Online** – a monthly data series and quarterly report that measure changes in online job advertisements from four internet job boards – Seek, Trade Me Jobs, Education Gazette and Kiwi Health Jobs. <https://www.mbie.govt.nz/business-and-employment/employment-and-skills/labour-market-reports-data-and-analysis/jobs-online/>
- **Labour Market Dashboard** – a one-stop self-service tool which displays a comprehensive set of labour market information from many different sources in one place so that data is more easily understandable and able to be used more effectively. [https://mbienz.shinyapps.io/labour-market-dashboard\\_prod/](https://mbienz.shinyapps.io/labour-market-dashboard_prod/)
- **Regional Economic Activity web tool** – a web tool, which is also available as a mobile app that allows users to find and explore extensive information on the economies of New Zealand's regions. <https://www.mbie.govt.nz/business-and-employment/economic-development/regional-economic-development/activity-tools/web-tool/>