



**MINISTRY OF SOCIAL  
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

20 APR 2021

Dear

On 1 March 2021, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information:

- *A copy of any advice, analyses or recommendations provided to any Government Minister on what current employment initiatives could be up-scaled or what new initiatives could be introduced to help people into employment if either a) if unemployment reached the higher levels predicted in the aftermath of the COVID lockdown or b) the need to move into further alert level restrictions results in job losses or fewer new job opportunities.*

On 3 March 2021, you requested the same information from the Ministry of Business, Innovation and Employment (MBIE). MBIE will respond to your request in due course.

On 7 March 2021, the Ministry contacted you in order to refine your request. Your amended request is as follows:

- *A copy of any advice, analyses or recommendations provided to any Government Minister since 20 March 2020 (not currently in the public domain) on current employment initiatives that could be up-scaled or new initiatives that could be introduced to help people into employment if either a) if unemployment reached the higher levels predicted in the aftermath of COVID lockdowns or b) the need to move into further alert level restrictions results in job losses or fewer new job opportunities*

The Ministry has undertaken a search for the relevant information within the scope of your request, and has located the following documents, which are enclosed in this response:

1. Report - *MSD Employment Services: Responding to COVID-19*, dated 22 April 2020
2. Aide-memoire - *Apprenticeship Support Programme - design and implementation of the Mana in Mahi expansion and the Apprenticeship Boost Initiative*, dated 15 June 2020
3. Report - *Further decisions to implement the Apprenticeship Boost Initiative*, dated 28 July 2020

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3. Report - *Further decisions to implement the Apprenticeship Boost Initiative*, dated 28 July 2020
4. Report - *Active Labour Market Programmes and Policies: Responding to COVID-19*, dated 4 May 2020. Please note, this document contains out of date information and does not reflect the full activity of the Ministry's employment programmes. Since the writing of this report, some parameters have changed, such as the \$3k to Work grant being increased to \$5k.
  - a. Appendix One, *Active Labour Market Programmes, Services and Products – Initial Stocktake*
  - b. Appendix Two, *Agency and ALMP overview*
5. Report - *Options for Mana in Mahi COVID-19 Supports*, dated 4 May 2020
6. Report - *Mana in Mahi Menu of Additional Supports Report Back*, dated 21 May 2020
7. Report - *Update on MSD Employment Product Changes*, 25 September 2020
8. Aide-memoire - *Wave 3: COVID-19 Recovery and Response Fund (CRRF) Cost Pressure Investment Package*, dated 6 July 2020
9. Aide memoire - *Budget 2020: COVID-19 Wave 2 Kickstarting the Economy*, dated 11 May 2020
10. A3 - *Budget 2020 COVID-19 Demand Investment Package*, 17 April 2020
11. Report - *Budget 2020 COVID-19 Investment Package*, 22 April 2020
12. A3 - *COVID-19 Response and Recovery Fund: Wave 3: Reset and Rebuild*, 5 June 2020
13. A3 - *COVID-19 Response and Recovery Fund: Wave 3: Reset and Rebuild – Decisions*, 5 June 2020

Many of the documents listed above are budget related documents and generally cover a range of topics. In these cases, information has been removed that does not fall in scope of your request.

Please note, a number of these documents, which are in scope of your request, have been withheld in full under section 9(2)(f)(iv) of the Act, as these are under active consideration. The release of this information is likely to prejudice the ability of government to consider advice and the wider public interest of effective government would not be served. The documents that have been withheld in full are as follows:

- A3 - *Budget 2021 Investment Package*, 4 February 2021
- Excel Spreadsheet - *MSD COVID-19 Funding Requests – CRRF progress reports*, undated

The remainder of these documents contain aspects that have been withheld under section 9(2)(f)(iv) of the Act, as the information is currently are under active consideration.

Some information is withheld under section 9(2)(h) of the Act in order to maintain legal professional privilege. The greater public interest is in ensuring that government agencies can continue to obtain confidential legal advice.

You will also note that in many of these documents, the names of some individuals are withheld under section 9(2)(a) of the Act in order to protect the privacy of natural persons. The need to protect the privacy of these individuals outweighs any public interest in this information.

There are two Ministry of Education documents that are in scope, however, these are refused under section 18(d) of the Act, as they are either currently or will soon be publicly available. These documents are as follows:

- Cabinet Paper - *Apprenticeship Support Programme – Design and implementation of the Mana in Mahi expansion and the Apprenticeship Boost Initiative*, dated 15 June 2020
  - Cabinet Minute - *Apprenticeship Support Programme – Design and implementation of the Mana in Mahi expansion and the Apprenticeship Boost Initiative*, dated 15 June 2020
- Report - *Further policy and implementation decisions for the Apprenticeship Boost Initiative*, dated 8 July 2020

The Cabinet Paper and Cabinet Minute mentioned above can be found at the following link: [www.education.govt.nz/assets/Uploads/R-272-274-Apprenticeship-Support-Programme-Cabinet-Release-Pack-Redacted3.pdf](http://www.education.govt.nz/assets/Uploads/R-272-274-Apprenticeship-Support-Programme-Cabinet-Release-Pack-Redacted3.pdf). In addition, the Report mentioned above is currently in the process of being proactively released by the Ministry of Education.

There are also a number of Flexi-Wage related documents that were provided to Ministers that fell within scope of this request. These documents are being considered in the response to your request dated 12 February 2021. These documents are refused in accordance with section 18(d) of the Act, as you already hold a copy of these documents. These documents are as follows:

- Document - *Expansion of the Flexi-Wage subsidy*, dated 2 November 2020
- Aide-mémoire - *Expansion of the Flexi-Wage to support 40,000 New Zealanders into work or to start their own business*, dated 30 November 2020
- Report - *Update on Flexi-Wage expansion*, dated 4 December 2020
- Report - *Initial advice on Flexi-Wage Self-Employment*, dated 16 December 2020
- Report - *Policy settings for the Flexi-Wage Self-Employment expansion*, 21 January 2021
- Report - *Flexi-Wage Expansion, Detailed Policy Advice*, dated 21 January 2021
- Report - *Flexi-Wage Employment Assistance Welfare Programme and Amendments to the Employments and Work Readiness Assistance Programme*, dated 5 February 2021
- Aide-mémoire - *Flexi-Wage announcement at Sleep Well NZ*, dated 9 February 2021

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government



- to increase the ability of the public to participate in the making and administration of our laws and policies
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public. The Ministry will do this by publishing this letter and attachments on the Ministry of Social Development's website. Your personal details will be deleted and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response with us, please feel free to contact [OIA\\_Requests@msd.govt.nz](mailto:OIA_Requests@msd.govt.nz).

If you are not satisfied with this response regarding advice provided to the Minister relating to initiatives could be introduced to help people into employment, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or 0800 802 602.

Yours sincerely



Hayley Hamilton  
**General Manager**  
**Housing and Employment Policy**



# Report

**Date:** 22 April 2020

**Security Level:** BUDGET SENSITIVE

**To:** Hon Carmel Sepuloni, Minister for Social Development

## MSD Employment Services: responding to COVID-19

### Purpose of the report

- 1 This report provides material to support discussions with your colleagues on:
  - the current role the Ministry of Social Development (MSD) plays in delivering employment services, and
  - how MSD's employment services are adapting in response to COVID-19.

### Executive summary

- 2 MSD plays a key role in providing employment services to New Zealanders. MSD works alongside people who are unemployed or are having difficulty in the labour market, so they are ready for work and are supported to find sustainable and meaningful employment.
- 3 The operating model for MSD's employment service has been developed in alignment with Cabinet's agreed direction for the Welfare Overhaul, as well as MSD's strategic direction (Te Pae Tawhiti). MSD will provide more services to those at risk of displacement, in addition to its focus on those at risk of benefit receipt.
- 4 The key elements of MSD's employment service will include providing an enhanced digital employment offering which is accessible to all New Zealanders, capitalising on MSD's on-the-ground labour market intelligence, and expanding prevention and post-placement services including redundancy and upskilling initiatives for people at risk of losing their jobs.
- 5 MSD manages a multi-category appropriation (MCA) for employment and social outcomes of approximately \$400m per year. While there has often been a focus on MSD's 450-strong employment case management workforce, MSD also employs over 400 staff who work directly with employers and providers. As part of its MCA spend, MSD funds a variety of supports through a range of delivery channels, with over \$200m spent annually on interventions like Flexiwork and Mana in Mahi that support people to enter and remain in employment. MSD also contracts specialised employment services for disabled people, who statistically face significant labour market challenges in comparison to other population groups. In 2019/20 prior to COVID-19 impacts, MSD was on track to achieve 82,000 exits from a main benefit into employment, an increase of nearly 12,000 on the previous year.
- 6 During COVID-19 Alert Level 4, MSD has been operating its work brokerage and job-matching functions virtually, with a focus on essential businesses. A key part of MSD's employment response to COVID-19 has also been its Rapid Response Teams which have been active in providing support at a regional level. Further work will involve a proactive campaign engaging with employers who are receiving the wage subsidy and a new fast-track service for new benefit applicants.

- 7 For the upcoming shift to Alert Level 3, MSD is bringing together its labour market functions into 35 sites across the country, from Kaitia to Invercargill, to maintain an active approach delivering employment outcomes as we move through lockdown levels. These sites will proactively respond to the needs of employers and jobseekers by phone and online, despite being closed to the public. MSD will physically open sites at Alert Level 2 and further expand employment offerings, potentially including more intensive face-to-face support.
- 8 MSD is preparing a Budget bid to scale-up its employment services in response to the significant forecast increase in unemployment. Additional investment is required for MSD to have the capacity to support the large volume of new people likely to be seeking assistance. In addition to existing services, MSD will also be more proactive and innovative in its delivery of employment services, including enhanced 'light-touch' services to support those who can re-engage quickly with the labour market so that they do not need to enter the benefit system for the longer term.
- 9 The COVID-19 response presents an opportunity to leverage MSD's substantial employment services infrastructure and fast-track the expansion of MSD's employment service in line with Cabinet's agreed direction for the Welfare Overhaul. However, MSD's employment services exist alongside other agencies delivering employment support. The expansion of agencies' employment services in response to COVID-19 increases duplication risks and raises questions about the best mix of investment to ensure effective delivery.

### Recommended actions

It is recommended that you:

- 1 **note** MSD's operating model for employment services will support New Zealanders at risk of labour market displacement, in line with Cabinet's agreed direction for the Welfare Overhaul
- 2 **note** MSD has significant employment services infrastructure that is delivering effective employment outcomes for many New Zealanders
- 3 **note** that MSD delivers employment services through a range of channels including brokerage services, partnerships with business, Māori and iwi, and case management
- 4 **note** MSD's employment services are well-positioned to scale-up in response to COVID-19 but there are risks of duplication with other agencies' services as agencies look to expand their services simultaneously.

  
\_\_\_\_\_  
Justine Cornwall  
General Manager, Employment and Housing Policy  
Ministry of Social Development

22 April 2020  
Date

\_\_\_\_\_  
Hon Carmel Sepuloni  
Minister for Social Development

\_\_\_\_\_  
Date



## **MSD's operating model for employment services will support New Zealanders at risk of labour market displacement**

- 10 MSD plays a key role in providing employment services to New Zealanders. MSD works alongside people who are unemployed or are having difficulty in the labour market, so they are ready for work and are supported to find sustainable and meaningful employment.
- 11 The operating model for MSD's employment service has been developed in alignment with Cabinet's agreed direction for the Welfare Overhaul, as well as MSD's strategic direction (Te Pae Tawhiti), Māori strategy (Te Pae Tata) and Pacific strategy (Pacific Prosperity).
- 12 The operating model is focused on two key principles:
  - expanding employment services to New Zealanders who are out of work or at risk of displacement, and
  - strengthening MSD's core services by improving outcomes for people that are disadvantaged in the labour market.
- 13 The key elements of this operating model are that MSD will:
  - be responsive to a dynamic labour market and the future of work
  - provide an enhanced digital service, accessible to all New Zealanders
  - capitalise on MSD's on-the-ground labour market intelligence
  - expand prevention and post-placement services, including redundancy and upskilling initiatives for people at risk of losing their jobs
  - develop more partnerships with business and industry, to support long-term workforce solutions that provide the means for people to gain and sustain employment, and
  - recognise where MSD is more effective playing a supporting role to empower communities to deliver employment services that meet their own needs.

## **MSD invests significantly and effectively in employment outcomes**

- 14 MSD manages a multi-category appropriation (MCA) for employment and social outcomes of approximately \$400m per year. Approximately half of this money (\$217m) is spent on MSD staff supporting employment outcomes, while the other half (\$215m) is spent on 'external' employment products and services.
- 15 An investment strategy guides MSD's spend and operational processes to ensure support is provided to those groups of clients who need the most assistance to find work. This is enhanced by MSD's national Strategy and Insights team who work with data and evidence to guide MSD decision making.
- 16 MSD's employment products and services include specific products that help both employers and jobseekers access the labour market through support such as wage subsidies (e.g. Flexi wage) and incentive payments for job retention (e.g. as part of Mana in Mahi). In 2019/20, prior to COVID-19 impacts, MSD was on track to support more than 6,000 client placements using Flexi wage and had already exceeded the target for Mana in Mahi placements.
- 17 While there has often been a focus on MSD's employment case management service (MSD employs around 450 employment-focused case managers), MSD also employs over 400 staff working directly with employers and providers. These two arms of MSD's employment services work in tandem to improve effectiveness. MSD's case management function complements the engagement done through MSD's work brokers and delivery by contracted providers.

- 18 The 450 employment-focused case managers form only a part of MSD's case management workforce, with others focused on housing and income support needs, allowing MSD to provide more integrated support to those who need it and ensure the well-being foundation needed for people to engage with employment issues. In addition, MSD partners have pastoral care services available relating to issues like mental health, addiction, and peer support, as well as employer advice.
- 19 As part of its \$400m spend on external employment products and services, MSD spends around \$100m annually to contract local community providers to help jobseekers acquire skills and training relevant to the labour market. MSD also contracts specialised employment services for disabled people, who statistically face significant labour market challenges in comparison to other population groups.
- 20 MSD's employment services staff play a key role partnering with employers, Māori, iwi, industry, and training providers, both nationally and regionally. MSD's Regional Commissioners and Labour Market Managers are key parts of this workforce, along with MSD's job-matching services and the approximately 200 Work Brokers working alongside employers and sourcing opportunities for jobseekers. In addition, MSD's Industry Partnerships team partners with both industry and employers at a national level, in sectors ranging from hospitality to construction.

### **MSD has an extensive regional footprint that enables flexibility to adapt to local conditions and build long-term partnerships**

- 21 MSD's employment services are delivered through a range of channels, including a regional footprint of 125 offices across the country. Offices are split into 11 regions. Headed by experienced Regional Commissioners, MSD's regional offices can utilise local knowledge and be flexible in how they deliver support suited to their regions through their regional purchase plans.
- 22 Funding for regionally-contracted services provides capacity for more than 30,000 clients annually, including for Māori. In 2018/19, 43% of the clients that participated in these services were Māori. This is higher than the proportion of people identifying as Māori who were receiving a main benefit.
- 23 Regionally MSD also plays a leadership role in the delivery of employment services. In each of MSD's 11 regions, Regional Commissioners and Labour Market Managers often chair economic and labour market groups and are expected to step up during times of crisis, such as in the COVID-19 outbreak, by coordinating and bringing together key stakeholders and businesses.
- 24 Through its relationships with local employers, industry bodies, iwi and Māori businesses, MSD gathers on-the-ground labour market intelligence at a regional level. This helps to inform MSD's regional purchase plans for employment services and contributes to decision-making at a national level.
- 25 MSD also provides redundancy services through its Regional Labour Market Teams. This service is led by MSD with support from Inland Revenue and budgeting partners. This service focuses on getting affected staff into alternative jobs or training and is integrated with information about financial support where applicable.

### **MSD consistently helps people into employment from the most disadvantaged groups**

- 26 While anyone can be eligible for employment assistance from MSD, funding has been targeted to those people at risk of long-term benefit receipt. These groups, which include young people, older people, disabled people, migrant communities, Māori and Pacific Peoples, often face a number of barriers to entering the labour market. Despite this, MSD has continued to support more people to move off benefits and into employment.
- 27 In 2019/20 and prior to COVID-19 impacts, MSD was on track to achieve 82,000 exits from a main benefit into employment, an increase of nearly 12,000 on the 70,218 clients who exited a main benefit into employment in 2018/2019. Mana in



Mahi placements had already exceeded the 2019/20 target of 300, with 322 placements by the end of January 2020, for a group who often have complex barriers to employment.

- 28 MSD operational processes aim to ensure that those who are most disadvantaged in the labour market receive proportionately more support than those people likely to find their way back into employment more easily. This additional support could include intensive employment case management services and/or specialised programmes like Oranga Mahi and Mana in Mahi.
- 29 Māori, Pacific Peoples, sole parents, and disabled people are some of the groups that MSD prioritises for specialised support. Relationships are key to developing successful approaches for these population groups. Employment Case Management, which is robustly evaluated, has been proven effective at helping clients into employment quicker than they would if they hadn't received the intervention, by up to 53 days on average.
- 30 Partnerships are also important. Work with Primary Health Organisations and District Health Boards (DHBs) has helped develop successful services such as the Individual Placement and Support service in Waitematā, which provides support for disabled people and people with health conditions. MSD also partners with Māori and iwi groups in various ways, including as the lead agency for the Te Hiku Social Accord. In Northland the He Poutama Taitamariki service has been successful for young Māori and MSD hopes to expand this service in 2020/21.
- 31 Prior to the COVID-19 outbreak, MSD also completed the implementation of the Education-to-Employment Brokerage Service, which along with the Youth Service, is an MSD-contracted service in partnership with regional economic development agencies that helps young people engage with employment pathways and training.

### **MSD works with a range of government agencies on employment**

- 32 A range of other government agencies also provide employment and training support to individuals and businesses. MSD's employment services sit in this context. For example, the Ministry of Education and the Tertiary Education Commission have a focus on skills and training and the Ministry of Business, Innovation and Employment (MBIE) plays an essential role in job creation and support for businesses.
- 33 MSD is involved in partnerships with other government agencies. One example is the Oranga Mahi programme, which involves cross-agency trials with Primary Health Organisations and DHBs. The programme continues to be successful in supporting people with their health, social and economic wellbeing.
- 34 It is important to have a range of agency skillsets contributing to the employment space. However, the respective roles of agencies are not always clear. For example, as well as MSD, MBIE (including the Provincial Development Unit (PDU)) provides support in the areas of work preparation and training through initiatives like Te Ara Mahi (part of the Provincial Growth Fund), He Poutama Rangatahi and Jobs and Skills Hubs. s9(2)(g)(i)OIA

### **MSD has adapted its employment services to respond to COVID-19**

- 35 MSD is operating its Rapid Response Teams, work brokerage and job-matching functions virtually during Alert Level 4, focusing on delivering employment services to essential businesses and people who have been available to work. MSD is continuing its engagement with industry associations, regional economic agencies and regional stakeholders to bring together the collective voice of industry and local communities.
- 36 For the upcoming shift to Alert Level 3, MSD is bringing together its labour market functions into 35 locations across the country, from Kaitiaki to Invercargill, to maintain an active approach delivering employment outcomes as we move through lockdown levels. MSD will place employment-focused staff in these sites to proactively respond to the needs of employers and jobseekers by phone and online,



despite being closed to the public. MSD will also launch a new Fast Track service, delivered over the phone to all new benefit applicants, to support those people who are looking for a quick return-to-work solution.

- 37 As part of scaling up in response to COVID-19, MSD also intends to cater to a wider number of New Zealanders by helping to redeploy employees before they arrive into the benefit system and maintain their attachment to the labour market. This aligns with the approach to the Welfare Overhaul considered by Cabinet, which stated MSD would build towards an employment service that "invests in tailored employment and career support to help more people achieve employment outcomes, *including more people who are not receiving a main benefit*" (emphasis added).
- 38 In line with this broader engagement, and with COVID-19 making online interaction increasingly important, MSD has enhanced its digital presence immediately by repurposing the 'Work the Seasons' website so that it could be used for the redeployment of essential workers. s9(2)(f)(iv)OIA

A greater digital presence will allow MSD to engage with an even higher volume of businesses looking for staff, as well as support more people looking for work during lower alert levels as unemployment is expected to rise and will involve MSD engaging with new cohorts of New Zealanders who may not have accessed our services before.

- 39 At Alert Level 2, MSD will physically open sites to deliver work brokerage and employment case management, within an integrated service offering enabling a quicker return to work. MSD's community partners and providers will be fully operational under Alert Level 2 and those that can operate virtually will be available under Alert Level 3.
- 40 Through its delivery of the Government's wage subsidy for employers, MSD is already supporting over 500,000 New Zealand businesses and sole traders to help pay their workers. MSD also plans to gather labour market intelligence and determine workforce impacts through proactive engagement with wage-subsidy employers. Knowing who may be contracting or expanding their labour force will help MSD to intervene early and look to place or redeploy jobseekers to emerging opportunities as quickly as possible, in addition to existing integrated supports and in-work support initiatives like Te Heke Mai and virtual peer support.

### **Government is increasing employment supports in response to COVID-19**

- 41 In response to COVID-19, the Government is looking to increase and expand employment interventions to flatten the curve of unemployment growth. MSD is working with several agencies on their proposals for redeployment, job creation, and support for workers and businesses. s9(2)(g)(i)OIA

- 42 In our view, MSD's substantial employment services infrastructure means MSD is well-positioned to deliver a fast and effective response for workers to support them through the COVID-19 economic shock. MSD has a broad range of employment services and partnerships, coupled with an integrated case management service and expansive regional footprint, giving it the ability to be flexible and well-informed, as well as having the capacity to be leveraged as the impacts evolve.
- 43 MSD is preparing a Budget bid to scale-up its employment services in response to the significant forecast increase in unemployment. Additional investment is required for MSD to have the capacity to provide employment support to the large volume of people expected to be impacted by the COVID-19 economic shock. MSD will be able to be more proactive and innovative in its employment services delivery and enable enhanced 'light-touch' services to support those who can re-engage quickly with the labour market and avoid them entering the benefit system for the longer term.

File ref: REP/20/4/418

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OFFICIAL INFORMATION ACT



# Aide-mémoire

## Cabinet paper



MINISTRY OF SOCIAL  
DEVELOPMENT  
TE MANATŪ WHAKAHIATO ORA

**Date:** 15 June 2020

**Security Level:** Cabinet Sensitive

**For:** Hon Carmel Sepuloni, Minister for Social Development

**File Reference:** REP/20/6/659

### Apprenticeship Support Programme – design and implementation of the Mana in Mahi expansion and the Apprenticeship Boost Initiative

**Cabinet Committee** Cabinet Social Wellbeing Committee

**Date of meeting** 17 June 2020

**Minister** Hon Chris Hipkins, Minister of Education  
Hon Carmel Sepuloni, Minister for Social Development  
Hon Willie Jackson, Minister of Employment

**Proposal** This paper proposes the establishment of an Apprenticeship Support Programme that includes a cross-government package of four key initiatives:

- Expanded Mana in Mahi;
- The new Apprenticeship Boost Initiative;
- Increased support for Group Training Schemes; and
- The Regional Apprenticeships Initiative.

The paper also seeks agreement to policy and implementation details and funding for an expanded Mana in Mahi programme and the Apprentice Support Initiative.

We recommend that you **support** the proposal.

#### Key issues

#### The Apprenticeship Support Programme covers four key initiatives

The Government's Apprenticeship Support Programme covers four key initiatives that will help employers to retain and bring on new apprentices:

- The new **\$380.6m Apprenticeship Boost Initiative**, which is funded from the \$412m contingency;

- **Expanded Mana in Mahi**, which includes \$49.9m of existing funding and \$30.3m in new funding provided from the \$412m contingency;
- **\$19m of increased support for Group Training Schemes**, also funded through the COVID Foundation Package, though not as part of the contingency; and
- The **\$40m Regional Apprenticeships Initiative**, which is funded through the Provincial Growth Fund.

Details of how these initiatives will work have been refined through the Employment, Education and Training Ministers Group to ensure they provide a cohesive programme of support for employers.

#### **MSD will administer MoE's Apprentice Boost Initiative**

The key objective of the broad-based Apprenticeship Boost Initiative (ABI) is to enable firms to retain apprentices who are in the first 24 months of their training. To do this, the initiative will provide a wage subsidy of:

- \$12,000 (\$1,000 per month) for apprentices in the first year (months 1-12) of their training programme; and
- \$6,000 per annum (\$500 per month) for apprentices in the second year (months 13 to 24) of their training programme.

An employer would not be able to claim both the COVID-19 Wage Subsidy Extension and the ABI for the same employee.

The ABI would also draw down from the Support for Apprentices contingency and cost a total of \$381.682 million, which will enable the initiative to run from August 2020 until the end of March 2022 (around 20 months).

Due to MSD's experience and existing mechanisms for providing payments of this type, MSD is proposed to implement the ABI. TEC will support MSD's implementation by verifying each apprentice's eligibility and which wage subsidy rate they should be on.

#### *Key messages*

- MSD is well placed to administer the Apprentice Boost Initiative utilising its experience and existing mechanisms for providing payments of this type.
- The initiative will run from August 2020 until the end of March 2022.

#### **The Cabinet paper seeks agreement to a number of enhancements to Mana in Mahi:**

- **increasing the duration of the programme** from one year to two, including an increase in duration for the supports available through the programme
- **increasing the wage subsidy rate** from \$9,580 over one year, to \$16,000 in the first year and \$8,000 in the second.

- **payment of up to \$16,000 to help cover course fees** across two years, as long as the participant remains in an industry training qualification and where Fees Free and the Targeted Training and Apprenticeship Fund are not applicable
- **payment of \$2,000 to help cover additional educational costs**, including the cost of any required literacy and numeracy support or equipment to help facilitate working from home
- **expanding the target cohort of Mana in mahi to anyone at risk of long-term benefit receipt**, regardless of age.

These changes will have a total cost of \$30.318 million over three financial years, which is being sought through draw-down from the \$412 million COVID-19 Support for Apprentices contingency, set aside from the COVID-19 Response and Recovery Fund.

Mana in Mahi holds a unique place in the ASP, as it is available to those studying at a pre-trades level (i.e. levels 2-3) through to apprenticeship level (level 4 and above), whereas the other ASP initiatives are focused solely on apprentices.

#### *Key messages*

- Mana in Mahi is an established and successful programme. Placements have already exceeded the 2019/20 target of 300, with 458 placements filled in the 2019/20 year as at the end of April 2020 (bringing the total to 729 placements filled since August 2018).
- Mana in Mahi complements the other initiatives in the Apprenticeship Support Programme by providing additional targeted support to those most vulnerable in the labour market, particularly those who are at risk of long-term benefit receipt.
- It is important that the Mana in Mahi offering is relevant and viable in the current economic climate, and that employers are incentivised to invest in this group, even with other apprenticeship supports being available
- The enhancements to Mana in Mahi will help better support a wider range of people, including those who may be required to retrain in other industries due to expected widespread displacement of workers as a result of COVID-19.

#### **The Māori Apprenticeship Fund is not included in the Apprentice Support Programme.**

The Māori Apprenticeship Fund (led by MBIE) is a \$50 million scheme that will offer contestable grant funding for Māori groups, entities and employers to partner with the Crown to provide support to Māori workers in the trade sector. It is not included in the ASP. However, it is an important part of the wider apprenticeship landscape and it is intended that the ASP



will provide supplementary support where gaps are identified by applicants to the Māori Apprenticeship Fund.

MSD, MBIE, MoE and TEC are working closely on a communications plan to ensure the relationships between all apprentice supports, including the Māori Apprenticeship Fund, are made clear and that applicants know which would be most appropriate for them.

**There are key policy differences between the Regional Apprenticeships Initiative and Mana in Mahi**

The Regional Apprenticeships Initiative (RAI) will invest in creating up to 1,000 new apprenticeships in regional New Zealand across a range of sectors. It will offer up to \$40,000 per apprentice and, like Mana in Mahi, will include wage subsidies of up to \$16,000 for the first year and up to \$8,000 for the second, depending on the needs of each apprentice. The initiative will also provide other forms of business support and pastoral care to assist employers to retain their apprentices.

While there are similarities between the two initiatives, the RAI targeting will help to ensure there is minimal overlap. For example, RAI funding is only available to apprentices (who are studying at levels 4 and above), whereas Mana in Mahi is available for apprentices, as well as those doing pre-trades training at levels 2 or 3. Mana in Mahi is also a nationally available programme, and open to anyone at risk of long-term benefit receipt, whereas the RAI is regional and will initially focus on supporting recently displaced workers and Māori and Pacific peoples.

MSD will continue to work with MBIE as the new RAI's finer policy details are developed to ensure ongoing alignment.

Author: s9(2)(a)

Employment and Housing Policy

Responsible manager: Megan Beecroft, Manager, Employment and Housing Policy

# Report



MINISTRY OF SOCIAL  
DEVELOPMENT  
TE MANATŪ WHAKAHIATO ORA

**Date:** 28 July 2020

**Security Level:** IN CONFIDENCE

**To:** Hon Carmel Sepuloni, Minister for Social Development  
CC Hon Chris Hipkins, Minister of Education

## Further decisions to implement the Apprenticeship Boost Initiative

### Purpose of the report

- 1 This paper seeks your approval to establish the Apprenticeship Boost Initiative (ABI) Welfare Programme under section 101 of the Social Security Act 2018. It also outlines information sharing and audit and integrity arrangements to implement the ABI from 5 August 2020 and provides advice recommending not to publish the details of employers who have received the ABI.

### Recommended actions

It is recommended that you:

- 1 **note** that on 8 July 2020 you agreed to establish a new Welfare Programme under section 101 of the Social Security Act 2018 to implement the Apprenticeship Boost Initiative
- 2 **approve and sign** the attached Apprenticeship Boost Initiative Welfare Programme  
**agree / disagree**
- 3 **direct** your Office to arrange for a copy of the instrument to be tabled in the House of Representatives once you have signed it and no later than on 4 August 2020, to establish the Welfare Programme before applications open on 5 August 2020  
**agree / disagree**
- 4 **note** as previously advised, to ensure the Welfare Programme is in place as Apprenticeship Boost Initiative payments begin, the 28-day rule will need to be waived
- 5 **agree** to waive the 28-day rule as the Apprenticeship Boost Initiative Programme only confers benefits on the public  
**agree / disagree**
- 6 **agree** not to publish the details of employers that have received Apprenticeship Boost Initiative payments  
**agree / disagree**

- 7 **agree** to forward this paper to Hon Shane Jones, Minister for Regional Economic Development and Hon Willie Jackson, Minister of Employment

**agree / disagree**

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Megan Beecroft, Manager  
Employment Policy, MSD

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Date

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Hon Carmel Sepuloni  
Minister for Social Development

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Date



## Background

- 4 On 15 June 2020 Cabinet agreed to the policy and implementation settings for the Apprenticeship Boost Initiative (ABI), as part of the Apprenticeship Support Programme [CAB-20-MIN-0280 refers].
- 5 The key objective of the initiative is to keep first and second year apprentices employed and training towards their qualification, training the skilled workforces we need to recover from the impacts of COVID-19.
- 6 On 8 July 2020 Ministers agreed that the Minister for Social Development will approve and establish a Ministerial Welfare Programme under section 101 of the Social Security Act 2018 [REP/20/7/757 refers]. This paper provides further advice on the content of the Welfare Programme, arrangements for information sharing and verification, auditing and integrity processes, and advice regarding the publication of details of employers who are receiving ABI payments.

## **The Ministry of Social Development has drafted a new Welfare Programme for the Apprenticeship Boost Initiative**

- 7 The Ministry of Social Development (MSD) has drafted the attached instrument (**Appendix 1**) to give effect to the new Apprenticeship Boost Initiative Programme. As previously noted, in order for the Welfare Programme to be in place as ABI applications open from 5 August 2020, the 28-day rule will need to be waived (under the exemption that the ABI only confers benefits on the public).
- 8 The ABI Programme reflects previously agreed policy settings. The ABI Programme gives legal authority to use existing processes provided for under the Social Security Act 2018, such as recovery of overpayment and review of decision processes.

## **Information will be shared with Inland Revenue and the Tertiary Education Commission as part of the application process**

### *The Tertiary Education Commission will match apprentice details to enrolments*

- 9 MSD will share details that are provided through the application process, such as the apprentice's name and date of birth. The Tertiary Education Commission (TEC) will use these details to locate the apprentice's enrolment record in order to verify their eligibility and the rate of ABI they are entitled to.
- 10 This process may mean some information will need to be matched manually, particularly where TEC are unable to locate the apprentice's enrolment records based on the information provided. This could mean there are slight delays when administering the initial payment. For example, if an apprentice has changed their name or if a date of birth is entered incorrectly. However, this would only affect the first payment (when the initial application is made), not subsequent payments as the details will already be verified.
- 11 Clear, pro-active communications will be produced to manage employer expectations around timeframes (particularly as this will likely be influenced by their experience with the COVID-19 Wage Subsidy). Consent forms will also be made available in advance to allow employers time to prepare prior to day one.
- 12 TEC have also advised there may be a slight lag between when an apprentice starts their apprenticeship and when TEC receive record of this to enable matching for ABI payments. This is because the information is held by Transitional Industry Training Organisations (Transitional ITOs) who pass this onto TEC. TEC will work with Transitional ITOs to help prepare their information systems to enable efficient transfer of apprentice information to TEC.

*Inland Revenue will provide pre-payment verification of the employer's details*

- 13 Inland Revenue (IR) will use the employer's IR number (provided via the application process) to verify that the employer's details match official records prior to payment being made. This information sharing is permitted under the Approved Information Sharing Agreement between MSD and IR, and only needs to be completed once at the point of application.

**Agencies will ask employers to declare that they are not receiving mutually exclusive apprenticeship or wage subsidy payments**

- 14 On 15 June 2020, Cabinet noted that employers would be able to access support from *either* the ABI, Mana in Mahi or the Regional Apprenticeships Initiative, which are all initiatives under the Apprenticeship Support Programme. Employers will also not be able to receive the ABI if they are receiving the COVID-19 Wage Subsidy or Flexi-Wage payments for the same employee.
- 15 MSD and the Ministry of Business, Innovation and Employment (MBIE) are aligning operational practices to make the ABI and Regional Apprenticeships Initiative quicker and simpler to access and administer. Both initiatives will ask employers to declare that they are not receiving another form of Apprenticeship Support Programme assistance for the apprentices in their application.
- 16 As the Regional Apprenticeships Initiative will have relatively few apprentices (up to 1,000) over the life of the programme, the benefits of a more administratively complex pre-payment check would be minimal. MBIE will undertake random audits and use contract management to check that employers are not receiving more than one form of apprenticeship support. They will also work with TEC and relevant Tertiary Education Organisations to ensure that the appropriate checks and balances are undertaken for the duration of the Regional Apprenticeships Initiative contract. MSD will also carry out reactive checks if there is reason to believe the employer is also receiving Regional Apprenticeships Initiative support.
- 17 MSD will carry out pre-payment checks on the other mutually exclusive payments (i.e. Mana in Mahi, the COVID-19 Wage Subsidy and Flexi-Wage). This process will be relatively simple as MSD also administers these programmes.
- 18 The Māori Trades and Training Fund (MTTF) provides support for Māori led initiatives. The Welfare Programme specifies that applicants cannot receive a wage subsidy for the same person through both the MTTF and the ABI. MBIE will consult with MSD as part of assessing applications for the MTTF. This will ensure there is no duplication of payments.

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- 20 The Welfare Programme also provides a mechanism for MSD to investigate should an allegation of a breach of the declaration be received (e.g. the employer is receiving two mutually exclusive supports for the same apprentice). If an allegation is substantiated, MSD can use the powers in the Social Security Act 2018, as allowed for through the Welfare Programme, to recover overpayments and prosecute fraud.

**Agencies do not recommend publishing employer details online**

- 21 MSD (in consultation with the Ministry of Education and TEC) considered whether it would be necessary to publish employer details as we did for the COVID-19 Wage

Subsidy. The COVID-19 Wage Subsidy was a high-trust payment delivered under urgency in exceptional circumstances, which necessitated bespoke processes designed to address the high risk of fraud. The publishing of employer details in this case, acted as a form of "community check" and allowed employees to know if their employer had applied for the Subsidy on their behalf without passing on the payment.

- 22 It is not standard practice for MSD to publish employer details. A Welfare Programme, which was not established for the COVID-19 Wage Subsidy due to urgency, enables MSD to use existing review and recovery of overpayment powers and processes under the Social Security Act 2018 to mitigate any risk of fraud. Apprentices will also know that their employer has applied for the ABI, as the apprentice is required to complete a consent form as part of the application. Agencies therefore advise there is no need to publish employer details online.
- 23 Should you wish to publish employer details, MSD would require approximately two weeks to build this into the process. This would not require the ABI start date to be extended.

### **Apprenticeship initiatives should be aligned**

- 24 Employment, Education and Training Ministers recognised that a coordinated government approach was essential to ensuring the alignment and effectiveness of new and expanded apprenticeship supports. To give effect to this intent, agencies will work closely to create cross-agency communications detailing each initiative across the Apprenticeship Support Programme. This will help ensure employers can choose the scheme that is best suited to their situation. Information about the ABI will also be available on Connected.govt.nz (due to be launched on 10 August), which brings together information on employment, education and training supports into one easy-to-navigate platform.

### **Next steps**

- 25 MSD seeks your approval and signature of the attached instrument by 31 July 2020 to allow sufficient time to table, publish and notify the instrument prior to the ABI's intended 5 August 2020 commencement date.
- 26 Once you have signed the instrument, your Office will arrange for a copy of it to be tabled in the House of Representatives. Officials will also arrange for publication of the instrument on the Ministry of Social Development's external website and notify the making of the instrument in the New Zealand Gazette. Completing these steps will meet the requirements of section 102 of the Social Security Act 2018 and section 41 of the Legislation Act 2012.

File ref: REP/20/7/813, A12644620

Author: s9(2)(a), Employment Policy

Responsible manager: Megan Beecroft, Manager, Employment Policy





# Report

**Date:** 4 May 2020 **Security Level:** BUDGET SENSITIVE

**To:** Hon Grant Robertson, Minister of Finance  
Hon Chris Hipkins, Minister of Education  
Hon Carmel Sepuloni, Minister for Social Development  
Hon Willie Jackson, Minister of Employment

**Copied to:** Hon Kelvin Davis, Minister for Corrections  
Hon Phil Twyford, Minister for Economic Development  
Hon Dr Megan Woods, Minister of Research, Science and Innovation  
Hon Nanaia Mahuta, Minister for Māori Development  
Hon Iain Lees-Galloway, Minister for Workplace Relations and Safety  
Hon Damien O'Connor, Minister of Agriculture  
Hon Tracey Martin, Minister for Seniors  
Hon Shane Jones, Minister for Regional Economic Development  
Hon Aupito William Sio, Minister for Pacific Peoples

## Active Labour Market Programmes and Policies: Responding to COVID-19

### Purpose of the report

- 1 This report provides Ministers with:
  - a high-level overview of the roles and engagement of key government agencies in the design and delivery of active labour market policies and programmes (ALMPs)
  - an overview from a stocktake of ALMPs currently delivered by the key agencies
  - an initial high-level view of the provision of ALMPs including areas that warrant immediate further work
- 2 The report seeks your agreement on next steps to ensuring a coordinated approach in the design and delivery of ALMPs, the investment required to either scale up existing ALMPs to meet anticipated demand and potential new investment in the context of COVID-19. This would sit alongside the planned report on shifts in the demand for skills in response to the impacts of COVID-19, being led by the Ministry of Business, Innovation and Employment (MBIE), and the development of an employment work programme for Labour Market Ministers. The report also notes the role of ALMPs within the context of broader employment services and income support.

### Executive summary

- 3 The effects of COVID-19 on New Zealand's labour market are significant and the government response to rising and likely persistent unemployment will require a range of economic and labour market policies.
- 4 ALMPs are policies, programmes, services or products that help people to enter and remain in work. Measures include employment brokerage and advice, labour-market-focussed education and training, and job creation. Although ALMPs are primarily

supply-side interventions, they work best when complemented by demand-side measures that promote job creation, especially as we know that there are fewer new employment opportunities during recessions. Wider system responsiveness is critical because ALMPs do not deliver on labour market or economic needs on their own.

- 5 International evidence suggests that rapid responses are more likely to minimise negative impacts on income and employment. Accordingly, it is important that further supports are in place to keep workers connected with the labour market in the short-term. While ALMPs on their own cannot significantly mitigate unemployment, effective ALMPs are a valuable part of the Government's broader economic package, specifically targeting those who are unemployed or at risk of becoming displaced.
- 6 The Ministry of Social Development (MSD), MBIE and the Tertiary Education Commission (TEC) are key agencies delivering ALMPs with complementary roles and focus, and many other agencies deliver or engage with them. Some agencies are seeking to proportionately scale up ALMPs in response to increasing demand following impacts of COVID-19 on the New Zealand labour market.
- 7 While ALMPs are generally targeted at disadvantaged groups or those with the highest needs including Māori, Pacific peoples, youth, and disabled people, there is likely to be an emerging cohort of the "newly displaced". These may be people with relatively higher skills who may not have experienced unemployment before but also those about to enter a changed labour market such as young people. In order to be successful, ALMPs must be part of a broader employment programme and income support regime.
- 8 Engagement and partnerships with Māori and iwi form a critical part of a successful ALMPs design and delivery. ALMPs are one tool that can help grow Māori business and boost Māori employment opportunity. We note that a whānau-centred approach is also important for building on economic aspirations for Māori.
- 9 It is critical then that the right mix of ALMPs is available to support those that need it and that intervention is provided early to avoid people becoming long-term unemployed and creating higher social costs. Agencies have completed an initial stocktake of current ALMPs to inform a more coherent response to COVID-19 as well as a longer-term programme of work noting ALMPs are also a core component of the broader work in the employment services and income support area.
- 10 While our initial analysis provides useful information and early insights, agencies will provide additional advice, at pace, on key areas (skills assessments for the newly displaced, workforce development for industries reliant on migrant labour and apprenticeships) to inform the Labour Market Ministers Group and its recently commissioned joint work programme on employment and labour market initiatives.

## Recommended actions

It is recommended that you:

- 1 **note** that high unemployment and low demand for workers as a result of COVID-19 are likely to arise and persist in the New Zealand economy and Treasury notes this could be at rate far higher than the 6.8 percent unemployment rate experienced during the Global Financial Crisis
- 2 **note** that active labour market policies and employment programmes and services are a vital part of the Government's immediate response to support people to find and remain in work and as part of the medium-term response for an economic recovery
- 3 **note** that active labour market policies and programmes need to form part of, and complement, the broader employment and economic response to COVID-19
- 4 **note** that a range of agencies deliver active labour market policies and programmes and that some agencies are looking to expand them using existing infrastructure

- 5 **note** that the attached stocktake helps us to understand current investment against existing programmes, providing an early indication of gaps and emerging areas where we could look to target funding
- 6 **note** that an initial analysis of gaps and emerging opportunities in labour market policies and employment programmes and services suggests that there are areas that warrant further work, and agencies can work quickly to provide additional advice
- 7 **note** that the Labour Market Ministers Group agreed at their meeting on 30 April 2020 to oversee a joint work programme on employment and labour market initiatives
- 8 **note** that further direction from Ministers about the role of agencies in the design and delivery of active labour market policies and programmes will assist with strengthened coherency and ensure that agencies are aligned and deliver their programmes in line with their roles and responsibilities
- 9 **note** that more detailed analysis of active labour market policies and employment programmes and services is being undertaken at pace by officials to support Minister's decisions and to form part of the joint work programme on employment and labour market initiatives
- 10 **agree** that agencies provide additional advice on:

10.1 skills assessments for the newly displaced

**Agree / Disagree**

10.2 workforce development needs for industries historically reliant on migrant labour

**Agree / Disagree**

10.3 mapping of apprenticeship products across active labour market policies and programmes

**Agree / Disagree**

*Justine Cornwall*

4/5/2020

Date

Justine Cornwall  
General Manager  
Employment and  
Housing Policy  
Ministry of Social  
Development

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4/5/2020

Date

Manager Skills and  
Employment Policy,  
Labour Science and  
Enterprise  
Ministry of Business,  
Innovation and  
Employment

*Katrina Sutich*

4/5/2020

Date

Katrina Sutich  
Group Manager  
Tertiary Education  
Graduate Achievement,  
Vocations and Careers  
Ministry of Education

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4/5/2020

Date

Manager, Skills and  
Work Team  
The Treasury

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Hon Grant Robertson  
Minister of Finance

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Date

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Hon Chris Hipkins  
Minister of Education

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Date

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Hon Carmel Sepuloni  
Minister for Social Development

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Date

\_\_\_\_\_  
Hon Willie Jackson  
Minister of Employment

\_\_\_\_\_  
Date



## Background

- 11 COVID-19's impact on the economy and the livelihoods of New Zealanders is significant. Early economic modelling by the Treasury last month put potential unemployment rates at 13 percent and up to 26 percent at the extreme end. As a comparison, peak unemployment during the Global Financial Crisis (GFC) reached 6.8 percent.
- 12 As of 24 April 2020, an additional 35,377 people received Jobseeker Support since 20 March 2020, bringing the total to 180,383. Based on modelling of the 13 percent unemployment rate, it is forecasted that Jobseeker Support recipients will peak at 327,000 in January 2021 – a 121 percent increase from January 2020. In any case, high unemployment (and underemployment) and low demand for workers are expected to be a part of New Zealand's landscape for some time.
- 13 The Government has responded quickly to protect jobs and incomes by delivering a range of measures including business tax relief, the mortgage deferral scheme and a comprehensive wage subsidy. However, as initial Government investment tapers off (initial wage subsidy payments will come to an end on 9 June 2020) it is likely there will be further redundancies.
- 14 As some agencies are already looking to scale up existing ALMPs or introduce new ones, we need to carefully consider how our existing suite can respond to growing demand. Further consideration should be given to avoiding duplication of investment and delivery, getting the right mix of ALMPs to respond to different needs and ensuring alignment with complementary policies.
- 15 In mid-2019, the Labour Market Ministers Group commissioned a multi-year first principles' review to look at the purpose of ALMPs and the coherency of the system that delivers them. The new environment presents an opportunity to accelerate the spirit of the review as government responds to the extraordinary challenge to New Zealand's economy and workforce.
- 16 The initial stocktake of ALMPs has highlighted some areas for further work. This includes the potential opportunity in skills assessments for newly displaced people including those just about to enter the labour market, better understanding the workforce needs for industries historically reliant on migrant labour and mapping of activities and roles in the area of apprenticeships. It is intended that the stocktake forms the first part of a coherent work programme for ALMPs and how they interact and support a broader Government response to the labour market.
- 17 While some changes can be made quickly to address needs arising from COVID-19, other, more significant changes, may also be required. Having a view to the longer-term aspirations for the ALMP system will help inform the more immediate and short-term responses. As we progress this work, improving our approach to evaluating the effectiveness of ALMPs will strengthen outcomes for targeted cohorts, as well as for a joined-up agency response.

## **Broadly, ALMPs are tools that when complemented with employment services and programmes, help people find and remain in jobs**

- 18 ALMPs are primarily supply-side employment interventions focused, in the current context, on supporting displaced workers back to work to stimulate demand and ultimately promote economic recovery and minimise negative social impacts. They are government enabled measures in the form of policies, programmes, services or products that help people remain in or get back to work.
- 19 ALMPs on the supply side include employment brokerage and advice, and labour-market-focused education and training, and on the demand side, as an example 'job creation', are vital to helping limit periods of unemployment and wage scarring (reduced wages), and they support workers into sustainable employment. Industry partnerships and apprenticeship subsidies are also a key feature while effective ALMPs can support employers to consider broader candidates through exposure (e.g.

training and work experience with employers or targeted wage subsidies such as Flexi-wage).

- 20 Cabinet is considering the proposed temporary income relief for people who have lost their job or experienced a significant reduction in their income, due to COVID 19. People who receive the payment can engage with ALMPs to identify employment, redeployment and training opportunities and increase the likelihood of transitions back to the labour market, where possible.
- 21 ALMPs on the demand and supply side may be delivered directly by government, through contracts with third-parties such as NGOs or through funding employers directly. Users may also purchase employment support services directly from for-profit agencies.

When considering ALMPs, agencies generally refer to three main types:

- Information, advice and job brokering or placement which helps people identify opportunities available, what they need to do to access those opportunities, and matches job seekers with employers. In some instances, job placement services include pastoral care to support the person to retain the job.
  - Labour market training or work readiness including wraparound support which incorporates industry specific training and qualifications (such as micro credentials), pastoral care and driver licence training and careers advice to upgrade the skills of job seekers so that they are relevant to employment opportunities
  - Direct job creation through public sector employment opportunities (e.g. public infrastructure works) or through the subsidisation of private sector jobs.
- 22 In general, the principles for effective ALMPs are that they are:
    - provided as early intervention or prompt support that is accessible to those who need it
    - strategic, adaptable and responsive to the demands of the labour market and what employers need
    - targeted to removing barriers to individuals, so people are supported to be successful in finding and sustaining work
    - valued by employers and enable them to find and retain the right people
    - supported by best practice from government and partners for delivery to employers and people looking for work
    - aligned with broader strategic economic and social goals, initiatives and support so that positive longer-term labour market outcomes are also realised
    - supported by a robust evidence base on what is effective.

*ALMPs have traditionally been targeted to the most disadvantaged who also face increased vulnerability during economic downturns*

- 23 In New Zealand, ALMPs tend to focus mainly on disadvantaged groups or those with the highest needs rather than on the wider economic environment. This enables a targeted approach, supporting people who, disproportionately, have the most difficulty accessing the labour market and are also most impacted by economic downturns such as those disadvantaged groups identified by the Employment Strategy. This includes Māori, Pacific peoples, youth, women, people with health conditions and disabled people.
- 24 Long-standing socio-economic disparities experienced by Māori and Pacific peoples have been exacerbated during past economic recessions. Even if conservatively, New Zealand's overall unemployment rate rises to 10 percent, unemployment for Māori and Pacific peoples will be disproportionately higher, for example.
- 25 Young people are often the first to experience reduced hours or job loss, and they have less experience and limited networks to enable early re-employment. The unemployment rate for 15 to 19-year olds reached nearly 25 percent by 2012

following the GFC. The negative consequences are that low employment and income rates are shown to persist for young people well after recessions have waned.

- 26 We also expect the employment of older workers to be impacted. Displaced worker research shows that the longer-term impacts for older workers (50 years and above) are much larger and longer than for others. As at June 2019, of the total of 14,000 people unemployed in New Zealand for more than a year, 5,000 were aged 50-64.
- 27 The inequities experienced by some of these vulnerable communities including older people, are also reflected in other areas such as New Zealand's digital divide where 20 percent of Māori and 17 percent of Pacific peoples are digitally excluded. That is, digital services are a barrier to engagement in terms of the kind of work people do and accessing digital employment services. We anticipate that those not employed in digitally flexible jobs (i.e. those in 'low' skilled employment) will feel unemployment more immediately and for longer.
- 28 While the wage subsidy is still supporting employers to retain their staff, there remains some uncertainty about the composition of people whose employment is impacted by COVID-19. As this support transitions to its next phase, it is likely the full impacts of the economic downturn will start to become more pronounced. In addition, there will be some groups who are less able to move back into work as quickly as others while the risk of COVID-19 persists, such as those with certain disabilities or health conditions.
- 29 Based on unemployment projections, we are also likely to see emerging cohorts of the "newly displaced" at volumes not seen before. These may be skilled people who are likely to have not experienced unemployment or people who are about to enter what is now a new labour market (youth). Some may not need support to transition to new employment but there is a risk that the existing suite of ALMPs do not meet their needs, or they are not eligible to participate because, for example, they are not in receipt of a benefit.
- 30 Outcomes from the GFC identified a cohort of people with little previous benefit history who became long-term unemployed, with many transitioning onto Supported Living Payment due to mental health conditions. The evidence shows that the longer people stay on benefit the more difficult and costly it becomes for them to return to work over time, and the more likely they will experience social harm. Long-term unemployment is particularly harmful to the health of the unemployed and can have generational impacts.
- 31 Data, analytics and insights capability across agencies can help target interventions to the right people. MSD's existing national client base provides in-depth information on clients which can be analysed by region to provide a good picture of jobseekers entering the benefit system. Through delivery of the Government's wage subsidy for employers, MSD also plans to gather labour market intelligence and determine workforce impacts through proactive engagement with wage-subsidy employers.<sup>1</sup> Knowing who may be contracting or expanding their labour force will help MSD to intervene early and look to place or redeploy jobseekers to emerging opportunities as quickly as possible, in addition to existing ALMPs.

*Sector and regional impacts are also a critical part to understanding where to target ALMPs*

- 32 MBIE is currently collating an evidence base across regions and sectors within New Zealand to understand their industry and workforce composition, and how this is being impacted by COVID-19. At the time of this briefing, this is still a work in progress, however industries such as tourism, hospitality, retail and

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<sup>1</sup> The wage subsidy is supporting over 500,000 New Zealand businesses and sole traders to help pay their workers.



performance/events are significantly affected. Forestry and some primary sector exports were affected early on but appear to be returning to more normal operations.

- 33 There will be displaced workers across tourism and hospitality with regional concentrations in Queenstown and Rotorua, and in urban centres. The shift into Alert Level 3 will highlight which industries are able to recommence operations and generate revenue to support staff retention. Agencies are monitoring this. Some industries are experiencing shortages in their workforce, including fast moving consumer goods, aged care and horticulture. In some cases, government facilitated brokerage services may be appropriate to help matching demand with supply.
- 34 As we respond to the effects of COVID-19, it will be important that government uses its existing strong relationships with industry, union and business partners to identify displaced workers as early as possible. It is also important to leverage agencies existing systems and delivery infrastructure to ensure we can respond quickly and effectively to demand as the situation develops.
- 35 Instances of early detection and action have already been seen in the work done by MSD's Rapid Response Teams and regional Work and Income offices, as well as MBIE's Provincial Development Unit (PDU) and soon, the interim Regional Skills Leadership Groups. This could help to address the challenge of identifying people who need more intensive services at a time when they are most effective, rather than only after a long period of unemployment.

*More government intervention is required because the impacts of COVID-19 are expected to be so widespread*

- 36 The effect of COVID-19 on the economy and worker demand is likely to negatively impact the wellbeing of New Zealanders more broadly. The likelihood is that more government intervention will be required to support re-employment for a significant number of New Zealanders because:
  - the existing public employment services (mainly led by MSD) may need further investment to meet anticipated increased demand (further funding for employment interventions, for example)
  - the nature of services may not fit some of the people now needing help (for example, there may be newly displaced people who are relatively more skilled but are seeking support for re-employment)
  - the collapse in labour demand means that the usual support (government or private) may be ineffective without ALMP support, alongside a general scarcity of jobs
  - the changing economic environment may highlight a mismatch between skills available and skills demanded, requiring a focus on retraining and upskilling.
- 37 International evidence demonstrates that ALMPs can help people maintain their attachment to employment as they adjust to change in the labour market and periods of economic downturn. Acting early to identify effective responses to COVID-19 will help minimise negative outcomes such as long periods of unemployment (for example, older workers) or wage scarring on re-employment. Early intervention includes assistance into employment, but volunteering and tertiary education can also support positive labour market outcomes.

### **Agencies are working together to optimise employment interventions to respond to COVID-19**

*While agencies may have different objectives, we are collaborating on the delivery of effective ALMPs*

- 38 MSD, MBIE and TEC are key agencies delivering ALMPs. ALMPs also feature in other sectors including justice, health and primary industries with many government agencies having some responsibility for ALMP policy, delivery or an interest in their outcomes.



- 39 There is value in taking a coordinated approach to enhancing ALMPs to ensure we invest in the policies and programmes that have the best chance of success. Further guidance from Ministers on the preferred role of agencies in policy development and delivery of ALMPs would likely reduce the risk of duplication and provide a clear path forward.

#### *Ministry of Social Development*

- 40 MSD is the lead agency providing employment services, delivered in partnership with other agencies, through a range of channels including brokerage services, partnerships with business, Māori and iwi, and case management. MSD also provides strategic policy advice on employment and labour market issues, particularly regarding inclusive incomes, impacts on wellbeing, and regional labour market intelligence.
- 41 MSD manages a multi-category appropriation for employment and social outcomes of approximately \$760m per year. This includes over \$200m spent annually on employment interventions (including ALMPs) that support people to enter and remain in employment such as Flexi-wage, Skills for Industry and Mana in Mahi.
- 42 MSD's operating model and substantial infrastructure for employment services are enabling the design and delivery of more than 50 ALMPs across New Zealand (based on information supplied in the stocktake). MSD employs 400 staff to work directly with employers and providers and a further 450 staff in employment case management. An extensive regional footprint enables the delivery of employment services through a range of channels including 125 offices across the country to help people find sustainable and meaningful employment.
- 43 Through its relationships with local employers, industry bodies, iwi and Māori businesses, MSD also gathers on-the-ground labour market intelligence at a regional level. This helps to inform MSD's regional purchase plans for employment services and contributes to decision-making at a national level. MSD also hold relationships through the national Industry Partnership team with large national and internal businesses.
- 44 MSD recently released a suite of employment services in response to COVID-19, including an online recruitment tool ([jobs-during-covid.workandincome.govt.nz](https://jobs-during-covid.workandincome.govt.nz)), 35 new employment centres, a Keep New Zealand Working employment service for those directly impacted by COVID-19 and not on a main benefit, and partnerships with industry to provide quick upskilling solutions (e.g. the new free online Community Health course with NZQA Unit Standards).
- 45 MSD is preparing a Budget bid to proportionately scale-up its employment services in response to the significant forecast increase in unemployment due to COVID-19. Additional investment is needed to support the large volume of new people likely to be seeking assistance, and to be more proactive in supporting those at risk of displacement before they enter the benefit system.

#### *Ministry of Education*

- 46 The Ministry of Education (MOE) is the Government's lead advisor on New Zealand's education system, shaping the direction for education agencies and providers, and contributing to the Government's goals for education.
- 47 The labour market impacts of COVID-19 will create considerable challenges for the education system. These challenges include helping displaced workers to stay attached to the labour market and to find good jobs, retraining and upskilling redeployed workers, and providing education and training pathways for young people who will face a more difficult start to their working lives.
- 48 By targeting those most at risk of poor education and labour outcomes, the work on ALMPs will strengthen the ability of the system to respond to these challenges. This work will be complemented by changes MOE proposes making to improve the overall responsiveness of the education system. This may require approaches that are very different to "business as usual" such as more flexible approaches to education and

training that can help displaced workers gain new skills quickly, changes to regulatory settings and government investment to support system changes.

- 49 This includes boosting and accelerating the reform of vocational education, training packages that are shorter, faster, and more modular for people to gain skills required by employers and industry and by better supporting learners to stay in education and training including support for apprentices.
- 50 The economic impact of COVID-19 means that it will be challenging for school leavers to get a foothold in the labour market. It is anticipated that school retention is likely to go up, including amongst those senior secondary students who may otherwise have left school before the end of Year 13 to go into employment. It will be important for schools (and in some cases in partnership with tertiary education organisations through programmes such as Trades Academies) to be able to provide learning opportunities to keep these students engaged in education, gain skills that will prepare them for the workforce as the economy rebuilds.
- 51 MOE is working with MSD and other agencies to better connect education, training and careers services to broaden and improve the effectiveness and integration of these active labour market policies, and industry/regional development initiatives. Collaboration between MSD and MoE will be critical, for example in terms of how youth services and youth guarantee support each other as well as further opportunities for aligned work.

#### *Tertiary Education Commission*

- 52 TEC is immediately focused on delivering relevant careers and training information related to the effects of COVID-19, through its careers website which is its main channel to the public. The initial approach is to provide good information and advice on job hunting including jobs that are in demand right now, adjusting to new ways of working, labour market information and links to other government agencies and the official Covid-19 website. The website is being updated daily with relevant content for those most at risk. An advertising campaign will commence in May 2020 to promote content to target audiences. The careers website has specific content on the Food and Fibre, and the Construction industries.
- 53 TEC is also developing Tiro Whetu a digital enabler that will enhance careers information and guidance as it relates to jobs, careers and learning pathways to them. This digital enabler will be used by MSD, MBIE and other agencies as well as by learners and tertiary education organisations.
- 54 TEC through its investment lever is also uniquely positioned to shape and deliver tertiary education responses to support people affected by labour market disruption and propel national recovery. TEC will prioritise tertiary education funding to provision to support a post-COVID recovery, including the delivery of vocational education and training, and relevant micro-credentials.

#### *Ministry of Business, Employment and Innovation*

- 55 MBIE plays a key role in strategic advice on employment, labour market and immigration issues, with a direct role in job creation, to deliver a productive, sustainable and inclusive New Zealand. This includes MBIE's responsibility for establishing and supporting Regional Skills Leadership Groups (RSLGs) and the PDU.
- 56 RSLGs are charged with bringing together cohesive views on regional labour market challenges and opportunities to influence action at the local, regional and national level while the PDU was established to lift productivity in the regions. The PDU manages the Provincial Growth Fund, an allocation of three billion dollars from the Government, over a three-year term to invest in regional economic development.
- 57 Working across government and with industry, communities, iwi and local government, the PDU's priorities include the creation of sustainable jobs. The PDU has three programmes focused on supporting labour market outcomes and seeks to identify gaps in the current system and provide funding or programmes, including pilots, to support initiatives that sit outside other agencies core funding parameters: