

Background

- 2 The purpose of these changes is to better support New Zealanders to take up new employment opportunities including with seasonal work. COVID-19 has had a significant impact on New Zealand's labour market. The pandemic and the restrictions required to address it, have caused significant disruption for people including with job losses and the potential need to relocate to seek new employment opportunities.
- 3 With the borders being closed, some industries (such as horticulture and viticulture) which have traditionally relied on migrant labour, are likely to face increased labour shortages. There is a need to better support New Zealanders to fill these roles.
- 4 MSD provides a range of products to support New Zealanders into seasonal work or to relocate for work. However, there is a need to update the policy and operational settings for some of these products to make them more fit-for-purpose in the current environment, and to better support New Zealanders to take up seasonal work or relocate for work.

\$3k to \$5k to Work Programme

The \$3k to Work payment supports clients to relocate to secure work

- 5 \$3k to Work is an 'incentive payment' administered under the Employment Work Readiness Assistance Programme (EWRAP) to assist clients on a main benefit who have secured sustainable, full-time employment to relocate. Current funding provides for 1000 payments a year with total average expenditure of \$2.867m a year. It is a non-taxable lump sum payment of \$3,000 with clients not needing to show proof of relocation costs or doing an asset or income test.
- 6 The purpose of \$3k to Work is to reduce barriers for people getting into work and provide a financial incentive for a person to move when they cannot find a suitable job in their area.
- 7 \$4.5 million of funding has already been allocated for \$5k to Work as part of the \$150 million allocated for MSD's Employment Services Response Budget Bid for F20/21.
- 8 To support the increased costs of relocating, expected economic downturn, demand for seasonal workers, and MSD's expansion of its employment services, the following changes have been made to the current \$3k to Work programme.

The \$3k to Work grant will be increased to \$5k

- 9 The increase to \$5,000 recognises that this payment is an incentive payment that should do more than cover actual costs. Increasing the amount would also recognise the increased costs of relocating since \$3k to Work was first started in 2015.

Changes are being made to make \$5k to Work more accessible

- 10 Seasonal workers will now be allowed to access \$5k to Work. In recognition of the current demand for seasonal workers around New Zealand, eligibility will also be expanded to include this group. A seasonal worker would still need to meet criteria for the \$5k to Work programme, including having a confirmed acceptable job offer of more than 91 days duration.
- 11 As there is some inconsistency in existing operational guidance, extra clarification will be provided that a person seeking \$5k to Work is required to be:
 - In receipt of a main benefit or eligible to receive a main benefit; or
 - A partner of a person receiving, or eligible to receive a main benefit.

- 12 The focus on specified groups of clients will be removed. Previously \$3k to Work had a specified focus on clients who meet at least one of the following criteria, aged 18 to 24 years, have been in receipt of a main benefit for more than six months, are currently in a Work Focus Case Management service, LSV graduates or are experiencing social factors where relocation would be beneficial (gang affiliates and victims of family violence). This previous focus was part of the original objective to relocate higher liability clients, however given the expected economic downturn, we no longer consider this focus to be necessary.
- 13 The requirement that an applicant must have a confirmed full time offer that is at least 30 hours a week will be retained, but MSD will have discretion to make a grant to a person with a confirmed job of less than 30 hours where it is reasonable and appropriate (for example, a person receiving sole parent support who has a job for less than 30 hours a week but can remain off the benefit for at least 91 days).

NZ Seasonal Work Scheme

NZ Seasonal Work Scheme help clients take up seasonal work

- 14 The New Zealand Seasonal Work Scheme (NZSWS) helps Work and Income Job Seekers in receipt of a benefit take up fixed-term employment opportunities. The scheme is funded through Multiple Category Appropriation and is not administered through a welfare programme.
- 15 In 2015 a trial began of NZSWS, which utilised accredited Recognised Seasonal Employers to recruit Work and Income clients for horticulture or viticulture seasonal work. Clients must be in receipt of a benefit and willing to temporarily relocate to key regions. Clients will be offered seasonal work for at least 30 hours per week for a minimum of six weeks.
- 16 The scheme covers the cost of:
- public transportation to and from a landing region
 - any advocacy or mentoring that is required to support the individual to remain in employment
 - pre-employment training.
- 17 Jobseekers must be prepared to relocate to one of these landing regions where the commute is greater than one hour's travel: Bay of Plenty, East Coast/Hawkes Bay, Nelson/Marlborough, Southern/Otago. Jobseekers can use the scheme to relocate within their own region as long as they live at least an hour's commute away from the job. Employers must be currently accredited Recognised Seasonal Employers (RSE).

However, there are problems with the Scheme

- 18 This scheme is still in operation; however, uptake of the service has been low. It is administratively heavy and requires a significant investment in time for small outcomes. It does not help to address a number of key barriers to the uptake of seasonal work. Some of the issues are difficult to address. For example, the work is not permanent with the average job being for 6 weeks. Clients are reluctant to move to temporary roles when they cannot afford to pay for accommodation in their home location as well as accommodation in the temporary location. Other issues are around accommodation (both availability and style), and the cost of transport.
- 19 Addressing some of these issues will support the industry to address forecasted labour shortages, however we consider that addressing these shortages needs to be an 'industry led, government supported' effort.

MSD is considering some improvements

20 Workshops with regional and national staff are being held this week to consider changes to improve the NZSWS. The purpose of these workshops is to address the barriers we believe are limiting the uptake of the scheme including challenges around accommodation and the lack of incentives for clients to move for short-term employment opportunities.

21 The potential changes being considered include (but are not limited to):

- improving administrative processes
- considering options to assist with accommodation
- updating criteria on what the funding can be used for.

22 We will provide a further update on progress with this review.

Seasonal Work Assistance Programme

Assistance for seasonal workers during bad weather

23 The Seasonal Work Assistance Programme (SWAP) is intended to encourage people to take up seasonal horticultural work by providing assistance to people who have moved from benefit to seasonal employment and, due to adverse weather conditions, cannot work and consequently lose income. It is administered under the Seasonal Work Assistance Programme.

24 The SWAP provides financial assistance of up to \$900 in a 26-week period. It has had around 1,797 clients use this assistance since it started in 2002.

25 The programme is still in operation. However, the current process is administratively heavy and needs to be streamlined. For example, operational practices require clients to present at a service centre each day to apply for assistance with a letter from their employer. Employers have noted difficulty in retaining workers during bad weather which may be partly due to these difficult processes.

MSD is considering some improvements

26 Scoping work is currently underway to make changes to the operational processes for the SWAP before the upcoming season. This is intended to address issues such as the burden of requiring clients to come into a service centre each day to apply for the assistance when it is bad weather. This may also require a legislative change to the welfare programme.

27 We will provide a further report on progress with this work.

Next steps

\$3k to \$5k to Work Programme

28 Next steps include making updates to MSD's internal and external website, updating the Government "Connected" website, and notifying regional staff of these changes to the existing \$3k to Work programme.

29 **s 9(2)(f)(iv) OIA**

NZ Seasonal Employee Scheme

30 Next steps include having workshops this week to consider the changes needed to refresh the NZSES.

A further update will be provided once the workshops and review is completed.

Seasonal Work Assistance Programme

31 Next steps include scoping the required changes to operational practices to make providing assistance under this programme more effective and efficient. Legislative changes may be required to the welfare programme.

32 A further report will be provided once this work is completed.

File ref: REP/20/9/1006

Responsible manager: Jayne Russell, Group General Manager Employment, Service Delivery

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Aide-mémoire



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

Meeting

Date: 3 July 2020

Security Level: BUDGET SENSITIVE

For: Hon Carmel Sepuloni, Minister for Social Development

File Reference: REP/20/6/735

Wave 3: COVID-19 Recovery and Response Fund (CRRF) Cost Pressure Investment Package

Out of scope

Out of scope

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Out of scope

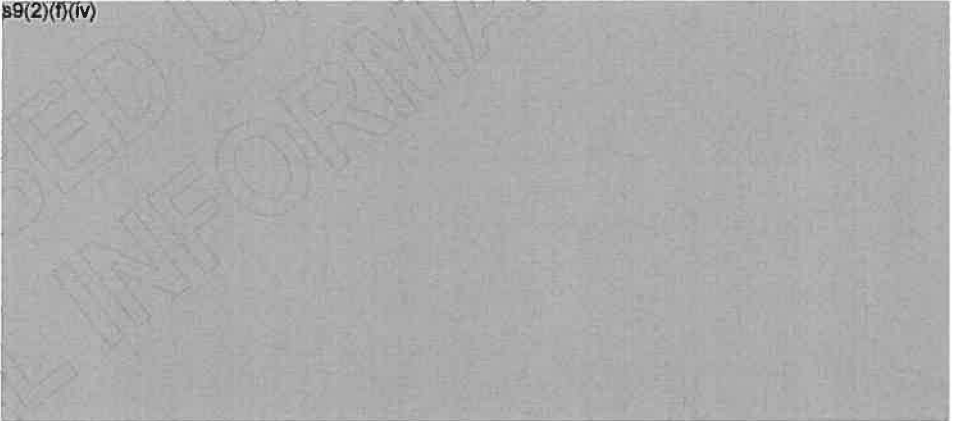


- **Additional Funding for Employment Services Response to COVID-19**

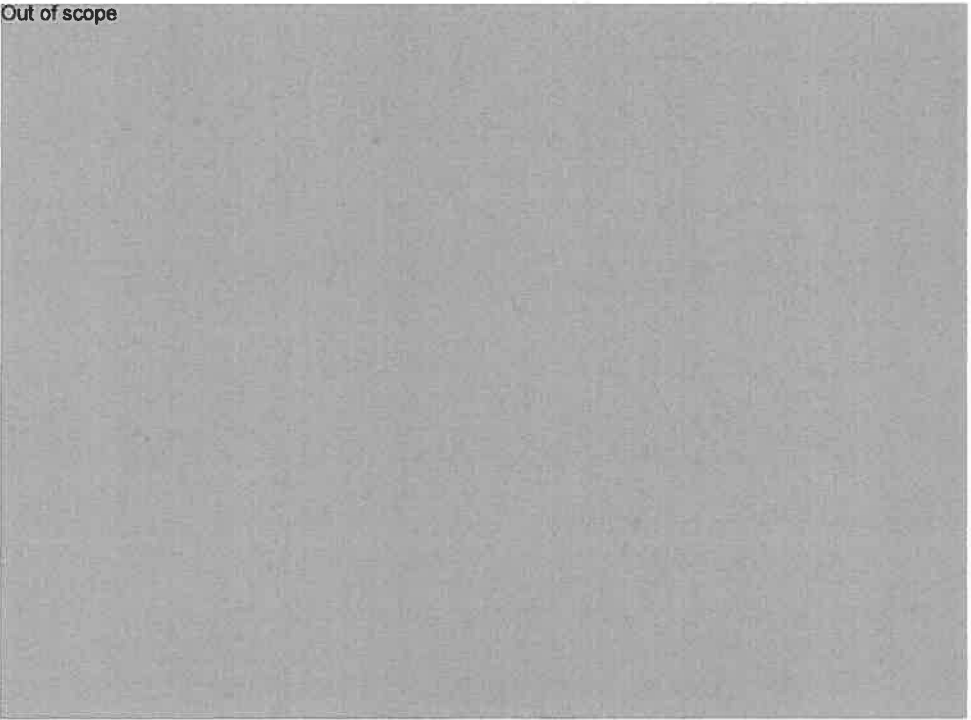
Funding sought of \$237m (Opex) and \$7.2m (Capex) over four years. Indicative decisions indicate that we will receive \$54m (Opex) and \$5.2m (Capex) over one year, 2020/21. This initiative proportionately expands MSD's employment responses to COVID-19 and funds employment programmes and services that were unable to be funded in Wave 2. MSD is critical in supporting people into and back into employment.

Talking points: *I am happy with the year one funding however further funding will be needed in year two and we are likely to come back in Budget 2021 for further funding.*

s9(2)(f)(iv)



Out of scope



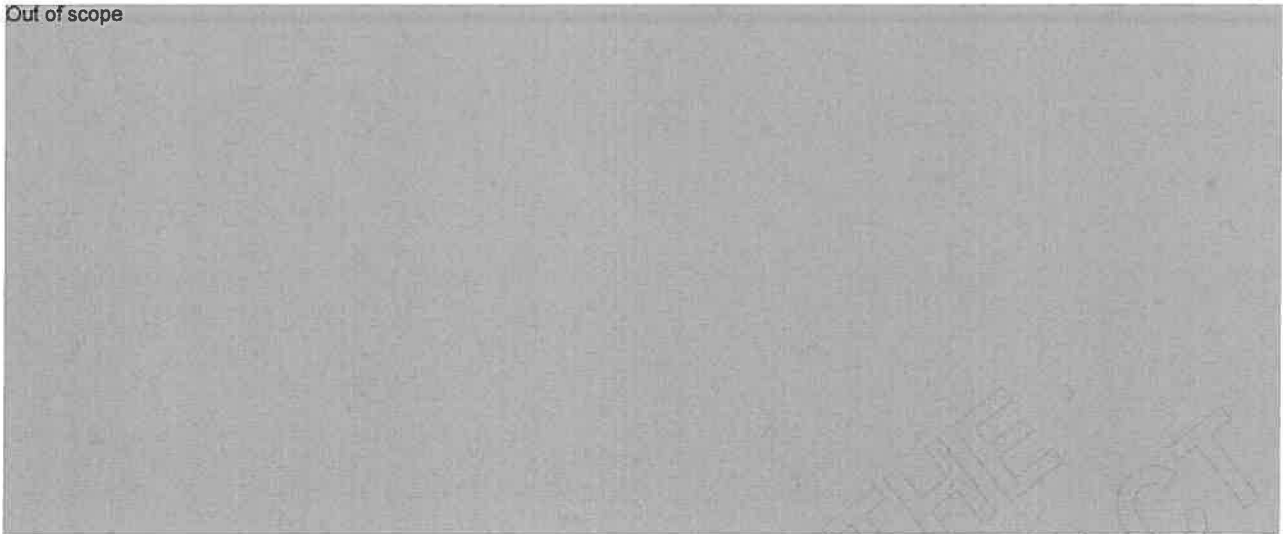
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Author: §9(2)(a) Budget, Performance and Strategy, Organisational Performance, Planning and Governance (OPPG).

Responsible Manager: §9(2)(a) Manager Budget, Performance and Strategy, OPPG.

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Aide-mémoire



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

Meeting

Date: 11 May 2020

Security Level: BUDGET - SENSITIVE

For: Hon Carmel Sepuloni, Minister for Social Development

File Reference: REP/20/5/479

Budget 2020: COVID-19 Wave 2 Kickstarting the Economy

Out of scope

Key issues

Out of scope

- **Employment Services (Programmes)** – the level of MCA funding is of concern. Recommend you raise this.
- **Employment initiatives** – decent support for some bids.
- **Employment and Financial Support (FTE)** – largely supported.

Out of scope

Employment Services (Programmes) (\$417m over four years)

We understand Budget Ministers have agreed to \$150m of funding over two years.

Note: this is a separate initiative to the separate employment programme initiatives ie, Supporting Offenders into Employment and He Poutama Taitatamiriki.

- MSD sought funding of \$417m over four years for the employment services programme. Budget Ministers support \$150m of funding sought over the first two years—\$100m (50% of funding sought) in 2020/21 and \$50m (40% of funding sought) in 2021/22.
- We suggest that you raise that additional funding is required now to enable MSD to respond immediately to expected demand. We suggest you also raise expectation of further funding for this initiative under the Wave 3 funding round.
- The Cabinet paper on the Budget initiatives includes a recommendation that indicates you intend to amend the Employment and Work Readiness Assistance Programme (EWRAP). ^{s9(2)(h)}

This aligns with our short-term response to COVID-19 and also with the long-term direction of the welfare overhaul. The amended EWRAP will need to be tabled in Parliament prior to 1 July and MSD will provide detailed advice to you in time to allow this.

• **Talking Points:**

- *This investment is far below what was sought. We will need more funding for MSD to respond immediately to the expected demand though further funding will be required.*
- *The scale of this bid is due to the demand for employment services, which MSD expects will ramp up significantly once the Wage Subsidy Scheme expires in June.*
- *A higher level of \$270m over two years, for example, would allow MSD to scale up to the numbers expected by July 2020.*
- *Two months lead time are required to get programmes and contracts in place.*

Employment and Financial Support response to COVID-19 (FTE) (\$314.82 over four years)

We understand that Budget Ministers have agreed to \$250m over four years

- This initiative is critical for MSD to operate in the coming months to support New Zealanders. It is based on expected demand in the coming months.
- **Talking Point:** *These roles are integral to supporting regions, employers and jobseekers into work. These roles provide financial assistance and basic employment services to New Zealanders. This is a standard process for MSD to increase the number of staff based on known demand increases to support New Zealanders most in need.*

^{s9(2)(f)(iv)}

s9(2)(f)(iv)

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BUDGET 2020 COVID-19 DEMAND INVESTMENT PACKAGE

AS AT 17 APRIL 2020



MINISTRY OF SOCIAL
DEVELOPMENT

TE MANATŪ WHAKAHIA TO ORA

Out of scope

- MSD has already taken short-term practical steps to respond to the crisis and continue to deliver support for New Zealanders including funding enhancements to MyMSD and an employment platform.

Existing priority bids that were paused

Out of scope

Expand and strengthen existing Employment Services to support more disabled New Zealanders into employment and support an inclusive economic recovery **\$25M**

Increases service capacity, upskills jobseekers and expands the service to young people in their final two years of school, assisting an additional 1,941 disabled people per year. The employment rate for disabled people is one third the rate of non-disabled people but this gap could widen as disabled people are likely to be disproportionately impacted by COVID-19. The initiative will enable more disabled people to take up and retain employment in a challenging economic environment.

Continuing He Poutama Taitamariki for young people in Northland **\$11.8M**

Funding for an intensive service for 18-24 years olds in Northland providing training and employment assistance for over 750 youth. This group will find it harder to find work with high unemployment.

Expanding industry partnerships by supporting and upskilling people into the construction sector (Construction Accord) **\$22.4M**

The construction industry is expected to continue to grow as Government looks to fund large infrastructure projects. This initiative will continue and expand the Skills for Industry provider partnership to prepare up to 1,200 people for employment in the construction sector.

Continuing to support offenders into employment **\$22.9M**

MSD will not be able to continue with specialised intensive case management for offenders without this funding, and it will be harder for released offenders to find work with high unemployment.

Out of scope

Out of scope

Employment Service response **~\$187m**

This initiative will increase the capacity of MSD to provide employment support services for an increased number of people expected to become unemployed due to COVID-19 by:

- expanding existing employment support services to support more people, as forecast to require employment assistance; and
- enabling MSD to take a more proactive and innovative approach with employers and employees to provide 'light touch' services before people enter the benefit system.

A report back to the Minister of Finance could be provided on 30 June 2020 on details of the services provided.

Out of scope



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

Report

Date: 22 April 2020

Security Level: BUDGET-SENSITIVE

To: Hon Carmel Sepuloni, Minister for Social Development

Budget 2020 COVID-19 Investment Package

Out of scope

Rachel Sutherland
General Manager
Organisational Planning, Performance and Governance

Date

Hon Carmel Sepuloni
Minister for Social Development

Date

Out of scope

MSD's Budget 2020 COVID-19 Investment Package

- 10 MSD is experiencing an immediate demand surge for a much wider group of clients, including employers and many others who are receiving our support for the first time.
- 11 The economy and labour market will see substantial adjustment in the next 12 months. A wider group of communities are now likely to require support to cope with the long-lasting impacts of the crisis.

12 Out of scope

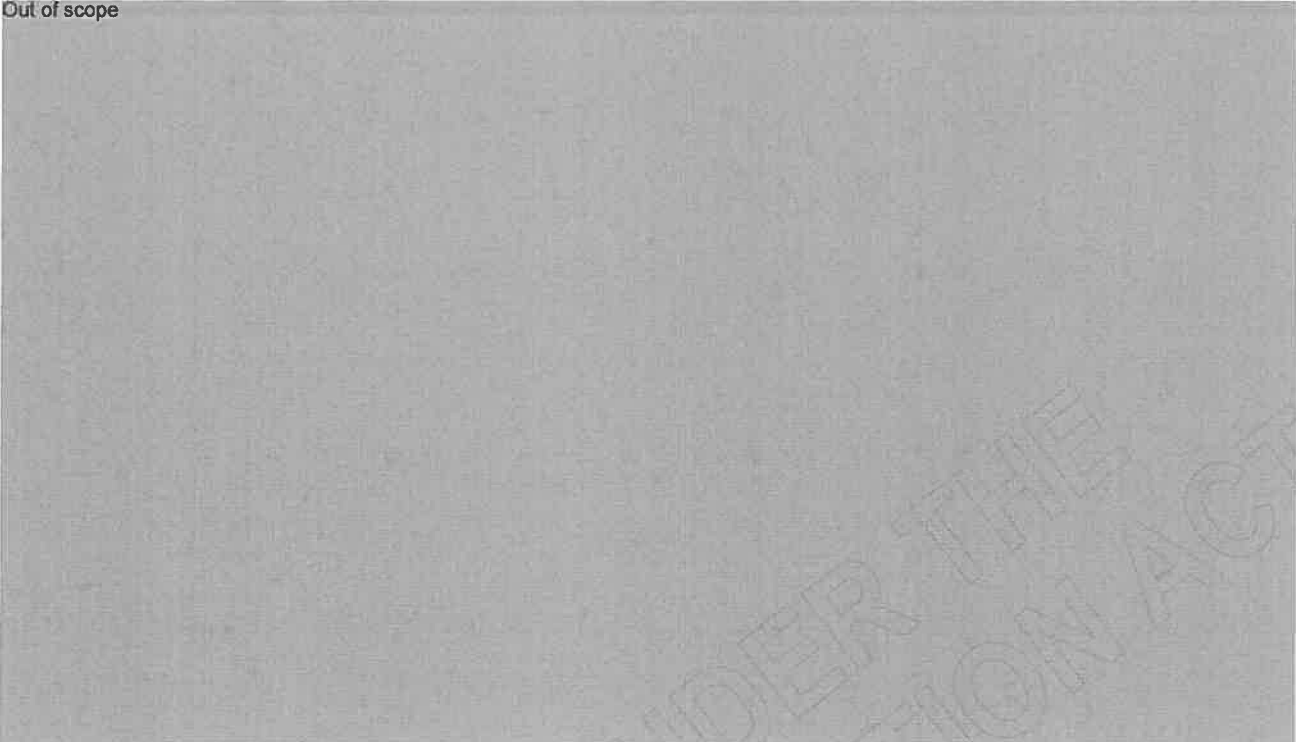
- 13 MSD needs additional funding mainly across three areas to continue to deliver critical support for New Zealanders:

Out of scope

13.3 Programmes: to extend the reach of our programmes and deliver improved social and economic outcomes for New Zealanders.

Out of scope

Out of scope



File ref: REP/20/4/399

A12462538

[Appendix – letter to the Secretary to the Treasury and accompanying initiative templates to be inserted]

COVID-19 RESPONSE AND RECOVERY FUND: WAVE 3: RESET AND REBUILD

BUDGET SENSITIVE



Out of scope

ECONOMIC STIMULUS

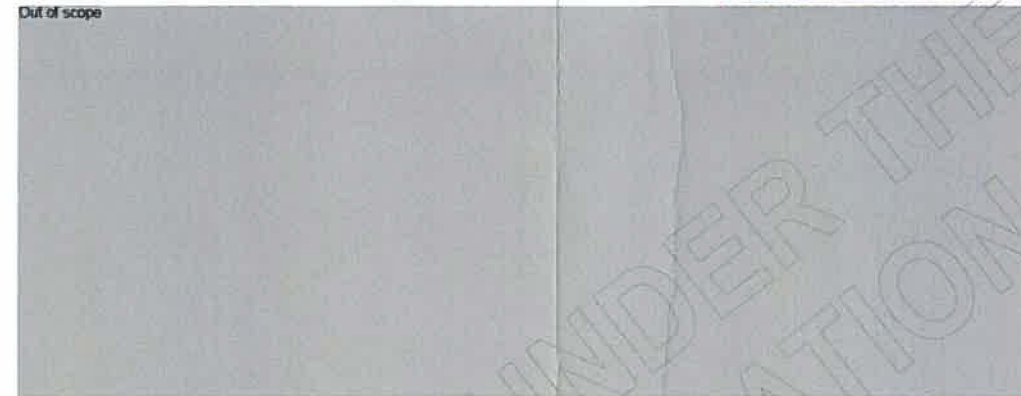
WELFARE OVERHAUL	Out of scope		
	Real Wage	Funding to provide more wage subsidies to clients who are disadvantaged within the post COVID labour market to ensure they can access and remain in a sustainable job. This also includes funding that employers need for training, mentoring and in-work support.	STBC Years TBC

BUSINESS SUPPORT

EMPLOYMENT	Out of scope		
	Mana In Maki	Expand Mana In Maki's employment and training supports to better support participants and employers as a result of COVID-19. Mana In Maki participants are often the most vulnerable in the labour market. This additional support is required to improve their ability to achieve sustainable work and industry training qualification in the post COVID-19 environment.	STBC Years TBC

Out of scope

COVID-19 RESPONSE AND RECOVERY FUND WAVE 3: RESET AND REBUILD



Additional Funding for Employment Services Response to COVID-19

This initiative will expand MSD's employment responses to COVID-19. MSD has a critical role in supporting people into and back into the labour market.

The initiative seeks to fund employment programmes and services that were unable to be funded from the earlier Wave 2 initiatives: 'Employment Service Response to COVID-19' and components of the FTE targeted Employment and Financial Support Response to COVID-19.

\$54m (Opex)
\$5.2m (Capex)

1 year



BUDGET SENSITIVE