



COVERSHEET

Minister	Hon Willie Jackson	Portfolio	Minister of Employment
Title of Cabinet paper	All-of-Government Employment Strategy and Youth Employment Action Plan	Date to be published	12 August 2019

List of documents that have been proactively released

Date	Title	Author
31 July 2019	<i>All-of-Government Employment Strategy and Youth Employment Action Plan</i>	<i>Office of Employment Minister</i>
5 August 2019	<i>CAB-19-MIN-0385</i>	<i>Cabinet Office – Cabinet</i>

Information redacted

YES / NO (please select)

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Some information has been withheld for the following reasons, as it is:

- Confidential advice to Government
- Out of scope.

In Confidence

Office of the Minister of Employment

Chair, Cabinet Social Wellbeing Committee

All-of-Government Employment Strategy and Youth Employment Action Plan

Proposal

1. This paper seeks Cabinet's agreement to the public release of:
 - a. an Employment Strategy setting out the Government's vision for the labour market (the Strategy)
 - b. an Action Plan to improve young people's labour market outcomes (Youth Employment Action Plan).

Executive Summary

2. I propose that Cabinet agree to the release of an All-of-Government Employment Strategy (Appendix 1) which:
 - a. presents the Government's overall vision for the labour market and the programme it is implementing to improve employment outcomes for all New Zealanders
 - b. provides a roadmap for a series of Action Plans focused on improving outcomes for particular population groups that have persistently poorer labour market experiences.
3. The Strategy highlights that population groups experiencing persistently poor labour market outcomes (young people, disabled people, Māori, Pacific peoples, older workers and job seekers, refugees, recent migrants and ethnic communities) require specific attention. The Strategy sets out a roadmap for a series of Action Plans with work programmes for improving labour market outcomes for these groups.
4. Alongside the Strategy, I propose to publicly release the first population-focused Action Plan, a Youth Employment Action Plan (appendix 2), which sets out a programme of actions across agencies to build on and improve New Zealand's pipeline of education, training and employment interventions. It is envisaged that the Action Plan will help to ensure that work across agencies remains coherent, and provide public visibility of the work to support early engagement and opportunities for co-design as actions are developed.

5. I have discussed the proposal for population-focused employment Action Plans with the Minister for Social Development, and we consider that an Action Plan focused on supporting the employment potential of disabled people and people with health conditions (currently being developed for consultation later in the year) would jointly support the aspirations of the Employment Strategy and the Disability Strategy.

Out of scope

Background

8. Work plays an important part in the economy and our wider society, and well-functioning labour markets are necessary for economic growth and social wellbeing. Most New Zealanders benefit from economic growth through paid work. Paid work provides an income, but can also provide a sense of purpose, and the chance to use existing skills and develop new ones. Suitable work has a positive impact on health and wellbeing and allows people to develop networks and build self-esteem. Most importantly, the material wellbeing of our children is directly linked to the income of their responsible carers.
9. The Government has a significant role in the labour market, for example through the levers relating to the supply of workers and skills (the education, immigration, welfare systems), anti-discrimination provisions and setting basic standards for pay and working conditions.
10. As Minister of Employment I am responsible, alongside other Ministers, for ensuring that the Government's employment policies and programmes enable New Zealanders to have fulfilling careers and fair incomes. A key area of my responsibility is to co-ordinate initiatives on employment issues across Government.
11. This Government has prioritised raising wellbeing through its first term, and a large part of this emphasis has been on developing reform programmes to ensure that the policy settings which help shape the labour market will promote improved employment outcomes over time.

12. On 1 October 2018 Cabinet noted that I was developing an Employment Strategy in the context of the Government's broader economic strategy [DEV-18-MIN-0222 refers], which highlighted the role of good labour market settings for ensuring that the benefits of growth are more broadly shared and that New Zealand transitions to a lower-emission and more sustainable economy.
13. Improving employment outcomes is also highlighted as one of three priority areas in the Government's work to break the cycle of child poverty. New Zealand's Child and Youth Wellbeing Strategy (forthcoming) highlights the importance of actions to address unemployment, low pay and insecure employment for ensuring children's basic needs are met, and broader wellbeing outcomes are achieved across generations.

Proposed All-of-Government Employment Strategy

14. I propose that Cabinet agree to the release of an All-of-Government Employment Strategy (Appendix 1) which:
 - a. presents the Government's overall vision for the labour market and the programme it is implementing to improve employment outcomes, productivity and wellbeing for all New Zealanders
 - b. provides a roadmap for a series of Action Plans focused on improving outcomes for particular population groups that have persistently poor labour market experiences.
15. The Strategy encompasses issues that are being worked on by Ministers and agencies, and is intended to bring connectivity and coherence to this work both now and over time.

The Government has an ambitious and wide ranging reform programme to improve New Zealanders' skills, working conditions and employment

16. The Strategy is presented as an All-of-Government Strategy, recognising that good employment outcomes are influenced by the confluence of settings distributed across a range of Ministerial portfolio responsibilities, including Workplace Relations and Safety, Education, Immigration, Social Development, Economic Development, Disability Issues, Oranga Tamariki—Ministry for Children, Pacific Peoples, Māori Development, Children, Youth and Seniors.
17. The Strategy is also intended to provide a basis for ongoing dialogue with Māori as Treaty partners and also with stakeholders, including Māori organisations, social partners and service providers (including Whānau Ora providers) about the direction of the Government's labour market reform programme and what the Government is aiming to achieve for New Zealand businesses, workers and jobseekers.

18. The Strategy highlights that New Zealand's labour market, on the whole, performs well. For instance, we have high levels of participation, a highly qualified workforce, and low unemployment. However, we also have significant room to improve New Zealanders' skills, productivity, utilisation and wages, which in turn are important for wellbeing. Some population groups consistently experience poor labour market outcomes.
19. The Strategy is based on the key objectives we are seeking to achieve through this work:
 - a. Building a skilled workforce (supply) – overall we have a highly qualified workforce but a high level of skills mismatch, and an inadequate emphasis on ongoing learning and mid-career reskilling. This section highlights the Government's work and aims to build a vocational education system that is ready and equipped to support businesses to improve productivity and sustainability, and improve careers planning and lifelong learning to help our workers adapt in the face of change
 - b. Supporting thriving industries and sustainable provinces (demand) – some of our starkest employment challenges are in particular industries and located in the provinces. This section highlights the Government's work and aims to ensure that we grow our local workforce, that regions are well served by the vocational education system, and to help our provinces and industries prosper
 - c. Modern workplaces for a modern workforce (matching) – many people find themselves unable to find suitable work which allows them to balance their other commitments, such as caring for children, parents and other whānau. This section highlights the Government's work and aims to better enable businesses and workers to understand each other's needs and accommodate diverse work arrangements and career pathways
 - d. Preparing for the changing nature of work (change) – we are facing a less certain employment outlook with globalisation, climate change, technological progress, and demographic shifts including an ageing population. This section highlights the Government's work and aims to ensure that our employment and skills system is resilient and adaptable, and can support businesses and communities to leverage change to be more productive and sustainable. It profiles the Government's investments to strengthen foundation skills and lifelong learning, and ensure that vocational training responds quickly to changing skills demands through providing more flexible learning methods (including micro-credentials), and integrating workplace-based and provider-based training
 - e. Supporting an inclusive labour market (inclusion) – despite low unemployment, many young people, Māori, Pacific people, women, and disabled people still find themselves out of work, working fewer hours than they would like, or struggling to make ends meet despite holding multiple jobs. Older job seekers are more likely to become long-term unemployed than younger workers. This section highlights the Government's work and aspiration for settings that better enable people to grow their skills and careers and have decent and stable work.

20. The Employment Strategy highlights the Government's achievements so far, including, for example, the significant raise for those on the minimum wage and investment in the regions via the Provincial Growth Fund.
21. It further reflects that much work has been actioned and is underway to improve New Zealanders' skills, working conditions and employment through major Government reforms, including the Reform of Vocational Education, the Careers System Strategy, the Welfare overhaul, the temporary migration reforms, Pay Equity, Fair Pay Agreements, and the Future of Work Tripartite Forum. The Strategy recognises that these headline reform programmes will improve outcomes for many of those who have consistently experienced poorer labour market outcomes.

The Strategy sets out a roadmap for improving labour market outcomes for those that have been previously under-served

22. The Strategy highlights broad cross-cutting issues that affect our labour markets. The major reforms (noted in paragraph 20 and 21 above) are aimed at addressing some of these cross-cutting issues. However, there is more that needs to be done for groups that experience disadvantages in labour markets. To this end, the Strategy proposes the creation of a series of Action Plans focusing on particular groups experiencing poor outcomes. It is intended that the Action Plans:
 - a. highlight the issues facing those groups
 - b. set out actions that the Government is committed to undertaking in order to improve labour market outcomes for those groups.
23. I propose that the first two Action Plans focus on:
 - a. improving young people's engagement in and outcomes from education, training and employment, as these are formative of wages, employment and life satisfaction over the course of people's lives
 - b. improving disabled people's and people with health conditions' employment outcomes. This population has amongst the poorest labour market outcomes. Work can be important to maintaining and improving wellbeing, as well as providing a sense of purpose and inclusion.
24. I specifically propose that this Youth Employment Action Plan be published at the same time as the overarching Strategy.
25. The Minister for Social Development has agreed to progress an Action Plan for improving disabled people's and people with health conditions' employment outcomes and will be reporting back to Cabinet later this year.
26. I have also spoken to Ministerial colleagues about the other potential Action Plans. At this stage, four additional groups have been identified as experiencing disproportionately poor outcomes from the labour market, including:
 - a. Māori

- b. Pacific peoples
- c. Older workers and job seekers
- d. Refugees, recent migrants and ethnic communities.¹

27. I propose that further Action Plans be developed for each of these groups in time. This approach provides some flexibility in terms of the focus of the Action Plans and ensures that each Action Plan remains connected to our overarching Strategy. Figure 1 below outlines this approach.

Figure 1: Approach for Action Plans



To be successful, the Employment Strategy requires a cross-portfolio and cross-agency approach, and clear accountability for actions

- 28. I propose that, as Minister of Employment, supported by MBIE, I will provide overarching stewardship of the Employment Strategy. This includes, for example, tracking progress of Action Plans and facilitating links between plans as needed.
- 29. Ministers will be responsible for specific actions that fall within their portfolio responsibilities, as per the normal Cabinet conventions.
- 30. The Labour Market Ministers Group (LMMG)² will be used to test work under the Action Plans across Ministerial portfolios represented within the Group as it is developed, and maintain broad accountability for the delivery of the programme of actions.

Action Plan to improve young people’s labour market outcomes

31. I propose that Cabinet agree to the release of a Youth Employment Action Plan (Appendix 2) as the first population focused Action Plan for improving employment outcomes under the Government’s Employment Strategy.

¹ Note that work on actions for refugee and new migrants is already underway as part of the Migrant Settlement and Integration Strategy and the Refugee Resettlement Strategy, and further work will be undertaken to improve support for ethnic communities to realise improved employment outcomes.

² This includes Ministers for Workplace Relations and Safety, Immigration, Employment, Research, Science and Innovation, Education, Social Development, Seniors as well as the Ministers of Economic Development and Regional Economic Development on an as needs basis.

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32. The Youth Employment Action Plan focuses on young people (15 – 24 year olds) because:
- a. this group has some of the highest levels of unemployment and inactivity of all age groups. Young Māori, Pacific people, disabled people and young people with caring responsibilities, particularly sole parents, are overrepresented in this group
 - b. young people that experience poor early education, training and unemployment are at a far greater risk of poorer labour market and life outcomes.
33. The Action Plan highlights the strengths of New Zealand's pipeline of education, training and employment systems, but also areas where improvements can be made. It then sets out the programme of actions to build on and improve New Zealand's pipeline of support across the different stages of a young person's preparation for, and entry into, the labour market:
- a. Stage 1: improve young people's building blocks for success
 - b. Stage 2: support young people to make informed choices and transitions through complexity
 - c. Stage 3: ensure young people have employment opportunities and support in overcoming barriers.
34. Given the different dimensions and drivers of employment issues, a cross-portfolio approach to this work is needed to meaningfully improve employment outcomes. It is envisaged that all the Action Plan documents will help to ensure that work across agencies remains coherent, and enable stakeholders, including social partners, service providers, Māori and iwi organisations, and young people to have visibility of the work to support early engagement and opportunities for co-design as actions are developed.

Stage 1: Actions to improve young people's building blocks for success

35. The Youth Employment Action Plan sets out a commitment from the Government to be more prevention focused. It sets out actions to ensure more people, particularly more Māori, Pacific peoples and disabled people, get early job experience opportunities at school and leave school with adequate foundation skills, qualifications and a plan.
36. The Action Plan proposes two key actions to improve Stage 1 of the pipeline:
- a. Action 1: Improve early identification and effectiveness of interventions targeting young people at risk of limited education, employment and training outcomes
 - b. Action 2: Expand early work experience opportunities and access to high quality vocational education and training pathways, including through improvements to NCEA and RoVE.

37. Agencies have work underway and plans that would support delivery of the actions outlined above. This includes work to improve local partnerships with iwi, Pacific communities, youth organisations and schools to improve engagement of young people at risk of limited education and employment outcomes (Ministry of Education; Ministry for Pacific Peoples), making NCEA more accessible for all learners, and opportunities to expand programmes across the Secondary-Tertiary interface (Ministry of Education) and promote innovative approaches to support Māori rangatahi to achieve their learning and employment outcomes through Pae Aronui (Te Puni Kōkiri).

Stage 2: Actions to support young people to make informed choices and transitions through complexity

38. The Youth Employment Action Plan sets out a commitment to ensuring that well-tailored support is available when and where young people need it to navigate and access the array of pathways they face when they leave school.
39. Young people face a complex environment when they leave school; this is particularly challenging for people with additional needs who may need multiple services.
40. The Action Plan proposes six key actions to improve young people's transitions:
- a. Action 3: Improve brokering of employment opportunities and careers assistance, including the development of the Career Systems Strategy
 - b. Action 4: Improve the quality and effectiveness of pastoral care/mentoring programmes including approaches that build on cultural and community strengths
 - c. Action 5: Increase opportunities for young people to gain the vital skills they need to transition out of compulsory schooling into further education, training or employment, including through improvements to NCEA and RoVE
 - d. Action 6: Provide a support service for young people transitioning from care and youth justice to independence (ages 15-25)
 - e. Action 7: Strengthen interventions delivered through local partnerships such as local connector/kaitūhono services, and expand initiatives demonstrated as being effective
 - f. Action 8: Improve service provider collaboration, for instance through including better referral pathways and joined up funding.

41. Agencies have work underway and plans that would support delivery of the actions outlined above. This includes work to build better local linkages to employer recruitment teams through Sector Workforce Engagement Programme Hubs (Ministry of Business, Innovation and Employment), develop best practice guidance for pastoral care/mentoring programmes (Ministry of Business, Innovation and Employment; Ministry for Pacific Peoples), improvements to NCEA so its pathways from school to further education and employment are clearer, develop a Career Systems Strategy, RoVE, and introduce a School Leavers' Toolkit to support school leavers to succeed in life (Ministry of Education). Reviewing the youth health and safety regulations provides an opportunity to ensure health and safety responsibilities support early, effective transitions to training and employment (Ministry of Business, Innovation and Employment).

Stage 3: Actions to ensure young people have employment opportunities and support to overcome barriers

42. The Youth Employment Action Plan sets out a commitment to helping young people to pick up the employability skills that they need, and assisting employers to realise the fullest potential and productivity in our young people.
43. The Action Plan proposes four key actions to improve young people's opportunities and employability:
- a. Action 9: Building on the Reform of the Vocational Education system, provide better support for employers to employ and train more young people with employment challenges (Ministry of Business, Innovation and Employment; Ministry of Social Development)
 - b. Action 10: Increase driver licence uptake and progression through the Graduated Driver Licences System (Ministry of Education lead)
 - c. Action 11: Advocate for public sector internships and employment opportunities for young people leaving care of the State (Oranga Tamariki)
 - d. Action 12: Improve employment opportunities and address barriers to employment for young disabled people (Ministry of Social Development).
44. Agencies have work underway and plans that would support delivery of the actions outlined above. This includes work to explore opportunities to increase in-work training (e.g. via group employment and training schemes to reduce employer risk), link SWEP Hubs to large Government infrastructure projects, leverage Mana in Mahi – Strength in Work and He Poutama Rangatahi (Ministry of Social Development; Ministry of Business, Innovation and Employment), and expand in-school provision of driver training and testing (Ministry of Education).
45. Through the implementation of RoVE, work-based learners will be more supported in their learning and pastoral needs, and alignment between on-job and off-job provision will be strengthened.

46. There may be future opportunities to use procurement as a lever to influence hiring decisions by suppliers commissioned by Government agencies to create work experience and employment opportunities for young people. There may also be future opportunities to work across the public sector to offer experience and employment opportunities to young people with care-of-the-State backgrounds. This would align with the direction of the State Services Commission's review of the State Sector Act, which seeks to demonstrate a unified public service that promotes diversity and inclusion.

Next steps

47. I will be engaging with Ministers on taking these actions forward. In some cases, this may result in further actions for Cabinet or budget consideration. I propose to report back to Cabinet by the end of December 2019 on progress in implementing the Action Plan, and following this provide six-monthly report backs on progress.

Out of scope

- [Redacted]
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Consultation

53. The Ministry of Business, Innovation and Employment prepared this paper.
54. The following agencies have been consulted on this paper: the Ministries of Social Development, Education, Health, Pacific Peoples, and Women, Te Puni Kōkiri, Oranga Tamariki, Office for Seniors, Office for Disability Issues, Tertiary Education Commission, New Zealand Transport Agency, and The Treasury.
55. The Department of the Prime Minister and Cabinet has been informed throughout the development of the paper.

Financial Implications

56. There are no financial implications arising from the proposed release of the Employment Strategy and Youth Employment Action Plan. There may be financial implications arising from the subsequent Action Plans and funding options will be considered as those develop. Agencies that have work under the Youth Employment Action Plan may seek funding through Budget 2020 and subsequent budgets. The Action Plan does not represent a pre-commitment of funding for any initiatives.

Out of scope



Legislative Implications

59. The proposed actions are not anticipated to have legislative implications.

Impact Analysis

60. The proposed actions are not anticipated to involve regulatory impacts, but this will continue to be assessed as actions are developed.

Human Rights

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

Gender Implications

62. The Strategy and Youth Employment Action Plan highlight the need to improve women's employment and wage outcomes. The Youth Employment Action Plan, while noting young women's outcomes have improved over time, highlights that young women, particularly young mothers continue to be overrepresented in the youth not in education, employment or training population. It identifies barriers to women's participation in education, training and employment, such as not having accessible childcare and or a driver licence, to highlight these as important areas of focus for communities and the Government.

Disability Perspective

63. Improving outcomes for disabled people is a major focus of the proposed Strategy, and the proposed Youth Employment Action Plan. Proposed actions, for instance to improve service coordination and work experience opportunities, include specific reference to young disabled people, and are expected to provide significant benefits to this population.
64. The proposed development of a subsequent Action Plan focused on improving employment outcomes for disabled people strongly aligns with the New Zealand Disability Strategy, which includes employment as a key outcome.

Publicity

65. Subject to Cabinet's agreement to the Strategy and Youth Employment Action Plan, I intend to publicly release these in August. Officials are developing a communications approach and supporting material for the release.
66. As part of work to develop the proposed actions, agencies will engage with relevant stakeholders, such as current youth service providers, Māori and Pacific peoples' organisations, and social partners.

Proactive Release

67. I intend to release this Cabinet paper at the same time as the Strategy and Youth Employment Action Plan are released. I intend to withhold any Budget sensitive material, and any other material that could prejudice proper consideration of proposals by Cabinet.

Recommendations

The Minister of Employment recommends that the Committee:

Employment Strategy and Youth Employment Action Plan

1. **note** that Cabinet has previously noted the development of an Employment Strategy on 1 October 2018 [DEV-18-MIN-0222 refers] in the context of the Government's broader economic strategy

2. **note** an all-of-Government Employment Strategy (Appendix 1) has been prepared to present the Government's overall vision for a more productive and inclusive labour market
3. **note** the Strategy highlights that population groups experiencing persistently poorer labour market outcomes (young people, disabled people, Māori, Pacific peoples, older workers and job seekers, refugees, recent migrants and ethnic communities) require specific attention and the Strategy sets out a roadmap for a series of Action Plans with work programmes for improving labour market outcomes for those groups
4. **note** that a Youth Employment Action Plan (Appendix 2) has been prepared for release alongside the Employment Strategy, setting out actions for Government agencies to undertake to build on and improve New Zealand's pipeline of education, training and employment systems
5. **approve** the release of the Employment Strategy and Youth Employment Action Plan (attached at Appendix 1 and 2 respectively)
6. **agree** that the Minister of Employment may authorise minor changes to the Strategy and Action Plan documents prior to their release
7. **agree** that the Minister of Employment will provide overarching stewardship of the Employment Strategy
8. **note** that the Labour Market Ministers Group (LMMG) will be used to test work as it is developed under the Action Plans across Ministerial portfolios represented within LMMG
9. **invite** the Minister of Employment to report back to Cabinet by the end of December 2019 on progress in implementing the Youth Employment Action Plan, and following this report to Cabinet at six monthly intervals on progress
10. **invite** the Minister for Social Development to report back to Cabinet in October 2019 with a draft Action Plan for unlocking the employment potential of people with poor health and disabilities for consultation later in the year

Out of scope

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Authorised for lodgement
Hon Willie Jackson
Minister of Employment