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Opportunity, Capacity, Participation Government Employment Strategy 2000

September 2000



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Office of Hon Steve Maharey, M.P. for Palmerston North
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Foreword

Growing an inclusive, innovative economy for the benefit of all is one of the Labour/Alliance Government's key goals. If we can close the gap between New Zealand and the 25 richest countries in the world, then we will close a number of other gaps – between the employed and the unemployed, between those who have secure, and those who have insecure work, between those who can access life-long education and training, and those who do not, and, not least, between Maori, Pacific peoples, and other New Zealanders.



A strategy will not, in and of itself, grow the economy and grow jobs. But it will provide the kind of framework within which policies can be developed and implemented which both maximise potential, and minimise disadvantage in the labour market.

This strategy is about all those policies that impact on employment – at the macro and at the micro level. It is part of a process by which policymakers and those tasked with implementing policies are required to continually bring one question to the fore – “what will this intervention do to grow the economy and grow jobs?”

This strategy is about a ‘whole of government’ approach in which policies are mutually reinforcing across portfolios.

This strategy is about building individual and organisational capacity, about increasing opportunity, and about matching capacity and opportunity to grow jobs and lift economic performance. It is the three key imperatives of opportunity, capacity, and participation that inform this strategy.

The Government has now instituted a monitoring regime to measure progress towards the achievement of the high level goals detailed in this strategy.

Government can do so much, but the achievement of these goals will require partnerships, with business, with unions, with local government, and with the community. The Government invites partnerships in furtherance of these goals, and I would value your comments on the strategy.

Yours sincerely

Steve Maharey
Minister of Social Services and Employment

Introduction

This strategy provides an overview of Government's employment policy and places that policy within the broader economic context. Specifically, it describes an employment strategy framework within which Government's employment priorities can be established and an effective set of interventions delivered. The strategy is linked to the Key Government Goals, to 'Grow an Inclusive, Innovative Economy for the Benefit of All', and to 'Close the Gaps for Māori and Pacific People in Health, Education, Employment and Housing'.

Executive Summary

The Employment Strategy will help ensure that government interventions at both a macro and a micro level are well aligned and focused on achieving progress towards the Government's overall goals that are defined in this document.

Objectives

There are two principle objectives of this strategy:

- to minimise disadvantage by reducing the incidence of persistent disadvantage in the labour market and;
- to maximise potential by helping to ensure that all labour market participants have the opportunity to achieve their full potential (ie: maximising the number of jobs and the level of earnings for all).

Guiding Principles

A number of guiding principles that underpin these goals and provide a context within which government can operate in relation to the strategy are also identified. These are that:

- it is not possible to have a definitive view of what the New Zealand labour market will look like in the future other than that it will almost certainly be more diverse than at present;
- Government cannot ensure particular labour market outcomes;
- there is no single policy, or unique set of policies, that will necessarily support positive outcomes;
- labour market processes are complex and dynamic; and
- experience shows that policies always have unintended consequences and pose difficult trade-offs.

Policies

The Employment Strategy recognises that minimising disadvantage and maximising potential is dependent on policies that support:

- *opportunity creation*: policies and programmes that maximise employment opportunities through a steady growth in the demand for labour;
- *capacity building*: policies and programmes that encourage the development of skills that are valued in the labour market; and
- *matching*: policies and programmes that facilitate a well-functioning labour market by minimising barriers to the matching of skills and jobs. This includes measures that facilitate participation in the labour market and assist adjustment to changed circumstances.

High Level Strategic Goals

The Employment Strategy also establishes the following high level goals:

- ensuring macroeconomic policies enable sustained economic growth and its accompanying job creation;
- promoting an 'employment rich' economy by removing barriers to employment growth;
- developing a flexible, highly skilled workforce;
- developing strong communities;
- improving participation in employment for Māori and Pacific people; and
- improving participation in employment for people with disability and other groups at risk of long-term and persistent unemployment.

Policy and Programme Priorities

Following consideration of the current set of government programmes and policies and the work programme now being undertaken the following priorities are proposed to drive the implementation of the strategy:

- ongoing stable economic growth and policies that encourage job growth;
- policies that promote the movement of more people (and particularly Māori and Pacific peoples) into high skill and job rich industries such as increasing educational attainment for school leavers and young adults; high quality adult education; careers advice, job information and job networks;
- policies that promote sustainable regional economic development;
- policies that build community capacity and promote an inclusive approach to community development; and
- the continued development of individually focused service delivery to maximise the effectiveness of targeted active labour market assistance.

Labour Market Issues With Impact on Employment

The priorities will build on current government interventions, and will respond to the issues underlying poor labour market experiences. These issues revolve around location, ethnicity, service delivery and skills level and mix.

Purpose

For most individuals, employment is fundamental to their sense of well being. For those in paid jobs it is a means to improve their standard of living over time. As a result, a well-functioning labour market is critical to social cohesion and economic progress. However, some individuals persistently find it difficult to access jobs or become trapped in employment on low wages and poor conditions. Moreover, the incidence of ongoing labour market disadvantage in New Zealand tends to be highly concentrated among individuals with particular characteristics, for example, early school leavers, Māori and Pacific peoples and people living in certain regions. Addressing disparities is fundamental to the strategy.

However, the strategy is not just concerned with disadvantage. Factors such as adverse business cycle effects and poor productivity growth means that even workers in “good” jobs may not be maximising their job and wage opportunities over time. As a result, increasing the opportunities available to all workers is also important.

In summary, the underlying objectives of the employment strategy are twofold:

- *minimising disadvantage*: to minimise the incidence of persistent disadvantage in the labour market and
- *maximising potential*: to help ensure that all labour market participants have the opportunity to achieve their full potential (ie maximising the number of jobs and the level of earnings for all).

In this context the Employment Strategy provides a wider framework for policy makers to think about employment so that relevant interactions are recognised and policies adopted which are mutually supporting. It identifies policies that are already in place and signals where further work is either underway, or is proposed. The development of the strategy recognises that achieving these objectives requires a wide range of policies working in concert in order to support a well-functioning labour market.

Minimising Disadvantage and Maximising Potential

Poor labour market outcomes have many sources. However, there are three broad factors that seem to be at the heart of the problem:

- slow and/or erratic job growth (*opportunities*);
- low and/or inappropriate skill acquisition (*capacities*); and
- a poor match between the jobs on offer and the available skill base (*matching*).

These factors are, in turn, driven by a number of interrelated variables.

Job growth is primarily determined by overall economic growth. Economic growth is a function of:

- *Growth in the quantity and quality of domestic inputs into the production process*: This will mainly reflect investments by firms in plant, equipment, product development and the like (determined by expected output prices, regulatory compliance costs, and interest rates), the number of people entering the labour market and investments by those individuals in education and training.

- *How well domestic markets function:* This depends on whether price signals are distorted, the extent to which there are barriers to competition, macro-economic stability and how well defined and protected property rights are. In particular, the OECD has identified the critical importance of a flexible, responsive labour market in supporting economic and job growth.
- *Innovation and entrepreneurship:* This is essentially about identifying new opportunities and new products and production techniques. It depends partly on the extent to which risk-taking is rewarded.
- *Access to foreign markets and resources:* This partly depends on factors beyond New Zealand's control (eg trade restrictions), but it also depends on the openness of the economy (eg controls over imports of foreign capital, goods and labour).

Skill acquisition is determined by a combination of the innate abilities and the preferences people have, as well as their knowledge of and access to training opportunities. The ability of individuals to acquire necessary training is also important. It also reflects the financial return people can expect on their investment in skills. This expected return is a function of likely future job and wage opportunities and the costs of education and training.

The matching of jobs and skills will be determined, to a large degree, by the extent to which the wages paid for particular skills reflect the value they add to production. If employers offer wages below this level, or employees expect wages above it, then matching will not occur. Consequently, the number of people in jobs will not be maximised.

Whether wage offers and wage expectations are in line depends on a number of things. One is labour market regulation that alters wage levels. Another is whether the information available to employers and employees about "market" wage levels and the value of skills, is accurate. Delivery agencies such as the Department of Work and Income can play a crucial role in facilitating the exchange of this information and in all labour market exchanges.

The Employment Outlook

The makeup of New Zealand's labour market in coming decades will fundamentally be shaped by New Zealand's resource endowments, skill base and the labour market's responsiveness to shifts in world demand. Part of this responsiveness will be shaped by the level of reward available to firms in return for their investment decisions and risk taking and in the context of the level of tax they are required to pay.

The employment outlook will also be driven by four key trends. The employment strategy needs to be in tune with these:

- *Globalisation:* The increasing integration of the world economy offers New Zealand greater access to markets for its output, sources of capital and technology and skills. This suggests the prospect of robust job growth. But it also implies tougher competitive pressures and raises risks of 'brain drain' to more attractive economies. If New Zealand firms and workers fail to match the performance of other economies and tailor activities to areas of competitive advantage, poor labour market outcomes will eventuate.
- *Rapid technological change:* This means location is less important, uncertainty is increased and required skills are changing. It is also significant that the rate of change is increasing and firms have to adapt faster than in the past.
- *Growth of the service sector:* This has implications for the skill mix, and the mix of New Zealand firms that are most likely to succeed in world markets.
- *Social and economic diversity:* The preferences of labour market participants vis-à-vis employment arrangements (eg: job tenure) is becoming more diverse. It is becoming increasingly difficult to define the archetypal "good job".

The emergence of these trends means that the exact shape of the labour market is highly uncertain. Employment and business relationships are becoming more fluid and varied, globalisation has increased exposure to external shocks (both positive and negative), and technological change is an inherently uneven and "messy" process. Nevertheless, it is possible to predict some aspects of the employment outlook.

Assuming that the labour market remains reasonably adaptable and that skill levels continue to rise, the employment outlook is most likely to be characterised by:

- *Natural resource based activities utilising a wide mix of skilled and unskilled labour.* This includes pastoral farming, horticulture, viticulture, forestry aquaculture and tourism. These activities will be more diverse than in the past with a wide range of "niche" activities.
- *A continued shift away from physical "blue-collar" manufacturing activities and towards provision of services.* The services provided will be very wide-ranging. Some will be "high-skill" (eg business services). But "low-skill" services (eg personal services as may be found in fast-food outlets) will continue to be a significant part of the labour market. Both high and low skill jobs will be found across all sectors of the economy. Restaurants, for example, need both highly trained chefs and cleaners. Also, services such as health and education will become increasingly important.

- *Niche “high-tech” manufacturing activities.* These are likely to be closely aligned to our resource based industries (eg: agricultural machine technology and bio-technology). However, traditional primary processing industries will continue to be significant.
- *Growth in the information technology sector.* Importantly, this sector will not be limited to computer technology. The convergence of technology going on at the moment means that it will cover sectors such as telecommunications and media.
- *Greater weight given to generic and cross-occupational skills* (analysis, communication, design) rather than highly specific vocational skills. Skill adaptability will become critical with the “shelf-life” of skills shortening. Life-long learning will become the norm.

In summary, the employment outlook is for an increasingly diverse and fluid labour market with adaptability of skills and employment arrangements being an essential feature. This is consistent with the findings of the OECD Jobs Strategy that said that a responsive and adaptable labour market is a prerequisite to achieving positive labour market outcomes. In particular, a view of learning as a lifelong process will be essential, as will the role of wages in accurately signalling changes in the demand and supply of skills.

Guiding Principles

Experience and analysis of the labour market environment suggests that a number of guiding principles should underpin the development by the Employment Strategy.

It is not possible to have a definitive view of what the New Zealand labour market will look like in the future, other than that it will almost certainly be more diverse than at present. Consequently, the strategy can not be based around some notion of a specific “ideal” set of future labour market outcomes and what it takes to get there (eg investment in certain specific skills). Rather, it needs to be “enabling”, i.e. sufficiently broad-based and flexible so as to allow a wide range of future possible labour market structures to emerge.

Also, government can not ensure particular labour market outcomes. To a significant extent, labour market outcomes will be determined by factors that are outside direct government control. What government can do is provide a regulatory and funding environment that encourages and supports positive and stable economic outcomes. This will maximise the number of people in jobs and the level of wages attainable. Also, once a sound mix of policies is achieved, their impacts will generally take a long time to emerge. For these reasons policies need to be designed around long time frames.

There is no single policy, or unique set of policies, that will necessarily support positive outcomes. A very wide range of mutually supportive, inter-related policies are required. This includes interventions that directly impact on the labour market (eg labour market regulation, training) as well as community development policy (eg community employment, voluntary sector funding), social policy (eg health, welfare benefits), business regulation (eg competition policy) and macroeconomic interventions (fiscal and monetary policies). The appropriate mix of policies will need to change over time as circumstance changes and new lessons are learned.

Furthermore, labour market processes are complex and dynamic. Aggregate flows from one labour market state (eg unemployment) to another (eg employment or non-participation) are large, even over short periods of time. That is why, individual episodes of unemployment or low wages are quite common. However, *persistent* disadvantage is much less common and is highly concentrated. For example, for most young people, entry into relatively low-pay, low-skill jobs appears to be a stepping stone to better jobs.

However, for some young people they become a dead-end. Consequently, policies must take account of dynamic processes (eg focussed primarily on longer-term labour market experiences and labour market transitions) and mix broad universal interventions with more intensive tightly targeted programmes aimed at the most at-risk workers.

Finally, past experience shows that policies always have unintended consequences and pose difficult trade-offs. In particular, policies to enhance the prospects of one group (e.g. active labour market programmes) will sometimes unintentionally limit access to jobs by others. Further, if the targeting of such policies is poor, most assistance may end up going to those who would access jobs even in the absence of such programmes.

In addition, some policies that improve the distribution of employment outcomes reduce the overall number of job opportunities. There is no way of completely avoiding these tradeoffs (though they can be minimised). The lesson is that the mix of policies needs to be carefully balanced in recognition of them.

The Strategy

Main Themes

The strategy recognises that minimising disadvantage and maximising potential is dependent on policies that support:

- *Opportunities creation*: policies and programmes that maximise employment opportunities through a steady growth in the demand for labour.
- *Capacity building*: policies and programmes that encourage the development of skills that are valued in the labour market.
- *Matching*: policies and programmes that facilitate a well-functioning labour market by minimising barriers to the matching of skills and jobs. This includes measures that facilitate participation in the labour market and assist adjustment to changed circumstances.

Integrated Approach

The strategy requires a wide mix of policies. Some of these will be general interventions. Others will need to be targeted on particular groups, locations and attributes. The strategy will inevitably cut across a broad range of policy areas, including: income support policy; education and training; disability issues; economic development; labour market regulation; and community development. However, it is not anticipated that new policy necessarily needs to be developed across all these areas, or that the employment strategy will drive government policy in all these areas.

Nevertheless, it is important that employment outcomes are factored in to a wide range of government considerations and that work programmes are aligned. To facilitate this alignment a detailed work programme is being developed through the Department of Labour in consultation with officials from associated Ministries. The Department of Labour will also chair an ongoing senior officials group to oversee the alignment of work programmes across this strategy, and to ensure that employment outcomes are considered when decisions are taken in those areas closely connected to (but not directly part of) employment policy.

Overall Goals

It is proposed that the employment strategy be shaped around a set of goals as well as the themes outlined above. It is intended that they will provide a link between the employment portfolio and associated sectors such as education, income maintenance policy and economic development, as well as with the overarching strategic goals of the government as a whole.

The first three goals are primarily aimed at *maximising potential* overall, while the latter three are aimed at *reducing disparities*:

- *Ensuring macroeconomic policies enable sustained economic growth and its accompanying job creation*. This goal acknowledges that sound economic performance is the main driver of job creation. This involves maintaining monetary settings that provide stable low inflation, together with a tax and government expenditure environment that provides a prudent and stable fiscal position to support monetary policy.
- *Promoting an 'employment rich' economy by removing barriers to employment growth*. This goal also recognises the crucial importance of considering the 'demand' (or opportunity) side of the employment equation, but at a more micro level. Key issues here include barriers employers may experience in attempting to expand, as well as the conditions conducive to small and employment-rich business growth. This implies a focus on industry policies that facilitate business start-ups, promote investment, encourage innovation and minimise business compliance costs. A particular feature of this approach will be the link with the work of the Ministry of Economic Development around sustainable and regional development. The minimum code and regulatory arrangements provides the parameters within which this job growth will occur. Maximising opportunities for those with care-giving responsibilities to participate in employment is also a particular feature of this goal. There are particular issues that affect the participation in employment of mothers of young children and those caring for others. These include the quality of the jobs they have available to them and the adequacy of provisions to assist participation. Identification of barriers and of effective mechanisms to ensure access to employment will maximise the labour markets access to skill and the opportunity for increased participation in employment.

- *Developing a flexible, highly skilled workforce.* Although it is not clear exactly what skills will be in demand in the future, it is clear that more skills are better than fewer skills. Strategies linked to this goal will need to consider not just young people entering the workforce, but also those already in employment. Lifelong learning will need to become the ‘norm’ if workplaces are to respond to changes driven by technological development and global expectations. It is apparent that skills and attitude sets around self-employment and entrepreneurial activity are likely to be in increasing demand and thus rewarded.
- *Developing strong communities.* This goal acknowledges that communities can be a rich source of employment creation and a context within which participation can be encouraged. It also recognises that labour market disadvantage often depends on where people are located. The development of strong communities also has links to outcomes in the areas of health, education, welfare and social cohesion as well as more general participation in society.
- *Improving participation in employment for Māori and Pacific people.* This goal recognises that Māori and Pacific people have relatively poor labour market experiences overall. The consequences of this extend beyond the labour market and feed directly into issues of poverty, educational achievement, health and social cohesion. Strategies developed to respond to this goal will include the targeting of specific interventions, the investigation of the causes of disparities and investment in development strategies for communities where these groups are significantly represented.
- *Improving participation in employment for people with disability and other groups at risk of long-term and persistent unemployment.* There are particular sets of issues that affect participation in employment by those with disabilities. Specific barriers need to be identified and addressed and the most effective mechanisms for service delivery utilised. Similarly, there will remain numbers of individuals whose personal characteristics result in them facing a relatively high risk of long term unemployment.

In addition to these goals, government also has an interest in the “quality” of new and existing jobs. Currently, this concern is addressed mainly through the regulatory framework that establishes minimum standards in the labour market. This concern is being further addressed via the Employment Relations Bill. It will also be reflected in the shape of future economic development initiatives.

To ensure that focus on this strategy is maintained, and progress measured, it is recommended that officials be directed to develop, and report to Cabinet on milestones and a monitoring regime against the proposed high level goals.

Closing the Gaps

A key aspect of the strategy is the commitment across government to ‘Closing the Gaps’. Māori and Pacific people experience significantly poorer labour market outcomes. Recognition also needs to be given to the social environment within which many Māori and Pacific people currently operate. The link between social services and employment interventions will be important. Specific issues that will be addressed through this strategy include skill levels; service delivery of mainstream agencies, including Department of Work and Income and education institutions; the available range of employment products and services; and issues of the lack of economic opportunities in many communities with high Māori populations.

The relationship between the overall employment strategy and Closing the Gaps can be seen as having two features:

- The mainstream service delivery mechanism and the associated interventions must become increasingly effective for Māori and Pacific people.
- In addition to this there will be specific initiatives developed out of the ‘Gaps’ work programme. These are likely to include the piloting of contracting out and the development of alternative delivery mechanisms for Māori and Pacific people and investment in growing the capacity of Māori and Pacific providers.

Where To From Here?

The Employment Strategy has so far considered the purpose of the strategy, has discussed the context within which it sits, and has identified some guiding principles and high level goals. It is clear from this analysis that there are a number of specific issues that government policy must address. These include issues of the link between location, ethnicity and disadvantage, and skills acquisition and occupational choice by particular groups within the broader population. What follows is the specific consideration of what government is doing and is planning to do to achieve the best possible progress towards the stated goals.

Specific Policies

A wide range of existing programmes and policies currently contribute to the strategy. Also there is an extensive work programme of new initiatives and reviews underway that will support the strategy. These existing and new initiatives can be summarised in relation to both the overarching themes and the high-level goals (see Appendices 1 and 2). A number of policies cut across several categories.

Opportunity Creation

Existing Programmes

These policies include monetary and fiscal policy (contributing to macroeconomic stability and sustainable growth), as well as many microeconomic policies that support the expansion of capacities overall. These cover an extensive system of wage subsidies, employment assistance, general business regulation (eg competition policy), business services (eg the BIZ programme) and research and development funding (eg Technology NZ). Immigration policy also supports job creation via population growth and imports of capital and entrepreneurial talent. In addition there are a number of targeted programmes aimed at reducing disparities by facilitating job growth (eg Community Employment Group, the Pacific Business Trust and employment grants and subsidies to the disabled).

Work in Progress

Over time, both monetary and fiscal policy is being fine-tuned to ensure sustainable economic growth. Work is also underway to identify barriers that may exist to the establishment of job opportunities and identification of conditions that support further job growth. The development of specific interventions should flow from this. For example, the Ministry of Economic Development is developing and implementing regional economic development strategies and initiatives. As well as Closing the Gaps, there are a number of reviews looking at enhancing opportunities for Māori, Pacific peoples, disabled and other at-risk groups (eg review of Pacific Business Trust, employment assistance to the disabled and the Positive Aging Strategy).

Capacity Building

Existing Programmes

All existing education programmes and policies support capacity building. These are supplemented by a number of more specific targeted training intervention programmes such as:

- Training Opportunities Programme;
- alternative education;
- adult education;
- Technology NZ funding;
- scholarships to Māori and Pacific students,
- a three stranded literacy strategy focusing on primary schools, the end of secondary schooling and adult literacy; and
- Community Employment Group initiatives.

Work In Progress

The Tertiary Education Advisory Commission (TEAC) is currently considering a number of aspects of tertiary funding and the arrangements for the sector. Also the development of the Modern Apprenticeship Programme and the review of industry training and important contributors to the strategy. Consideration of regional development strategies will also consider impacts on capacity building. Reviews are also underway in relation to effectiveness of youth training for Māori and enhanced skills and training in technical and trades areas for Māori and Pacific workers. The review of employment assistance to the disabled and the Disabled Persons Employment Promotion (DPEP) Act will consider capacity building.

Improved Matching, Participation and Adjustment

Existing Programmes

Many policies indirectly affect labour market matching, participation and adjustment. For example, a sound employment relations regime together with sound macroeconomic policy moderates and stabilises generalised wage pressures (that might raise the average level of unemployment and create uncertain business conditions). Further, at the microeconomic level, interventions such as the overall income support system, Department of Work and Income job brokerage, the qualifications framework, accident insurance and workplace health and safety help to ensure that workers move quickly between jobs and skills are recognised by employers. A number of more specific interventions also contribute to improved matching, for example, job search skills programmes, work confidence programmes, Department of Work and Income case management, careers information and school-industry initiatives.

Work in Progress

The Modern Apprenticeship Programme and the review of industry training will improve the match of skill supply with employer skill requirements. Other important developments include the new work test/sanction regime, consideration of the tax-benefit interface, on-going improvements in the operation of the Department of Work and Income and reviews of the careers information service, childcare subsidies, and school-to-work transition. Addressing disparities also requires matching and participation to be considered. For example, reports on participation in education by Māori and Pacific students and their school-to-work transition are in preparation.

Priorities

Since the policies that will contribute to the strategy are very wide ranging, it is necessary to prioritise the current (and future) work programme. The criteria for establishing priorities are: the scale of the problem; how concentrated poor labour market outcomes are; the costs and tradeoffs posed by alternative interventions; their effectiveness; and consistency with other Government policy commitments including Treaty obligations.

Applying these criteria suggests that the immediate priorities for the strategy are:

- ongoing stable economic growth and policies that encourage job growth.
- policies that promote the movement of more people (and particularly Māori and Pacific peoples) into high skill and job rich industries. Such policies need to include:
- increasing educational attainment for school leavers and young adults
- high quality adult education
- careers advice, job information and job networks.
- policies that promote sustainable regional economic development.
- policies that build community capacity and promote an inclusive approach to community development.
- the continued development of individually focused service delivery to maximise the effectiveness of targeted active labour market assistance.

These priorities will build on current government interventions, and will respond to the issues underlying poor labour market experiences. These issues revolve around location, ethnicity, service delivery and skills level and mix.

Treaty of Waitangi

A key goal of this strategy is to improve the participation of Māori in the labour market. It provides opportunities for the Crown to improve the delivery of services to Māori and to develop new initiatives in partnership with Māori.

EXISTING PROGRAMMES AND POLICIES SUPPORTING THE STRATEGY			
High-level Goals	Broad Themes		
	Opportunities Creation	Capacity Building	Improved Matching, Participation & Adjustment
Macro stability	Reserve Bank Act, Fiscal Responsibility Act		RBA (moderates generalised wage pressures)
Removing barriers to job growth	Wage subsidies, self-employment assistance, business regulation and services, Technology NZ	Technology NZ, work experience programmes, Training Opportunities Programme (TOP)	Work transition grants, job search skills programmes, work confidence programmes, income support system (including childcare subsidies etc), case management, job brokerage and post placement support by DWI, the NCEA, the NQF, IRS, accident insurance and workplace health and safety
Flexible skilled workforce	Tertiary research funding, BIZ, immigration regime	BIZ, work experience programmes, skills training programmes, TOP, alternative education, adult basic education, industry training, EFTS, student loans and allowances, immigration regime	Job search skills programmes, work confidence programmes, school-industry links, careers information service, case management and job brokerage by DWI
Strong communities	Community assistance and regional initiatives	Community assistance and regional initiatives	Community assistance and regional initiatives, income support system (including childcare subsidies etc) Income support system (including childcare subsidies etc)
Māori and Pacific participation	Pacific Business Trust Job Plus Māori Assets, Māori Women's development fund	Pacific Business Trust, education scholarships for Māori and Pacific students, Targeted work skill/confidence programmes	Income support system (including childcare subsidies etc)
Disabled and at-risk participation	Grants/subsidies to disabled	Tertiary students with disabilities	

CURRENT GOVERNMENT WORK PROGRAMME TO SUPPORT THE STRATEGY			
High-level Goals	Broad Themes		
	Opportunities Creation	Capacity Building	Improved Matching, Participation & Adjustment
Macro stability	Continued fine-tuning in the operation of monetary and fiscal policy (eg debt reduction)		Continued fine-tuning in the operation of monetary and fiscal policy (eg debt reduction)
Removing barriers to job growth	Work to identify barriers to job growth, review of tertiary research funding, initiatives to expand export of education services, Industry NZ new business initiatives	Review of tertiary research funding, Modern Apprenticeship Programme, review of industry training, review of alternative education	Modern Apprenticeship Programme, review of industry training, consideration of the impact of labour market regulation on participation, consideration of tax/benefit interface, improvements in operation of DWI, review of childcare subsidy/OSCAR, new work test/sanction regime
Flexible skilled workforce	Private sector research and development grants	Modern Apprenticeship Programme, review of industry training, review of tertiary funding, policy development on adult learning, literacy survey	Modern Apprenticeship Programme, review of industry training, review of careers information service and school-to-work pathway, gateway programme, further development of , case management and job brokerage capability
Strong communities	Consideration of regional development strategies and initiatives. Re-establishment of community employment capacity. Introduction of Community Employment Organisations and Artworks	Regional development strategies and initiatives. Re-establishment of community employment capacity	Regional development strategies and initiatives. Re-establishment of community employment capacity. Introduction of Community Employment Organisations and Artworks
Māori and Pacific participation	Closing the Gaps, review of Pacific Business Trust. Community development initiatives	Closing the Gaps, review of Pacific Business Trust, review of TOP/youth training effectiveness for Māori, reports on enhanced skills/training in technical/trade areas	Closing the Gaps, reports on participation in education by Māori and Pacific peoples, improvement of school-to-work pathway for Māori and Pacific youth. Community development initiatives
Disabled and at-risk participation	Review of DPEP Act, review of employment assistance to disabled, Positive Aging Strategy	Review of DPEP Act, review of employment assistance to disabled	Review of DPEP Act, review of employment assistance to disabled, Positive Aging Strategy, pilot programme for sole parent moving from benefit to work

Appendix 1: Existing Programmes and Policies that Support The Employment Strategy

Opportunities Creation

- Macropolicy framework (Reserve Bank Act, Fiscal Responsibility Act).
- There are a number of subsidies and grants designed to increase job opportunities for job seekers. These include various wage subsidies (Job Plus, Taskforce Green, Job Plus Māori Assets, Job Connection); self employment assistance (Enterprise allowance, Enterprise allowance capitalisation, Business Training and Advice Grant); and work transition grants (Work Start).
- Grants and subsidies for people with disabilities (Training Support, Job Plus for people with disabilities, Self Start, Job Support, Modification Grant)
- Community Assistance (Māori women's development fund, activities undertaken by Community Employment)
- Funding of tertiary research
- The Ministry of Education is working in partnership with other the education providers and other government agencies to maximise exports of education services.
- The BIZ programme to facilitate business up-skilling (BIZInfo, BIZ management services)
- Business regulation to enhance competition (Commerce Act)
- Business services to reduce the costs of doing business (e.g. registers of property rights such as patents)
- Technology New Zealand is a programme designed to increase the ability of firms to adopt new technologies and undertake technological innovation and learning. It comprises three programmes: TechLink, Technology for Business Growth, Graduates in Industry Fellowship.
- Pacific Business Trust is a crown entity tasked with encouraging Pacific peoples into business and employment. Specific areas of activity include: assistance in advisory services, networks, education, training and research programmes for Pacific peoples; support for students and educators to improve business skills and knowledge; and cooperation with other organisations with similar purposes.

Capacity Building: existing policies

- Work experience programmes (including Community Work)
- Job search skills programmes (CV seminars, Job Club, job search seminars, orientation seminars, transition to work seminars)
- Work confidence programmes (Youth Action training, Hikoi ki Pae Rangi, Tane Arawhai, Limited service volunteers, Māori Youth, Outward Bound, Residential Motivation Training, Stepping stones, Tama Tane, Wāhine Ahuru, Wāhine Pakari, Youth Service Corps)
- Skills training (Job Plus Training)
- Funding that allows DWI to be responsive to emerging job seeker needs and opportunities (Self-employment regional initiative, Pre-employment Job Search Regional Initiative, Support Services Regional, Vocational Training Regional Initiatives)
- Training Opportunities Programme
- School-Industry Links
- Funding of alternative education programmes for 14-15 year olds
- STAR (Secondary-Tertiary Alignment Resource)
- Adult basic education (essential skills)
- Industry training and skill enhancement
- Tertiary tuition subsidies (EFTS)
- Tertiary students with disabilities
- Tertiary student loans and allowances
- Scholarships for Māori, Pacific Island and top achievers

Improved Matching, Participation And Adjustment: Existing Policies

- The overall income support system is, in part, intended to facilitate participation in employment. Within the system there is a tier of supplementary assistance that is particularly aimed at facilitating participation in jobs. Particular supplements of this type include: the Away From Home Allowance, the Child Care Subsidy, the OSCAR (out-of-school-care) subsidy, the New Employment Transition Grant, the Special Needs Grant programme, the Training Incentive Allowance and the Work Start Grant.
- The Development Assistance Programme (DAP) is aimed at helping to establish OSCAR services in disadvantaged areas.
- The COMPASS programme provides intensive case management to assist sole parents into sustainable employment.
- Information services (Careers Service)
- Employment related case management and job brokerage by DWI
- National Certificate of Education Achievement (NCEA)
- National Qualifications Framework (NQF)
- Industrial Relations Service
- Accident insurance and workplace health and safety

Cross Cutting Issues

In addition to the above there is a significant programme of market research, review and evaluation across opportunities, capacity and matching.

The Department of Labour has an ongoing role in monitoring and reviewing employment and unemployment trends and future skill needs and imbalances. In particular there is currently analysis being undertaken on risk factors associated with unemployment.

Work is also underway to ensure that we are continuing to learn through evaluation, of existing programmes and consideration of the guidelines and operational procedures currently in place. This is focused on both consideration of disparity issues, and identifying the best mix of interventions for specific groups.

Appendix 2: Initiatives Related to the Employment Strategy

Opportunity Creation

- Continued improvement in the operation of macropolicy (including ongoing debt reduction programme, review of monetary policy)
- Work to identify barriers that may currently exist to the establishment of labour market opportunities and identification of those conditions that lead to further growth. The development of specific interventions should flow from this. For example, the Ministry of Economic Development is developing regional economic development strategies and initiatives.
- Community employment initiatives: The relocation of the community employment function. A programme that promotes community employment organisations and is aimed at growing opportunities for community-based employment.
- An Artworks programme based upon Community Employment Organisations but built around community based art projects.
- TEAC will look at issues around the arrangements for the tertiary sector.
- Initiatives to expand market research and marketing activity around the export of education services. The expansion of the Ministry of Education's policy capacity on education export issues.
- Incubator programme and other Industry New Zealand activities focussed on new businesses.
- In 2000/01 a programme of grants for private sector research and development will be implemented.
- Work on the Pacific Business Trust

Capacity Building

- Modern Apprenticeship Programme: Legislation has been introduced.
- Review of Industry Training Act and industry training framework including a review of the funding of industry training.
- Review of provision of career information and the school to work pathway
- Review of STAR policy criteria.
- Review of TOP / Youth training in relation to effectiveness for Māori and in relation to overall contribution to entry into the labour market.
- Evaluation and review of alternative education is underway.
- A review of the principles underlying the EFTS tertiary education funding system.
- The development of a comprehensive policy for funding adult education and learning and development of an adult literacy survey.
- The expansion of the funding of alternative education for 14-15 year olds.
- A gateway programme to assist students progressing from school to work.
- A number of reports have recently been completed on how to deliver increased participation and achievement in Early Childhood Education, compulsory and post-compulsory education by Māori and Pacific students. Reports have also recently looked at options for enhancing skills and training for Māori in the trade, technical training, apprenticeship and information technology areas.
- Reports on the feasibility of establishing separate industry training organisations to manage Māori and Pacific social service delivery organisations.
- An initiative for funding tertiary students with disabilities which could be used as a model for target funding for other students (eg Māori and Pacific students).
- TOPs might be utilised as a tool for addressing adult literacy problems.

Improved Matching, Participation And Adaptability

- The further development of case management and job brokerage capability within delivery agencies.
- The improvement of school to work pathways with particular consideration of effectiveness for Māori and Pacific youth.
- Consideration of the impact of regulation of the labour market on participation.
- The operation of the tax/benefit interface and the relationship between income support and earned income. (e.g. implementation of abatement pilot)
- Work to improve the operation of DWI (including response to the Hunn Report, increasing the employment focus of DWI, and reviewing performance measures and accountability documents).
- DWI is currently undertaking a review of the administration of the Child Care Subsidy. There is also an evaluation underway on the OSCAR subsidy and the DAP.
- Continuation of WorkTrack
- Implementation of new work-test and sanction regime
- Review of DPEP Act, review of employment assistance to people with disabilities
- Work underway to improve the effectiveness of the Careers Service.
- A pilot programme that is currently underway (the Post Placement Support Pilot) is designed to assist sole parents who have left the benefit system to remain in jobs.
- The Positive Aging Strategy will include policies aimed at improving attitudes to older workers and recognising the skills they can contribute in the workplace.
- Work on further developing pathways between senior secondary school and employment based training.

Closing the Gaps

As outlined above, there is a substantial work programme associated with this. This work overlays the entire employment strategy both in the outcomes sought from mainstream delivery and in the development of specific initiatives.

Appendix 3: Labour Market Flows

The following diagram illustrates recent flows and the net figures in the labour market in New Zealand.



