

In Confidence

Office of the Minister for Social Development and Employment

Cabinet Social Wellbeing Committee

Confirming the role and direction for the Ministry of Social Development's employment services

Proposal

- 1 This paper seeks agreement on the role and future direction of the Ministry of Social Development's employment services, that will:
 - 1.1 focus primarily on people at risk of long-term benefit receipt and other key priority cohorts, which is strongly correlated with the highest levels of employment support need
 - 1.2 enable government, through MSD, to continue to help a broader group of people into suitable employment, where resources allow.

Relation to government priorities

- 2 This proposal supports the Government's priority to accelerate the recovery. It does this through improving employment support and services as part of the Welfare Overhaul work programme, recognising that supporting people into meaningful and sustainable paid work is an important part of our COVID response and recovery.

Executive Summary

- 3 The Ministry of Social Development (MSD) plays a key role in providing public employment services that, alongside financial assistance, help people move into and stay in work. These services include active labour market programmes (ALMPs) funded by government that support employment, education and training opportunities and can change to respond to different needs and evidence of what works.
- 4 Most people can navigate the labour market using their own networks and existing publicly available or private resources. However, some people face additional barriers that place them at greater risk of poor long-term labour market outcomes, such as long-term unemployment, underutilisation, and unsuitable work.
- 5 Over the past three years, this Government has taken action to strengthen and expand MSD's employment services to:
 - 5.1 better support people most at risk of poor labour market outcomes
 - 5.2 provide temporary support to people closer to the labour market, so they can return to employment quickly.

- 6 These actions were an important part of Government’s response to the economic uncertainty of COVID-19, providing employment support to many people who found themselves suddenly out of work, and helping New Zealand’s economy bounce back quickly. These actions were also in keeping with the 2019 Welfare Expert Advisory Group report calling for Government to establish an employment service within MSD to assist people to obtain and keep good, sustainable work.
- 7 I propose to formalise the directional shift of MSD’s public employment services that we as a Government have progressed over the past three years, through a clearer purpose statement and prioritisation approach. The proposed approach is within MSD’s current legislative, policy and funding parameters and does not require changes to eligibility settings or new funding.
- 8 I propose that MSD’s core objective is to proactively support people at risk of poor labour market outcomes to prepare for, find and retain suitable employment that improves their long-term wellbeing. Given limited resources, I propose that MSD’s employment services are prioritised according to need, with tiered intervention and support. This means that MSD will:
- 8.1 refocus support on people with a high risk of long-term benefit receipt or are part of other key cohorts who interact with the benefit system, whether they are currently on a main benefit or not
 - 8.2 continue to support other people on benefit who have fewer barriers to employment, with a level of service proportionate to their needs
 - 8.3 identify specific opportunities to support people who are not on benefit and may be at risk of, or experiencing, poor labour market outcomes other than long-term benefit receipt, to be determined by future policy, legislative and funding decisions.
- 9 The policy intent agreed here will:
- 9.1 clarify MSD’s role in supporting an equitable and well-functioning labour market, that also reflects the Crown’s responsibilities under Te Tiriti o Waitangi to support good employment outcomes for Māori
 - 9.2 continue to support MSD’s shift towards providing proactive support to help people into sustainable and meaningful employment opportunities appropriate for their circumstances, including early intervention before they go onto benefit, and supporting sustainable outcomes for people who move into employment, education, or training
 - 9.3 directly inform MSD’s investment in employment assistance and prioritisation of its services, in the short and medium-term, within existing appropriations, and support ongoing changes to MSD’s future operating model, including frontline practice and decision-making
 - 9.4 align with other Government work on employment support, such as:
 - 9.4.1 investment in MSD’s Te Pae Tawhiti Transformation Programme to transform all major processes and underlying technology that

provide income, employment, and housing support to seniors, students, and working-age clients

9.4.2 how to support people at risk of job loss, including those impacted by the potential introduction of the NZIIS as well as changes to support New Zealand’s transition to a low emissions economy

9.4.3 s 9(2)(f)(iv) [REDACTED]

Background

- 10 New Zealand’s labour market performs well, with generally high employment and overall labour market participation, and most people can navigate the labour market using their own networks and resources. Government may provide additional support through active labour market programmes (ALMPs)¹ that assist people at risk of poor labour market outcomes to find employment, increase their earning capacity, and to improve the overall functioning of the labour market.
- 11 The All-of-Government Employment Strategy 2019 sets out Government’s vision for the labour market and to improve employment outcomes through a range of reforms. A key focus is on supporting more inclusive employment for specific population groups that have experienced long-term disadvantage in the labour market.²
- 12 Alongside other agencies as well as non-government partners,³ the Ministry of Social Development (MSD) plays a key role in delivering ALMPs and supporting this vision through its public employment services.
- 13 MSD’s employment services currently focus on helping people who are out of work or at risk of job loss and reducing labour market inequities through:
 - 13.1 a mix of employment assistance eg information and advice, job matching, work-related education and training, financial support (including wage subsidies), and direct job creation
 - 13.2 multiple channels, such as face-to-face, phone, and online services.
- 14 Tax credits that incentivise work, such as Working for Families, and income support settings such as abatement thresholds, complement the provision of ALMPs.
- 15 MSD does not act alone and its connections across the wider labour market system are important to delivering effective support to people. MSD works directly with a wide range of groups – other agencies, providers, industries, employers, communities,

¹ ALMPs are defined as ‘Government funded or provided interventions that actively assist people into employment (including removing barriers to their ability to get or retain a job, or to move between jobs), increase earning capacity and improve the functioning of the labour market.’ This definition excludes the core education system because it does not actively assist people into employment in the short term.

² These seven action plans seek to improve labour market outcomes for: youth, disabled people, Māori, Pacific peoples, older workers (50+), former refugees, recent migrants, and ethnic communities, and women.

³ Including providers, industries, employers, communities, hapū, iwi and Māori organisations at the national, regional and local level.

hapū, iwi and Māori organisations. This includes working at a both national and regional level with partners to enhance community capability and capacity, gather on-the-ground labour market intelligence, and design approaches that improve outcomes.

Some people need more support to overcome barriers to work

- 16 The right job can have a major impact on wellbeing for individuals and families. As a Government we are committed to ensuring that those who are able have the support they need to find and stay in meaningful and sustainable employment.
- 17 Most people can navigate the labour market using their own networks and existing publicly available or private resources without additional special assistance from government. However, some people face additional barriers that place them at greater risk of poor long-term labour market outcomes, such as long-term unemployment, underutilisation, and unsuitable work. In many cases, this is linked to poor employment outcomes contributing to wider forms of socio-economic disadvantage.⁴
- 18 For those who are able, paid employment is the primary means to achieving income adequacy, contributing to social and economic wellbeing. Government therefore has a role in helping those people at greater risk of poor labour market outcomes to promote labour market equity and wider social wellbeing. Providing greater opportunities to disadvantaged jobseekers in the labour market plays a role in contributing to the reduction of population-level labour market inequities, such as for youth, disabled people, Māori, Pacific peoples, older workers, former refugees, recent migrants, and ethnic communities, and women.

Government is progressing the WEAG's recommendation to improve public employment services through the medium-term Welfare Overhaul work programme

- 19 In 2019, the Welfare Expert Advisory Group (WEAG) report “Whakamana Tāngata” (2019) and the Productivity Commission report “Technological change and the future of work” (2020) stated that MSD’s employment services were insufficiently invested in and targeted too narrowly on reducing short-term fiscal costs and the number of people on benefit, with insufficient regard for the suitability of work, the support required to find or remain in work, or for whānau wellbeing.
- 20 These reports called for the Government to strengthen and widen the focus of MSD’s employment services and to work proactively to improve long-term outcomes for people most at risk of poor labour market outcomes, whether they are entitled to a main benefit or not. WEAG also emphasised the importance of engaging with Māori in meaningful partnership to design, deliver and evaluate services for Māori, and recommended a set of kaupapa Māori values to underpin the welfare system as well as a new purpose and principles in the Act to promote wellbeing consistent with the Crown’s responsibilities under Te Tiriti o Waitangi.
- 21 On 11 November 2019, Cabinet agreed to the Welfare Overhaul work programme, including work focused on improving and expanding employment services [CAB-19-

⁴ Ministry for Primary Industries (2014) The social value of a job. <https://www.mpi.govt.nz/dmsdocument/5266-The-social-value-of-a-job>

MIN-0578 refers]. On 27 September 2021, Cabinet re-endorsed this work programme following the initial COVID-19 response [CAB-21-MIN-0384 refers].

The Government has already started making changes to expand its existing suite of employment programmes

- 22 The Government has made progress by investing more in MSD's core services and programmes as well as expanding its employment services to people not on a main benefit. As provided in the Welfare Overhaul update to Cabinet in August 2021 [CAB-21-MIN-0384 refers], since 2019 this has included:
- 22.1 investing in frontline staff to help support people into meaningful work
 - 22.2 boosting Mana in Mahi to extend places available for people to access an apprenticeship or industry training qualification and be provided with pastoral care to support them into long-term sustainable employment
 - 22.3 additional funding to support disabled people and people with health conditions into employment through Oranga Mahi, disability Employment Services and Support Funds
 - 22.4 reinstating the Training Incentive Allowance to 2024 to provide additional study support at levels 4-7 on the New Zealand Qualifications Framework (NZQF) to sole parents on benefits as well as disabled people and carers receiving the Supported Living Payment.
- 23 As part of the COVID-19 response, supports such as Flexi-Wage and all-of-government online services were extended to a broader cohort of people, including those who had not previously interacted with the benefit system.
- 24 Currently, 80 percent of MSD's measurable employment investment goes towards programmes that are effective or promising. While MSD is yet to fully evaluate recent initiatives such as Mana in Mahi and Oranga Mahi, or its COVID-19 response measures, early insights are promising and support evidence that early intervention can help prevent poor long-term outcomes and reduce overall societal costs.⁵

I propose that MSD supports people at risk of poor labour market outcomes, with tiered intervention and support depending on need

- 25 However, in order to better support New Zealanders into sustainable and meaningful employment in the long term, MSD needs to formally shift its core employment focus.
- 26 Therefore, I propose that the core objective of MSD's employment services is to proactively support people at risk of poor labour market outcomes to prepare for, find and retain suitable employment that improves their long-term wellbeing.
- 27 This proposed objective will clarify and emphasise the role of MSD's employment services in achieving an equitable and well-functioning labour market that promotes

⁵ OECD (2018a) Good Jobs for All in a Changing World of Work: The OECD Jobs Strategy. Paris: OECD Publishing. <https://doi.org/10.1787/9789264308817-en>

better social outcomes. This aligns with the objectives in the Employment Strategy and Action Plans by focusing on addressing systemic and structural issues that create intergenerational disadvantage and persistent inequities for different population groups. It will also reflect the Crown's responsibilities under Te Tiriti o Waitangi to uphold and protect Māori aspirations and taonga,⁶ given effect to by improving access to employment services and supports that work for Māori.

- 28 By focusing on proactive support and early intervention, this continues the welfare overhaul and my previous commitment to expand the reach of MSD's employment services. This will support with reducing long-term social, health and fiscal costs, including through engaging early across government, and with providers, industry, employers, hapū, iwi, Māori and other community organisations to connect people to services.

I propose implementing this objective through a prioritisation framework that focuses support on people with a high likelihood of long-term benefit receipt

- 29 In order to operationalise this objective, I propose to ground MSD's core objective in a prioritisation model that aims to achieve the biggest impact on labour market outcomes by re-establishing a focus on people who most need employment support. A summary of the model is presented in Table 1 (page 7).
- 30 Eligibility for MSD's employment services is broad, provided there is a focus on people at risk of long-term benefit receipt. This includes jobseekers who are currently long-term beneficiaries (currently this primarily refers to Jobseeker – Work Ready clients who have been on benefit one year or longer) or are on benefit due to health, disability or caring responsibilities, as well as people with other risk factors who are not on benefit, or have only been on benefit for a short duration, and are at risk of long-term benefit receipt in future.
- 31 Firstly, the proposed approach means that MSD will focus on providing proactive employment support to people who have a high risk of long-term benefit receipt or are part of other key priority cohorts who interact with the benefit system and want support to engage in employment, education, or training (such as disabled people, people with health conditions, and disadvantaged sole parents, where appropriate), regardless of their current benefit status (Groups A and C). This strongly correlates with a high need for employment support and other government assistance.⁷ While MSD is likely to focus more on those who are on benefit (Group A), where possible it will proactively respond to people in Group C who seek help from MSD or its partners, before they enter the benefit system and after they move off benefit. Group C likely have similar characteristics to Group A, including a history of benefit receipt. MSD started moving in this direction as part of the Welfare Overhaul.

⁷ For the purpose of estimating Group size for the proposed model, high likelihood of long-term benefit receipt is defined as someone spending an estimated >60% of their future time on a main benefit over the next ten years (whereas low-medium is ≤60%). Intensity of future main benefit use is highly correlated with characteristics such as main benefit type, intensity of past main benefit support and intergenerational benefit support. This model does not include Support Living Payment or Emergency Benefit clients, given the small number who seek employment support.

- 32 Secondly, MSD will continue to provide employment services to other people on benefit (Group B), recognising that there is an opportunity to support improved long-term outcomes while they are in the benefit system, but they are less likely to have significant barriers in finding suitable employment. MSD is targeting more support to Group B as part of the COVID-19 response, but over time, it will reduce its focus and reconsider what types of services are appropriate for people's circumstances.
- 33 Thirdly, Government will consider opportunities to support people who are unlikely to enter the benefit system (Group D). Currently MSD is providing more support to Group D as part of the COVID-19 response. While some services, tools and resources will continue to be freely accessible, given MSD's core objective, I propose that decisions on more intensive support are focused on addressing specific gaps for people who are at risk of or experiencing poor labour market outcomes other than long-term benefit receipt.⁸

Table 1: Proposed model for prioritising MSD's employment services

Policy objective: MSD's employment services proactively help people at risk of poor labour market outcomes prepare for, find, and retain suitable employment that improves their long-term wellbeing.		
	On benefit	Off benefit
High risk long-term benefit receipt Including priority cohorts. Interim investment and operational priority.	Group A (estimated 160,000 people): Mostly long-term unemployed, and other key priority cohorts who want support to participate in the labour market (eg some sole parents and disabled people on benefit, people with health conditions on Jobseeker Support). MSD to refocus effort and reconsider mix of services that are proactive and support long-term outcomes (eg intensive case management, work-related training).	Group C (estimated 70,000 people): Likely includes recent or intensive benefit history, intergenerational benefit receipt, people cycling on/off benefit. MSD to refocus effort and reconsider mix of services that are proactive and support long-term outcomes, including while in employment, education, and training (eg Mana in Mahi, Flexi-wage, in-work support).
Low-medium risk long-term benefit receipt Temporary COVID-19 support, not future priority.	Group B (estimated 140,000 people): May have less significant barriers, only need some assistance to participate in labour market. MSD to reconsider mix of services that are more appropriate to lower need (eg information/advice, skills/job matching, Transition to Work and other financial assistance).	Group D: May have less significant barriers, however, could target poor outcomes other than long-term benefit receipt eg underemployment, unsuitable work. MSD to reconsider mix of services that are more appropriate to lower need (eg information/advice, skills/job matching). Further support depends on discrete policy decisions.

- 34 This prioritisation model provides a clear direction for MSD and a framework for consistent decision-making on investment, regardless of overall funding. The limitations of this approach are that in practice, people's circumstances can be

⁸ For example, an unemployed partner of a worker on a low income, a worker who is consistently underemployed or in non-standard or informal work, or a person consistently in low paid or low skilled work.

complex and the line between different Groups will not always be as clear. MSD staff will make choices about what support is appropriate based on the information at hand.

Implementation

- 35 In the short to medium-term, MSD will implement this proposal through changes in investment and prioritisation, supported by its Employment and Social Outcomes Investment Strategy, and continued enhancements to its operating model, including improvements to service channels and frontline practice (eg decision-making). For those who need employment support, in practice this might mean, for example:
- 35.1 a disabled person wanting to work in Group A would have greater access to employment services due to increased investment for programmes shown to be effective in helping them into employment
 - 35.2 a person with a history of short-term employment stints between extended periods on benefit (Group C) would receive employment support to help them find suitable and sustainable employment, as well as ongoing pastoral support after moving off benefit to help them stay in employment
 - 35.3 a person who is at risk of displacement due to economic conditions and technological disruptions (Group D) would benefit from more accessible information and advice such as labour market intelligence.
- 36 Regional Skills Leadership Groups and Regional Workforce Plans, Government's industry policy to support COVID-19 economic recovery [DEV-21-MIN-0222] and mechanisms established under the reform of the vocational education system (RoVE) also provide opportunities for a joined-up approach to best utilise regional labour market intelligence, support system investment and jobseeker opportunities, and meet skills and workforce needs in line with this proposal to enable a better coordinated labour market and improved community outcomes.
- 37 In the medium-term, work is underway to improve monitoring, reporting and evaluation measures that will help to show whether the policy intent is being implemented as intended.
- 38 In the long-term, this proposal could lead to developing and trialling new services that better respond to specific needs and barriers of different groups. Investment in MSD's Te Pae Tawhiti Transformation Programme would significantly transform people's experience and ability to access services. Broader service channel offerings for people in Groups B and D could free up case managers to spend more time supporting higher needs people to find suitable and sustainable employment.

This proposal will align with wider Government work on supporting people into employment

- 39 As previously noted, the purpose statement and prioritisation framework agreed here will align with other cross-Government work underway on related matters that impact MSD's role in providing employment services.

40 Government is considering what additional employment support may needed to support people whose jobs are impacted by the future of work megatrends of rapid globalisation, technological, climate and demographic change.

40.1 the ALMP review, and subsequent decisions to address labour market gaps, will provide Government with an opportunity to consider how people at risk of poor labour market outcomes, including job loss, can be better supported

40.2 the NZIIS, if implemented, could see increased demand for employment services, with MSD proposed as a provider for some of these. While some potential NZIIS recipients would have otherwise qualified for benefit (up to 10%), others may be in Group D or not at risk of poor long-term labour market outcomes. Officials will consider what changes, if any, may be required to MSD's prioritisation approach to account for demand from NZIIS recipients

40.3 the Equitable Transitions Strategy will consider options for supporting workers to transition from high-emissions sectors to low-emissions sectors, including redeploying, reskilling and upskilling workers, and identifying preventative interventions to avoid job loss and displacement, in conjunction with workers, unions, education providers and businesses.

41 **s 9(2)(f)(iv)**
[Redacted text]

Financial implications

42 This paper does not seek or require funding for new services for groups of people.

Legislative implications

43 This paper has no legislative implications. **s 9(2)(f)(iv)**
[Redacted text]

Impact Analysis

Regulatory Impact Statement

44 No Regulatory Impact Statement is required for this proposal. One will be developed as part of the review of the purpose and principles in the Act.

Population Implications

Population	How the proposal may affect this group
Disabled people and people with health conditions	<p>The high representation of disabled people and people with health conditions in the benefit population, eg Supported Living Payment (SLP) and Jobseeker Support – Health Condition and Disability (JS-HCD) is in contrast to those who want to work or participate in education and training. People in work but underemployed may also want to work more, including for example, those with mental health conditions.</p> <p>The proposal in this paper could have the most impact for disabled people and those with health conditions who are on a main benefit and long-term unemployed (Group A), and supporting them while in employment, education, or training (Group C).</p>
Māori	<p>Disproportionately poor employment outcomes, including roles with lower skills, pay, poor health and retirement outcomes. Approximately 36 percent of people on a main benefit are Māori, including a high representation of Māori among SLP and Sole Parent Support (SPS) clients. Whānau Māori, hapū and iwi have called for greater partnership in the design, delivery and evaluation of services, including where possible, opportunities for tino rangatiranga and self-determination.</p> <p>The proposal in this paper acknowledges the role of and importance of working with whānau Māori, hapū and iwi to achieve long-term wellbeing through employment for Māori. The proposal is likely to have the most impact in improving access to MSD’s employment services for tāngata whaikaha on SLP and JS-HCD and wāhine Māori on SPS (including positive impacts for their tamariki) (Group A).</p>
Pacific peoples	<p>Despite increasing education and better employment, Pacific peoples are overrepresented in poor employment outcomes (particularly for Pacific women and young people), with the lowest median income of all ethnic groups. High rates of casual or contract work and small business employment makes Pacific peoples more vulnerable to the negative impacts of economic downturn, including the recent impacts of COVID-19. Benefit rates have increased and not returned to pre-COVID-19 levels, with potentially low awareness of or engagement with services.</p> <p>The proposal may have the most impact for Pacific peoples whose risk of long-term benefit receipt increased because of the economic impacts of COVID-19. The immediate impacts are more limited for the high number of Pacific peoples in Group D who are disproportionately materially deprived but not receiving a benefit and/or are consistently in unsuitable work (Group D).</p>
Former refugees, recent migrants and ethnic communities	<p>Former refugees, recent migrants and ethnic communities are a diverse group with different needs, skills and experiences. Some are over-represented in long-term unemployment (eg benefit population, partners of low-income workers) or in unsuitable work (eg informal work), some may have generally low awareness of and engagement with employment services (eg because of language and accessibility issues). Recognised refugees, protected persons, migrants on a residence (work permit) visa and some other visa applicants (see EWRAP 6(3)(b)), may be eligible for employment services. Eligibility restrictions means that other recent migrants are not eligible to access employment services (although in the short-term fewer people are impacted given border restrictions and immigration policy decisions to accelerate visa applications in response to COVID-19).</p> <p>This proposal will likely have the most impact for those who interact with the benefit system (Group A and C). The immediate impacts may be more limited for people in unsuitable work and unemployed partners of low-income earners (Group D).</p>
Youth	<p>Māori and Pacific peoples make up a growing proportion of youth. While educational attainment has increased for some groups (including Māori and Pacific youth), there is still a high number of youth NEET as well as youth at risk of limited employment (16- to 24-</p>

	<p>year-olds who are at risk of cycling in and out of low-level tertiary education and/or low-paid part-time or casual work).</p> <p>The proposal is likely to be most impactful for youth where they or their whānau have spent some time on a main benefit and/or cycle in and out of the benefit system (Groups A and C). It is currently unclear what the proposal impacts are for other young people who may not be easily captured in the model, however in policy and practice those at risk of limited employment are still considered a priority group for MSD's employment investment.</p>
Older people (aged 50 and over)	<p>New Zealand's older population is diverse in terms of ethnicity, gender and life experience, and the labour market experience of older workers ranges from very secure to tenuous. Older workers are more at risk of being in roles that they cannot continue because of physical ageing, changing responsibilities in their lives, or the impact of technological and climate change. Most vulnerable are the long-term unemployed and older Māori and Pacific workers.</p> <p>The proposal will likely have the most impact for those who interact with the benefit system, noting that people may still need employment support even when near and beyond the age of NZ Super entitlement. Almost half of New Zealanders aged 65 – 70 remain in paid employment. For many, this is out of financial necessity. Despite receiving New Zealand Superannuation, the impact of employment disruptions for such individuals is likely to be significant. Making some employment services available on a "self-service" basis may benefit individuals in this group (who would fall into Group D above, on the basis that they are ineligible for a main benefit), but they remain ineligible for other employment services.</p>
Women	<p>While there is increasing pay parity for women, the ethnic-gender pay gap is still wide for wāhine Māori, Pacific women and women with migrant or refugee backgrounds and in ethnic communities. Women tend to be concentrated in roles with lower skills/pay and poorer health outcomes. SPS clients are predominantly women, with a fair number of SLP carers also being women.</p> <p>The proposal will likely have the most impact for disabled women, women who are carers, and sole mothers on a main benefit (Group A). The proposal may have a more limited impact for women who are not in the benefit system but are an unemployed partner of a low-income worker, or consistently in unsuitable work or unpaid work (such as caring).</p>
Children	<p>The proposal is likely to have the most impact on child poverty reduction where they are a dependent of a sole parent or disabled person on SPS, SLP or JS-HCD, particularly Māori children given the high numbers of wāhine Māori on SPS (Group A). The proposal may have a more limited impact for children in larger whānau or households with adults who have low or insecure incomes (Group D).</p>
Rural communities	<p>Rural communities have lower rates of digital connectivity and find it more difficult to access resources. Continued support for face-to-face and mobile services, such as Community Connectors, and engaging with communities to develop local initiatives, will help rural communities to access employment services that meet their needs.</p>

Human Rights

- 45 Improving access to employment services is in line with realising the rights for disabled people, young people, older workers, women, Māori, Pacific peoples, and former refugees, recent migrants, and ethnic communities.⁹

⁹ Through various instruments, including the United Nations Convention on the Rights of Persons with Disabilities, the UN Convention on the Rights of the Child and the UN Declaration on the Rights of Indigenous Peoples, the UN Convention on the Rights of Older People.

Consultation

- 46 The following agencies were consulted in developing this paper: the Treasury; Ministry of Business, Innovation and Employment; Ministry of Education; Ministry for Ethnic Communities; Ministry for Pacific Peoples; Ministry for Women; the Office for Disability Issues; the Office for Seniors; Te Puni Kōkiri; and Tertiary Education Commission. The Department of the Prime Minister and Cabinet was informed.

Proactive Release

- 47 I intend to proactively release this Cabinet paper, with redactions as appropriate under the Official Information Act 1982, within 30 business days of decisions being confirmed by Cabinet.

Recommendations

The Minister for Social Development and Employment recommends that the Committee:

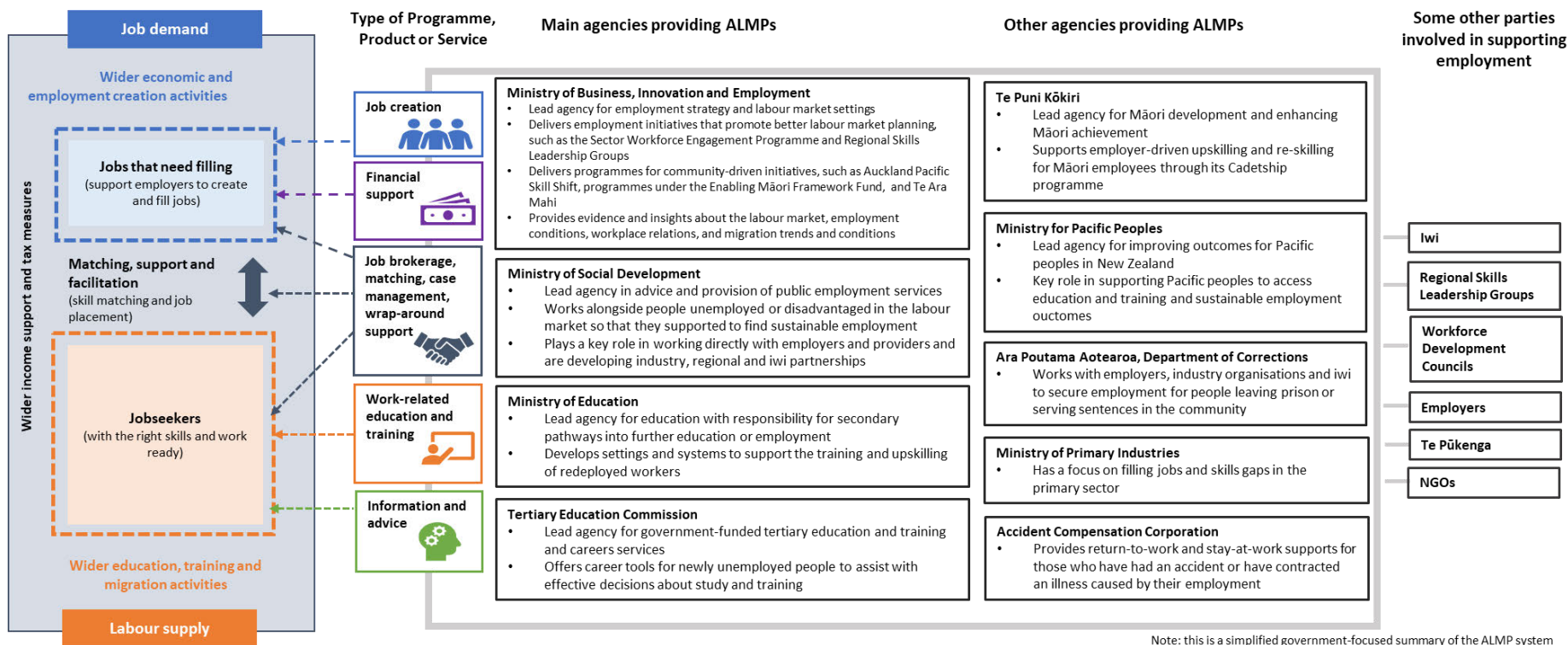
- 1 **note** that the Ministry of Social Development plays a key role in providing public employment services that, alongside financial assistance, help people move into and stay in work, through active labour market programmes that support employment, education and training opportunities and can change to respond to different needs and evidence of what works
- 2 **note** that most people can navigate the labour market using their own resources, however, some people face additional barriers that place them at greater risk of poor long-term labour market outcomes, such as long-term unemployment, underutilisation, and unsuitable work
- 3 **note** that over the past three years, Government has taken action to strengthen and expand MSD's employment services to better support people most at risk of poor labour market outcomes, and provide temporary help to people closer to the labour market so they can return to employment quickly
- 4 **note** that the Minister for Social Development and Employment is seeking to formalise the Ministry of Social Development's ongoing role in providing employment services to people at risk of poor labour market outcomes through a clearer purpose statement and prioritisation approach
- 5 **agree** that the core objective for the Ministry of Social Development's employment services is to help people at risk of poor labour market outcomes prepare for, find, and retain suitable employment to improve long-term wellbeing
- 6 **agree** to the Ministry of Social Development's prioritisation model for its employment services, which aims to:
 - 6.1 refocus support on people with a high risk of long-term benefit receipt or are part of other key priority cohorts who interact with the benefit system, whether they are currently on a main benefit or not

- 6.2 continue to support other people on benefit who have fewer barriers to employment, proportionate to their needs
 - 6.3 support people in specific circumstances who are not on benefit and may be at risk of, or experiencing, poor labour market outcomes other than long-term benefit receipt, to be determined by future policy, legislative and funding decisions.
- 7 **note** that the policy intent agreed here seeks to:
- 7.1 clarify MSD’s role in supporting an equitable and well-functioning labour market, that also reflects the Crown’s responsibilities under Te Tiriti o Waitangi to support good employment outcomes for Māori
 - 7.2 continue to support MSD’s shift towards providing proactive support to help people into sustainable and meaningful employment opportunities appropriate for their circumstances, including early intervention before they go onto benefit, and supporting sustainable outcomes for people who move into employment, education, or training
 - 7.3 directly inform MSD’s investment in employment assistance and prioritisation of its services, in the short and medium-term, within existing appropriations, and support ongoing changes to MSD’s future operating model, including frontline practice and decision-making
 - 7.4 align with other Government work on employment support, such as:
 - 7.4.1 investment in MSD’s Te Pae Tawhiti Transformation Programme to transform all major processes and underlying technology that provide income, employment, and housing support to seniors, students, and working-age clients
 - 7.4.2 how to support people at risk of job loss, including those impacted by the potential introduction of the New Zealand Income Insurance Scheme as well as changes to support New Zealand’s transition to a low emissions economy
 - 7.4.3 s 9(2)(f)(iv) [REDACTED]

Authorised for lodgement

Hon Carmel Sepuloni
Minister for Social Development and Employment

Appendix 1: Roles of agencies in the ALMP system¹⁰



¹⁰ The definition of ALMPs for the purposes of this diagram is “Government funded or provided interventions that actively assist people into employment (including removing barriers to their ability to get or retain a job, or to move between jobs), increase earning capacity and improve the functioning of the labour market.” As used in this diagram, ‘financial support’ includes grants to individuals that remove barriers to work or training, and paying wage or training subsidies to employers.