



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

Employment and Social Outcomes Investment Strategy

2022 - 2025





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Executive summary

1. The Ministry of Social Development (MSD) plays a key role in providing public employment services, which alongside government financial assistance, helps people move into and stay in work. This Employment and Social Outcomes Investment Strategy will inform national and regional decisions about MSD's employment services funded through the Improved Employment and Social Outcomes Support Multi-Category Appropriation (the MCA). It will also inform policy work and the development of new services. It updates the *Employment and Social Outcomes Investment Strategy 2018 – 2021*.
2. The MCA provides MSD with a degree of flexibility about how it invests. This strategy signals how MSD can best use this funding flexibility to improve employment and social outcomes. It does not address other types of activities that MSD could undertake to improve employment outcomes.
3. The purpose and focus of MSD's employment services, including how they support those with different levels of risk of long-term benefit receipt, are policy matters determined by Government. The Strategy supports the implementation of Government policy, by informing decisions about how employment investment is used to purchase different programmes for eligible people.
4. This strategy aims to help achieve work readiness and sustainable employment outcomes by targeting investment according to the needs and barriers that individuals may experience, such as a lack of work experience or suitable qualifications. It also aims to promote equity for groups that consistently experience poor labour market outcomes. This includes improving outcomes for Māori, in line with *Te Pae Tata* (MSD's Māori Strategy and Action Plan), and MSD's obligations under te Tiriti o Waitangi.
5. At the core of this strategy are four investment changes (A – D below) that MSD will consider. Together, these changes are intended to:
 - improve outcomes overall by improving the cost-effectiveness of our investment and focusing more on work readiness (Shifts A and B below)
 - promote equity for **young people, Māori and Pacific peoples**, by ensuring that the investment directed to these groups is better targeted towards achieving sustainable employment outcomes, through a focus on work readiness (Shift B)
 - promote equity for groups that currently receive less investment compared to their representation in the benefit population (**women; older workers; disabled people, including those with health conditions**) by increasing the total share of investment in these groups *and* improving the targeting and effectiveness of that investment (Shifts C and D).

6. The four investment changes MSD will consider are:
 - a. increasing the cost-effectiveness of its job placement investment
 - b. increasing the overall share of investment in cost-effective programmes with work readiness components, particularly training – including for investment targeting young people, Māori and Pacific peoples
 - c. increasing the share of investment targeted towards women, older workers, and those over 45 on Jobseeker Support – Health Condition and Disability (JS-HCD), particularly through investment in cost-effective programmes with work readiness components
 - d. increasing the share of investment in evidence-based interventions to support disabled people, including those with health conditions, into employment.
7. These investment changes will be considered (and implemented) as MSD makes decisions about national and regional purchasing and as part of ongoing policy development.
8. Regional and local factors will need to be taken into account when making investment decisions, and the strategy will be used in conjunction with regional labour market intelligence. The strategy aims to provide significant flexibility, and includes employment investment principles to assist with weighing multiple considerations.
9. Finally, this document provides further general guidance on intervention types that MSD could use to promote equity for population groups that consistently experience poor labour market outcomes. This guidance is intended to help MSD consider wider opportunities to improve outcomes for these groups.
10. We are publishing this strategy to inform the public and stakeholders about our direction, and to invite feedback. In particular, it may help organisations interested in working with MSD to find out more about MSD's employment investment direction.



Part 1: Background and context

The Employment and Social Outcomes Investment Strategy contributes to the All-of-Government Employment Strategy 2019, and to wider social outcomes

11. This strategy seeks to improve employment and social outcomes, which includes improving outcomes for Māori, in line with *Te Pae Tata*, and improving equity for other groups that consistently experience poor labour market outcomes, as defined in the *All-of-Government Employment Strategy 2019* (the All-of-Government Strategy).
12. The All-of-Government Strategy is about supporting New Zealand to become a productive, sustainable and inclusive economy that raises the welfare of all New Zealanders. Its goals include building a skilled workforce, responding to the changing nature of work in an equitable way, and ensuring that our labour market is inclusive. It is supported by a series of population-focused action plans for groups that consistently experience poor employment outcomes: young people; disabled people; Māori; Pacific peoples; older workers;¹ former refugees, recent migrants and ethnic communities; and women.²
13. Improving sustainable employment outcomes has wide-ranging benefits for individuals, families, whānau, hapū, iwi and society. These include improved social outcomes, including those relating to material wellbeing and health, and intergenerational outcomes.
14. As well as advancing MSD strategies, including *Te Pae Tata* and *Pacific Prosperity*, this strategy also aims to contribute to the objectives of other population-focused Government strategies, including *The New Zealand Disability Strategy 2016 – 2026*, *Pacific Aotearoa – Lalanga Fou*, and *Better Later Life – He Oranga Kaumātua*, all of which have goals related to improving labour market participation.

1 In this document, ‘older workers’ refers to people aged 50 – 64, except where otherwise specified. Workers 65 and older have not been included as many MSD employment services are not available to recipients of New Zealand Superannuation.

2 In April 2021 it was decided that a Women’s Employment Action Plan would be added to the series.

The investment strategy is focused on MSD's specific employment role within a wider employment, education and training system

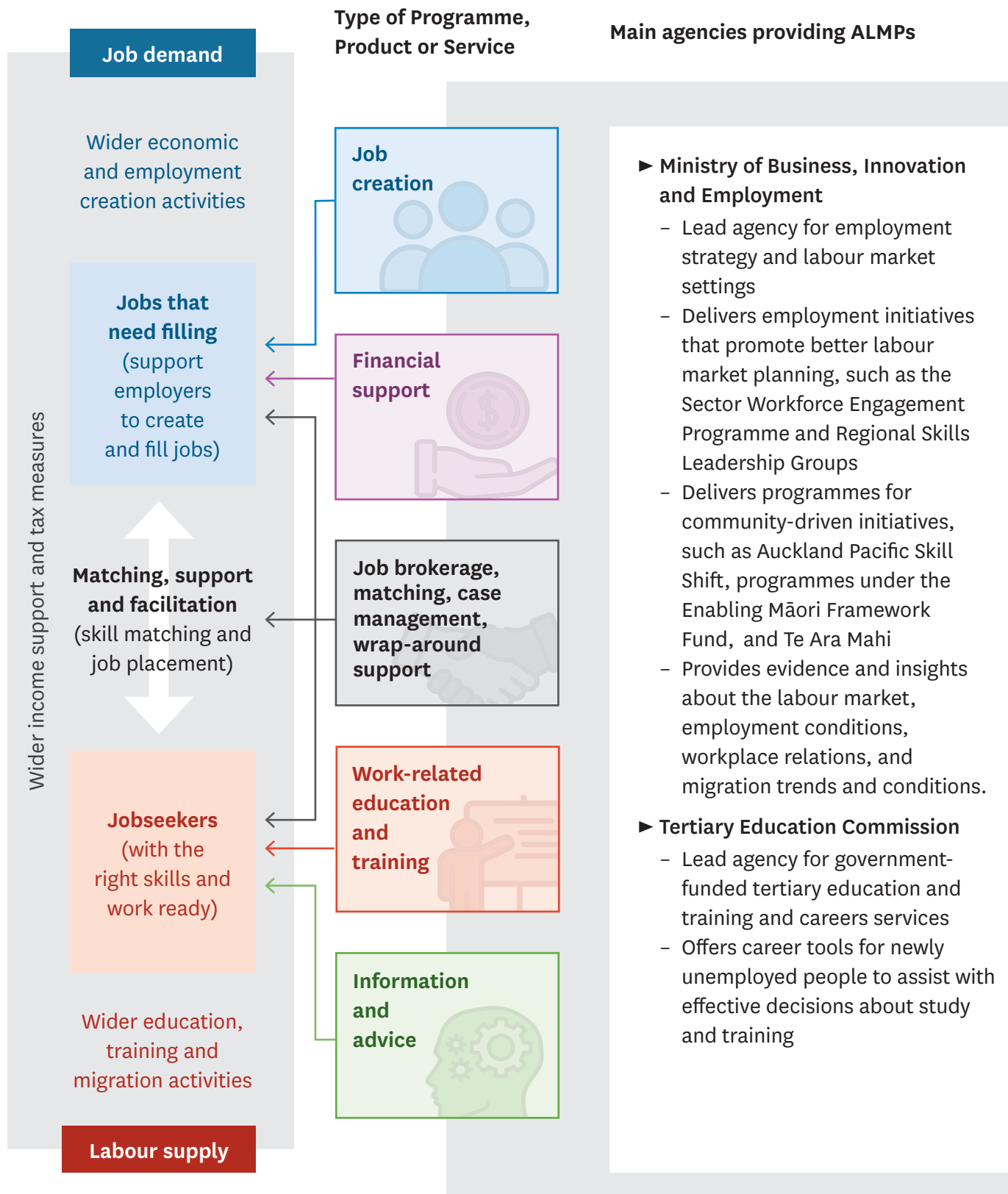
15. MSD's employment service delivery model is made up of internal and external (contracted) services that vary in intensity and client focus. MSD facilitates job matching and helps people enhance their work readiness, including through training and skills development.
16. Facilitating matching between employers and jobseekers reduces friction in the labour market and thereby helps to improve its efficiency. Alongside other agencies, MSD also has a role in contributing to the reduction of population-level labour market inequities, by providing greater opportunities to disadvantaged jobseekers, including labour market training and direct job creation.
17. MSD's employment services form part of a broader range of programmes known as active labour market programmes (ALMPs), which are measures to support people into employment, typically targeting those who are currently unemployed or may face challenges with entering the labour market. MSD is part of a set of agencies delivering ALMPs, as shown in Figure 1 on pages 6 and 7.
18. The scope of this strategy reflects current policy and legal parameters. Changes to the scope, objectives and range of MSD's employment services may arise as Government priorities and objectives change. This could occur, for example, as a result of work currently under way on:
 - strengthening and expanding employment services, which is being undertaken as part of the Government's work programme for overhauling the welfare system
 - reviewing the purposes and principles of the Social Security Act 2018
 - reviewing ALMPs across government, including to identify gaps in provision, and determine principles for funding allocation
 - the design of a New Zealand Income Insurance Scheme.³

³ Under a New Zealand Income Insurance Scheme, workers who lose their jobs through no fault of their own would be eligible for a time-limited payment that is a percentage of their previous earnings (with minimum and maximum caps). Such a scheme could cushion the impact of a job loss and provide financial stability while claimants find the right job or retrain. Claimants would receive support to return to work.

19. Other work that could change the context in which MSD operates is also under way. For example, Government has announced an immigration reset, to help ensure that the immigration system enhances communities, builds economic growth and develops people's skills.
20. At the regional level, Independent Regional Skills Leadership Groups (RSLGs) have been established to identify and support better ways of meeting future skills and workforce needs in our regions and cities. MSD Regional Commissioners attend and contribute to RSLGs, which help facilitate regular dialogue about regional labour market needs that builds more cohesive, co-ordinated decision-making at a regional level.
21. Six Workforce Development Councils have also been established through the Reform of Vocational Education. Their role is to ensure the vocational education system meets industry needs and gives a stronger voice to Māori business and iwi development. They will work with their industries to develop and maintain a strategic view of the skills their industries require now and in the future.



Figure 1: Roles of different agencies in the education, employment and training system⁴



4 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.

Other agencies providing ALMPs

► Ministry of Social Development

- Lead agency in advice and provision of public employment services
- Works alongside people unemployed or disadvantaged in the labour market so that they supported to find sustainable employment
- Plays a key role in working directly with employers and providers and are developing industry, regional and iwi partnerships

► Ministry of Education

- Lead agency for education with responsibility for secondary pathways into further education or employment
- Develops settings and systems to support the training and upskilling of redeployed workers

► Te Puni Kōkiri

- Lead agency for Māori development and enhancing Māori achievement
- Supports employer-driven upskilling and re-skilling for Māori employees through its Cadetship programme

► Ministry for Pacific Peoples

- Lead agency for improving outcomes for Pacific peoples in New Zealand
- Key role in supporting Pacific peoples to access education and training and sustainable employment outcomes

► Ara Poutama Aotearoa, Department of Corrections

- Works with employers, industry organisations and iwi to secure employment for people leaving prison or serving sentences in the community

► Ministry of Primary Industries

- Has a focus on filling jobs and skills gaps in the primary sector

► Accident Compensation Corporation

- Provides return-to-work and stay-at-work supports for those who have had an accident or have contracted an illness caused by their employment

Some other parties involved in supporting employment

► Iwi

► Regional Skills Leadership Groups

► Workforce Development Councils

► Employers

► Te Pūkenga

► NGOs

Note: this is a simplified government-focused summary of the ALMP system

MSD's employment investment needs to respond effectively to New Zealand's current and future labour market

22. The disruption caused by the COVID-19 pandemic negatively affected many people. Its immediate effects included people being unable to find jobs; some loss of employment and business closure; and reductions in hours, wages and working conditions. Industries reliant on open borders, such as tourism, were most affected. Other industries experienced increased demand; in particular, health care and construction. Some businesses may continue to operate in a different way following the pandemic, including by adjusting supply chains to minimise future risk of disruptions.
23. Reduced access to overseas workers, paired with strong recovery after the March 2020 lockdown, exacerbated the need for workers at various skill levels. While people are looking for work, and employers are seeking workers, they can be mismatched by skills, experience and region. In this context, it is important that MSD both supports people with the process of looking for jobs, and also with practical reskilling to enable movement into employment pathways that match labour market opportunities.
24. Some people face more difficulties finding employment than others. The reasons for this could include caring responsibilities that limit how many hours people can work; the barriers experienced by disabled people, including those with health conditions; lack of work experience; lack of motivation or confidence; and issues with transport and insecure housing. People may experience multiple barriers. Pre-existing inequities in the labour market remain, including for Māori; Pacific peoples; young workers; and disabled people, including those with health conditions. We have opportunities to help improve employment outcomes for people with high and multiple employment barriers and needs, especially those already at a disadvantage when the COVID-19 disruptions occurred, including by improving access to work in growing sectors. We could also consider supporting alternative pathways into employment, such as self-employment.
25. Government has committed to a transition to a low-emissions economy, which will affect the types of jobs available over the next 20 years. Supporting workers to move to new jobs or industries, as the economy and skill demands change, will become increasingly necessary. As advised by the Climate Change Commission⁵, these changes will be manageable with good planning and support. MSD's employment services can have a role in promoting equitable outcomes in the transition towards an environmentally sustainable and inclusive economy.

5 Climate Change Commission (2021), *Ināia tonu nei: a low emissions future for Aotearoa*. Climate Change Commission, Wellington. <https://www.climatecommission.govt.nz/our-work/advice-to-government-topic/in-ia-tonu-nei-a-low-emissions-future-for-aotearoa/>

26. Opportunities to move easily between jobs and sectors are likely to vary. Skills and work preferences are not always transferable, even within industries. Workers with skills that are easily transferable to low-emissions industries may need help with finding jobs; those who need new skills to work in these industries may need retraining; and people seeking to move to take up work opportunities may need relocation assistance.⁶ A mixture of general labour market interventions and those more targeted to regions or industries may be needed. Early intervention and opportunities for workers to re-skill, including while remaining in employment, can help minimise worker displacement.
27. Broader trends will also change the labour market context in which MSD operates. Increasing automation and digitisation, and demographic change – including an ageing population – are shaping the future of work. These could affect both the types of work on offer and the type of support that people need from MSD’s employment services.

⁶ This section draws from *Ināia tonu nei: a low emissions future for Aotearoa*.



Part 2:

Purpose and objectives of the Employment and Social Outcomes Investment Strategy

This strategy supports informed decision-making on MSD's employment investment

28. MSD's employment and income support activities are largely funded through the MCA. The MCA's purpose is to operate the benefit system and associated interventions in such a way as to improve client outcomes (employment and social) by moving them closer to independence, with a focus on those at risk of long term benefit receipt. This strategy is primarily concerned with contracted spending within the 'Improving Employment Outcomes' and 'Improving Work Readiness' categories of the MCA.⁷ The MCA is governed by the Employment and Work Readiness Assistance Programme. Its principles include that employment or work readiness assistance resources will be allocated where the potential benefits are greatest.⁸
29. The purpose and focus of MSD's employment services, including how they support those with different levels of risk of long term benefit receipt are determined by Government, as are eligibility criteria. The Strategy supports the implementation of Government policy, by informing decisions about how employment investment is used to purchase different programmes for eligible people. The Strategy helps ensure that purchasing decisions promote sustainable employment and equity in the labour market, in line with wider Government employment priorities.

⁷ The MCA also includes a third category 'Administering Income Support', which covers assessing, paying, reviewing entitlements and collecting balances owed by clients for income support, supplementary assistance, grants and allowances, and administering international social security agreements relating to disabled people, sole parents, and widows and widowers.

⁸ Section 8(iii)(c), Employment and Work Readiness Assistance Programme.

Government policy

- Purpose and focus of MSD's employment services, including how they support people with different levels of risk of long-term benefit receipt.
- Eligibility criteria.
- Investment in specific employment programmes.

Employment Investment Strategy

- How MCA investment is used by MSD to purchase different employment programmes for the eligible population to promote sustainable outcomes and labour market equity.

Frontline case management decisions

- How individuals are matched with programmes and services

30. MSD has a dual system for making decisions on employment spending, comprising:
- **National programmes** – employment programmes co-ordinated nationally, including to give effect to Ministerial or Cabinet decisions. Some are formally ring-fenced within the MCA.
 - **Regional programmes** – approximately \$100 million is allocated across regions per annum, from which each region develops a Purchase Plan of employment programmes for the coming year. This involves decisions about both the types of programmes funded and the providers contracted to deliver them. Some programmes funded through this process are closer to entitlements than discretionary programmes, reducing the amount of discretionary funding that can be reallocated.
31. Within the parameters set by legislation and Government policy, MSD has a degree of flexibility to allocate this investment in ways that improves people's outcomes. MSD has choices about the appropriate way to balance how it invests, considering, for example:
- investing more in a small number of people, and investing smaller amounts in larger numbers of people
 - the interests of different groups that consistently experience poor labour market outcomes, while having particular regard to improving outcomes for Māori
 - investments that produce immediate results (eg job placement) and those that take longer to deliver employment outcomes (eg improving work readiness)
 - the achievement of different employment and social outcomes (eg sustainable employment, increased income, education and training)
 - reducing inequalities between population groups, and responding effectively to individuals within those groups who are particularly disadvantaged.
32. The strategy will inform national and regional purchasing processes. In addition, the analysis and advice developed as part of this strategy are intended to inform a wider range of decisions, including research and evaluation priorities, policy and Budget advice, and operational decisions.

33. The strategy is not intended to:
- provide guidance for the frontline on how to match programmes and services with the needs of individuals. Case management is a critical part of ensuring that any improvement in MSD's spending decisions is translated into improved client outcomes
 - analyse the conditions needed for programmes to be as effective as possible, eg labour market conditions, employer behaviour, and welfare policy settings. Such factors can affect the extent to which a programme continues to deliver improvement in outcomes
 - detail how to ensure services are accessible, inclusive and effective for particular population groups, or for those with particular needs and barriers within a population group.

The strategy seeks to achieve sustainable employment, and improve equity for groups that consistently experience poor labour market outcomes

34. MSD is focused on helping people get into sustainable work. This means helping people prepare for and find work that provides opportunities for career progression; improves individual, family and whānau incomes; and contributes to their wellbeing. The focus on sustainable employment is necessary for improving social outcomes for Māori, and achieving equity for disadvantaged groups. Achieving sustainable employment requires a focus on work readiness, which can help people to be better placed to enter the labour market and compete for a wider range of jobs.
35. Helping achieve equity for people who consistently experience poor labour market outcomes is also at the core of this strategy. We will measure how well we are doing this by observing the impact of our investments on the outcomes of specific population groups identified as consistently experiencing poor labour market outcomes in the *All-of-Government Strategy*, to the extent that we are able to identify these groups in our administrative data.

Engagement informed the development of the strategy

36. The strategy was developed by MSD, and the process involved engagement with other government agencies, as well as targeted external engagement. We will use this strategy as a tool for ongoing engagement on how we can get the most value out of MSD's employment investment.

The strategy advances MSD's broader strategic direction

37. MSD's current direction is articulated in:
 - **Te Pae Tawhiti – Our Future**, which sets out how we are going to bring about positive changes in the wellbeing of the people, whānau, families and communities we serve
 - **Te Pae Tata – Māori Strategy and Action Plan**, which sets out how we will work to achieve better outcomes for Māori
 - **Pacific Prosperity – Our people, our solutions, our future**, which aims to rejuvenate MSD's delivery and engagement of services for Pacific peoples, families and communities.
38. The future service model envisaged to give effect to *Te Pae Tawhiti* will involve some significant changes to the way MSD delivers employment services. These changes include modernising MSD's channels and building a digital employment platform with a self-service function to enable better engagement with people seeking employment support and allow employers to find workers. MSD will be considering further opportunities to deliver supports alongside other agencies, employers, providers and in partnership with communities, iwi and Māori.
39. The investment strategy aims to advance these MSD strategies, by providing additional direction on how we should target our employment investment.
40. The Government is committed to improving Māori-Crown relations and promoting genuine partnership approaches. This strategy is intended to help meet Crown obligations under Article Three of te Tiriti o Waitangi (te Tiriti), by helping achieve more equitable outcomes for Māori; and Article Two of te Tiriti, by providing opportunities to support iwi and Māori aspirations for the development and delivery of employment activities to improve Māori outcomes – and thereby supporting self-determination.
41. The effectiveness and impact information provided in this strategy is in addition to, and does not replace, the official reporting on financial and operational performance provided in MSD's Annual Reports.





Part 3:

Our investment direction

This section provides advice on changes to investment to be considered by national and regional decision-makers, including when planning new services or investment. This advice should be considered as part of purchase planning and Budget processes.

Understanding the effectiveness of MCA investment should help MSD to shift funding in ways that are likely to improve outcomes

42. Each year, MSD summarises its evidence on the effectiveness of its investment in employment programmes and services.⁹ For this strategy, more detailed analysis of the investment portfolio was undertaken using the source data. The underlying effectiveness information is developed continuously and has an ongoing quality assurance process built into it.
43. To support investment decision-making, it is important to focus on measurable, meaningful outcomes so that we can understand the relationship between the programmes and services we invest in, and the outcomes we are seeking for people. Currently, no single measure is available that captures every dimension of sustainable employment.¹⁰ Instead, the analysis in this section aims to focus on sustainable employment and on equity by bringing together the following available information on the programmes in our portfolio:
 - **Impact on employment outcomes** – What impact does the programme have on time spent in paid employment?
 - **Cost-effectiveness in improving employment outcomes** – If the programme has a positive impact on employment outcomes, how much does it cost on average to achieve one additional week in employment for a participant?
 - **Impact on earnings outcomes** – What impact does the programme have on net income from labour market activities (based on taxable income from PAYE and self-employment income)?
 - **Subgroup participation** – How well are young people (aged 16 – 24 years), Māori, Pacific peoples, women, older workers, and Supported Living Payment (SLP) and JS-HCD recipients represented in the participant group?

9 The latest report is de Boer, M, & Ku, B (2022). *Effectiveness of MSD employment assistance: Report for 2019/2020 financial year*. MSD, Wellington. Available at: <https://www.msd.govt.nz/research-insights/index.html>

10 Paid employment may not be a suitable option for everyone. This strategy is about improving employment for those people for whom some level of paid employment is likely to be appropriate.

- **Subgroup impacts** – What impacts does the programme have on employment and earnings outcomes for these groups, and how do these compare to the average?
 - **Study and qualifications impacts** – Are programmes that are intended to encourage or support people to study and gain qualifications having the desired impacts? Do other programmes have any negative impacts on study and qualifications, including for subgroups? (Study and qualifications can be important short to medium term outcomes for work readiness programmes).
44. This section includes tables providing selected information on the above points. Tables that set out further information on the above points for all MCA-funded programmes demonstrating both a positive employment and earnings impact overall is provided in Appendix A.
45. It is important to note that a programme that has not demonstrated a positive impact is not necessarily ineffective in improving these outcomes. In many cases, it may be too soon to assess impact, or it may not be feasible to do so. Changes to employment investment take time to make a difference to outcomes, and factors outside of MSD's remit also influence outcomes.
46. More information on the analysis in this section is set out in Appendix B, and Appendix C discusses the methodology for the effectiveness evaluation that underpins this work.

Key findings relating to the performance of MSD's current employment investment

47. Analysis of MSD's employment investment portfolio shows that:¹¹
- close to 60 percent of investment goes towards programmes that have a positive impact on both employment and earnings. Around five percent of investment has either no impact or a negative impact on at least one of these outcomes. For over a third of investment, the impact is unknown for at least one of these outcomes¹²
 - the largest portion of investment is directed to job placement programmes. These programmes vary considerably in both their impact on employment outcomes, and their cost-effectiveness (see Table 1 on page 23). Self-employment focused job placement initiatives (eg Flexi-Wage Self Employment), however, do not demonstrate positive employment or earnings impacts and can have a negative impact on net income. It is important to note that assessment of job placement programmes does not take into account the potential negative impact on non-participants in the form of substitution effects¹³

11 In this section, the employment investment portfolio refers to the programmes funded through the MCA, comprising expenditure of \$434,890,200 in the year 2020/2021. Note this includes expenditure in the Administering Income Support category. All impact data used in this Part is current as of 12 October 2021. Expenditure and participant data is current as of 22 October 2021, except as otherwise specified. Data are subject to changes in methodology. The methodologies for matching, assessing outcomes, and expenditure modelling are updated periodically to improve the accuracy of our effectiveness assessments. Recently, a significant update was made to shift from use of MSD administrative data to Integrated Data Infrastructure data for propensity score matching, which resulted in corresponding changes to the impact ratings for a number of interventions. This represents a change in how we understand the impacts; it does not necessarily represent a change in the result that the intervention is producing.

12 Note that some programmes that have a negative or unknown impact on employment and earnings outcomes may still have a positive impact on other outcomes, such as reduced time on benefit.

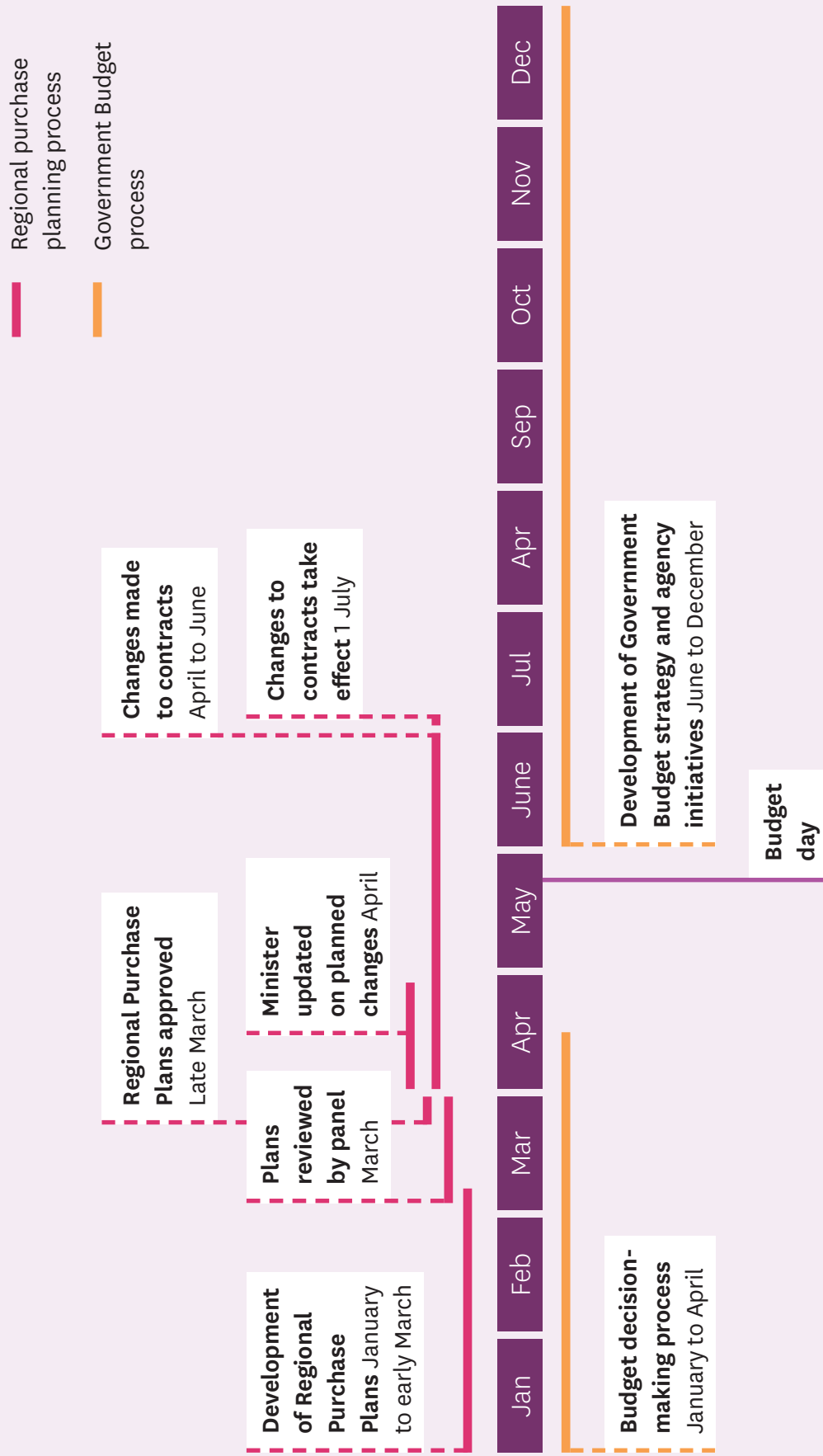
13 For example, an employer hiring a participant in a job placement programme over an alternative candidate who is not participating in the programme.

- a small number of programmes of other types also improve employment and earnings outcomes. Programmes vary considerably in the number of additional weeks of employment that participants gain on average, with some demonstrating only very modest gains (eg 1.5 weeks per year)
- few programmes appear to make a significant impact on study or qualifications outcomes. However, there does appear to be a greater positive impact on these outcomes for women. Further analysis would be required to establish whether positive study and qualifications impacts are intended, or unintended, impacts of these interventions. It is important to recognise that other agencies have a significant role in providing services that improve qualifications and study outcomes (see figure 1, pages 6 and 7)
- only very small proportions of our current investment show evidence of a positive impact on employment outcomes for SLP recipients and young people aged under 19, and on earnings for older workers. One reason for this may be that low participant numbers have made it difficult to obtain statistically significant results for these groups. While SLP recipients form a large proportion of benefit recipients, their participation in employment programmes tends to be concentrated in specific targeted programmes
- comparatively more evidence exists in relation to investment that has a positive impact against employment and earnings outcomes for women and JS-HCD recipients, although this too is limited.

Improving the value of our investment

48. Four potential investment shifts could help MSD's employment investment achieve sustainable employment more effectively, and promote equity for groups that consistently experience poor labour market outcomes.
49. These shifts will need to be considered in different ways by decision-makers involved in national and regional purchasing (eg Regional Commissioners, Regional Directors, Labour Market Managers, and Regional Contracts Managers), and as part of policy development. The timeline below shows some of the processes in the year through which these investment shifts could be considered. In addition to the processes shown in the timeline, MSD is involved with other regional planning processes, such as RSLGs.

Figure 2: Timeline of processes relevant to employment investment decision-making



50. More information on the programmes referred to in the following sections can be found in de Boer, M, & Ku, B (2022)¹⁴ and in the Employment Assistance Evidence Catalogue.¹⁵
51. Regional and local context will need to be considered, such as local variations in people’s needs and the labour market, external constraints on MSD’s ability to effectively address barriers, and the priorities of external organisations. MSD will also need to be able to adapt to changing labour market conditions, such as the transition to a low-emissions economy. For these reasons, the strategy provides significant flexibility. Further, it is important to consider the following when applying this strategy:
- To ensure that decisions on programmes are informed by as complete an understanding of effectiveness as possible, other available programme evaluation information should also be reviewed, as well as other sources of evidence, such as frontline knowledge. This is particularly critical when considering ways to improve outcomes for population groups or intervention types on which MSD effectiveness information is lacking.
 - It is important to consider how programmes work together, and with wider policy settings. The potential unintended consequences of changing levels of investment in programmes that complement one another should be considered.
 - It is best not to make large shifts in portfolio spending at one time, as rapid increases in programme size can undermine fidelity, as well as risk expanding the programme beyond the population that would benefit from it. Both these factors can undermine a programme’s effectiveness.
52. Specifically, the investment direction in this strategy does not prescribe the ‘right’ level of investment to achieve equity for any given population group. It suggests only that additional investment may be worth considering when the level of investment in a population experiencing poor outcomes is significantly lower than its representation in the benefit population. It also does not specify exactly what weight should be given to these potential investment shifts when balanced against competing considerations. The investment principles in Part 4 provide guidance on what other factors should be taken into account.

14 de Boer, M, & Ku, B (2022). *Effectiveness of MSD employment assistance: Report for 2019/2020 financial year*. MSD, Wellington. Available at: <https://www.msd.govt.nz/research-insights/index.html>

15 <https://ea.analytics.msd.govt.nz/>

A. Increasing the cost-effectiveness of our job placement programmes

53. Job placement programmes represent a large share of investment but vary widely in impact and cost-effectiveness, with self-employment programmes showing some negative impacts. Shifting lower value investment into more cost-effective job placement programmes, where appropriate, could help increase the value of our investment overall. Cost-effective programmes include job placement programmes that have a wage subsidy component.

Cost-effectiveness is a measure of value for money. In this section, cost-effectiveness is calculated as the average cost of achieving an additional week in employment through a particular programme, per year that the impact of the programme is assessed.¹⁶ This includes both an observed impact and a projected impact.

For example, a programme that achieves an additional week in employment per year for a small cost is more cost-effective than one that achieves the same impact for a larger cost.

A programme can have a high cost, but still be highly cost-effective if it achieves a significant impact. Conversely, a low-cost programme may not be cost-effective, if it achieves only very small or no positive impacts.

Similarly, a programme with a high impact could be less cost-effective than a less costly programme with a lower impact.

When considering the cost-effectiveness of programmes, some relevant questions are:

- How much does this programme cost to achieve an additional week in employment per year? How does this compare to other programmes with similar objectives?
- If a programme is not very cost-effective, are there strong reasons for investing in it, and is it being targeted appropriately?

Cost-effectiveness is not the only relevant consideration for investment decisions. Part 4 sets out investment principles to guide how the various factors **bearing** on investment decisions should be considered by decision-makers.

For example, a programme that is cost-effective and where most participants are at high risk of long-term benefit receipt (eg including those with longer duration on benefit) may have a stronger rationale for continued or new investment than a cost-effective programme that mainly targets those who have fewer barriers or employment support needs.

¹⁶ For all active years since 2006/2007.

Table 1: Cost-effectiveness and average employment and earnings impacts of MCA-funded job placement programmes that have positive employment and earnings impacts

Programme	Average cost of one additional week in employment per year¹⁷	Average number of additional weeks in employment per year	Average earnings difference per year
Vacancy Placement Part Time	\$91	8.2	\$2,313
Vacancy Placement Full Time	\$147	7.4	\$3,616
Flexi-wage	\$325	14.2	\$7,761
Employment Placement or Assistance Initiative	\$534	4.7	\$2,282
Mana in Mahi*	\$571	21.4	\$13,350
Skills for Industry*	\$787	8.3	\$4,393

* Job placement programme with training component.

What does this mean in practice?

National and regional purchasing	<ul style="list-style-type: none"> Consider the cost-effectiveness of programmes, with a view to increasing the cost-effectiveness of job placement investment. Any programmes considered for additional investment should not have adverse impacts on target groups.
Policy advice	<ul style="list-style-type: none"> Consider information on the cost-effectiveness of employment-focused programmes.

¹⁷ Based on all active years since 2006/2007.

B. Increasing the overall share of investment in cost-effective programmes with work readiness components, particularly training – including for investment targeting young people, Māori and Pacific peoples

54. Work readiness interventions are important for sustainable employment as they can enable participants to gain the skills, qualifications or experience they need to take up a broader range of job opportunities than those initially available to them. Currently, our investment in pure work readiness programmes is low, although we do also invest in job placement initiatives with work readiness components. While they can take time to demonstrate improved outcomes, international evidence suggests that short-term, industry-focused training programmes with on-the-job components can be beneficial. The MCA contains training programmes, and job placement programmes with training components, that show effectiveness in improving employment outcomes (eg Training for Work, Mana in Mahi, Skills for Industry).
55. As well as contributing to improved outcomes overall, this shift in investment will help provide more confidence that our investment will contribute to sustainable employment for **Māori, Pacific peoples, and young people**. These groups currently receive a share of investment that matches or, in the case of young people, exceeds their representation in the benefit population:
- Māori make up 38.1 percent of the main benefit population¹⁸ and receive 39.5 percent of investment.¹⁹
 - Young people make up 17.2 percent of the main benefit population²⁰ and receive 36.1 percent of investment.²¹
 - Pacific peoples make up 11.5 percent of the main benefit population²² and receive 11.4 percent of investment.²³

18 Data on representation in the main benefit population is for the December 2021 quarter. MSD, 'National level data tables – December 2021'. Available at <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/index.html>

19 Percentage of investment figures are for the 2020/2021 year.

20 Note this figure is for young people aged 18 – 24 (young people aged under 18 not included). MSD, 'National level data tables – December 2021'. Available at <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/index.html>

21 This percentage covers investment directed to all young people aged 16 – 24 years.

22 MSD, 'National level data tables – December 2021'. Available at <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/index.html>

23 The proportion of investment may be an underestimate of investment that goes to Pacific participants, as it is based on prioritised ethnicity.

Table 2: Programmes that may include training components and have positive employment and earnings impacts, with selected subgroup information²⁴

Programme	Average cost of one additional week in employment per year²⁵	Notable impacts and participation rates for Māori, Pacific peoples, and young people
Course Participation Assistance	\$162	• High participation of Māori (46%) and young people (33%).
Work Preparation Services	\$472	• High participation of Māori (46%) and young people (33%).
Mana in Mahi*	\$571	• High participation of young people (60%).
Employment Participation and Inclusion Services	\$646	• High participation of young people (27%). • Positive impacts (employment and earnings) for Māori and young people aged 20 – 24.
Training for Work	\$719	• High participation of young people (54%). • Positive impacts (employment and earnings) for Māori, Pacific peoples and young people aged 20 – 24.
Skills for Industry*	\$787	• High participation of Māori (43%) and young people (38%). • Positive employment impact for Māori, Pacific peoples and young people aged 20 – 24. • Positive earnings impact for Māori, Pacific peoples and young people.
Limited Service Volunteer	\$3,841	• High participation of young people (99%) and Māori (43%). • Positive employment and earnings impact for young people 19 years and under, but negative study impact. • Negative qualifications impact for Māori, Pacific peoples, and young people 19 years and under.

* Job placement programme with training component.

²⁴ See Appendix A, Table 5 for further subgroup participation rate and impact information.

²⁵ For all active years from 2006/2007.

What does this mean in practice?

National purchasing	<ul style="list-style-type: none">• Increase the share of funding placed into cost-effective work readiness programmes, and job placement programmes with a training component.• Programmes being considered for increased work readiness investment should not have known adverse impacts on any target groups.
Regional purchasing	<ul style="list-style-type: none">• Consider any measures that can be used to assess how well programmes/ contracts are achieving work readiness outcomes. This can also enhance MSD's understanding of how well work readiness investment is working.• Consider the cost-effectiveness of work readiness interventions.• Programmes being considered for increased work readiness investment should not have known adverse impacts on any target groups.• National Office to provide guidance to regions about the appropriate balance of investment in work readiness programmes.
Policy advice	<ul style="list-style-type: none">• When considering any new investment or changes to service provision with the intention of promoting equity for Māori, Pacific peoples and young people, consider the benefits of effective work readiness programmes for improving sustainable employment outcomes.

C. Increasing the share of investment targeted towards women, older workers, and those over age 45 on JS-HCD, particularly through investment in cost-effective programmes with work readiness components

56. Women and older workers, and in particular disabled workers over 45²⁶, may be affected by issues relating to mismatch between skills and labour demand. They may have limited opportunities to re-skill or upskill, and can experience disadvantage in the labour market as a result. This is an area where work readiness programmes may be able to play a role.
57. Currently, investment in older workers and women is low compared to their representation in the benefit population:
 - Older workers make up 30.5 percent of the main benefit population²⁷ and receive 13.7 percent of investment.
 - Women make up 55.8 percent of the main benefit population²⁸ and receive 38.7 percent of investment.

26 This age threshold recognises the combined impact of age and disability.

27 MSD official data source as at the end of December 2021. Older workers are those aged 50 to 64 years, which is a different age breakdown to the official reporting age bands.

28 MSD, 'National level data tables – December 2021'. Available at <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/index.html>

58. A greater level of investment may be needed to help promote equity for these groups, as well as ensuring that this investment is cost-effective and targeted appropriately.
59. The types of initiatives that may be worth considering include those outlined in shift B. Evidence also suggests that women may particularly benefit from studying for tertiary qualifications, in terms of both employment and earnings outcomes.²⁹

Table 3: Participation rates of women, older workers and JS-HCD recipients in programmes that may include training components and have positive employment and earnings impacts

Programme Name	Women (as proportion of participant starts)	Older workers (as proportion of participant starts)³⁰	JS-HCD recipients (as proportion of participant starts)
Course Participation Assistance	39%	15%	13%
Work Preparation Services	45%	17%	11%
Mana in Mahi*	24%	3%	4%
Employment Participation and Inclusion Services	42%	24%	21%
Training for Work	43%	7%	7%
Skills for Industry*	34%	13%	7%
Limited Service Volunteer	28%	0%	3%

* Job placement programme with training component.

29 See, for example, Hyslop D, Le T and Riggs L. (2020). *Returns to adult education and training in New Zealand*. Motu Economic and Public Policy Research, Wellington. https://motu-www.motu.org.nz/wpapers/20_03.pdf

30 The data for older workers in this table includes all workers at or above the age of 50.

What does this mean in practice?

National purchasing	<ul style="list-style-type: none">• Increase the share of funding, in particular work readiness funding, targeted to these groups. Evidence should be reviewed to ensure that any additional investment is placed into programmes and services that are likely to have a positive impact on these groups.
Regional purchasing	<ul style="list-style-type: none">• National office guidance to include advice on the level of investment in these population groups.• Consider opportunities to invest in cost-effective training targeted to these groups, taking into account their particular client composition and labour market needs.
Policy advice	<ul style="list-style-type: none">• Consider the current lower relative levels of investment in women, older workers, and those on JS-HCD, and possible opportunities to promote equity and sustainable employment for these groups through programmes with training components.

D. Increasing the share of investment in evidence-based interventions to support disabled people, including those with health conditions, into employment

60. People on JS-HCD and SLP-HCD make up close to half the benefit population (45.2 percent in the December 2021 quarter)³¹. Disabled people, including those with health conditions, are also represented among recipients of other benefits. Overall, 17.5 percent of investment goes to JS-HCD and SLP clients.³² At least 11 percent of expenditure in the MCA has been identified as going towards programmes with components tailored to the needs of disabled people, with close to 60 percent of participants in these programmes being either SLP-HCD or JS-HCD recipients.
61. These programmes include:
- Health Interventions
 - Employment Participation and Inclusion Services
 - Mainstream Employment Programme
 - Mainstream Internship Programme
 - Oranga Mahi – Here Toitū
 - Oranga Mahi – Individual Placement and Support Trial
 - Oranga Mahi – Rākau Rangatira
 - Oranga Mahi – REACH
 - Work Ability Assessment
 - Work to Wellness.

31 MSD, 'National level data tables – December 2021'. Available at <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/index.html>

32 This figure includes investment directed to recipients of SLP-Carer as well as SLP-HCD.

62. Job placement initiatives within the MCA seem to show benefits for JS-HCD participants, but in general effectiveness information is limited on MSD’s services targeting disabled people.
63. However, other sources of evidence are available. As an example, there is strong international evidence that integrated specialist health and employment service approaches are effective for those with severe mental illness. Individual Placement Support (IPS) is an approach that has demonstrated greater effectiveness internationally, compared to other vocational approaches, for people with severe mental illness, and there is emerging evidence that it could work for other groups of people.³³ Expanding and improving access to evidence-based integrated approaches has been widely recommended.³⁴
64. In addition to this, ensuring that general services are made accessible and effective for disabled people remains critical.

What does this mean in practice?

National purchasing	<ul style="list-style-type: none"> • Increase the share of investment targeted at disabled people, including those with health conditions. Evidence should be reviewed to ensure that any additional investment is placed into programmes and services that are likely to have a positive impact on these groups.
Regional purchasing	<ul style="list-style-type: none"> • Consider opportunities to invest in evidence-based interventions for disabled people. This should be informed by regional and local knowledge about client needs and employment aspirations (for example, recognising that paid work may not be suitable for some). • National Office guidance to include advice on the level of investment in this group.
Policy advice	<ul style="list-style-type: none"> • Consider opportunities to invest in evidence-based interventions to support disabled people into employment to promote equity for this group.

33 Cram, F, Jury, S, Kokaua, J, Ku, B, Lockett, H and Wilson, M. (2020). *Individual Placement and Support (IPS) in Aotearoa New Zealand – new insights from linked administrative data*, MSD, <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/research/individual-placement-and-support/ips-new-findings-report.pdf>

34 See, for example, the 2018 OECD country report *Mental health and work: New Zealand*. OECD Publishing, Paris. <https://www.oecd-ilibrary.org/sites/9789264307315-en/index.html?itemId=/content/publication/9789264307315-en> and the report of the Welfare Expert Advisory Group (2019). *Whakamana Tāngata: Restoring dignity to social security in New Zealand*. <http://www.weag.govt.nz/assets/documents/WEAG-report/aed960c3ce/WEAG-Report.pdf>



Part 4:

Investment principles – balancing multiple considerations

The investment principles in this section **set out how the factors bearing on investment decisions should be considered by decision-makers.** The investment principles should support all employment investment decisions. In some cases, it will not be possible to comply with all investment principles; however, use of the principles will help ensure that all relevant factors are given explicit consideration.

Investment principles will be used to make trade-offs

65. Investment principles set expectations about how different factors should be considered when making investment decisions. The following investment principles also guided the development of the strategy.

Our employment investment portfolio should:

Principle 1 Deliver value for money in improving social and employment outcomes, informed by the available evidence. Social and employment outcomes include:

- a. intergenerational outcomes
- b. outcomes based on other relevant Government priorities, such as child poverty reduction.

Principle 2 Informed by the available evidence, be expected to:

- c. improve Māori outcomes in partnership with Māori (in line with *Te Pae Tata*)
- d. help achieve equity for groups that consistently experience poor labour market outcomes, as defined in the *All-of-Government Employment Strategy 2019*.

Principle 3 Support MSD's commitments under *Te Pae Tata* by providing opportunities to realise iwi and Māori development aspirations.

Principle 4 Support MSD's commitments under *Pacific Prosperity*, in particular by helping build partnership with Pacific communities.

Principle 5 Be responsive to future economic and social issues and priorities, in particular by taking advantage of opportunities, and responding to challenges, presented by the future of work.

Principle 6 Promote innovative approaches to supporting people into employment, and help grow our evidence base.

Each of our employment investment decisions should:

Principle 7 Be informed by the available evidence and prior experience and, where evidence is lacking, consider innovative approaches that will improve our evidence base.

Principle 8 Deliver long-term value for money, taking into account the wider benefits and costs to the whole of society.³⁵

Principle 9 Align with MSD's labour market role and strategic direction – *Te Pae Tawhiti*, and wider government service provision; and be feasible to implement.

Principle 10 Aim to apportion and target investment based on current evidence and information about:

- a. the level and type of support that individuals need
 - b. labour market opportunities.
-

Applying the investment principles

66. The investment principles will inform how the investment direction in Part 3 will be considered. For example, a number of the principles emphasise partnership. In line with the partnership approach set out in *Te Pae Tawhiti* and *Te Pae Tata*, and building on existing relationships, regions will seek partnerships with mana whenua, and iwi and Māori organisations that increase investment in cost-effective training programmes that deliver sustainable employment for Māori.

35 The full costs and benefits of interventions are not currently valued.





Part 5:

General guidance – focus areas to promote labour market equity

This section provides general guidance. **It identifies five focus areas that can be used when considering wider opportunities to improve outcomes** (in the short, medium or long term), taking into account regional, local and Government priorities as appropriate. Some of these focus areas will be more applicable to some regions and localities than others. This section could also apply to services that are funded from outside the MCA.

By focusing on specific barriers and interventions, MSD's employment services can contribute to labour market equity

67. The five focus areas below each identify different ways to address barriers to sustainable employment. Each focus area contributes to equitable outcomes for different subpopulations.
68. Appendix D provides background analysis on each of these focus areas, and Appendix E provides more background information on the labour market issues and outcomes of the groups that consistently experience poor labour market outcomes.

Focus areas: barriers and interventions that MSD could target

This will promote equity for...

<p>1. Interventions that help with gaining quality education and qualifications, and opportunities to develop skills and experience, for:</p> <ul style="list-style-type: none"> • Māori and Pacific women • Young Māori and Pacific peoples aged 16 – 24 years • all young people aged 16 – 24 years. 	<ul style="list-style-type: none"> • Māori • Pacific peoples • Women • Young people
<p>2. Increasing driver licence uptake through interventions that help people gain licences, for:</p> <ul style="list-style-type: none"> • Māori and Pacific young people aged 16 – 24 years • SPS recipients under 25 years. 	<ul style="list-style-type: none"> • Young people • Women • Māori • Pacific peoples
<p>3. Interventions that help improve access to quality childcare, and that support flexible work arrangements for parents and caregivers.</p>	<ul style="list-style-type: none"> • Māori • Pacific peoples • Women • Disabled people³⁶
<p>4. Retraining/skills development initiatives for:</p> <ul style="list-style-type: none"> • women • older workers aged 50 – 64 years • people over 45 years receiving JS-HCD who cannot continue in their previous line of work. 	<ul style="list-style-type: none"> • Disabled people • Older workers • Women
<p>5. Addressing barriers to work for disabled people, including those with health conditions, through:</p> <ul style="list-style-type: none"> • helping provide clear pathways to employment via partnerships with specialist health and/or disability services (this should be in parallel with, not instead of, ensuring general services are inclusive of and effective for disabled people) • approaches that help mitigate or overcome employer discrimination • for young disabled people aged 16 – 24 years, interventions that help develop work experience or confidence. 	<ul style="list-style-type: none"> • Disabled people • Older workers • Young people

36 It is unclear what proportion of people in this focus area are disabled, but JS-HCD and SLP recipients have a relatively low representation among parents with dependent children on benefit, compared to the representation of JS-HCD and SLP in the benefit population. However, rates of child poverty across the nine child poverty measures are higher for children in households where someone is disabled. Improving parental income and addressing barriers to work could help improve intergenerational outcomes for disabled people and their families.





Part 6: Where to next?

Enhancing our approach to developing investment advice

69. Work is needed to support better informed decision-making in the future. MSD will continue to look into enhancing its employment investment capabilities. A number of matters have been identified that would benefit from further consideration, including broadening how we measure the impact of our investments, and how other types of employment-related research, data and analysis could be incorporated more directly into investment decision-making.

Monitoring and reporting on the strategy

70. MSD will monitor and report on changes to the profile of our investment, and on its effectiveness. It will give an indication of how the strategy is being implemented, and whether it is making a difference. Information about the implementation of the strategy will also be provided through accountability performance documents such as the annual report.
71. A new strategy will be published every three years, with earlier refreshing if necessary given present labour market conditions are highly uncertain. In the event that significant changes are needed to our investment direction or the method by which this is determined, the Strategy will be refreshed and re-published.

Using feedback to learn and improve

72. The purpose of making the Strategy public is to inform a wide variety of stakeholders of our priorities, and to provide the opportunity for external organisations to get in contact with MSD with ideas and feedback so we can learn and improve. In particular, it may help organisations interested in working with MSD to find out more about MSD's employment investment direction. Feedback will also inform future versions of the strategy.



Appendix A: Additional information on programmes with demonstrated positive employment and earnings impacts

Table 4: Employment impact, average cost to achieve an additional week in employment per year, and earnings impact for programmes that show a positive impact on both employment and earnings

Programme type	Programme	Employment impact (Average number of additional weeks in employment per year) ³⁷	Employment cost-effectiveness (Average cost of one additional week in employment per year)	Earnings impact (Average earnings difference per year)
Job Placement	Vacancy Placement Part Time	8.2	\$91	\$2,313
Job Placement	Vacancy Placement Full Time	7.4	\$147	\$3,616
Training	Course Participation Assistance	1.7	\$162	\$1,081
Job Placement	Flexi-wage	14.2	\$325	\$7,761

³⁷ For all active years from 2006/2007. All impact data is current as of 12 October 2021. Cost-effectiveness is calculated as the cost of achieving an additional week in employment through a particular programme, per year that the impact of the programme is assessed. This includes both an observed impact and a projected impact.

Programme type	Programme	Employment impact (Average number of additional weeks in employment per year) ³⁷	Employment cost-effectiveness (Average cost of one additional week in employment per year)	Earnings impact (Average earnings difference per year)
Work Experience	Work Experience	3	\$334	\$1,969
Other	New initiatives	4	\$419	\$1,819
Work Confidence	Work Confidence	1.5	\$463	\$566
Other	Work Preparation Services	3	\$472	\$1,422
Job Placement	Employment Placement or Assistance Initiative	4.7	\$534	\$2,282
Job Placement	Mana in Mahi*	21.4	\$571	\$13,350
Vocational Services	Employment Participation and Inclusion Services	6	\$646	\$1,754
Training	Training for Work	5.5	\$719	\$2,761
Job Placement	Skills for Industry*	8.3	\$787	\$4,393
Work Confidence	Limited Service Volunteer	2.3	\$3,841	\$1,661

* Job placement programme with training component.

Table 5: Subgroup participation rates and impact for programmes that show an overall positive impact on both employment and earnings

Programme type	Programme	Subgroup participation (2020/2021) ³⁸	Subgroup impacts ³⁹
Job Placement	Vacancy Placement Part Time	<ul style="list-style-type: none"> • High for Māori (46%), young people (31%) and women (60%). • Low for Pacific peoples (9%), older workers (19%), JS-HCD (7%) and SLP-HCD (2%). 	<ul style="list-style-type: none"> • Positive employment impact for Māori, Pacific peoples, women, older workers, young people and JS-HCD. • Positive earnings impact for Māori, Pacific peoples, women, young people under 19 and JS-HCD. • Negative study impact for young people, and negative qualifications impact for young people aged 20 – 24.
Job Placement	Vacancy Placement Full Time	<ul style="list-style-type: none"> • High for young people (35%). • Close to equivalent for Māori (37%) and Pacific peoples (13%). • Low for older workers (14%), women (36%), JS-HCD (7%) and SLP-HCD (1%). 	<ul style="list-style-type: none"> • Positive employment and earnings impact for Māori, Pacific peoples, women, older workers, young people and JS-HCD. • Negative study impact for Pacific peoples and young people; negative qualifications impact for young people.

38 Data for the financial year of 2020/2021 as at 8 February 2022. ‘High’, ‘low’ and ‘close to equivalent’ indicate how the participation rate for a subgroup compares to its representation in the main benefit population. ‘Close to equivalent’ is defined as having a participation rate that is within two percentage points of the subgroup’s percentage representation in the main benefit population, when both percentage values are rounded to the nearest whole number. The representation of each of these subgroups within the benefit population is as follows: Māori – 38.1 percent; young people (ages 18 – 24 only) – 17.2 percent; Pacific peoples – 11.5 percent; older workers – 30.5 percent; women – 55.8 percent; JS-HCD – 22.2 percent; SLP-HCD – 23.0 percent. Sources: MSD, ‘National level data tables – December 2021’. Available at <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/index.html> Older worker data is from MSD official data source as at the end of December 2021. Older workers are those aged 50 to 64 years, which is a different age breakdown to the official reporting age bands. However, the participation rates for older workers in this table includes all workers at or above the age of 50. Pacific participation rates may be an underestimate as they are based on prioritised ethnicity.

39 All impact data is current as of 12 October 2021. This column covers positive and negative employment and earnings impacts, as well as positive and negative study and qualifications impacts (including for the overall participant population) – note that these may include intended and unintended impacts of a programme. ‘Likely positive’ and ‘likely negative’ impacts are not included. Subgroups included are Māori, Pacific peoples, women, older workers, young people, SLP (which for impact data includes SLP-HCD and SLP-Carer) and JS-HCD. More information is available at <https://ea.analytics.msd.govt.nz/>.

Programme type	Programme	Subgroup participation (2020/2021) ³⁸	Subgroup impacts ³⁹
Training	Course Participation Assistance	<ul style="list-style-type: none"> • High for Māori (46%), young people (33%). • Low for Pacific peoples (7%), older workers (15%), women (39%), JS-HCD (13%) and SLP-HCD (3%). 	<ul style="list-style-type: none"> • No subgroup impact information available.
Job Placement	Flexi-wage	<ul style="list-style-type: none"> • High for young people (37%). • Close to equivalent for Māori (38%) and Pacific peoples (12%). • Low for older workers (12%), women (34%), JS-HCD (8%) and SLP-HCD (2%). 	<ul style="list-style-type: none"> • Positive employment impact for Māori, Pacific peoples, women, older workers, young people and JS-HCD. • Positive earnings impact for Māori, Pacific peoples, women, older workers, young people, SLP and JS-HCD. • Negative study impact overall, and for Māori, women and young people. • Negative qualifications impact for young people aged 20 – 24 years.
Work Experience	Work Experience	<ul style="list-style-type: none"> • Recent data unavailable due to low participation. 	<ul style="list-style-type: none"> • Positive study impact for young people aged 20 – 24 years.
Other	New initiatives	<ul style="list-style-type: none"> • High for Māori (46%) and young people (35%). • Low for older workers (17%), Pacific peoples (2%), women (45%), JS-HCD (13%) and SLP-HCD (4%). 	<ul style="list-style-type: none"> • Positive employment and earnings impact for Māori, women and young people aged 20 – 24 years. • Positive qualifications impact for older workers but negative qualifications impact for young people 19 years and under.

Programme type	Programme	Subgroup participation (2020/2021)³⁸	Subgroup impacts³⁹
Work Confidence	Work Confidence	<ul style="list-style-type: none"> • High for Māori (59%) and young people (68%) • Low for Pacific peoples (3%), older workers (9%), women (49%), JS-HCD (11%) and SLP-HCD (2%). 	<ul style="list-style-type: none"> • Positive employment impact for Māori, women and JS-HCD. • Positive earnings impact for women. • Negative qualifications impact for young people. • Positive qualifications impact for SLP.
Other	Work Preparation Services	<ul style="list-style-type: none"> • High for Māori (46%) and young people (33%). • Low for Pacific peoples (7%), older workers (17%), women (45%), JS-HCD (11%) and SLP-HCD (2%). 	<ul style="list-style-type: none"> • No 'positive' or 'negative' subgroup impacts identified.
Job Placement	Employment Placement or Assistance Initiative	<ul style="list-style-type: none"> • High for Pacific peoples (16%) and young people (48%). • Close to equivalent for Māori (40%). • Low for older workers (12%), women (42%), JS-HCD (6%) and SLP-HCD (0%). 	<ul style="list-style-type: none"> • Positive employment impact for Māori, Pacific peoples, women, older workers, young people and JS-HCD. • Positive earnings impact for Pacific peoples, women and JS-HCD. • Positive qualifications impact overall, and for women and young people aged 20 – 24 years. • Negative study impact for Pacific peoples and young people.

Programme type	Programme	Subgroup participation (2020/2021) ³⁸	Subgroup impacts ³⁹
Job Placement	Mana in Mahi*	<ul style="list-style-type: none"> • High for young people (60%). • Close to equivalent for Māori (36%) and Pacific peoples (10%). • Low for older workers (3%), women (24%), JS-HCD (4%) and SLP-HCD (0%). 	<ul style="list-style-type: none"> • No subgroup impact information available.
Vocational Services	Employment Participation and Inclusion Services	<ul style="list-style-type: none"> • High for young people (27%), and SLP-HCD (37%). • Close to equivalent for JS-HCD (21%) • Low for Māori (20%), Pacific peoples (6%), older workers (24%) and women (42%). 	<ul style="list-style-type: none"> • Positive employment impact for Māori, women, older workers, young people aged 20 – 24 years, SLP and JS-HCD. • Positive earnings impact for Māori, women, young people 20 – 24, SLP and JS-HCD.
Training	Training for Work	<ul style="list-style-type: none"> • High for young people (54%). • Close to equivalent for Māori (37%). • Low for Pacific peoples (4%), older workers (7%), women (43%), JS-HCD (7%) and SLP-HCD (0%). 	<ul style="list-style-type: none"> • Positive employment impact for Māori, Pacific peoples, women, older workers, young people 20-24 and JS-HCD. • Positive earnings impact for Māori, Pacific peoples, women, young people aged 20 – 24 years and JS-HCD. • Negative study and qualifications impact for young people 19 years and under. • Positive qualifications impact for women. • Positive study impact for older workers and JS-HCD.

Programme type	Programme	Subgroup participation (2020/2021) ³⁸	Subgroup impacts ³⁹
Job Placement	Skills for Industry*	<ul style="list-style-type: none"> • High for Māori (43%), and young people (38%). • Close to equivalent for Pacific peoples (13%). • Low for older workers (13%), women (34%), JS-HCD (7%) and SLP (2%). 	<ul style="list-style-type: none"> • Positive employment impact for Māori, Pacific peoples, women, older workers, young people aged 20-24 and JS-HCD. • Positive earnings impact for Māori, Pacific peoples, women, young people and JS-HCD.
Work Confidence	Limited Service Volunteer	<ul style="list-style-type: none"> • High for Māori (43%) and young people (99%). • Close to equivalent for Pacific peoples (12%). • Low for older workers (0%)⁴⁰, women (28%), JS-HCD (3%) and SLP-HCD (0%). 	<ul style="list-style-type: none"> • Positive employment and earnings impact for young people 19 years and under. • Negative study and qualifications impact overall, and for young people 19 years and under. • Negative qualifications impact for Māori and Pacific peoples.

* Job placement programme with training component.

40 The eligibility criteria for this intervention only allows people aged 17-24 to participate.

Appendix B:

The methodology for developing the strategy

73. This section outlines the steps we took to integrate information, evidence and analysis available to MSD to develop this strategy, and support ongoing employment investment decision-making. Making decisions about the allocation of MSD's employment investment requires taking into account evidence from multiple sources, and balancing several considerations to make a judgement.
74. To develop an informed approach to employment investment decisions, we considered the depth of our current data and evidence base, and the sophistication of analysis possible at this time. MSD collects and analyses a significant volume of data that are relevant to employment investment decision-making. We sought to bring these together to help integrate them into MSD's employment investment decision-making.

Investment portfolio assessment

75. Each year, MSD summarises its evidence on the effectiveness of its investment in employment programmes and services.⁴¹ For this work, the source data was further analysed with a focus on the specific outcomes that are most relevant to the purpose of achieving sustainable employment, and using criteria drawn from the investment principles (eg criteria relating to value for money). This portfolio assessment sought to answer key questions relating to employment and earnings outcomes, and also qualifications and study outcomes, as well as subgroup participation rates and impacts.
76. Assessments were undertaken of each programme within the MCA, and then aggregated across the entirety of investment to help identify opportunities to improve the value of MSD's spending.

41 de Boer, M, & Ku, B (2022). *Effectiveness of MSD employment assistance: Report for 2019/2020 financial year*. MSD, Wellington. Available at: <https://www.msd.govt.nz/research-insights/index.html>

Analysis of barriers for population groups that consistently experience poor labour market outcomes

77. The strategy seeks to achieve equity for groups that consistently experience poor labour market outcomes, as identified in the *All-of-Government Strategy*. Not everyone in these populations experiences poor social or employment outcomes, and only a proportion receive support from MSD's employment services.
78. For each of these groups, we considered their labour market outcomes, the societal and economic factors underlying their labour market disadvantage, and government policy direction, to assess how MSD employment services could contribute to improved employment outcomes and equity.⁴² We also considered how MSD's employment services could contribute to other social outcomes, in particular, child poverty reduction.

Using the analysis to develop strategic advice

79. Based on the above, we considered:
 - What opportunities does MSD have to deliver better sustainable employment outcomes with its employment investment?
 - What changes to investment could be made to help improve equity for groups that consistently experience poor labour market outcomes?
80. These form the basis of the investment direction set out in the strategy.

⁴² One of the gaps in our current information and analysis is the availability of data based on client need, with current measurement of people's disadvantage in the labour market and barriers to work being largely limited to identifying disadvantaged population groups.

Appendix C:

How MSD assesses the effectiveness of its employment investments

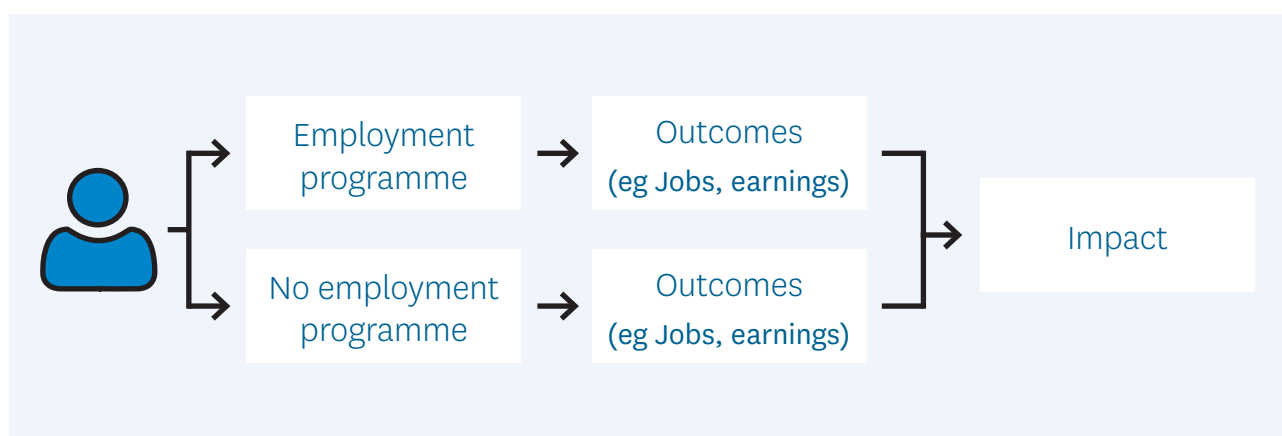
Overall approach

81. MSD's overall approach to assessing the effectiveness of employment investments is based on methods that try to compare the outcomes of people who participate in a programme to the counterfactual; that is, the outcomes they would have had if they did not participate in the programme, all else being equal.

Key concepts in effectiveness assessment

82. **Outcomes** refer to what a programme is trying to achieve. This could include a wide range of outcomes relating to people's future wellbeing, as well as more immediate outcomes such as people's satisfaction with their experience of a service.
83. **Outcome measures** are central to effectiveness evaluation. Outcomes need to be measured in a consistent way. It is not always possible to measure all of the outcomes that are of interest to MSD. The Integrated Data Infrastructure, a large research database that holds data about people that come from various government agencies, is the source of outcome measures for MSD's employment programmes. It allows people's outcomes to be compared in a consistent way, including before and after they participate in programmes. It is important to be aware of which outcome measures a programme is intended to have an impact on – not all outcomes are directly relevant to all programmes. Currently, the following outcome measures are available to MSD for the purposes of assessing the impact of programmes, using data from the IDI:
 - **employment** (measured by increase in time spent in paid employment)
 - **earnings** (measured by increase in net income from PAYE and self-employment income)
 - **income** (measured by increase in net income from all sources)
 - **justice** (measured by reduction in time spent in corrections services)
 - **qualifications** (measured by increase in average highest formal qualification held)
 - **study** (measured by increase in time spent in education or training)
 - **welfare** (measured by reduction in time participants receive a main benefit or employment assistance).

84. **Impact** refers to the average difference in outcomes between people who receive an intervention and observationally identical people who do not. A positive impact means that participating in the programme is likely to result in better outcomes for participants.
85. This is illustrated in the following diagram, which shows two possible scenarios that a person could experience. In the first, they participate in a particular programme, and in the other scenario, they do not participate in the programme. Assuming all other conditions are the same in the two scenarios, the impact of the programme is the difference (whether positive or negative) in outcomes, such as time in employment and earnings, in the first scenario compared to the second scenario.
86. As the impact is an average difference between two groups, it cannot predict the experience of any given individual.



87. **Effectiveness** refers to whether an intervention makes a positive impact against outcomes of interest; that is, whether it improves participants' outcomes relative to the counterfactual. Sometimes a programme does not demonstrate effectiveness because it is being provided to a group that would have had similar outcomes even without participating in the programme. In these cases, retargeting the programme to a group more likely to benefit may help improve its effectiveness. It is also important to note that a programme could be effective against some outcomes and not others. For example, a programme may be effective at improving time in employment, but perhaps because employment outcomes are not sustainable, the programme is not effective at improving earnings outcomes. Further, effectiveness can vary between different groups, such as demographic groups.
88. **Cost-effectiveness** refers to the level of impact relative to the amount of money spent on a programme. A more cost-effective programme will produce a greater impact for every dollar spent than a less cost-effective programme. An intervention that produces a large impact could, therefore, be less cost-effective than an intervention that produces a moderate or small impact, depending on their cost. Cost-effectiveness can only be measured against a single outcome measure at a time.
89. Another, more comprehensive, way to measure value for money of a programme is cost-benefit analysis. This requires the full range of benefits and costs associated with a programme to be quantified. In future, measuring the full social costs and benefits of interventions could help provide a consistent approach to measuring value for money.

How does MSD estimate the impact of a programme?

90. Determining the impact of interventions is technically difficult. MSD uses a range of methods to estimate the impact, such as Randomised Control Trials, Propensity Score Matching and natural experiments. These methods vary in the level of confidence in their results, but some are more suitable for certain situations than others. For example, randomised control trials provide a high degree of confidence, but for reasons of ethics or feasibility they may not always be suitable:
- **Randomised control trials** involve randomly allocating people to either a ‘control group’ that does not participate in a programme, or a ‘treatment group’ that participates in the programme. Random allocation helps ensure the two groups are alike in every other respect. The impact of a programme is measured by comparing the difference in outcomes between people in the control group and those in the treatment group.
 - **Natural experiments** happen when a programme is introduced in such a way that there is a natural comparison group who are likely to be very similar to the group of people receiving the programme. This could happen, for example, when a programme is introduced to all jobseekers in certain trial sites. Their outcomes could be compared with the outcomes of people in non-trial sites. It is important to ensure that the two groups are as alike as possible in every other respect, and statistical methods can be used to control for differences if necessary.
 - **Propensity Score Matching** is the main method used to estimate the impact of programmes. Propensity Score Matching uses data on people who have already participated in a programme and then constructs a comparison group of similar individuals who have not participated and receive some base services. The outcomes of the participants are then compared with the matched comparison group. If it is assumed that the comparison group were eligible for the programme but were not selected because of some random event, then any difference in outcomes can be attributed to the programme. Because this method involves trying to replicate the conditions of an experiment without performing an experiment, it involves making several assumptions, leading to the possibility of biased results.

References for additional information

de Boer, M, & Ku, B (2022). *Effectiveness of MSD employment assistance: Report for 2019/2020 financial year*. MSD, Wellington. Available at: <https://www.msd.govt.nz/research-insights/index.html>

de Boer, M, & Ku, B (2022). *Effectiveness of MSD employment assistance: Technical report for 2019/2020 financial year*. MSD, Wellington. Available at: <https://www.msd.govt.nz/research-insights/index.html>

Appendix D:

Background analysis on focus areas to help improve labour market equity

Approach to developing focus areas

91. This section summarises the analysis undertaken to identify focus areas for MSD to help promote labour market equity. This underpins the guidance provided in Part 5, and also informed the investment direction set out in the strategy.
92. This analysis sought to consider what types of MSD employment programmes and services could be targeted to different subsets of the population groups that experience poor labour market outcomes (as identified in the *All-of-Government Strategy*), to help promote equity for these groups. If MSD is able to effectively address some of the key barriers that contribute to the disadvantage experienced by these groups, this could contribute to reducing the disparity in outcomes they experience. The analysis of the issues experienced by different population groups that contributed to this is summarised in Appendix E.
93. After identifying barriers that MSD may be able to target with its employment investment (see Appendix E), we identified subpopulations within MSD's current client group who could potentially be targeted through interventions to address these barriers. This was informed by evidence and Government policy direction. This appendix summarises the evidence we have drawn on.
94. This analysis was consolidated into five focus areas, which reflects a degree of convergence in the barriers experienced by different groups (for example, Māori, Pacific people, women and young people are all more likely to experience barriers relating to low levels of education and qualifications – see focus area 1). We also considered the ability to identify these groups within MSD administrative data.
95. The focus areas identified through this analysis are limited to levers within MSD's employment investment that can be used with people eligible for MSD's employment services, and are not an exhaustive list. This analysis does not consider broader approaches to addressing inequity in the labour market, such as wider policy solutions.

Focus area 1

- | | |
|--|---|
| <p>1. Interventions that help with gaining quality education and qualifications, and opportunities to develop skills and experience, for:</p> <ul style="list-style-type: none">• Māori and Pacific women• young Māori and Pacific peoples (16 – 24)• all young people aged 16 – 24. | <p>This could help promote equity for:</p> <ul style="list-style-type: none">• Māori• Pacific peoples• Women• Young people |
|--|---|

Why is this important?

96. Early disengagement from education or a lack of post-school training or education can be a barrier to entering sustainable and well-paid work in a labour market that demands a skilled workforce.⁴³ Feedback from engagement suggests that low literacy can also be a significant barrier. This suggests that initiatives that help develop skills and work experience may help people be better placed to enter the labour market.
97. Further education has positive impacts on the employment outcomes of beneficiaries, which is heightened when qualifications are completed.⁴⁴ As MSD typically offers shorter courses and those focused on entry-level skills and certifications, there is a limit to how much MSD's employment investment can support people interested in longer-term training programmes or qualifications. Gibbs, Hu and Bloomer (2020) note, nonetheless, that around eight percent of exits from benefit in the 2018/2019 year were to tertiary education.⁴⁵

How would this focus area promote equity?

98. Due to employer expectations, young people, who may not have had previous work experience are particularly likely to be disadvantaged by lack of skills and qualifications – including 'soft' skills.⁴⁶ This suggests that assisting young people to gain skills and qualifications may therefore help provide them with a better start in the labour market.

43 See, for example, OECD (2018). *Good jobs for all in a changing world of work: the OECD jobs strategy*. OECD, Paris. <https://www.oecd.org/mcm/documents/C-MIN-2018-7-EN.pdf>

44 Crichton, S (2013). *The impact of further education on the employment outcomes of beneficiaries*. MBIE, Wellington. <https://thehub.swa.govt.nz/assets/documents/The%20Impact%20of%20Further%20Education%20on%20the%20Employment%20Outcomes%20of%20Beneficiaries.pdf>

45 Gibbs, J, Hu, J and Bloomer, M (2020). *What happened to people who left the benefit system during the year ended 30 June 2019*. MSD, Wellington. <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/research/benefit-system/what-happened-to-people-who-left-the-benefit-system-2019.pdf>

46 See, for example, MBIE (n.d.), *Barriers to youth employment*, <https://www.employment.govt.nz/starting-employment/hiring/hiring-young-people/barriers-to-youth-employment/>. Accessed 25 November 2021.

99. The proportion of Māori and Pacific young people in the benefit system is high, and Māori and Pacific peoples also have, on average, lower levels of educational qualification compared to the New Zealand average.⁴⁷
100. Wāhine Māori have the lowest rates of exits from benefit and exits to employment, and lowest sustainability of exits, compared to women of other ethnicities.⁴⁸ Pacific women also experience multiple disadvantages. The considerable caring, family, church and community responsibilities that Māori and Pacific women are more likely to experience, when combined with a lack of school and post-school qualifications, can exacerbate labour market disadvantage.⁴⁹
101. These factors suggest that focusing on skills and qualifications for young Māori and Pacific peoples, and Māori and Pacific women, could contribute to reducing the overall level of labour market disadvantage experienced by Māori and Pacific peoples. In time, increases in qualification levels of Māori and Pacific peoples can be expected to increase participation in sustainable and higher paid work.

Focus area 2

<p>2. Increasing driver licence uptake through interventions that help people gain licences, for:</p> <ul style="list-style-type: none"> • Māori and Pacific young people (16 – 24) • Sole Parent Support (SPS) recipients under 25. 	<p>This could help promote equity for:</p> <ul style="list-style-type: none"> • Young people • Women • Māori • Pacific peoples.
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Why is this important?

102. Eighty percent of jobs in New Zealand require some form of driver licence,⁵⁰ and even when a licence is not required, it can be critical for finding and getting to work, especially in rural areas. The proportion of young people with a licence has decreased in recent years.⁵¹ Among young people on the benefit, there are many without a full licence, and addressing this barrier may help open up a wider range of employment opportunities.

47 Stats NZ (2020, June 15). *Education outcomes improving for Māori and Pacific peoples*. <https://www.stats.govt.nz/news/education-outcomes-improving-for-maori-and-pacific-peoples>

48 Gibbs, J, Hu, J and Bloomer, M (2020). *What happened to people who left the benefit system during the year ended 30 June 2019*. MSD, Wellington. <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/research/benefit-system/what-happened-to-people-who-left-the-benefit-system-2019.pdf>

49 See, for example, Ministry for Women (n.d.) *COVID-19 and Women*. <https://women.govt.nz/news/covid-19-and-women>

50 Impact Lab (2020). *Howard League Driver Licence Program: Impact Lab GoodMeasure Report*. ImpactLab, Wellington. <https://www.nzhowardleague.org.nz/wp-content/uploads/2020/05/Good-Measure-2.pdf>

51 Ministry of Business, Innovation and Employment (MBIE) (2019). *Our youth employment action plan: setting our young people on a strong pathway to fulfilling working lives*. <https://www.mbie.govt.nz/dmsdocument/6613-our-youth-employment-action-plan>

103. MSD’s employment investment funds programmes that help people gain a driver licence. Other barriers to gaining a driver licence may not be addressed by such programmes (eg availability of testing locations).

How would this focus area promote equity?

104. Lack of driver licence is strongly associated with the higher rate of young people not in education, employment or training for Māori and Pacific young people.⁵² Addressing this barrier could contribute to equitable outcomes for Māori and Pacific peoples.

105. A higher proportion of young SPS recipients have no licence,⁵³ which could compound other barriers to employment they may face.⁵⁴ Improving driver licence barriers may help reduce inequity for disadvantaged sole parents, in particular mothers, which may also help with improving intergenerational outcomes such as child poverty reduction.

Focus area 3

3. Interventions that help improve access to quality childcare, and that support flexible work arrangements for parents and caregivers

This could help promote equity for:

- Māori
- Pacific peoples
- Women
- Disabled people⁵⁵

Why is this important?

106. Reducing child poverty is a Government priority, and work that provides an adequate income is an important way of alleviating poverty in households with children. Childcare availability and accessibility, and flexibility in working arrangements, are factors that can affect parents’ ability to participate in paid employment. The Childcare in New Zealand Survey found that around 16 percent of parents of children 13 years or younger who worked or wanted to work had difficulties getting childcare, with the most significant issue being lack of available care at the

52 Apatov, E (2019). *The drivers behind the higher NEET rate for Māori and Pacific youth: insights from administrative data*. MBIE, Wellington. <https://www.mbie.govt.nz/dmsdocument/10355-the-drivers-behind-the-higher-neet-rate-for-maori-and-pacific-youth-main-report>

53 Ministry of Transport (2021, September 13). Submission to the Education and Workforce Committee on the current driver licence regime. https://www.parliament.nz/resource/en-NZ/53SCEW_EVI_113471_EW4295/22756e3b6df105d3386b4a1833d6bb141dcd9368

54 Potter D and Macky R (2018). *Mostly NEET through 2015 - integrated data insights by motherhood status*. Ministry for Women, Wellington. https://women.govt.nz/sites/public_files/Mostly%20NEET%20through%202015.pdf

55 It is unclear what proportion of people in this target group are disabled, but JS-HCD and SLP recipients have a relatively low representation compared to their share of the benefit population. However, rates of child poverty across the nine child poverty measures are higher for children in households where someone is disabled. Therefore, targeting parental income and barriers to work could help improve intergenerational outcomes for disabled people.

times needed.⁵⁶

107. Interventions available through the MCA to address these barriers include interventions that pay for childcare costs, including for non-standard hours of work. It is important to note that while these help with cost barriers, they will not address wider barriers relating to availability and accessibility of childcare.

How would this focus area promote equity?

108. The majority of benefit recipients with dependent children included in the benefit are women, and a significant proportion are women in receipt of SPS, reflecting gendered patterns of care in society more broadly. Sole parents are more likely than parents in two-parent families to turn down or stop searching for paid work due to childcare difficulties.⁵⁷
109. Māori and Pacific peoples have higher rates of sole parenthood, and sole parent families where at least one member is Māori or Pacific are more likely to experience multiple disadvantage.⁵⁸ In the benefit population, Māori and Pacific women with dependent children are particularly highly represented. Addressing childcare and work flexibility barriers for these groups could help with gaining equitable outcomes.
110. Rates of child poverty across the nine child poverty measures are higher for Māori children, Pacific children, and children in households where someone is disabled.⁵⁹ Targeting parental income and barriers to work could help improve intergenerational outcomes for these groups.

Focus area 4

<p>4. Retraining/skills development initiatives for:</p> <ul style="list-style-type: none"> • women • older workers aged 50 – 64 years • people over 45 years⁶⁰ on JS-HCD who cannot continue in their previous line of work. 	<p>This could help promote equity for:</p> <ul style="list-style-type: none"> • Disabled people • Older workers • Women.
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56 Stats NZ (2018, February 16). *Childcare a challenge for 1 in 6 working parents*. <https://www.stats.govt.nz/news/childcare-a-challenge-for-1-in-6-working-parents>

57 Ibid. In 2017, 36 percent of sole parents turned down paid work and 33 percent stopped searching for paid work, compared to 19 percent and 15 percent of sole parent respectively for two-parent households.

58 Krassoi Peach, E and Cording, J (2018). *Multiple disadvantage among sole parents in New Zealand*, Social Policy Evaluation and Research Unit, Wellington. <https://thehub.swa.govt.nz/assets/Uploads/Multiple-disadvantage-sole-parents-report-FINAL.pdf>

59 Stats NZ (2021, February 22). *Latest release of child poverty statistics – corrected*. <https://www.stats.govt.nz/news/latest-release-of-child-poverty-statistics>; Stats NZ. (2021, February 23). *Child poverty statistics for households with disabled people released for the first time – corrected*. <https://www.stats.govt.nz/news/child-poverty-statistics-for-households-with-disabled-people-released-for-the-first-time>

60 This subgroup focuses on those who acquire disabilities, including health conditions, at an older age. A lower age threshold of 45 years has been selected for this subgroup (rather than the lower age threshold of 50 years for older workers) to recognise the combined impacts of age and disability.

Why is this important?

111. For some, disadvantage in the labour market relates to being unable to continue in their previous line of work. This can be caused by industries or jobs being affected by economic or technological change, or because a change in personal circumstances such as acquiring health conditions or a disability make someone's previous work unsuitable. Retraining and skills development could help people in this position re-enter the labour market.

How would this focus area promote equity?

112. Women and older workers, in particular those who are disabled, including those living with health conditions, may be affected by issues relating to mismatch between skills and labour demand, with limited opportunities to upskill. They can experience disadvantage in the labour market as a result.
113. Women are historically concentrated in certain industries and more likely to work in lower-skilled, part-time, casual and insecure employment. The COVID-19 pandemic and associated restrictions disproportionately affected retail, accommodation, hospitality and recreational sectors, where many women work.⁶¹
114. Some older workers re-entering the labour market find their skills do not match current labour market demand. Others have acquired health conditions or disabilities, which may be work or age-related. Workers displaced from the age of 50 onwards experience poorer labour market outcomes compared to other age groups.⁶² Older people may be particularly disadvantaged if they experience disability or health issues, with some evidence suggesting that less severe impairment can have a greater negative effect on employment at older ages.⁶³ Intervening early and retaining people in employment once they become disabled or unwell is important for future sustainable employment.⁶⁴

61 See, for example, Ministry for Women, 'Covid-19 and women' at <https://women.govt.nz/news/covid-19-and-women> for more information. Accessed 26 Jan 2022.

62 Hyslop, D and Townsend, W (2017). *The longer term impacts of job displacement on labour market outcomes: an executive summary of working paper 17-12*. Motu Economic and Public Policy Research. <https://www.motu.nz/assets/Documents/our-work/population-and-labour/individual-and-group-outcomes/Impact-on-Employment-Exec-Summary2.pdf>

63 Singley, S G (2003). Barriers to employment among long-term beneficiaries: a review of recent international evidence. Centre for Social Research and Evaluation (CSRE) Working Paper 04/04. CSRE, Wellington. <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/working-papers/wp-04-04-barriers-to-employment.doc>

See also Stats NZ (2021). *Less than half of disabled people under the age of 65 are working*. <https://www.stats.govt.nz/news/less-than-half-of-disabled-people-under-the-age-of-65-are-working>

64 Welfare Expert Advisory Group (2019). *Current state: the welfare system and people with health conditions or disabilities*. www.weag.govt.nz/assets/documents/WEAG-report/background-documents/d820b16862/HCD-and-welfare-system-010419.pdf

Focus area 5

<p>5. Addressing barriers to work for disabled people, including those with health conditions, through:</p> <ul style="list-style-type: none"> • helping provide clear pathways to employment via partnerships with specialist health and/or disability services • approaches that help mitigate or overcome employer discrimination • for young disabled people aged 16 – 24, interventions that help develop work experience or confidence. 	<p>This could help promote equity for:</p> <ul style="list-style-type: none"> • Disabled people • Older workers • Younger workers.
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Why is this important?

115. According to the 2013 New Zealand Disability Survey, disabled people make up 24 percent of the New Zealand population, and 74 percent of disabled people who are not working would like to work if a job was available.⁶⁵ Disabled people, including those with health conditions, can experience multiple barriers to employment. The interventions suggested could help address three sets of barriers:
- a lack of clear pathways to employment, including due to a lack of access to the support and services needed to secure and sustain employment – those on SLP in particular may find it hard to find pathways back into employment after a significant period of being out of the labour market.⁶⁶ The leading reason for claiming JS-HCD and SLP are mental health conditions. For those with long-term mental health conditions, there is evidence that integrated health and employment services can be effective in helping people enter employment.
 - employer discrimination and reluctance to hire disabled workers
 - lack of work experience and confidence.
116. This should be in parallel with, not instead of, ensuring general services are inclusive of and effective for disabled people.

65 Statistics New Zealand (2014). *Disability and the labour market: findings from the 2013 Disability Survey*. <https://www.stats.govt.nz/assets/Uploads/Retirement-of-archive-website-project-files/Reports/Disability-and-the-labour-market-Findings-from-the-2013-Disability-Survey/disability-and-labour-market.pdf> Under the 2013 Disability Survey, a disabled person is someone with an impairment that had a long-term, limiting effect on their ability to carry out day-to-day activities. ‘Long-term’ is defined as six months or longer. ‘Limiting effect’ means a restriction or lack of ability to perform. People were not considered to have a disability if an assistive device (such as glasses or crutches) eliminated their impairment.

66 See, for example, Welfare Expert Advisory Group (2019). *Current state: the welfare system and people with health conditions or disabilities*. www.weag.govt.nz/assets/documents/WEAG-report/background-documents/d820b16862/HCD-and-welfare-system-010419.pdf

How would this focus area promote equity?

117. The disadvantage that disabled people, including those with health conditions, face in the labour market is reflected in higher rates of underutilisation (19.8 percent) and unemployment (8.2 percent).⁶⁷ People who are on benefit for a reason related to disability, including health conditions, make up a sizable proportion of benefit recipients and have poorer employment outcomes compared to other groups of benefit recipients.
118. Older people are highly represented among JS-HCD and SLP recipients. Age-related discrimination may also compound discrimination related to attitudes concerning disability and health, with a number of studies indicating that large percentages of disabled jobseekers perceive this to be a barrier.⁶⁸
119. Young people form a relatively small proportion of the group targeted by this focus area.⁶⁹ However, young disabled people may face additional disadvantage when trying to enter sustainable employment. The rate of young disabled people not in education, employment or training is very high, at 38.7 percent.⁷⁰ The reasons for this could include a lack of work experience opportunities while at school, having missed out on acquiring functional skills, or lack of confidence. Public consultation on *Working Matters*⁷¹ highlighted the importance of ensuring disabled young people have access to early work experience opportunities.

67 Data are from June 2021 HLFS and are annual figures.

68 Singley, S G (2003). *Barriers to employment among long-term beneficiaries: a review of recent international evidence*. Centre for Social Research and Evaluation (CSRE) Working Paper 04/04. CSRE, Wellington. <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/working-papers/wp-04-04-barriers-to-employment.doc>

69 Compared to their representation in the wider benefit population.

70 Data is from June 2021 HLFS and is an annual figure.

71 MSD (2020). *Working Matters: An action plan to ensure disabled people and people with health conditions have an equal opportunity to access employment*. <https://www.msd.govt.nz/documents/what-we-can-do/disability-services/disability-employment-action-plan/working-matters-2020-spreads.pdf>



Appendix E:

Groups that consistently experience poor labour market outcomes and possible barriers

Approach to analysis

120. This section provides a broad overview of the labour market issues that may be experienced by the population groups with poor labour market outcomes, as defined in the *All-of-Government Strategy*. It also identifies some of the barriers experienced by these population groups that could potentially be targeted using MSD's employment investment. This analysis does not consider more generally what is needed to address inequity in the labour market, such as wider policy solutions. The content in this section informed the analysis in Appendix D on areas that MSD could focus on to address equity.
121. The '**labour market issues**' column synthesises perspectives from a range of sources, specifically:
 - review of selected research literature and data
 - relevant Government strategies and policies
 - engagement across MSD and with targeted external stakeholders.
122. It seeks to summarise the nature of the inequity in outcomes for each population group (ie at a population level, what are the poor labour market outcomes and other labour market issues these groups are more likely to experience?) and comment on the underlying social and economic factors that may contribute to these inequitable outcomes.
123. The '**which barriers may MSD's employment investment be able to target**' column identifies specific barriers to employment that individuals in these groups may have a greater likelihood of experiencing, *and* which MSD's employment investment may be able to target. Research and other evidence should be drawn on when determining effective approaches to addressing these barriers.

Population group	Labour market issues	Which barriers may MSD's employment investment be able to target?
Young people	<ul style="list-style-type: none"> • Young people are entering a labour market in conditions markedly different from previous generations. Fewer stable and secure career pathways are available, particularly for school leavers without further training or education. Further, employers increasingly expect employees to have 'soft skills' as well as qualifications.⁷² • Some employers show reluctance to hire younger workers. In some cases, this could be to do with negative employer perceptions about young people's attitude to work.⁷³ • Young people have a relatively high unemployment rate (11.8%)⁷⁴ and underutilisation rate (23.4%)⁷⁵. They are, however, more likely to exit benefit in a given 12-month period compared to other age groups, but have a lower likelihood of sustained exits.⁷⁶ • Young people not in employment, education or training remains high compared to the previous decade (at 12.3%). There is some evidence that extended periods out of employment, education or training at a young age is linked to poorer future labour market outcomes.⁷⁷ • Māori and Pacific young people, and young mothers, are more likely to be disadvantaged. 	<ul style="list-style-type: none"> • Early disengagement from education. • Limited work experience. • Mental health and disability-related barriers. • Caring responsibilities for children or other family members (especially for young mothers). • Lack of driver licence.

⁷² See, for example, MBIE (n.d.), *Barriers to youth employment*, <https://www.employment.govt.nz/starting-employment/hiring/young-people/barriers-to-youth-employment/>. Accessed 25 November 2021.

⁷³ See, for example, Auckland Co-Design Lab (2016). *The attitude gap challenge: a South Auckland employment and skills challenge*. <https://static1.squarespace.com/static/5f1e3bad68df2a40e2e0baaa/t/60659fe81848f66d96a62f38/1617272836671/Attitude%2BChallenge%2BFinal%2BReport.pdf>

⁷⁴ Unemployment, and rates of young people not in employment, education or training, are from the September 2021 HLFS and are annual figures.

⁷⁵ Underutilisation rates for young people is a quarterly figure from the September 2021 HLFS.

⁷⁶ Gibbs, J, Hu, J and Bloomer, M (2020). *What happened to people who left the benefit system during the year ended 30 June 2019*. MSD, Wellington <https://www.msdc.govt.nz/documents/about-msd-and-our-work/publications-resources/research/benefit-system/what-happened-to-people-who-left-the-benefit-system-2019.pdf>. MSD, Wellington.

⁷⁷ See, for example, MBIE (2013), *Not in employment, education or training: the long-term NEET spells of young people in New Zealand*. <https://thehub.swa.govt.nz/assets/documents/NEET%20spells%20of%20young%20people%20in%20New%20Zealand.pdf>

Which barriers may MSD's employment investment be able to target?

Population group **Labour market issues**

Disabled peoples, including those with health conditions

- The New Zealand Disability Survey 2013 identified 24% of the New Zealand population as being disabled.⁷⁸ Those on disability and health conditions comprise a very diverse population with varying types and degrees of disadvantage. Mental health conditions are the leading reason for claiming these benefits.⁷⁹
- Under the social model of disability (which underpins the New Zealand Disability Strategy), disability is what happens when people with impairments face barriers in society. Societal attitudes and beliefs concerning the employment of disabled people have only relatively recently started to change, and deficit-based models and ableism persist, creating systemic barriers. Accessibility and reasonable accommodation are not consistently provided.
- Disabled people have a relatively high unemployment rate (8.2%), underutilisation rate (19.8%), and rate of young people not in education, employment or training (38.7%).⁸⁰ People on JS-HCD have low likelihood of exits to employment compared to JS-WR; the rates for SLP are lower still.⁸¹ Disabled people may experience barriers related to other disadvantages, for example low skill levels. Poor health is also correlated with, and can be compounded by, socio-economic disadvantage. Working Matters⁸² seeks to close the gaps in employment outcomes between disabled and non-disabled people.
- Māori also experience higher rates of disability. Tāngata whaikaha adults were almost twice as likely as non-Māori disabled people not to have formal education qualifications (four in ten, compared to two in ten),⁸³ which could exacerbate labour market disadvantage.

- Lack of work experience for young people (eg after-school jobs).
- Prejudice and discrimination; low expectations from others about their ability to work; lack of understanding about how disabled people can do a job.
- Limited access to career guidance.
- Lack of clear pathways, and lack of access to support and services needed to secure and sustain employment.

78 Statistics New Zealand (2014). *Key findings from the 2013 New Zealand Disability Survey*. <https://www.stats.govt.nz/assets/Uploads/Disability-Survey/Disability-survey-2013/Disability-survey-2013-additional-documents/Key-findings-from-the-2013-New-Zealand-Disability-Survey-A4-brochure.pdf>. Disability is defined as long-term limitation (resulting from impairment) in a person's ability to carry out daily activities. For adults, the causes of impairments were disease or illness (42%); accident or injury (34%); ageing (31%); other cause (23%); existed at birth (11%).

79 Welfare Expert Advisory Group (2019). *Current state: the welfare system and people with health conditions or disabilities*. <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications/resources/research/benefit-system/what-happened-to-people-who-left-the-benefit-system-2019.pdf>

80 Data are from June 2021 HLFs and are annual figures.

81 Gibbs, J, Hu, J and Bloomer, M (2020). What happened to people who left the benefit system during the year ended 30 June 2019. MSD, Wellington. <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications/resources/research/benefit-system/what-happened-to-people-who-left-the-benefit-system-2019.pdf>

82 MSD (2020). *Working Matters: An action plan to ensure disabled people and people with health conditions have an equal opportunity to access employment*. <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications/resources/disability-employment-action-plan/working-matters-2020-spreads.pdf>

83 Statistics New Zealand (2015) cited in Ministry of Health (2018). *Whāia te ao mārama 2018 to 2022: the Māori disability action plan*. <https://www.health.govt.nz/system/files/documents/publications/whaia-te-ao-marama-2018-to-2022.pdf>

Which barriers may MSD's employment investment be able to target?

Population group	Labour market issues	Which barriers may MSD's employment investment be able to target?
Māori	<p>• Te Tiriti o Waitangi/the Treaty of Waitangi (te Tiriti) is one of the major sources of New Zealand's constitution. As set out in Cabinet Circular CO (19)5, te Tiriti "creates a basis for civil government extending over all New Zealanders, on the basis of protections and acknowledgement of Māori rights and interests within that shared citizenry."⁸⁴</p> <p>• Many Māori migrated from rural areas to cities in the mid-20th century to take up expanding work opportunities. While education levels and movement into higher-skilled occupations are increasing, Māori continue to be more likely to work in lower-skilled occupations and ones which are more vulnerable to technological and economic changes. Māori also experience higher levels of socio-economic disadvantage.⁸⁵</p> <p>• Māori are a youthful population. Proportionally more Māori young people are employed compared to other ethnic groups, with a possible reason being that young Māori may be more likely to seek employment instead of completing their schooling.⁸⁶ The role of education in improving employment outcomes for Māori can be seen when comparing Māori employment rates at different qualification levels. Māori with postgraduate degrees or higher qualifications have higher employment rates compared to other ethnic groups, and those with bachelor degrees also have relatively high employment rates.⁸⁷</p>	<ul style="list-style-type: none"> • Mismatch between skills/ education and labour demand. • Lack of access to childcare • Early disengagement from education • Lack of driver licence.

84 Cabinet Office (2019). CO (19) 5: Te Tiriti o Waitangi / Treaty of Waitangi guidance. <https://dpmc.govt.nz/publications/co-19-5-te-tiriti-o-waitangi-treaty-waitangi-guidance>

85 See, for example, Pearson D (last updated 2018, May 21). Te Ara - the Encyclopedia of New Zealand, <http://www.TeAra.govt.nz/en/ethnic-inequalities> (accessed 25 November 2021)

86 MBIE (2017). Māori in the labour market. <https://www.mbie.govt.nz/assets/c71b557b32/2017-monitoring-report-maori-in-the-labour-market.pdf>

87 Ibid.

Which barriers may MSD's employment investment be able to target?

Population group

Labour market issues

- Māori have relatively high unemployment rate (6.9%), underutilisation rate (15.5%) and rate of young people not in education, employment or training (19.1%).⁸⁸ There are large regional differences – outcomes are better in urbanised regions. Māori benefit exits are similar to the rest of the population, but they have the lowest rate of sustained exit and sustained employment after exit, and have slightly lower income following exit.⁸⁹
- Women and young people are more likely to experience poor labour market outcomes. 19.7% of young Māori women are not in education, employment or training, and the underutilisation rate for Māori women is 15.9%.⁹⁰
- Consultation as part of the development of this strategy suggests that microenterprise and vocational training are areas that young Māori may be interested in pursuing.

⁸⁸ Unemployment, and rates of young people not in employment, education or training for Māori, are from the September 2021 HLFS and are quarterly figures.

⁸⁹ Gibbs, J, Hu, J and Bloomer, M (2020). *What happened to people who left the benefit system during the year ended 30 June 2019*. MSD, Wellington. <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/research/benefit-system/what-happened-to-people-who-left-the-benefit-system-2019.pdf>

⁹⁰ MBIE (2021, November 12), *Māori labour market statistics snapshot – September 2021 Quarter (unadjusted)*. <https://www.mbie.govt.nz/dmsdocument/17952-maori-labour-market-statistics-snapshot-september-2021>

Which barriers may MSD's employment investment be able to target?

Population group

Labour market issues

Pacific peoples

- Many Pacific peoples migrated to New Zealand to work in the expanding manufacturing sector in the mid-20th century. The majority of the population is now New Zealand-born. Around two-thirds reside in the Auckland region.⁹¹ Pacific peoples are a youthful population.⁹²
- While education levels and movement into higher-skilled occupations are increasing, Pacific peoples still, on average, have lower levels of educational qualification and are more likely to be employed in lower-skilled occupations and those more vulnerable to technological and economic changes.⁹³ Related to this, Pacific peoples experience higher levels of socio-economic disadvantage.⁹⁴
- Pacific women continue to experience disparities such as incomes well below the national average; higher unemployment rates; low self-employment and business ownership. 20.7% of young Pacific women are not in education, employment or training.⁹⁵
- Pacific peoples are highly involved in voluntary and unpaid work – a large proportion of Pacific volunteering is undertaken in relation to church-related activities.⁹⁶ Feedback from engagement (as part of the development of this strategy) highlighted this, eg Pacific women are active in their church communities as faletua, Sunday school teachers, and in mothers' groups.
- Feedback from engagement also emphasised the need to support Pacific people into employment that helps to better the lives of their families.

91 Ministry for Pacific Peoples (2020). *Pacific Aotearoa status report: a snapshot*. <https://www.mpp.govt.nz/assets/Reports/Pacific-Peoples-in-Aotearoa-Report.pdf>

92 Stats NZ (n.d.) *Pacific Peoples ethnic group*. <https://www.stats.govt.nz/tools/2018-census-ethnic-group-summaries/pacific-peoples>

93 See, for example, Stats NZ (n.d.) *Pacific Peoples ethnic group*. <https://www.stats.govt.nz/tools/2018-census-ethnic-group-summaries/pacific-peoples>

94 See, for example, Pearson D (last updated 2018, May 21). 'Ethnic inequalities', *Te Ara - the Encyclopedia of New Zealand*. <http://www.TeAra.govt.nz/en/ethnic-inequalities> (accessed 25 November 2021)

95 Data is from September 2021 HLFS and is an annual figure.

96 MPP (2021). *Pacific Economy Research Report on Unpaid Work and Volunteering in Aotearoa* <https://www.mpp.govt.nz/assets/Reports/Pacific-Economy-Research-Report-on-Unpaid-Work-and-Volunteering-in-Aotearoa.pdf>

Which barriers may MSD's employment investment be able to target?

Population group	Labour market issues	Older workers
		<ul style="list-style-type: none"> • Employment may be becoming increasingly important for older workers as a source of financial security in later life, especially as home ownership declines.⁹⁷ • Most older workers do well in the labour market, but some take longer than other groups to find new employment, and experience a wage drop.⁹⁸ Older people have reduced likelihood of exits and exits to employment, but those exits are more likely to be sustained.⁹⁹ • Some older workers re-entering the labour market find their skills do not match current labour market demand, and some may have acquired age or injury-related disabilities that make it hard for them to continue in their previous line of work.¹⁰⁰ • Societal attitudes concerning age can mean that employers are reluctant to hire older workers.¹⁰¹ Workplaces or jobs may not be well-suited to the needs of some older workers,¹⁰² and there is often limited effort to attract and retain older workers.¹⁰³ • Older workers may also have significant commitments outside of paid work (eg caring).¹⁰⁴

97 See, for example, Allen J (2019). *The wellbeing and vulnerability of older New Zealand adults in retirement: a background paper prepared for the Commission for Financial Capability's 2019 Review of Retirement Income Policy*. <https://assets.retirement.govt.nz/public/Uploads/Retirement-Income-Policy-Review/2019-RRIP/Research-docs/The-big-picture/Massey-University-Research-Wellbeing-and-Vulnerability-of-NZers-in-Retirement.pdf>

98 See, for example, Hyslop, D and Townsend, W (2017). *The longer term impacts of job displacement on labour market outcomes: an executive summary of working paper 17-12*. Motu Economic and Public Policy Research. <https://www.motu.nz/assets/Documents/our-work/population-and-labour/individual-and-group-outcomes/Impact-on-Employment-Exec-Summary2.pdf>

99 Gibbs, J, Hu, J and Bloomer, M (2020). *What happened to people who left the benefit system during the year ended 30 June 2019*. MSD, Wellington. <https://www.msdc.govt.nz/documents/about-msd-and-our-work/publications-resources/research/benefit-system/what-happened-to-people-who-left-the-benefit-system-2019.pdf>

100 See Stats NZ (2013). Disability Survey: 2013 – tables, for information on cause of impairment by age group. <https://www.stats.govt.nz/information-releases/disability-survey-2013>

101 Wilson M, Parker P and Kan J (2007). 'Age biases in employment: impact of talent shortages and age on hiring', University of Auckland Business Review, 9 (1). http://www.thebookshelf.auckland.ac.nz/docs/UABusReview/2007_09_i01-06-age-biases-in-employment.pdf

102 New Zealand Work Research Institute (2015). *Understanding the needs of New Zealand's ageing workforce: a future of work programme report*. https://workresearch.aut.ac.nz/_data/assets/pdf_file/0005/378932/2015-Understanding-Ageing-Workforce-report,-FOW.pdf

103 Commission for Financial Capability (2018). *Ageing workforce: business survey results*. <https://assets.retirement.govt.nz/public/Uploads/News/Downloads/Ageing-workforce/221255b920/CFFC-Ageing-Workforce-Business-Survey-2018.pdf>

104 Jackson N, Cochrane B and McMillan R (2013). *Workforce participation of older workers as an element of New Zealand's Retirement Income Framework: A Review of Existing Knowledge and Data*. National Institute of Demographic and Economic Analysis, University of Waikato, Hamilton. <http://www.caddanz.org.nz/massey/fms/caddanz/RI-Review-2013-Workforce-participation-of-older-workers.pdf?D339DCCCC048A128AC265A0A5AA1CFD28>

Population group	Labour market issues	Which barriers may MSD's employment investment be able to target?
Former refugees, recent migrants and ethnic communities	<ul style="list-style-type: none"> Migration has been a significant source of labour for New Zealand. While those in skilled resident or temporary labour migrant categories have good employment outcomes, migrants approved under other categories (eg secondary applicants, more likely to be female) are more likely to experience challenges.¹⁰⁵ The nature of labour market challenges that migrants experience will likely relate to a number of factors including English language proficiency, prior employment experiences and qualifications. Barriers identified by migrants include a lack of familiarity with New Zealand culture, including workplace culture and communication; lack of recognition of skills and experience gained overseas; lack of social and professional networks; challenges navigating the New Zealand labour market; prejudice and discrimination; and lack of driver licence.¹⁰⁶ As well as the challenges involved in being a recent migrant, refugees may experience barriers related to trauma or mental health. The proportion of former refugees in paid employment increases over the time they have been in New Zealand.¹⁰⁷ Understanding labour market challenges for ethnic communities is difficult as they do not comprise a homogeneous group. 	<ul style="list-style-type: none"> Further work is needed to identify these groups in our administrative data so we can better analyse and potentially target investment.

¹⁰⁵ Labour and Immigration Research Centre (2012). *Labour Market Integration of Recent Migrants in New Zealand: Findings from the three waves of the Longitudinal Immigration Survey: New Zealand*. Department of Labour, Wellington. <https://www.mbie.govt.nz/dmsdocument/2741-labour-market-integration-of-recent-migrants-in-nz-pdf>

¹⁰⁶ MBIE (2018). National Migrant Consultations 2018. <https://www.mbie.govt.nz/dmsdocument/14021-national-migrant-consultations-2018-recent-migrants-experiences-of-settling-and-adjusting-to-life-in-new-zealand-september-2018-martin-jenkins>; MBIE (2021). Three Years On: English and employment outcomes of former refugees. <https://www.mbie.govt.nz/assets/refugee-outcomes-three-years-on-report.pdf>

¹⁰⁷ Merwood, P (2013). *Labour market outcomes of recent migrants to New Zealand*. <https://www.mbie.govt.nz/dmsdocument/2677-labour-market-outcomes-recent-migrants-nz-pdf>; MBIE (2021). *Three Years On: English and employment outcomes of former refugees*. <https://www.mbie.govt.nz/assets/refugee-outcomes-three-years-on-report.pdf>

Which barriers may MSD's employment investment be able to target?

Population group

Labour market issues

Women

- Patterns of employment in New Zealand have a gendered dimension. Women take on a disproportionate share of unpaid caring work and family responsibilities,¹⁰⁸ including breaks from the workforce to raise children.¹⁰⁹
- Women are historically concentrated in certain industries and more likely to work in lower-skilled, part-time, casual and insecure employment. Women have been disproportionately affected by the economic impact of COVID-19.¹¹⁰
- Labour market outcomes tend to be poorer for sole mothers,¹¹¹ who are also more likely to experience socio-economic disadvantage.
- Women exit benefit at a rate around 23% lower than men, but sustain those exits at a higher rate – this may be partly due to high sustainability of exit associated with SPS.¹¹²
- Wāhine Māori have the lowest equal rates of exits and exits to employment, and lowest sustainability of exits, compared to women of other ethnicities.¹¹³
- There is some evidence of high levels of health problems and disabilities in the sole parent beneficiary population.¹¹⁴

- Mismatch between skills/education and labour demand.
- Significant caring and family responsibilities.
- Lack of driver license, particularly for sole parents.
- Lack of access to or availability of childcare.

108 Ministry for Women (2019). *Gender inequality and unpaid work: a review of recent literature*. https://women.govt.nz/sites/public_files/Gender%20inequality%20and%20unpaid%20work%20.pdf

109 Sin I, Dasgupta K and Pacheco G (2018). *Parenthood and labour market outcomes: an executive summary of working paper 18-08*. Motu Economic and Public Policy Research. <https://www.motu.nz/assets/Documents/our-work/population-and-labour/individual-and-group-outcomes/Parenthood-and-Labour-Market-Outcomes-Exec-Summary.pdf>

110 See, for example, Ministry for Women, 'Covid-19 and women' at <https://women.govt.nz/news/covid-19-and-women> for more information. Accessed 26 Jan 2022.

111 See, for example, Flynn S and Harris M (2015). *Mothers in the New Zealand workforce*. Stats NZ, Wellington. <https://www.stats.govt.nz/assets/Uploads/Retirement-of-archive-website-project-files/Reports/Mothers-in-the-NZ-workforce/mothers-nz-workforce.pdf>

112 Gibbs, J, Hu, J and Bloomer, M (2020). *What happened to people who left the benefit system during the year ended 30 June 2019*. MSD, Wellington. <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/research/benefit-system/what-happened-to-people-who-left-the-benefit-system-2019.pdf>

113 Ibid.

114 Baker (2002) cited in Singley, S G (2003). *Barriers to employment among long-term beneficiaries: a review of recent international evidence*. Centre for Social Research and Evaluation (CSRE) Working Paper 04/04. CSRE, Wellington. <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/working-papers/wp-04-04-barriers-to-employment.doc>



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