

REPORT COVER SHEET

Date	19 August 2004	
Subject	Meeting Skills Needs: Government Policy Response	
Minister	Minister for Social Development and Employment	
Agencies consulted	The attached papers were prepared in consultation with the Skills Action Plan Co-ordinating Committee comprising representatives from: Department of Labour, Ministries of Social Development, Economic Development, Agriculture and Forestry, Research, Science and Technology, State Services Commission, New Zealand Trade and Enterprise, Tertiary Education Commission, Treasury, Career Services, Department of Prime Minister and Cabinet.	
Action sought	For your information	
For referral to	Prime Minister Minister of Finance Minister for Economic Development Minister of Education Minister of Health Minister of Agriculture Minister of Research, Science and Technology Minister of Tourism Associate Minister of Education Minister of Small Business Associate Minister of Finance	
Copied to	Minister of Labour / Immigration Minister for ACC/Associate Minister of Labour Associate Ministers for Social Development and Employment (Hons P Horomia, R Dyson, R Barker, Taito P Field)	
Prepared by	Workplace	
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Tracker Number	04/39422	
	This report should be read in conjunction with Skills in the Labour Market – August 2004 (04/39424), which contains details of the latest indicators of skill shortages.	
Release	This report will be released on the Department of Labour website on 26 August 2004 : http://www.dol.govt.nz/sap-reports.asp	

19 August 2004

Minister for Social Development and Employment

MEETING SKILL NEEDS: GOVERNMENT POLICY RESPONSE

- 1 This note accompanies the Skills in the Labour Market Report for the August 2004 quarter. It presents for your information a suite of update reports on government policy responses to skill shortages, which will be published along with the Skills in the Labour Market report on the Skills Action Plan page of the Department of Labour website.

August Quarterly Report - Highlights

Improving information

- 2 **WorkSite Pae Mahi:** the volume of traffic to this site has grown by over 400 percent in the last five months, including a high proportion of repeat visitors. The number of visits to the site for July exceeded 10,000.

Helping job seekers make better choices

- 3 **KiwiCareers:** Pathfinder – a web-based tool to help people with career guidance and planning was launched in July 2004.
- 4 **Job and Talent Banks:** Testing on Jobz4u, MSD's new application for matching jobs and skills has been completed, and national deployment commenced on 2 August. This is expected to be completed in mid-September.

Assistance with industry/regional problem-solving

- 5 **Jobs Jolt – Job Partnerships with Industry:** Seven partnership agreements are now in place. 355 Work and Income registered jobseekers are participating in or have completed industry partnerships initiatives in the hospitality, transport, trades, retail, roading and construction industries, as at June 2004.
- 6 **Regional Partnerships Programme:** The 'Activate Northland' tourism Major Regional initiative is underway, and training to increase the skills of some 400 small and medium sized tourist operators is underway, with 50 businesses having received training already. The Waikato Innovation Centre has a full complement of fledgling companies and has already spun off its first four companies.

Supporting skill development

- 7 **Modern Apprenticeships:** Extra funding for Modern Apprenticeships will see the number of apprenticeships go up from 6500 to 8000. As at 30 June 2004, there were 6,784 Modern Apprentices throughout New Zealand in 30 industry areas. This represents growth of 20 percent over the past 12 months.
- 8 **Industry Training:** Industry Training numbers are also growing significantly. As at June 2004 there were 95,952 industry trainees, an increase of 11 percent over the past 12 months.

Attracting Global Skills and Talent

- 9 **Talent Visa:** 122 Employers have had their accreditations renewed, and there are currently a total of 345 accredited employers.

August quarterly report

- 10 Three reports are provided with this briefing:
 - a a synthesis report on agencies' activities focused on:
 - i improving information
 - ii helping job seekers make better choices
 - iii assisting with industry/regional problem solving
 - iv supporting skill development
 - v attracting global skills and talents.
 - b a focus report on seasonal industries
 - c an MSD report on Work and Income regional initiatives, including co-operative endeavours that Work and Income is leading.
- 11 In line with previous quarterly skill shortage reporting processes, we intend to publicly release the information in the attached reports, along with the accompanying *Skills in the Labour Market* report, on the Department of Labour website on 26 August. The Ministry of Social Development report will be available on the MSD website from 26 August, linked to the main skill shortages website.

Seasonal Employment - Summary

- 12 Horticulture exports are worth approximately \$2 billion to New Zealand annually. While each part of the industry is open to down seasons due to weather conditions, overall the year on year performance is relatively steady.
- 13 As with many industries in New Zealand, the horticulture industry is facing both skill and labour shortages. The reasons for this are varied and complex ranging from the level of wages on offer, the working conditions provided, the rural location of the

work and the overall perception of the industry to people making a job choice in a tight labour market.

- 14 The government has a number of current initiatives aimed at assisting this industry address their skill and labour needs and have recently undertaken to provide a short term strategy in addition with the work being completed on a longer-term strategy.
- 15 Government initiatives include the provision of skills based information to assist with planning, active programmes to address short-term and medium-term skill needs and strategic programmes looking at how the cycle of shortages can be broken while protecting or enhancing the productivity of the industry.

Skills Action Plan - background

- 16 On 5 November 2001, Cabinet agreed to a whole of government skills information action plan. It directed the Department of Labour “through the Employment Senior Officials Group, to take responsibility for co-ordinating and monitoring progress on skill shortage related issues, including the development of a communications strategy to support government announcements on the Skills Information Action Plan” (CAB Min (01) 34/18).
- 17 The Department has been co-ordinating reporting accordingly on a quarterly basis, both in terms of analysis of skill shortage issues, and updates on progress of government initiatives aimed at meeting skill needs.

Skill Shortages - definitions

- 18 “Skill Shortages” is a catch-all term used to describe a range of situations in which an employer finds it difficult to recruit an appropriately skilled person. Such situations include the following.
 - a A **genuine skill shortage**, in which there are insufficient job seekers with the required skills. For example, the construction sector would suffer from a skill shortage of carpenters if carpenters were needed but insufficient carpenters were either unemployed or looking for a job. Such a shortage means employers cannot get some jobs done.
 - b A **skill gap** occurs when employers can find people who have only some but not all of the skills required. For example, there may be insufficient numbers of people with high enough levels of qualifications. This means the employer can still get the job done, but not at the level required.
 - c **Recruitment difficulties** occur when there may be sufficient job seekers with the required skills, but they are unwilling or unable to take up the work on offer. This could be for a number of reasons such as perceptions that wages are too low; the working conditions are too poor or the industry or firm has a bad reputation. Issues outside the firm or industry can also contribute to recruitment difficulties, such as lack of transport, suitable accommodation or childcare.

- 19 The multiple factors contributing to apparent skill shortages underscore the need for government agencies with differing functions to work together as well as with non-government entities to meet skill needs. The skills Action Plan ensures the work of different government agencies fits together in meeting skill needs.
- 20 Copies are attached for referral to the Prime Minister, Ministers of Finance, Economic Development, Education, Health, Agriculture, Research, Science and Technology, Tourism, Small Business and Associate Ministers of Education, and Finance.
- 21 Copies have been forwarded to the Ministers of Labour / Immigration, ACC, and Associate Ministers of Labour and Social Development and Employment (Hons P Horomia, R Dyson, R Barker and Taito P Field).
- 22 This note is for your information.

Paul Barker
for Secretary of Labour