

YOUTH EMPLOYMENT PACKAGE: POLICY DETAILS

Labour will ensure everyone under 20 is either earning or learning

Summary

Youth unemployment has gone unaddressed for too long. Not enough has been done to ensure there are sufficient jobs and training opportunities open to young New Zealanders. Almost 24,000 under 20 year olds are not in employment, education or training and are in need of urgent attention. These young New Zealanders are most at risk. They have little to no experience or qualifications, they are no longer in school or training and don't have a job. Action must be taken now to ensure jobs, training and the right support are available to them.

Labour is committed to ensuring that every at-risk 15-19 year old will be either learning or earning by the end of our first term. Labour's comprehensive youth employment package of 12 initiatives develops a pathway from secondary school to employers through two stages:

- *Stage One: Secondary School and School Leavers – Putting Young New Zealanders on the Right Track*
 - This set of policies involves putting more resources and tools in schools to help young New Zealanders develop the right skills or determine the right training for a career. It's also focussed on ensuring every school leaver has a clear path for future training or work.
 - This includes \$24m for establishing a Youth Transitions network to ensure every school leaver has a plan for further training, education or work.
- *Stage Two: Skills and Jobs – Giving our Youth a Chance to Grow*
 - This set of policies focuses on providing young New Zealanders with options for further training to develop the skills and qualifications that employers are looking for. The policies also help create real jobs for young people that will allow them to develop their skills.
 - This includes \$87m for getting 9,000 unemployed young New Zealanders off the dole and into apprenticeships by transferring the dole payment to an employer (the equivalent of an \$8,727 subsidy).
 - It also includes \$80m for an additional 5,000 free training places for 16 and 17 year olds.
- **Fiscal Cost:** Labour's youth employment package will cost a total of \$251 million over four years. This will be funded through savings of \$80 million from existing schemes, and revenue generated from Labour's fairer tax plan. The cost of not acting is higher. The NZ Institute estimated the cost of disengaged and disaffected youth could be as high as \$900 million¹.

¹ Source: NZ Institute, Discussion Paper, More ladders and fewer snakes: Two proposals to reduce youth disadvantage, July 2011, p 5

POLICY DETAILS

WHO DOES THIS TARGET?

Labour will ensure that every at risk under 20 year old will be either learning or earning by the end of our first term. We estimate that 24,000 young people will be assisted by this package.

There are currently 58,000 young people under the age of 25 who are classified as not in education, employment and training (NEET) by Statistics New Zealand. This includes all of those on a benefit and most of those captured by the HLFS unemployment figures.²

However, the 24,000 under the age of 20 are most in need of urgent assistance because it comes at a time when they make critical decisions about their careers that can determine their pathway in life. We know that without access to a job or the right training this group is the most vulnerable to long-term unemployment. Ensuring jobs, training and support is available to young New Zealanders will help make sure that pathway is the right one.

STAGE ONE: SECONDARY SCHOOL AND SCHOOL LEAVERS – PUTTING YOUNG NEW ZEALANDERS ON THE RIGHT TRACK

This package of policies recognises that the best chance we have of assisting young New Zealanders is before they leave school. It brings together a set of policies that ensures young New Zealanders are given the right support and training opportunities before they leave school.

Our approach ensures that young people make better choices about what they study while they are at school, and leave school with a better idea of what they want to do next.

Youth Transitions

Labour will ensure every school leaver has a plan for further training, education or work and assist if they don't by:

- Completing the Youth Transitions (YT) network currently assisting over 6,600 young people each year. We estimate this will assist an additional 2,600 school leavers directly into employment or back to school each year.
- Ensuring schools are sharing information about leavers with their local YT provider. This will enable contact to be made with every school leaver so all those in need of support are referred to the YT provider.
- Empowering local government to work with YT providers and match young people with local industry and skills providers as recommended by the Mayors' Taskforce for jobs.
- Total Cost: \$39 million (\$24m to establish the network and \$15m for retained secondary school students).

² Note: the HLFS figures of 65,700 aged 15-24 unemployed include those in education or tertiary study.

Every year a large number of school leavers have no plan to get a job or go onto further training and are simply falling through the cracks till they show up at a WINZ office.

YT providers operate around the country helping young people make the transition from school to training and work; provide careers advice; links with industry and tertiary providers as well as pastoral support. We already know they work. A 2008 MSD evaluation showed that almost two thirds went on to further education, training or found a job. It's time this model was extended.

Example: Otorohanga - A youth transitions model

In 2004 Otorohanga businesses were struggling with skill shortages. Despite offering good trade jobs and apprenticeships they could not find locals to employ and were forced to look elsewhere and overseas. A small group of passionate business and Mayor Dale Williams, investigated why school leavers were not taking up these opportunities. They found school leaver were leaving the community for jobs and training or staying but doing nothing because the business community was not connecting tightly with the high school and opportunities to put careers advice in front of young people were not being created.

In 2005 the community implemented a series of initiatives aimed to matching the aspirations of school leavers with the skills that local businesses needed. Central to the plan has been the establishment of MPowa, a community service which contacts school leavers in the district once a fortnight until they are in training, further education or are employed and a full-time apprenticeship mentor who provides pastoral support to young people in the district working through their apprenticeships.

Since November 2006, youth unemployment has been virtually zero. Businesses have relocated to the area because of the support offered to employers and the resource of young, trained workers. The proportion of youth responsible for resolved crime dropped from nearly half to less than a fifth. Young people are now involved in rugby teams, they are buying houses, participating in the community and in decision making. All of these benefits have come out of supporting young people in the transition from compulsory education to the next stage of their life.

Enhanced Gateway

Labour will act on advice from the OECD by:

- Providing 1,000 placements for enhanced Gateway. This will include:
 - Boosting Gateway by providing 500 new places which are targeted towards students at high-risk of becoming NEET
 - Re-targeting 500 current places towards high-risk students.
- Total Cost: \$13 million.

New Zealand has one of the lowest student retention rates in the OECD. One of the reasons for this is the curriculum doesn't always engage student's interested in vocational careers and 'hands-on' learning. In the past these students would have left school early and taken on a trade. However, now we need to ensure that if we're keeping them in the school system we're catering to their learning style and needs.

Gateway was established under Labour in 2001 and provides workplace learning for students interested in a vocational career while keeping them in school. A 2006 OECD review found 95% of participants moved onto further study or employment.

In 2008 the OECD recommended that additional funding be provided for Gateway preparation classes for the least work-ready students. Labour will provide pre-work placement support and training to make sure the most at-risk students are work-ready and able to participate in Gateway.

Vocational Pathways

Labour will:

- Address the maze young people face when interested in a trade by working with the Industry Training Federation to build coherent vocational pathways.
- Total Cost: \$3 million.

Currently someone at school interested in becoming an electrician doesn't know what subjects to take in order to leave school with the basic skills needed to successfully start an electrical apprenticeship.

Labour will build on work already underway with the Industry Training Federation to develop clear vocational pathways for secondary school students. This will help address skills shortages and also improve the engagement in school as subjects will have a clearer purpose to students.

ITOs within key industries will create a recommended set of subjects, specific unit standards or credits and other skills including gateway participation, for five broadly grouped industries such as building and construction or hospitality. These five groups can be thought of as 'majors' which a student should take to get a head start on the basic skills needed to undertake an apprenticeship or tertiary study in that area.

Early Leaving Exemptions

Labour will:

- Further tighten up on Early Leaving Exemptions from the Ministry of Education.

There are currently 1,900 15 year olds who are not in education, employment or training. This is unacceptable given that schooling is compulsory for 15 year olds unless they have an early leaving exemption from the Ministry of Education, which should only be granted if the young person has a job or training programme to go to. When previously in government Labour tightened up the granting of early leaving exemptions. We will maintain and reinforce this approach, while also ensuring that non-exempt 15 year olds are properly enrolled at a school and engaged in learning. We will ensure, through initiatives like Enhanced Gateway, Tertiary High Schools and trades academies that schools are adequately catering for the needs of a widest possible range of learners.

Careers Advice

Careers advice plays a crucial role in ensuring young New Zealanders develop the right skills in school, and leave school for the right training, or with a plan of how to get a job. Currently this does not happen. Labour made progress in this area beginning with '*Designing Careers*' and moving towards an integrated school-wide approach to career education. This programme was abandoned by National. In fact Labour introduced legislation to ensure schools provided quality careers advice, however National did away with this change.

Labour will:

- Review the current state of career information and guidance within the schools with a view to a significant overhaul.
- Include in the review how to achieve greater involvement from people outside the school system, including employers.
- Total Cost: \$4 million.

Tertiary High Schools and Trade Academies

Labour will:

- Take a strategic approach that ensures the mix of tertiary high schools and trade academies across the country are right for the community.

Since Labour introduced tertiary high schools students have been able to undertake part-time or full-time tertiary study while staying enrolled at school. They allow students to access a wider range of subjects at the same time as retaining the extra-curricular benefits and support networks that

schools offer. However, a strategic approach is needed to ensure the roll out of these initiatives is driven by the needs of communities and industry, not private interests. Labour will continue to fund the existing services that are expected to benefit 12,500 16 and 17 year olds by 2014.

STAGE TWO: SKILLS AND JOBS – GIVING OUR YOUTH A CHANCE TO GROW

Young people leaving school face limited opportunities on the pathway to employment. Labour's policy provides young people with options for further training so they have the skills and qualifications that employers are looking for. It also helps create real jobs for young people that will allow them to develop their skills and earn their way to a brighter future.

Kick Start Apprenticeships for Youth on Unemployment Benefit

Labour will:

- Provide \$87m for getting 9,000 unemployed young New Zealanders³ off the unemployment benefit and into apprenticeships with a \$8,727 (the equivalent of the dole payment) subsidy to employers willing to offer a permanent full-time job.

We know under 20 year olds not in employment, education or training are at a higher risk of long-term unemployment. Labour knows that subsidising young New Zealanders into an apprenticeship is a far more productive use of funding than paying them to be unemployed. This policy also acknowledges the barriers many unskilled and unemployed young people face when trying to get their first job, while also addressing the fact that many employers struggle to take on apprentices in tough economic times.

The subsidy will be \$8,727 – the same amount as the unemployment benefit – payable to the employer. In return it is expected the employer show a commitment to the young person. The employer must provide the young person with a permanent full-time job, salary, and provide training and mentoring for the young person to achieve a recognised industry qualification of at least Level Two on the New Zealand Qualifications Framework (NZQF).

This measure recognises the costs an employer faces, particularly in the first year, in taking on and training a young person. A key purpose of this subsidy will be to cover any training costs passed on to the employer by Industry Training Organisations (ITOs) as well as any costs to the employer associated with coordinating training, mentoring and career development.

To be eligible, the young person must be aged 18 or 19 and be on a benefit for at least 3 months or assessed as being at medium or high risk of being on benefit long-term by a Youth Transition Service or Work and Income.

³ Over 3 years.

We will also explore options, including the use of group apprenticeships, which will allow access the subsidy with more flexibility and pastoral support.

The subsidy will be focussed on jobs in targeted growth industries, and those where there is demand for skilled workers. This would be likely to include service industries, the trades, manufacturing and aged care. Construction will be a particular target area in Canterbury.

This policy will absorb funding for the current 'Skills for Growth' programme.

More training places for 16 and 17 year olds

Labour will:

- Provide an additional 5,000 fees-free training places for 16 and 17 year olds over 3 years, including 1,000 that have a Māori mentoring element and 1000 with a Pasifika mentoring element.
- Have particular regard to the needs of Christchurch in allocating these places.
- Labour will also ensure flexibility for tertiary education providers to self-fund additional places outside their funding allocation, particularly to cater to young people
- Total Cost: \$80 million.

This initiative provides additional training opportunities for 16 and 17 year olds disengaged from education, employment or training. This policy has three elements, a general element, a Māori Trade Training element and a Pasifika element.

The general funding will be for 3,000 additional places over three years study primarily up to Level 3 tertiary qualifications at Polytechnics and Private Training Establishments. The TEC will be charged to work with providers to ensure that these places (and existing ones) are providing a genuine pipeline towards employment, and not a 'train and hope' approach. This may include early engagement with a range of local employers and the commencement of the programme, arranged through Work and Income.

The 1000 places for *Māori Trades Training* will build on He Toki ki te Rika model at CPIT. He Toki ki te Rika was set up to help local Māori into the building and construction sector in Christchurch. The places will be provided by partnerships between tertiary providers, Iwi entities and industry training organisations for key industries (e.g. fishing and forestry). Good pastoral care and mentoring will also be an important element. Using iwi networks to bring to bear the skills, experience and mana of older Māori with trades experience will be critical. Māori Trade Training places are distinguished by this mentoring support, and may either be interspersed within general trades programmes or else delivered as a specialist programme.

Over 40% of Pasifika 15-19 year olds are unemployed as measured by the Household Labour Force Survey. That's simply unacceptable. To get more of our Pasifika youth into training Labour will create a dedicated Pasifika mentoring and pastoral element to 1000 of the new training places annually. This will operate in a similar style to the Māori Trades Training initiative, by bringing

Pasifika community groups, the ITOs and tertiary providers together to provide a training environment that encourages young Pasifika people to succeed.

Additional Apprenticeships

Labour will:

- Provide an additional 1,000 places over the next three years allocated to group apprenticeships, shared apprenticeships and public service cadets.
- Review the Modern Apprenticeship Coordinator function in order to achieve better outcomes for youth.
- Have particular regard to the needs of Christchurch in allocating these places.
- Total Cost: \$13 million.

For many businesses, taking on an apprentice isn't an attractive option, even with a subsidy. The uncertainty of demand, especially in the current economic climate and the extra administration associated with taking on a young person can be disincentives. Four initiatives are proposed to address these difficulties:

Group apprentices: Additional funding is being provided where a group apprenticeship provider operates as the Modern Apprenticeship Coordinator. Group apprenticeships currently allow a third party (sometimes an ITO subsidiary) to act as the employer of the apprentices.

Shared apprentices: Additional Modern Apprenticeships places will be provided. Shared apprentices is an approach that is more accessible for small businesses, whereby a group of employers (some of whom may have experience with apprentices, and others less so) pool together to share responsibility for a group of apprentices. This approach will also require a small legislative amendment to allow trainees to have training agreements with more than one employer.

Public service cadetships: Additional Modern Apprenticeships places will be provided with a focus on 'virtual cadetships' exposing a trainee to a range of workplaces across the public service. Cadetships used to be common place in the public service. However, it has subsequently being dropped. There is potential for the government as employer to take a leadership role.

Review of Modern Apprenticeship Coordinators: Labour will work with employers, ITOs and those with experience in working with young people in the workplace to review and improve the Modern Apprenticeship Coordinator function. Currently, there is widespread agreement that providing additional funding to assist with the cost of a younger trainee is a good concept. However there is also widespread frustration that the current model and network of coordinators is not delivering the best value for money.

Conservation Corps

Labour will:

- Provide funding for an additional 1,500 Conservation Corp places.
- Total Cost: \$8 million.

The New Zealand Conservation Corps was established by Labour in 1989 in response to high youth unemployment and the success of the programme has seen it retained by three successive Governments since. The situation for youth is even more pressing today and as such Labour will bolster the scheme.

The Conservation Corp places 16-24 year olds in a full-time, 20-week course which mixes conservation work and vocational training with confidence building outdoor activities. Young people learn various practical skills such as chainsaw safety as part of their conservation work in communities all over the country.

Participants are typically at very high-risk of long-term unemployment and many are young offenders. A 2002 evaluation found 65 per cent of participants moved into employment, education or training within six months of completing the course and 95 per cent reported increased levels of self-esteem.

Labour will scrap National's Boot camps which have from 2009 to 2010 had shown a reoffending rate of almost 90 per cent and shift the savings into more Conservation Corp places.

Youth Transition providers, WINZ and youth courts will, each year, refer up to 500 more at-risk under-20 year olds to the programme, almost doubling its current places

Staged Apprenticeships in Christchurch

Labour will

- Work with ITOs, Canterbury businesses and the TEC to ensure the regulatory rules and funding arrangements for apprenticeships in Christchurch enable apprentices' to get basic in modules quickly so they can, play a productive role in the rebuild effort more quickly.

Some businesses in Christchurch have raised concerns that the process of training apprenticeships is too slow to enable new apprentices to participate in rebuilding the city. This will create skill shortages for employers and delays in reconstruction work.

Matching Seasonal work with those who need it: Growing Futures

Labour will:

- Create a seasonal jobs circuit throughout New Zealand which will enable 1,300 young people looking for work to take up year-long employment in the horticultural harvests over 3 years.
- Total Cost: \$4 million.

Labour's seasonal jobs circuit will be open to all 18 and 19 year olds, from those unemployed to those looking for a gap year job before heading to university or polytechnic.

Through WINZ we can link seasonal jobs in several regions and seasons together to create a full year's worth of work for young people who want it. The circuit will also include a training element so every participant can finish the year with a level 2 tertiary certificate in horticulture. This part of the programme will involve short block courses at tertiary institutes between jobs as well as assessment by the ITO of skills learnt on the job. The full cost of this training is included in the costings and all travel between jobs will be provided free.

Labour remains committed to the Recognised Seasonal Employers (RSE) scheme. It will continue to operate on the same 'New Zealanders first' principle that has always applied.