

OFFICE OF THE PRIME MINISTER

The Chair
CABINET

PRIME MINISTER'S SUMMIT ON EMPLOYMENT: MAINTAINING THE MOMENTUM

PROPOSAL

- 1 This paper describes in more detail the list of “Near Term and High Priority” ideas arising from the Summit on Employment. The paper seeks agreement to designating a lead Minister or group of Ministers who will be responsible for progressing work on each of the proposals. The paper also seeks agreement that regular reporting on progress should be made public and outlines a timetable for progressing work on the remaining proposals arising from the Summit.
- 2 A separate paper being considered by Cabinet deals with the first policy decision arising from one of the “Near Term and High Priority” ideas proposed at the Summit.

BACKGROUND

- 3 The Employment Summit in Auckland was successful both as an event and in terms of contributing further valuable ideas for preserving jobs through the present economic crisis and creating the best possible conditions for business to step up as economic conditions improve.
- 4 Through the Summit Chair (Mark Weldon) and the various work-stream chairs there was strong, positive engagement from approximately two hundred of New Zealand’s top business, government, community and union leaders. The Chairs worked hard to shape practical, concrete ideas going into the summit, and are committed to seeing the best of these implemented or further developed.
- 5 Critical to the success of the Summit as an event was the choice to ask non government representatives to take a leading role; limiting attendance to an invited, representative group of business, government, community and union interests; and allowing the media to listen into the discussions taking place.
- 6 In terms of the output from the Summit, critical factors were:
 - the sheer hard work of the summit leads in preparing for the summit – it was impressive to see them give so freely of their time, despite the pressures faced in their own organisations;

- the positive and supportive working relationship between the chair and theme leads and lead officials from relevant departments;
- the ability of most groups to get together before the summit on an informal basis to flesh some of the ideas out to allow the best possible discussion on the day.

MAINTAINING THE MOMENTUM

- 7 In taking the output of the summit forward from ideas generation and testing to decision-making and implementation, it will be important to maintain the very positive aspects noted above. Particularly important will be the ability of the Ministers, private sector leads and officials to work together co-operatively in implementing the very best of the ideas in the shortest possible time.
- 8 The good momentum generated in the lead up to and during the Summit is being maintained post Summit. There are now many ideas which will need a response from the Government. To make sure that this work gets done promptly, I have given my own department the responsibility for co-ordinating the activity across Government.
- 9 Since Monday the process of sorting through the "Near Term and High Priority" ideas (those that look promising and will have an impact in the next 2-6 months) has started. These proposals need to be fleshed out and considered as part of the Government's policy and Budget programme.
- 10 There are over 40 ideas in this group. These include: the top 20 ideas announced last Friday plus further ideas from the "Near Term and High Priority" group presented at the Summit, plus some additional high priority initiatives from the Minister of Education. This group also includes the Te Araroa walkway/cycleway proposal.
- 11 The proposals are set out below. This is a list rather than a prioritised package because there is still more work to be undertaken. To oversee this work a Minister or group of Ministers has been suggested as taking the lead for each proposal, and key private sector people will be identified who will be consulted as the idea is developed. While there has been some discussion with Ministers about potential lead responsibilities, this consultation is not complete. This list of proposals and lead Ministers needs to be agreed by Cabinet.

Table One

Initiative	Lead Minister (s)
Core Employment and Workplace Issues	
1.1: Retain jobs by reducing wage costs while firms' earnings are down and long term by using this opportunity to upskill workers	Minister for Social Development and Employment
1.2: Creation of a seasonal work marketplace that will remove barriers between employers and seasonal workers	<i>To be decided</i>
Workers: Skills and Transition	
2.1: Youth Guarantee – accelerate implementation (including Trade	Minister for Tertiary

Academies) for 2010	Education
2.2: Flexibility, enablers and incentives in education and training to build skills and create and keep jobs Improving flexibility of the tertiary funding system to respond to need	Minister for Tertiary Education
2.3: Expand group training and employment schemes for apprentices	Minister for Tertiary Education
2.4: Options for improving access to training, eg marae based training, utilising Pasifika networks	To be decided
2.5: Growing enrolments of international students in order to raise export education revenues and employment	Minister for Education
2.6: Government-led campaign to promote the value of training and qualifications	Minister for Tertiary Education
2.7: Improve matching of supply and demand for tertiary education and training	Minister for Tertiary Education
2.8: Summer employment support for students	Minister for Tertiary Education
2.9: Improve support to help people cope with redundancy or unemployment	Minister for Social Development and Employment
Maori Economy, Local and Regional Government	
Maori Economy	
3.1: Integrated approach to Maori secondary and tertiary education (linked to Stream 2)	Ministers of Education, Social Development, Māori Affairs and Associate Ministers of Education and Māori Affairs
3.2: Maori and Group Professional and Trade Training	Ministers of Tertiary Education, Social Development, Māori Affairs and Associate Ministers of Education and Māori Affairs
3.3: Enhancing Maori business performance	Minister and Associate Minister of Maori Affairs
3.4: Maori infrastructure developments	Minister of Maori Affairs, in consultation with Ministers of Housing, Local Government and Infrastructure
3.5: Enhanced utilisation of Maori assets	Minister of Māori Affairs
3.6: Improving the effectiveness of government expenditure on Maori	Minister of Māori Affairs
Local and Regional Government	
3.7: Councils agree to roll out good practice and streamline consenting processes	Minister of Local Government
3.8: Councils commit to bringing forward infrastructure development (a) Councils will work together to bring forward infrastructure development while minimising the impact on ratepayers (eg aggregation of council debt). (b) Councils will also work with Māori to better facilitate the use of Māori land and investment in infrastructure development (eg housing).	Minister for Infrastructure Minister of Māori Affairs
3.9: Councils commit to broaden the scope of the Mayors Taskforce for jobs	Minister of Social Development
Helping Firms Survive	

4.1: Cabinet directive issued to government agencies/regulators that “now is not the time to be introducing new or extended rules, standards or processes that create additional compliance costs for firms	Minister of Finance in consultation with Minister for Regulatory Reform
4.2: A fund for initiatives to encourage more tourists to New Zealand, both long and short haul	Minister for Tourism
4.3: Actively manage regulatory approval process for complex and/or major projects (over \$25m)	Minister for Economic Development or Minister for Infrastructure
4.4: Loans for first home building and renovation/energy efficiency improvements	Minister for Housing or Minister of Energy
4.5: Implement a package of measures designed to ensure that new and existing regulations impose only necessary costs of business (eg rolling reviews of legislation, annual compliance Cost Reduction Bill, targets for reductions in compliance costs, test panels and SME Impact Statements, reasonably-priced assistance for interpretation of regulations, sunset clauses, set-up a Productivity Commission and a Better Regulation Executive, and one annual commencement date for legislation)	Minister of Finance in consultation with Minister for Regulatory Reform
4.6: Streamline building consents processes	Minister for Building and Construction
4.7: Quickly advance policy development of a carbon trading scheme to increase private sector investment in capital projects	<i>In the hands of a Select Committee</i>
Business Investment	
5.1: Target and attract offshore investment and entrepreneurial migrants (eg wealthy investors, foreign students) <i>Tax proposals related to 5.2</i> <ul style="list-style-type: none"> Extend or modify the current temporary exemption for new migrants’ foreign sourced income. Exempting tax for non-residents that invest outside NZ via PIEs. 	Ministers of Economic Development, Finance, Trade and Immigration Ministers of Finance and Revenue for tax related aspects
5.2: Improve SME access to working capital	Ministers of Finance and Economic Development
5.3: Rapidly reform government procurement processes to improve access by SMEs (including skill requirements in government contracting)	Minister of Commerce, in consultation with Ministers of Finance, Economic Development and State Services
5.4: Accelerate energy, environmental and water initiatives that open up opportunities for employment and productivity improvements	Ministers for Energy, Environment, Housing and Infrastructure
5.5: Allow tax deductibility of blackhole expenditure on capital raising and new projects	Ministers of Finance and Revenue
5.6: Revamp business assistance schemes	Minister for Economic Development in consultation with Ministers of Finance, Trade and Research Science and Technology
5.7: Improve incentives to invest in R & D	Minister of Research, Science and Technology and Minister of Finance in consultation with the Minister Economic Development
Firm Funding	
6.1: Stimulating the development of New Zealand’s debt markets (a) Regulatory changes	Associate Finance (Power)

(b) Government issues long-term bonds (c) Local Government bonds (aggregation vehicle)	Minister of Finance Minister of Finance, in consultation with Minister of Local Government
6.2: Bank and government transition fund	Minister of Finance
6.3: Statement of commitment from banks to continue to meet the demand for credit	None- complete
6.4: Equity growth fund for SMEs	Minister of Finance in consultation with Ministers Dunne and Brownlee
6.5: Government to be ready to help remove barriers to outside equity raising for co-operatives if needed	None - co-operative led
6.6: Review operation of wholesale funding guarantee in light of banks' actual experience in offshore wholesale funding markets	Minister of Finance
6.7: Introduce exemption from non-resident withholding tax and AIL on interest paid on some widely issued debt instruments	Minister of Finance and Minister of Revenue
6.8: Building stronger businesses: formal bank-led NZ wide programme for training managers in SMEs	None- banks to lead
6.9: Government to actively engage with investors, including NZSF, on investment and funding options and an appropriate investment mandate and parameters	Minister of Finance
6.10: Survival guide: within a month communicate a proactive plan to provide better information on bank mechanisms for customer support and assistance	None- banks to lead
Other	
National cycleway	Minister of Tourism

- 12 Since the Summit, the Department of the Prime Minister and Cabinet has been having ongoing consultation with the Summit Chair. Mark Weldon has offered to nominate private sector leads who will work with relevant Ministers and Government agencies to progress work on the various proposals. I also intend to meet with the Summit Chairs in six to eight weeks to review progress.
- 13 Based on this work, it is proposed that an overview paper be considered by Cabinet Strategy Committee on April 6 which pulls together a package of those proposals which are considered worth pursuing.
- 14 In preparation for the early April overview paper, Budget Ministers will need to meet with those Ministers whose initiatives require Government funding to understand the emerging priorities and manage these within Budget 2009 pressures. That paper will inevitably identify some initiatives which will not be progressed by the Government at this time.

PROCESS FOR REMAINING PROPOSALS

- 15 This Cabinet paper is the first in a series of papers regarding the Employment Summit. Further papers planned at this stage are as follows:

- a A paper for STR on 23 March which covers the ideas listed in the "Longer term for Development and Consideration" (ie ideas that look promising but need further exploration, and would only have an impact over 6-12 months). Similar to this Cabinet paper, the 23 March paper will list proposals with Lead Ministers.
- b A paper for STR on April 6 which pulls together a package of those "Near Term and High Priority" proposals considered worth pursuing. This paper will set out clearly what needs to happen next, by whom and over what timeframe to get each idea considered and, if agreed, implemented.
- c A further paper for STR on 11 May, covering those ideas from the much longer list of "Further Investigation Required" which should be taken further. This group includes 176 ideas, but only a small number are likely to be taken further.

CONSULTATION

- 16 In the limited time available, the lead departments involved (Economic Development, Education, Inland Revenue, Internal Affairs, Labour, Prime Minister and Cabinet, Te Puni Kokiri, and Treasury) have attempted to consult with as many agencies as possible. Wider input from other agencies will be sought in the following weeks. Similarly, only the Ministers associated with those departments have been consulted in a limited way in the preparation of this paper.

FISCAL IMPLICATIONS

- 17 There are no fiscal implications.

HUMAN RIGHTS

- 18 There are no human rights implications.

LEGISLATIVE IMPLICATIONS

- 19 There are no legislative implications.

REGULATORY IMPACT ANALYSIS

- 20 Not required.

PUBLICITY

- 21 It is intended that regular reports on progress with respect to the proposals from the Employment Summit should be made public. My department will seek assistance from other agencies to ensure that relevant communications are comprehensive and produced in a clear and timely manner, generally to be made available on the Jobs Summit website.

RECOMMENDATIONS

22 It is recommended that Cabinet:

- 1 **Note** the list of "Near Term and High Priority" proposals arising from the Summit;
- 2 **Agree** the lead Minister/Ministers for each proposal as outlined in Table 1;
- 3 **Agree** that regular reporting on progress with respect to the proposals from the Employment Summit should be made public;
- 4 **Note** that further Employment Summit papers planned at this stage include:
 - a) A paper for STR on 23 March which covers the ideas listed in the "Longer term for Development and Consideration" (ie ideas that look promising but need further exploration, and would only have an impact over 6-12 months);
 - b) A paper for STR on April 6 which pulls together a package of those proposals considered worth pursuing. This paper will set out clearly what needs to happen next for those initiatives that are to be progressed, by whom and over what timeframe to get each idea considered and if agreed, implemented;
 - c) A further paper for STR on 11 May covering those ideas from the much longer list of "Further Investigation Required" which should be taken further. This group includes 176 ideas, but only a small number are likely to be taken further;
- 5 **Note** that in preparation for the early April overview paper, Budget Ministers will need to meet with those Ministers whose initiatives require Government funding to understand the emerging priorities and manage these within Budget 2009 pressures.

Hon John Key
Prime Minister