

3. SANCTIONS APPLIED UNDER THE COMMUNITY WAGE PROGRAMME

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The purpose of this report is to examine the sanctions applied under the Canterbury Development Corporation Community Work and Training programme, as requested by the Council on 27 May 1999.

Tony Soutter from the Canterbury Development Corporation will be present at the Committee meeting to provide more detailed information of the Community Work and Training programme, implemented by the CDC.

INTRODUCTION

At its meeting on 27 May 1999 the Council resolved that the Community Services Committee should examine whether the sanctions included in the Government Community Work scheme also applied to the Community Wage participants placed under the Canterbury Development Corporation Community Work and Training Scheme.

The Committee had recommended that the Council write to the Minister of Employment expressing concerns regarding aspects of the Community wage regime, particularly the inclusion of sanctions. The Committee had suggested that the Canterbury Development Corporation Community Work and Training Scheme be promoted to the Minister as a positive alternative.

Some Councillors expressed concerns that they had endorsed the Canterbury Development Corporation adaptation of the Community Work programme on the understanding that participants were not subject to sanctions or penalties.

Councillors were also reluctant to send a second letter to the Minister until he had replied to an earlier letter expressing concerns about the Community Work programme, sent 28 April 1999.

BACKGROUND

The Community Wage Programme has been discussed by the both the Community Services and the Strategy and Resources Committees and by the full Council at its meetings on 22 April 1999 and 27 May 1999. The report to the Community Services Committee meeting on 6 April 1999 provided a detailed background and analysis of the scheme.

Previous Committee and Council discussions have been about the impact of the scheme on the voluntary sector, the labour market, real wages, and community wage participants.

Both the Strategy and Resources and Community Service Committees resolved to write to the Minister of Employment expressing their opposition to the punitive and compulsory aspects of the Community Work Programme. The Community Services Committee also resolved to promote the Canterbury Development Corporation scheme as a positive alternative to the Government model.

CANTERBURY DEVELOPMENT CORPORATION PROGRAMME

The CDC entered into a contract with WINZ to provide placements for Community Wage recipients on the Community work and training programme. The Community Work and Training programme differs from the general Community Work programme in that it addresses individual needs through targeted work opportunities and training rather than rely on a single generic programme. The CDC programme offers participants opportunities to:

- experience work opportunities in areas that reflect the aptitudes and preferences of each individual;
- assist with the development of their own training programme that would usually incorporate both generic and person specific training options;
- be part of a supportive and accessible network that addresses work and personal issues;
- gain skills and confidence;
- establish a verifiable work history supported by references.

Under the contract with WINZ the CDC acts as a broker or umbrella organisation for the Community Work and Training scheme (other agencies also act as brokers for WINZ.)¹ As a broker the CDC sources work opportunities, either from Council units or not-for-profit community organisations. The contract specifies the total throughput of participants, training activities and associated outcomes.

Penalties or sanctions are not addressed in the contract between the CDC and WINZ, or the contracts of any other broker organisations.

¹ There are approximately 70 organisations throughout New Zealand who are contracted as Community Brokering Organisations, to find bulk placements. These organisations had enlisted 3,183 community work sponsors since the scheme came into effect until 7 March 1999. In March 1999 7,210 were participating in the scheme from a pool of jobless of approx. 226,500 people. (Maori Employment and Training Commission 1999).

APPLICATION OF PENALTIES

Placements under the CDC Community Work and Training Scheme receive similar documentation as placements under the WINZ generalised scheme:

“when actually setting up a project ... every project is set up under our normal sponsor agreement. This sponsor agreement is standard.” (Ash 1999).

The penalties or sanctions therefore apply to placements under the CDC scheme in the same way as they apply to placements under the other WINZ projects.²

CDC report that in practice penalties have not been applied (or have not needed to be applied) to any placement under the CDC programme.

MINISTER OF SOCIAL SERVICES, WORK AND INCOME

The Minister has responded to the letter sent from the Council 28 April 1999. A copy of the original letter and the Minister’s response (15 June 1999) are attached to this report.

The Minister’s letter reiterates his existing position on the community wage and Community Work and Training scheme. It also confirms that the CDC scheme operates successfully within a WINZ community work framework.

INTERIM REPORT TO THE MINISTER OF MAORI AFFAIRS

The Maori Employment and Training Commission has reviewed the Community Wage Scheme and its present structure and philosophy. In its recently released report it argues that “little significant impact will be made on Maori, and indeed non Maori who participate in the scheme in its current form” (Maori Employment and Training Commission 1999:2).

The Commission found that the current scheme relies too heavily on the goodwill of communities, that are already under extreme stress and growing more susceptible by the day. The Commission found no evidence that the scheme would create long term sustainable employment for Maori. It argued that the scheme actually reinforces low skill labouring options, which it felt would spell disaster for Maori as a population and New Zealand as a nation.

The Commission recommended:

1. That Government initiates an Employment Strategy to address the fact that the country is deficient of approximately 225,000 jobs. This Commission concludes that the Community Wage Scheme as it stands, without adequate funding and linking to the labour market, is bound to fail.

² A community wage recipient who refuses to accept a work or training opportunity faces possible suspension of their full benefit. If they perform unsatisfactorily in community work, training or other activities they can lose up to 40% of their benefit.

2. That Government must be more proactive in assisting job creation by business through economic policies. There must be a national commitment to regional and community economic potential audits, and targeted assistance to job growth sectors.
3. That Government must re-think the current Treasury policy of 'fiscal neutrality'. The State must accept responsibility to manage risk, and that there is a case for positive discrimination to correct inherent social and economic problems, particularly as they relate to Maori disadvantages in the labour market.
4. That to succeed, the Community Wage Scheme requires Government resourcing to communities to enable them to resolve their own problems. Passing the responsibility to the community, without adequate resourcing, is a cop out.
5. That WINZ Regional Commissioners must be given flexibility to assist Maori enterprise development aimed at creating sustainable employment, and should be advised by a National Maori Commissioner on processes to coordinate this development. The 13 Regional Commissioners appointed by WINZ, mainly from DSW staff, have little understanding of issues Maori
6. That a Maori Commissioner, similar to the position held by the former Acting Manager of the Community Employment Group, Parekura Horomia, should be appointed after consultation with National Maori organisations.

A copy of the report will be tabled at the meeting.

Recommendation: It is recommended that:

1. The Committee confirm its opposition to the compulsory and punitive elements of the WINZ community wage programme and agree to make this clear to the Minister and Government when opportunities arise
2. The Committee support the CDC continued involvement in the WINZ Community Wage Scheme subject to it only taking on clients who are involved with them by their choice
3. The Committee receive the reply from the Minister, and agree that there is nothing to be gained by prolonging the correspondence

Chairman's

Recommendation: That the above recommendation be adopted.