

The Treasury

Future of Work Tripartite Forum Information Release Document

April 2019

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Treasury Report: Establishing the Future of Work Tripartite Forum

Date:	Friday 1 June 2018	Report No:	T2018/1535
		File Number:	SH-11-1-3

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Grant Robertson)	Agree to the recommendations in this paper on the Tripartite Forum and discuss them with the CTU and Business NZ.	Wednesday 6 June

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Blake Shepherd	Senior Analyst [2]	[1]	✓
Simon McLoughlin	Manager, Economic Strategy and Productivity		

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.
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Note any feedback on the quality of the report

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Enclosure : No

Treasury Report: Establishing the Future of Work Tripartite Forum

Recommended Action

We recommend that you:

- a **agree** the scope of the Tripartite Forum include advising on strategic economic policy issues in addition to the Cabinet agreed mandate to “help share the government’s work supporting New Zealand workers and businesses to confidently face the rapidly changing nature of work.”

Agree/disagree.

- b **agree** the Tripartite Forum should act primarily as an advisory group to Ministers and that final decision making rights on policy issues within the Future of Work space continue to rest with Cabinet and its committees.

Agree/disagree.

- c **agree** that to successfully contribute to the Government’s strategic economic policy settings the Tripartite Forum will need to connect and share information with other independent advisory groups such as the Tax Working Group, the Welfare Reform Group and the Productivity Commission.

Agree/disagree.

- d **agree** the Tripartite Forum’s primary focus should be contributing to high-level strategic decisions but also, where required, be prepared to commit resource to detailed policy analysis with either Ministers or officials.

Agree/disagree.

- e **agree** the Forum place most of its initial emphasis on the impacts of technological change and also assist with the development and implementation of the Government’s economic strategy.

Agree/disagree.

- f **agree** to discuss these proposals on the Tripartite Forum with the CTU and Business NZ before a Terms of Reference for the Forum is drafted and provided to DEV.

Agree/disagree.

Simon McLoughlin
Manager, Economic Strategy and Productivity

Hon Grant Robertson
Minister of Finance

Treasury Report: Establishing the Future of Work Tripartite Forum

Purpose of Report

1. This report provides advice on what the Future of Work Tripartite Forum ('the Forum') should initially focus on and how it can operate most effectively. Specifically, it will help you, and the Tripartite partners, think about four key elements of the new Forum. These are:
 - the scope and purpose of the Forum's work over both the immediate and long-term;
 - how the Forum connects to other parts of the Government's economic policy development system and the other groups focusing on Future of Work challenges;
 - the role the Forum could play in the policy development process; and
 - the initial themes and projects the Forum should focus on.
2. You currently have conversations scheduled with the Council of Trade Unions CTU President Richard Wagstaff on 6 June 2018 and Business NZ's Chief Executive, Kirk Hope, on 20 June 2018.

Background

3. Cabinet recently agreed a set of non-spending initiatives that would progress the Government's economic development agenda as part of Budget 2018. One of these initiatives was to establish the Tripartite Future of Work Forum (ref: CAB MIN 0066).
4. It was also agreed by Cabinet that the Forum would comprise representatives from the government, Business NZ and the Council of Trade Unions (CTU). Since this approval, a small membership has been agreed and will comprise:
 - The Minister of Finance (Hon Grant Robertson)
 - The CE of Business NZ (Kirk Hope)
 - The President of the CTU (Richard Wagstaff)
5. The Forum now needs to determine how it will help to progress the Government's Future of Work agenda and connect with other key related processes such as the Government's overarching economic development strategy.

Purpose of the Forum

6. The International Labour Organisation (ILO) provides a useful framework to help Forum members think about their purpose. The ILO provides three different objectives and asks that the group considers which of these are most relevant and important. The three objectives are:
 - exchange of information;
 - consultation; and

- negotiation.
7. Our initial assessment is the Future of Work Tripartite Forum will primarily add value to the policy process by achieving the exchange of information and consultation objectives. Although both of these objectives are arguably already achieved by Ministers and officials on an issue-by-issue basis, the important points of difference and value the Forum will bring are:
- that business and worker perspectives will be integrated in a formal way into higher-level government strategy discussions; and
 - consultation on key policy initiatives will be more thorough and could evolve into a more co-design based approach either with Ministers or with officials.

Scope of the Forum

8. Cabinet agreed the Forum's broad objective is to "help share the government's work supporting New Zealand workers and businesses to confidently face the rapidly changing nature of work." (ref: CAB MIN 0066). The Cabinet paper recommended the Forum could separate its work into four potential themes to achieve this objective. Each of these themes has now been assigned to a lead Minister(s) to progress. Those themes and Ministers are:
- Technology – uptake and impact (Minister Curran)
 - Productivity in the Work Place – High Performance; High Engagement (Minister Lees-Galloway)
 - Learning for Life – Building a Resilient and Adaptable Workforce (Ministers Hipkins, Martin and Jackson)
 - Just Transitions – Sustainable Work in a Low Carbon Economy (Ministers Woods and Shaw)
9. We also recommend that the Forum be given the latitude within its Terms of Reference to contribute to the development of key economic policy issues that arise. A good current example is the economic strategy that the Cabinet Economic Development Committee (DEV) is developing. This strategy will likely be more robust if it reflects the perspectives of businesses and workers.
10. We recommend you test this proposal with Richard Wagstaff and Kirk Hope in your upcoming conversations. A broader focus for the Forum will require more time from them and their organisations.

How the Forum could connect with other key Future of Work groups

11. To ensure the Forum can contribute to this work effectively it needs to fit within an operating model that provides a clear set of connections to relevant decision making groups. The key objectives we have considered are:
- Enhancing the role for the CTU and Business NZ in shaping labour policy and potentially broader economic strategy.
 - Increasing input from the CTU and Business NZ as efficiently as possible without over-burdening them.
 - Developing clear connections and accountabilities with other key Ministerial decision making bodies (particularly Cabinet Committees).

12. These considerations have led us to two different options. These are:
- **an advisory focused approach** where the Forum would review and advise on the relevant work of the four FoW workstreams. Views from the Forum would be communicated to the Ministerial workstream leads to integrate.
 - **a coordination and review approach** that would require the Forum to oversee and coordinate the four workstreams. This would be a more active and resource intense role for Forum members.
13. It is important to note that, under both models, final decisions on policy changes and resource decisions would rest with Ministers through Cabinet and its committees, particularly DEV and ENV.

Advisory approach

14. The Forum would review the work of the four workstreams with workstream leads being accountable to Cabinet Committees and driving their respective programmes of work. It would allow Forum members to get early insights into government thinking on key strategic issues and facilitate the injection of worker and business perspectives at a high level.
15. This model places a lesser burden on both the CTU and Business NZ but still allows them to influence important strategic and policy discussions (via more regular discussions with Ministers). A key risk is that it will not be viewed as a significant change to the way government policy processes operate, rather it is perceived as being too similar to traditional consultation processes. Another risk is the Forum disagrees with workstream lead Ministers over policy issues. As workstream leads are technically accountable to Cabinet, they could potentially push proposals ahead without the Forum's endorsement.

Coordination and review approach

16. In this model the Forum would explicitly oversee and coordinate the four set workstreams. The four Ministerial leads would take their work to the Forum for review and approval. The Forum would then report up to DEV and Cabinet who would make final policy decisions.
17. This model would provide the Forum with the most influence and the clearest set of accountabilities. The coordination and review model does have some disadvantages for the CTU and Business NZ. It will require the most input from the both organisations in terms of time and resource commitments. Also, being part of the formal policy decision making process may feel inappropriate for both the CTU and Business NZ. They could, for example, feel it constrains their ability to publicly signal disagreement with final Cabinet policy decisions.

Treasury Preference

18. The Treasury's initial preference is for the Advisory focused approach. This would allow the Forum to input into the four agreed workstreams in a relatively efficient and targeted way. On the surface, this model provides Forum members with less control over FoW policy discussions. However, in practise the Forum's views will carry significant weight and there will be a strong incentive for workstream leads to work with Forum members to achieve consensus on difficult issues.

19. We also think that an initial advisory role (rather than one that is coordination orientated) will help the Forum better establish itself and bed into the developing economic development governance structure. The degree of influence the Forum has could increase over time as it becomes more familiar with its role and builds its profile.
20. We recommend you test this preference with the Richard Wagstaff and Kirk Hope in your upcoming conversations.

Working with the Future of Work Ministers Group

21. It's important to highlight the likelihood of overlap between what is reviewed by the Forum and the Future of Work Ministers Group that was recently established by the Minister for Workplace Relations and Safety.
22. The Future of Work Ministerial Group (FoW Group) is intended to be a cross-portfolio strategic co-ordination group for labour market facing portfolio Ministers. The purpose of the FoW Group is to give Ministers responsible for key labour market facing portfolios to discuss the broader labour market, and how decisions made in one portfolio may have impacts in other areas and on the achievement of the Government's labour market objectives.
23. An important point of difference is the Forum is externally facing and it will inject business and worker perspectives into the policy.
24. The Forum and Minister's Group could also have different emphases. The Forum – because of the recommended economic strategy role – has a broader view and is more future orientated. It will have a greater interest in the themes of technology and learning for life. These distinctions are subtle however and you may wish to see if the CTU and Business NZ are comfortable with them.

Lateral relationships with key independent advisory groups

25. The Forum will also need to be mindful of how it connects with the work of other key review groups and standing organisations that are independent from day-to-day government policy processes but still influence economic and labour policy. The key groups we have identified are:
 - The Tax Working Group
 - The Social Welfare Reform Group
 - The Productivity Commission
26. It will be important for the Forum to be cognisant of the objectives and progress of both the Tax Working Group and the Social Welfare Reform Group and particularly how their work crosses over into labour issues. The Forum should be able to lend its perspectives and views to their discussions. We therefore recommend standing updates on each review groups work be considered at each Forum meeting and that you as chair of the Forum provide any relevant feedback from the Forum to the Minister's responsible for each group.
27. We also recommend a close relationship with the Productivity Commission (PC). The PC deliberately sits at arms length from Ministers. We believe that because one of the new PC inquiries will focus on the impact of technology – an area that is fundamental to the FoW agenda – regular information sharing with the PC (at a minimum) is warranted. This area is discussed in more detail in the 'Initial Themes' section below.

The role the Forum could play in the policy development process

28. Another key question the Forum needs to consider is when and how they plug into policy development processes. The Forum could operate in a high-level strategic capacity but there is an open question about whether members are also eager to engage in detailed policy design processes.
29. Ministers have indicated that they want the Forum to operate differently from previous stakeholder engagement approaches and bring perspectives from business and labour more tightly into policy development processes. This shift would be best achieved if the Forum were to engage on both strategy and detailed policy.
30. The President of the CTU and Chief Executive of Business NZ could delegate these responsibilities to their staff. The staff would then work with agency officials on detailed policy development. This would ensure the roles of Business NZ and the CTU shift to being more collaborative contributors in policy process rather than less prominent and influential 'consultees'. However, this approach could be resource intensive for both Business NZ and the CTU and should be discussed with them.

Initial themes and work the Forum could focus on

31. The broad focus areas for the Forum were agreed by Cabinet as part of Budget 2018 and are listed in para 8. There is a significant amount of work taking place within each of these themes. Therefore one of the Forums first tasks will be to determine a work programme.
32. We recommend the Forum place most of its initial emphasis on the impacts of technological change. Technology is favoured because it is arguably the most cross cutting and influential of the agreed focus areas. It is also inexorably driving significant economic change and government policy responses.
33. One of the recently announced Productivity Commission inquiries is centred on the impact of technology. The Forum could request a number of sessions with the Productivity Commission throughout the review to discuss research findings and their thinking on policy responses.
34. In May you wrote to Ministers responsible for FoW related portfolios and asked them for their views on particular initiatives and policy areas the Forum could help to progress. The Minister of Broadcasting, Communications and Digital Media and of Government Digital Services, has replied with a substantive list of initiatives that sit within the Technology theme. Minister Curran highlighted ten projects the Forum could help to monitor and advise. One initial task for the Forum could be to review those projects (potentially with Minister Curran) and decide collectively which ones they should focus on.
35. DEV is also in the process of setting their economic strategy. The Forum could be given an opportunity to review this and consider how it would best add value to its implementation.

Support for the Forum and meeting frequency

36. We recommend the Forum meet formally every two months. This frequency should ensure the Forum can help shape all the substantive FoW programmes without over-

burdening Business NZ or the CTU. If issues arise that need to be discussed urgently ad-hoc meetings can be arranged. Other options that you may want to discuss with Business NZ and CTU include monthly meetings (if they prefer a more hands-on approach) or quarterly (if they prefer a lighter touch).

37. The Treasury will act as the secretariat for the Forum. It will support members to carryout their responsibilities and ensure the Forum's work is linked into relevant agencies discussions and processes.

Next Steps

38. Cabinet's approval of the Forum in April invited you to report back to DEV with 'detailed working arrangements for the Future of Work Forum and 'initial themes for the Forum's work'. The Treasury will create a draft Terms of Reference for the Forum to consider as well as more detailed work programme/schedule.
39. To achieve this, we recommend you discuss the proposals and options in this report with your Forum colleagues. You have phone conversations scheduled with Richard Wagstaff on Wednesday 6 June and with Kirk Hope on Wednesday 20 June.
40. Once we have a good understanding of how Forum members wish to operate and what they wish to focus on, the Treasury will draft a detailed Terms of Reference for you to take to Cabinet for their consideration.