

The Treasury

Future of Work Tripartite Forum 12 August 2019 Information Release

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Memo

To: Tripartite Forum Members
From: Kirk Hope, BusinessNZ
Date: 8 August 2019
Subject: **Future of Work Initiatives**
Action Required: For Noting and Discussion at Tripartite Forum meeting, 12 August 2019

Purpose

This note proposes items for discussion, and suggested initiatives to move the Future of Work Tripartite Forum discussions forward. It provides commentary from the social partners on insights gained from the work undertaken to date, and suggests priorities for the short, medium and long term for the Tripartite Forum to progress.

Background and comment

The Tripartite Forum has usefully established key themes and identified the emerging issues in the Future of Work to be addressed. The Tripartite Forum briefing papers, informed by the Future of Work Commission; Productivity Commission Enquiry into the Future of Work; Prime Minister's Business Advisory Council report 'A Future that Works' by McKinsey and Company, and additional reports and insights such as *Work for a Brighter Future*, by the ILO Global Commission on the Future of Work, and *Future Ready Auckland*, produced by the Auckland economic development agency, provides a wealth of information on the anticipated increase in the pace of change, uncertainty in predicting labour market impacts, and therefore the importance of adaptability and resilience to New Zealand's long-term economic and social outlook.

Social partners are in agreement on a number of the items presented to date and seek to shape the work programme to ensure actions taken today will underpin a strategic partnership to address the challenges identified in the Future of Work, while also taking into account the current context New Zealand businesses and workers are operating in.

In our view, as part of planning for the Future of Work, and alongside proposals for Reform of Vocational Education (RoVE), there is a need for a renewed social partnership to promote and coordinate skills development in each industry. Government, business and workers with their unions will each have complementary roles to play in realising a shared vision of learning for the future of work. The foundation of learning for the future of work is a strong,

responsive and well-funded system of public education from Early Childhood right through to tertiary education.

In our vision of learning for the future of work, each industry will have a Skills Development Framework. The Framework will be developed in a tripartite industry process such as Industry Transformation Mapping, will align with tripartite industry agreements including Industry Transformation Plans, and will be approved through the Vocational Education system to ensure coherence with its standards. The Framework will be continuously updated to identify workforce development and skills needs across the industry and set out a training plan to meet these needs.

Every New Zealander will be eligible for support to develop an individual learning plan that aligns with industry workforce needs.

There are short and longer term actions that can be taken towards this future. In particular, we see four complementary areas in which progress can be made in the short, and medium term and which would make a significant step forward in the future needs for skills at work:

1. Boost foundation learning skills so that every New Zealander can be life-long learners.
2. Pilot support for every New Zealander to develop an individual learning plan that aligns with industry workforce needs.
3. Build capacity for responsive workforce development by both business and unions
4. Create Skills Development Frameworks aligned to Industry Transformation plans

1. Boost foundation learning skills so that every New Zealander can be life-long learners.

The issue

The Government recently announced decisions on the Reform of Vocational Education (RoVE) that seeks to strengthen the vocational education system to support responsiveness to changing skill needs. It is anticipated that the changes will take three years to become operational, and potentially ten years to fully realise the benefits. The social partners wish to stress the importance of managing the transition period to minimise disruption for both the Vocational Education workforce and for the skills pipeline.

The key themes identified for the tripartite forum focus on the ability of the workforce and business to adapt quickly and realise opportunities. Most of the people who will need to adapt to changing work environments are already in the workforce. It is agreed that lower skilled jobs are most vulnerable to the risk of automation.

Currently, 40% of the workforce have low levels of literacy and numeracy, inhibiting their ability to be life-long learners. This has been compounded further in recent years with low levels of literacy and numeracy achieved by those that hold NCEA Level 2 qualifications. In addition to literacy and numeracy, skills in use of digital technology are increasingly identified as foundational for skill development.

The ability to ensure that people are able to engage in upskilling and reskilling will depend on their ability to confidently take up learning opportunities.

The Literacy Alliance, which BusinessNZ and CTU are founding members of, supports the development of literacy and numeracy in the workforce.

The existing literacy and numeracy fund provides funding for literacy and numeracy provision that is tailored to the company and workers. Employers provide release time and opportunities to workers for ongoing training following the initial literacy and numeracy programme.

The fund largely targets vulnerable workers (lower skilled occupations with large numbers of Māori and Pacific workers) to develop foundation skills. These foundation skills are critical to achieving the objective of ensuring that every New Zealander can be a lifelong learner.

The fund is currently over-subscribed, in a broader tertiary education sector environment that is experiencing softening of demand. Funding for 2019 is already fully subscribed. It is suggested that the additional funding could ensure that the current demand is met, momentum for literacy and numeracy training in the workforce is maintained, and potential to scale up foundation learning in the workplace is considered on the longer-term work programme.

Continuing the momentum of foundation learning also provides a pipeline into workplace training to ensure a learning ready cohort can take up further industry training opportunities like Apprenticeships as the RoVE initiatives develop.

Recommendation – short term action:

Extend on-the-job literacy and numeracy initiatives to ensure all workers are equipped to be lifelong learners

Action:

Tertiary education funds are reprioritised to the employer-led literacy and numeracy fund to allocate an additional \$5 million in 2019, and \$10 million in 2020 to the existing baseline of \$10 million per annum.

In 2019, the Tertiary Education Commission should review, and provide recommendations to the Tripartite Forum and the Minister of Education, on extending the employer-led literacy and numeracy fund to target foundation learning opportunities, including digital skills, to all workers in lower skilled occupations for implementation from 2020.

2. Pilot support for every New Zealander to develop an individual learning plan that aligns with industry workforce needs.

The issue:

There is widespread agreement that life-long learning is fundamental for both working people and businesses to adapt to the changes in the future of work and to improve New Zealand's productivity performance. We need to build the culture of life-longing skill development in workplaces, which requires the right support and incentives for learners and businesses. We can pilot the development of this culture in close alignment with Industry

Transformation Plans which can provide context and industry support for developing the skills required.

Training is also a key part of Active Labour Market Policies to support workers through change. The social partners are supportive of Active Labour Market policies that achieve successful outcomes for workers and businesses.

Recommendation – medium term

Develop a pilot programme of entitlements for learning support which is aligned to Skills Development Frameworks and Industry Transformation Plans.

Action

Develop a programme based on international evidence that can be piloted as part of Industry Transformation Plans and which is consistent with effective active labour market policies which provides an entitlement to learners for fully funded training and paid time to learn. Proposals 3 and 4 support this initiative. Features should include:

- Eligibility criteria and other conditions determined for each industry on a tripartite basis.
- Where courses offered by education providers are endorsed as part of a Skills Development Framework, tuition costs fully funded by government.
- Flexibility: The form of training will vary by industry and will not be one-size-fits-all. Some industries would benefit from expanding apprenticeship programs. Others, including health and education sectors, would benefit from support for ongoing professional development.
- Costs of on-job training provided by employers would be supported by government funding and incentives along with the industry contribution.
- Paid time to learn: where an employee's learning plan aligns with the Framework for the industry in which they are currently employed, or else by agreement with their employer, the employee will be eligible for training leave and flexible work arrangements to enable time to study. Leave for any combination of full or part-time study will be publicly funded on a partial-income replacement basis, sufficient to maintain living standards, and may be supplemented by employers.
- Provision of advice and support to develop and implement learning plans personalised to each learner, drawing on resources developed in close collaboration with tripartite industry bodies.

The Tripartite Forum could be utilised as a clearing house for the development of ALMP's to ensure that the needs of workers and businesses are balanced.

3. Build capacity for responsive workforce development by both business and unions

The issue:

We need commitment from businesses to support skill development in their industry and their own workforces. We need support for workers in recognising their learning needs and

developing and implementing learning plans. These are areas in which the social partners can play a particularly active role.

An increasing number of businesses have committed to the Prime Minister's Business Advisory Council led Skills Pledge. BusinessNZ can lead in encouraging further businesses to adopt the Pledge and to create support networks for these firms.

To stimulate demand and advocate for learning opportunities, peer learning coordinators (including union learning reps) are needed. The CTU has experience in training and supporting such coordinators.

Recommendation – medium term

Social partners to assist in building capacity for responsive workforce development, including developing proposals for peer learning support networks (CTU lead) and facilitating Skills Pledge uptake (BusinessNZ lead).

Action

Utilise worker and business networks to scope opportunities to develop capability, support and commitment to workplace learning.

BusinessNZ will facilitate the Prime Minister's Business Advisory Council led Skills Pledge to expand its take-up and amplify commitment to workplace training networks.

The CTU will develop proposals for government-funded peer support networks including union learning representatives to support workers in understanding their learning needs and opportunities for education and training, and in developing and implementing their learning plans. It will develop a proposal for setting up such networks of support. Elements of this could include trained and supported learning representatives in every workplace employing at least 20 people.

4. Create Skills Development Frameworks aligned to Industry Transformation plans

The issue:

Skill development that serves industry needs must be closely aligned to industry development. The above proposals depend on a Skills Development Framework which is developed as part of tripartite industry development plans such as Industry Transformation Plans or Maps. It should also be aligned to New Zealand's Vocational Education system.

This structure also provides a basis for pilots which can be used to test policies for future wider rollout.

Recommendation – medium term

Begin scoping of Skills Development Frameworks for each cluster of industries where Industry Transformation Maps where relevant.

Action

Use the Tripartite Forum to lead scoping work for Skills Development Frameworks for industries, initially for those for which Industry Transformation Maps are developed, and expanding to cover other industry groups with industry plans. This should be done in close coordination with the Vocational Education system, and in particular the new Workforce Development Councils in the Vocational Education system.