



Future of Work Forum

27 JULY 2020



NEW ZEALAND COUNCIL OF TRADE UNIONS

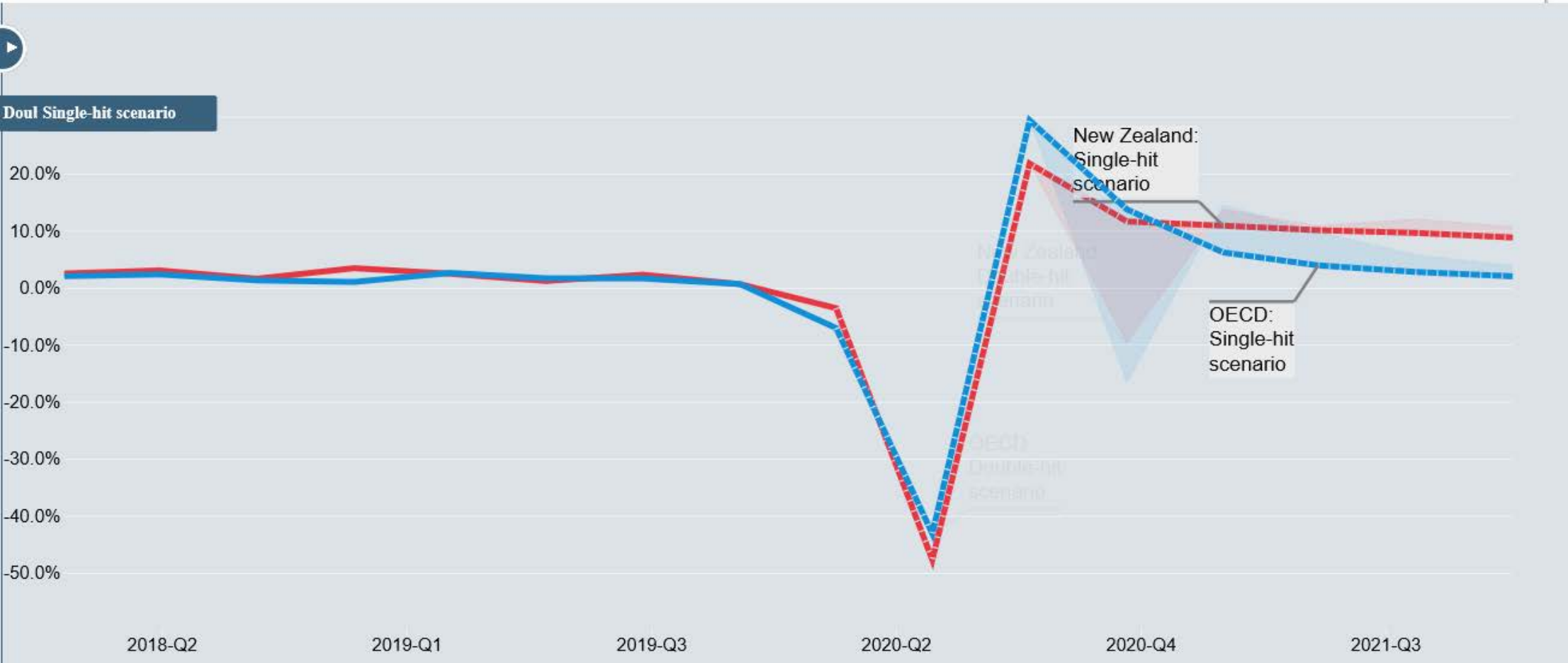
Te Kauae Kaimahi



GROWING PROSPERITY AND POTENTIAL



OECD Economic Projections



OECD Economic Outlook, June 2020.

Treasury Scenarios

Figure 1: Real GDP – Scenarios 1-3

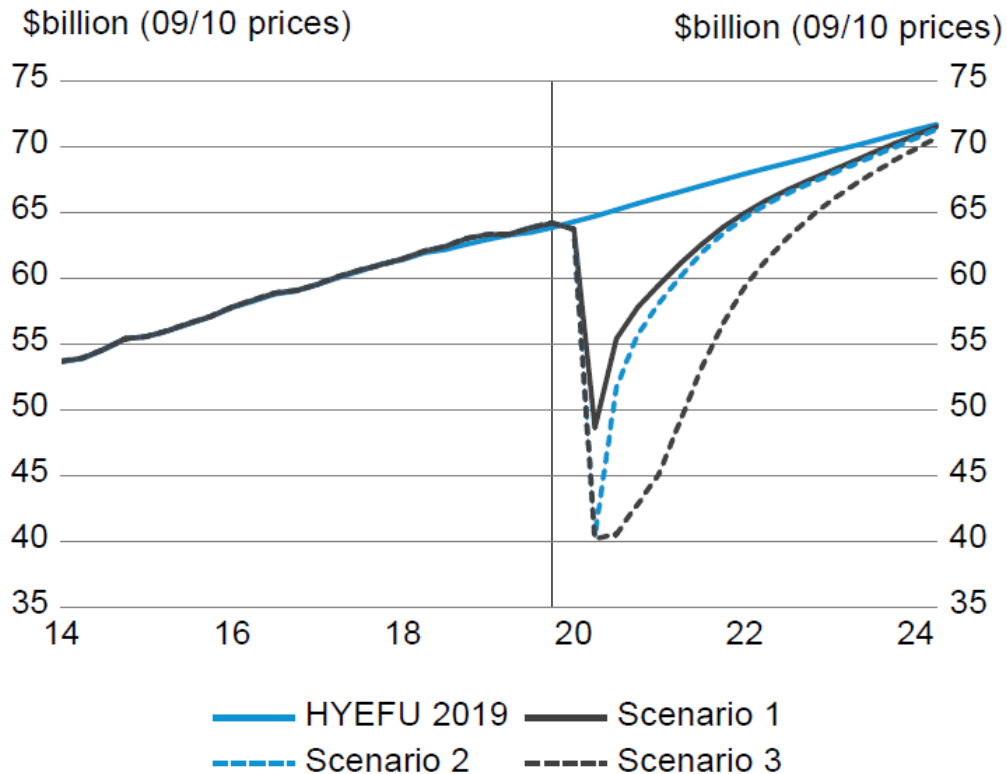
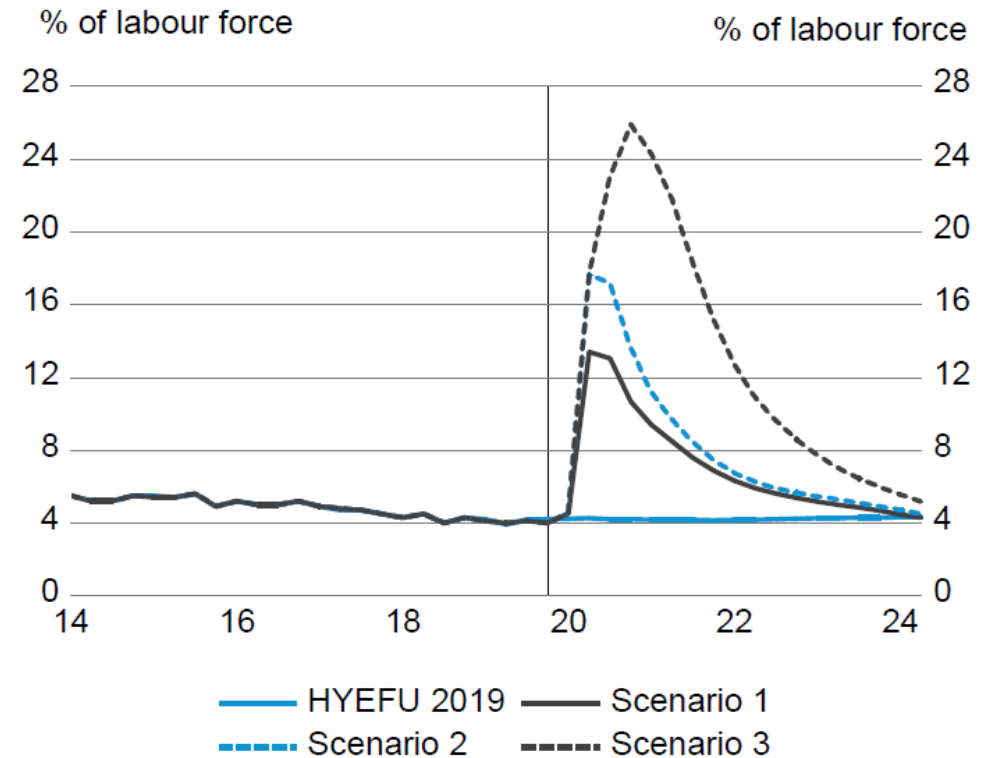
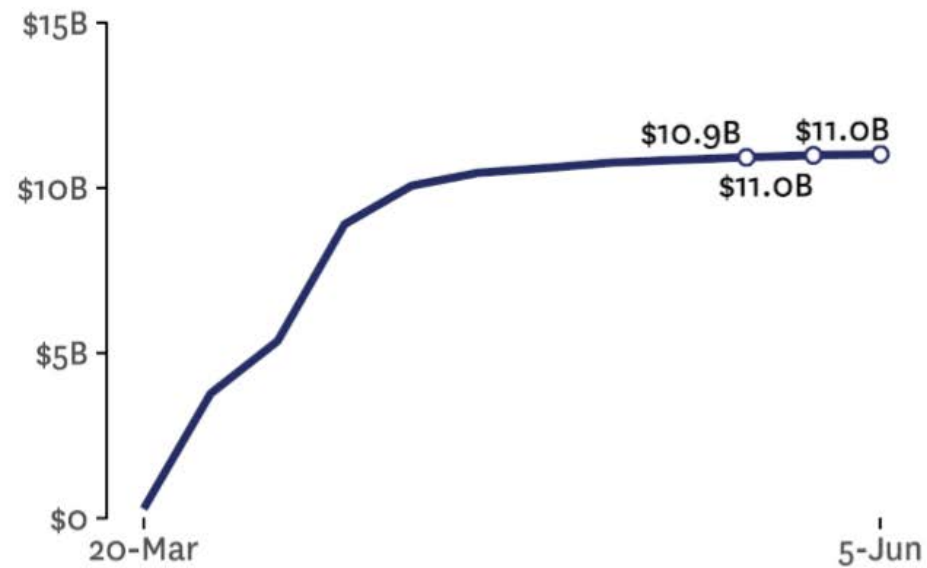


Figure 2: Unemployment rate – Scenarios 1-3



Wage Subsidy Numbers

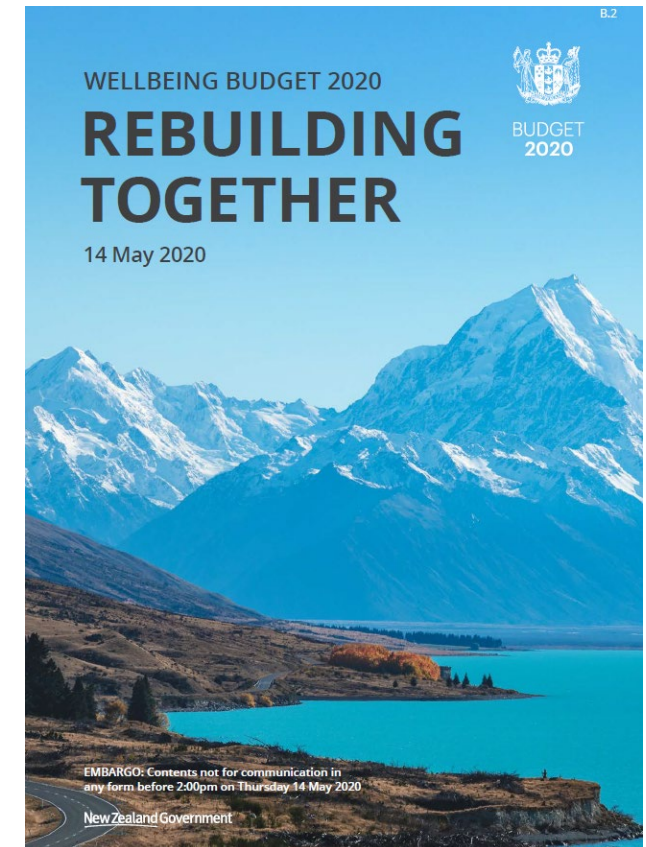
Figure 6: Amount (in billions) of Wage Subsidy and Leave Payment applications paid





Budget Initiatives

- 12bn infrastructure package released in January
- 12.1bn package of response measures released just before the March Forum
- \$50bn COVID-19 Response and Recovery Fund (CRRF)





Refreshed Industry Strategy

- Government's refreshed Industry Strategy is focused on two core outcomes:
 - **Supporting industries in transition** (in response to both near-term disruption caused by COVID-19 and long-term challenges such as the shift to a low emissions economy); and
 - **Transforming industries to lift aggregate productivity** and enable the scaling up of highly productive and internationally competitive clusters in areas where we have a comparative advantage.
- Supporting worker transitions will be important for both of these outcomes.
- Active industry policy is a high-engagement and resources intensive process. **We need to focus on sectors where we can make the most difference.**
- There are two tiers to our industry policy:
 - A broader set of 11 sectors based on an assessment of sectors' significant, performance and role in economy recovery, and long-term transformation; and
 - A narrower set of sectors that are well-positioned for and will benefit from a high-intensity and high-investment approach.

Economic significance and performance of key sectors

Significance

	Typical share of GDP (% , 2019)	Typical share of exports (% , 2019)	Employment share (% , 2019)	Number of firms (2018)	Proportion of workers Māori (% , 2019)	Proportion of workers Pacific (% , 2019)
Food and Beverage Manufacturing	3.30	36.84	2.93	3,849	21	13
Wood Processing	0.90	3.30	1.04	1,809	25	7
Construction	6.80	0.03	9.96	70,900	16	6
Other Manufacturing	6.24	10.57	5.69	15,819	10	8
Digital Technologies	3.50	3.95	2.44	13,269	6	2
AgriTech	-	1.40	-	-	-	-

Performance

	Productivity indicators (2019)			Median weekly earning (\$, 2019)	R&D expenditure (\$m , 2019)	Emissions (t CO2-e , 2018)	Emissions intensity (t CO2-e per \$m GDP , 2018)
	GDP/hr worked (\$/hr)	1 year CAGR	10 year CAGR	All industries 1,012			
Food and Beverage Manufacturing	56.16	3.20	-0.40	999	145	2,907.34	0.38
Wood Processing	39.89	0.10	1.60	1,055	36	550.30	0.26
Construction	32.43	-2.60	0.90	1,150	16	494.96	0.03
Other Manufacturing	51.78	-	-	1,112	483	5,420.09	0.38
Digital Technologies	-	-	-	1,550	873	-	-
AgriTech	-	-	-	-	-	-	-

Notes

1. Key applied by comparing industries shown
2. Primary sector emissions appear low as they contain land use change and forestry which is a net carbon sink
3. Digital technologies GDP and export figures are from 2018
4. Aerospace data is for the space sector only, which is a subsector of the broader aerospace sector. Data is from MBIE commissioned space reports published in 2019

5. International Education GDP, export, and employment figures are from an Education NZ report published in 2018
6. Aged care migrant worker data is from the NZ Aged Care Association
7. Temporary visas equal total visas excluding NZ citizens, permanent residents and residents
8. Any number under 1,000 has been 'Suppressed'
9. A full list of references is included at the back of the evidence pack

Key		
Low	Medium	High

Industry Strategy focus sectors*

Focus sector	Categorisation	Lead agency	Lead portfolio
<i>Managing transition</i>			
International education	Resetting post-COVID	MOE / Education NZ	Education
Tourism	Resetting post-COVID	MBIE	Tourism
Energy and resources	Decarbonisation	MBIE	Energy and Resources
Transport and logistics	Strengthening resilience	MOT	Transport
Construction**	Productivity	MBIE	Building and Construction
<i>Growing high value export clusters</i>			
Manufacturing**	Volume to value	MBIE	Economic Development
Food and Fibre			
<i>Primary</i>	<i>Volume to value</i>	<i>MPI</i>	<i>Agriculture</i>
<i>Food and beverage</i>	<i>Volume to value</i>	<i>MPI</i>	<i>Agriculture</i>
<i>manufacturing**</i>			
<i>Forestry and wood processing**</i>	<i>Volume to value</i>	<i>Te Uru Rākau</i>	<i>Forestry</i>
<i>Agritech**</i>	<i>Scaling up value</i>	<i>MBIE</i>	<i>Economic Development</i>
Digital technologies**	Scaling up Value	MBIE	Economic Development

* Focus sectors may change in the future and could include sectors where we know there will be significant workforce transition.

**These sectors will have Industry Transformation Plans developed.

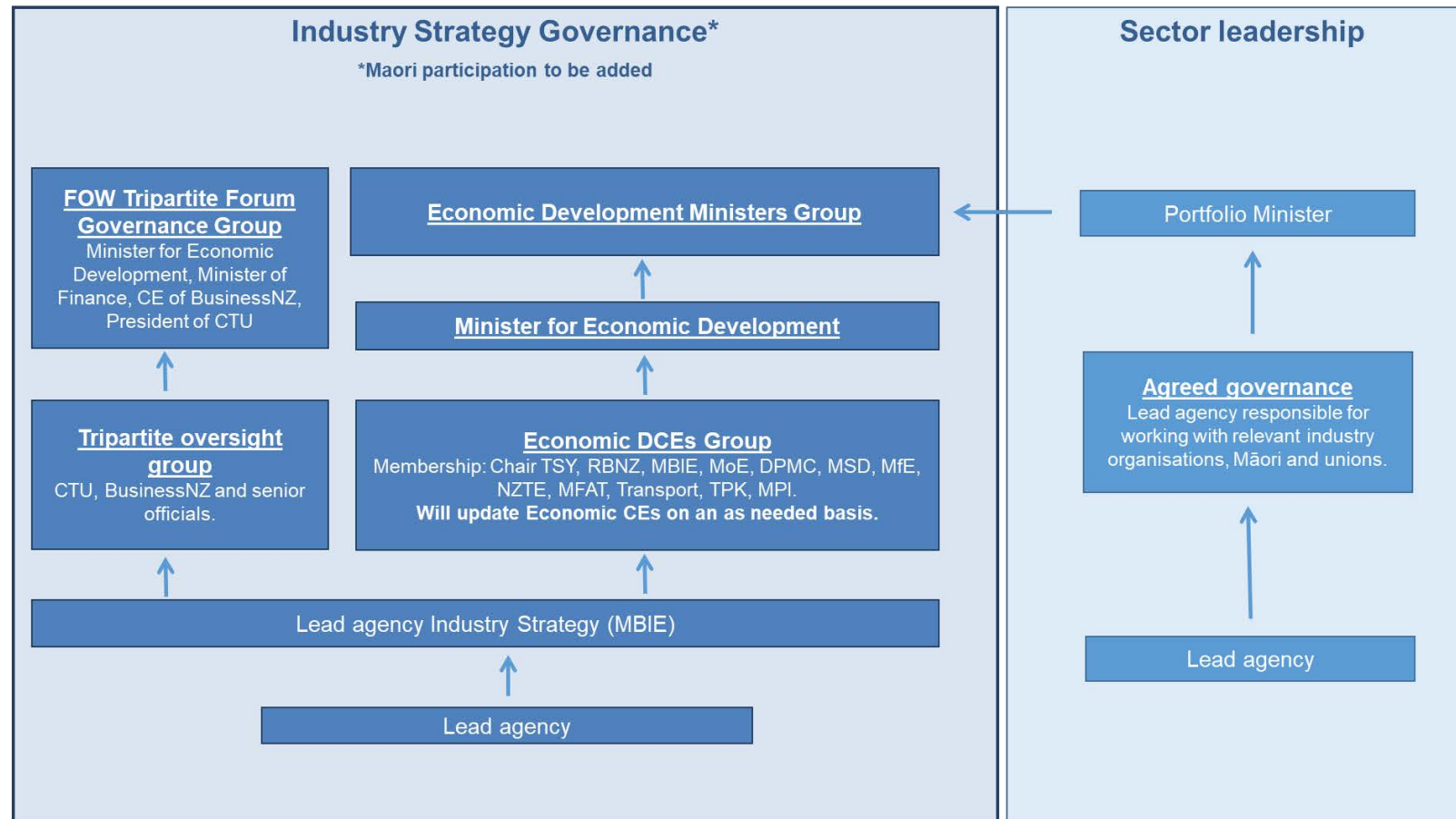


Refreshed Industry Strategy Principles

- Taking a partnership-led approach, developing **collaborative** solutions with **business, workers and other** stakeholders;
- Building and using a strong evidence base to guide our focus and interventions, including robust evaluation and monitoring;
- Using specific sector strategies;
- Leveraging international connections, and being consistent with our international obligations and trade policy settings;
- Providing clear and consistent signals from **both** Government **and industry** on a proposed course of action; and
- Ensuring our activity is supporting better jobs, involving decent and sustainable work, and good wages and conditions;
- **Upholding the government's obligations under Te Tiriti by working in partnerships with Māori;**
- **Ensuring that short-term actions are consistent with our long-term vision for the sector and the economy;**
- **Ensuring our activity is contributing positively to our sustainability goals and environmental resilience.**

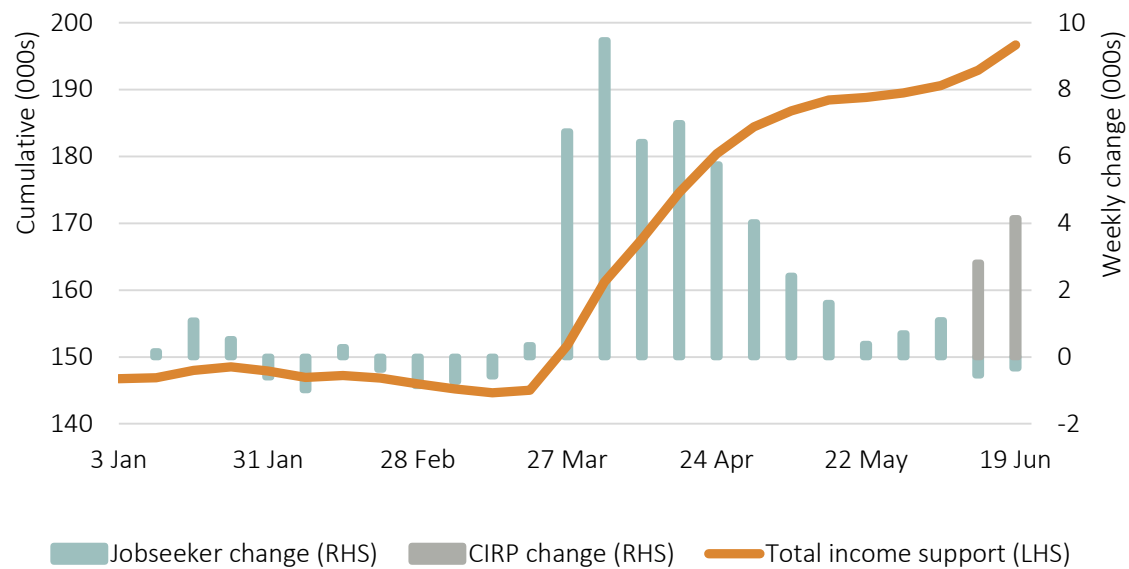


Governance Structure



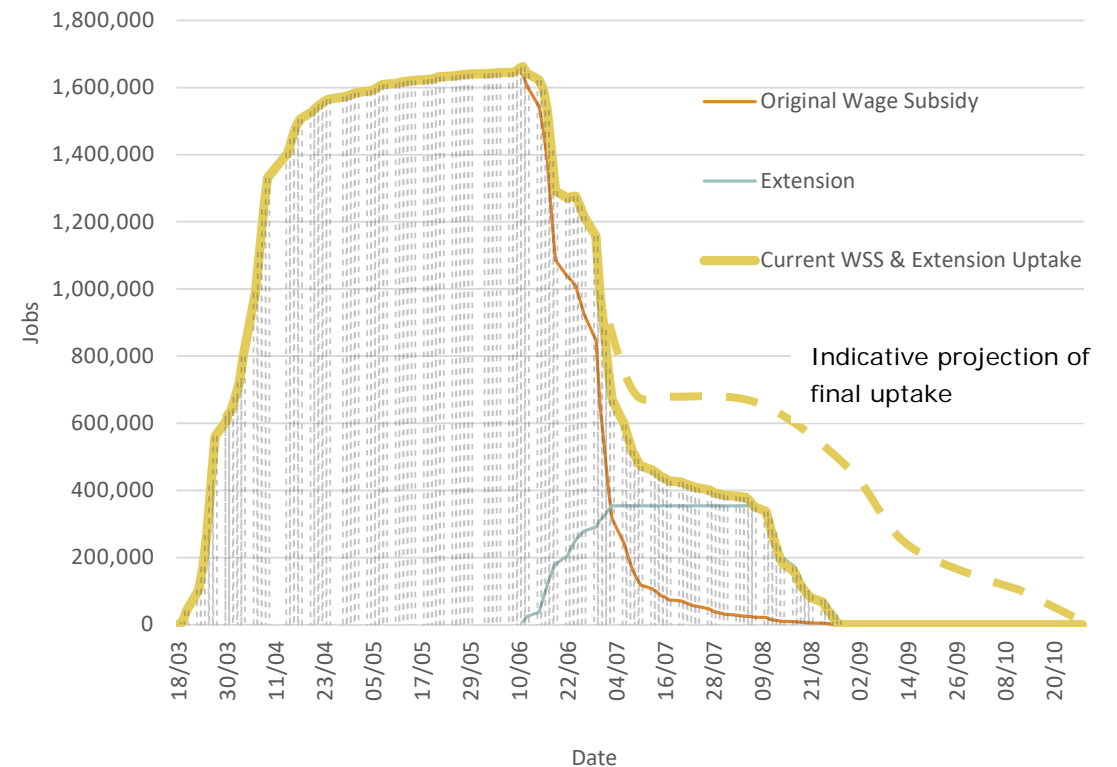
Overview of Labour Market

Total number of Jobseeker recipients



Source: MSD

Cumulative number of jobs supported by the wage subsidy



Source: Employment, Education and Training Secretariat, based on MSD data

Overview of Government response

Employment, Education and Training Ministers

Labour Market Intelligence

Improving the intelligence on the state of the labour market, unemployment and information about those who are displaced, and the skills needs of regions and industries through:

- Regional Skills Leadership Groups.
- Workforce Development Councils.
- Skills demand projects.

Employment services

Ensuring that employment programmes are delivered and coordinated in a cohesive manner, through oversight of employment initiatives such as:

- He Poutama Rangatahi
- Regional Skills Hubs
- Employment and Financial Support response to COVID
- Overview of longer term support for displaced workers.

Skills and Training

Overseeing policy development and implementation in relation to the various apprenticeship and skills and training schemes, including:

- New Apprenticeship Boost Initiative
- Scaling up training provision to meet increased demand
- Targeted Māori and Pasifika skills and training initiatives.

Job creation

Supporting those displaced to find decent re-employment through job creation initiatives such as:

- COVID response and Recovery Fund – infrastructure build.
- Building state and transitional houses
- Environmental enhancement projects



Employment, Education and Training initiatives

	Initiative	Cost
Building labour market intelligence (\$276m)	Regional Skills Leadership Groups	\$46m
	Establishing Workforce Development Councils to support COVID-19 recovery	\$230m
Promoting employment and re-employment (\$926.5m)	Jobs And Skills Hubs	\$27.5m
	Expanding Skills for Industry to support the Construction Accord	\$59.6m
	Employment Service Response to COVID19	\$150m
	Employment and Financial Support response to COVID19	\$250m
	Supporting Offenders into Employment	\$12.1m
	Expanding and Strengthening Employment Services for disabled people	\$12.5m
	Tiro Whetū	\$15m
	New Zealand Libraries Partnership Programme	\$30m
	Jobs for Nature Fund	\$200m
	Transforming the Primary Sector Workforce	\$19.3m
	Expansion of Tupu Aotearoa programme across New Zealand	\$13.9m
	Te Ara Mahi	\$3.8m
	He Poutama Rangatahi	\$121m
He Poutama Taitamariki	\$11.8m	

Employment, Education and Training initiatives

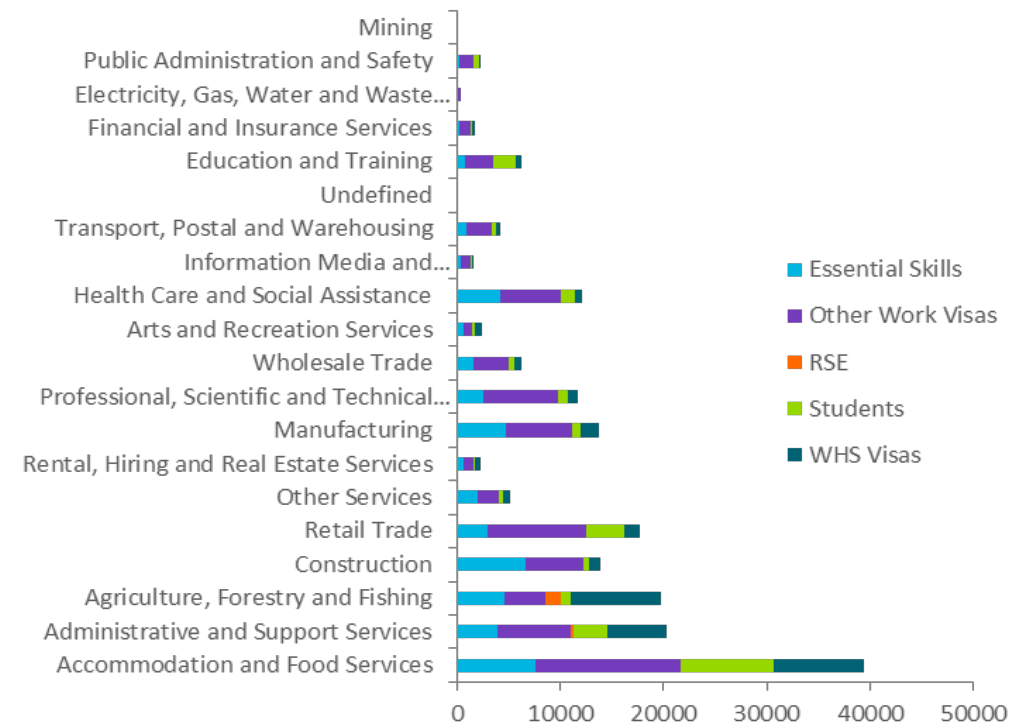
	Initiative	Cost
Supporting apprenticeships and access to education (\$1.28b)	Māori Apprenticeships Fund	\$50m
	New Apprenticeship Boost Initiative	\$412m
	Support for Group Training Schemes to retain apprentices	\$19m
	Targeted training and apprenticeship fund	\$320m
	Scaling up training provision to meet increased demand	\$334m
	Increasing Trades Academy places and supporting secondary transition	\$32m
	Student Hardship Fund	\$20m
	Auckland Pacific Skills Shift	\$22m
	Regional Apprenticeships	\$40m
	Māori Cadetships	\$22.7m
	Toloa - Empowering Pacific participation in STEM	\$4.9m
Job Creation (\$11.95b)	COVID response and Recovery Fund – infrastructure build	\$3b
	State and transitional house build	\$8b
	Regional environmental projects	\$433m
	Enhancing biosecurity on public and private land	\$154m
	Pest control and eradication	\$175m
	National Wilding Conifer Control Programme	\$100m
	Pest and weed control in rivers	\$40m
	Industry Transformation Plans	\$41.4m
	Enabling Māori Framework (as part of the Industry Transformation plans)	\$6.5m

Focus on key initiatives: Labour Market Intelligence

Key initiative: Regional Skills Leadership Groups (MBIE/MoE)

To facilitate local dialogue to ascertain regional labour market needs, and develop Regional Workforce Plans. This work will be used to inform economic development and skills investment needs, informing operation of the vocational education, immigration and welfare systems. The 15 RSLGs are comprised of members from local industry, union, and iwi representatives, with the support of a local RSLG secretariat. This network will be supported by a central secretariat providing data analytics, policy and governance to support RSLGs to develop strong intelligence and planning.

2. Breakdown of temporary migrant workforce by visa type, 2018



Focus on key initiatives: Job Creation

Key Initiative: COVID response and Recovery Fund – infrastructure build (The Treasury)

The Infrastructure Reference Group has prepared a list of infrastructure projects that are ready for construction within the next 12 months, and could be deployed as part of an economic response package.

Expected outcome:

The accelerated construction and development projects create a significant number of jobs and drive the recovery of the construction industry post COVID.



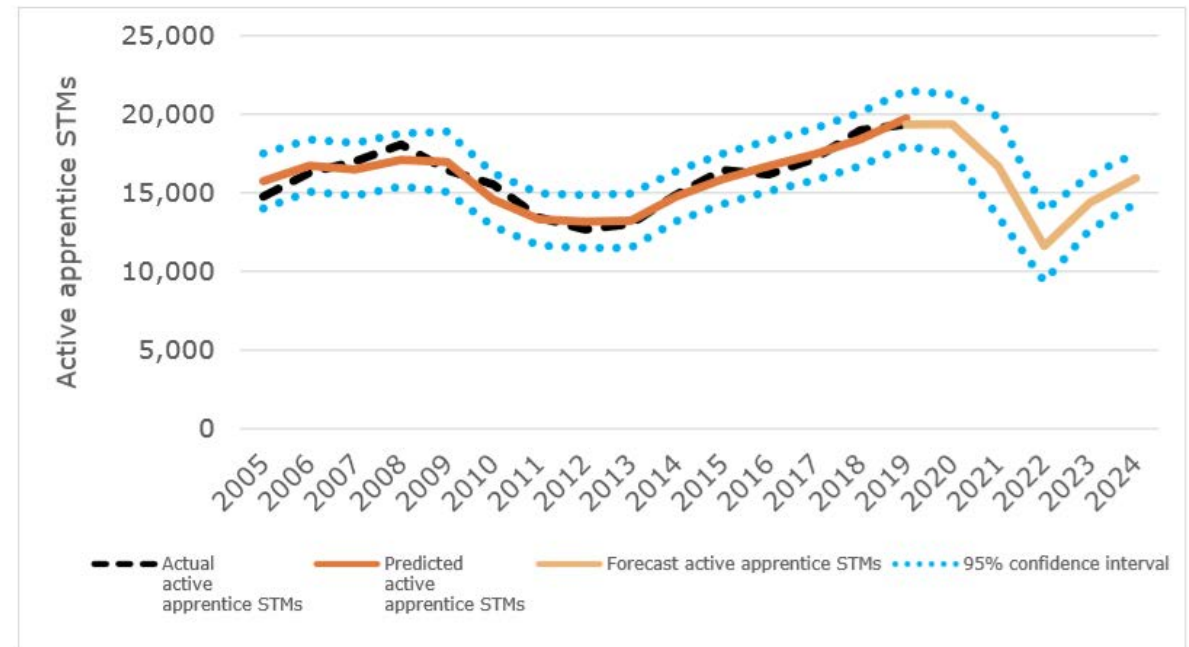
Focus on key initiatives: Skills and Training

Key Initiative: New Apprenticeship Boost Initiative (MoE)

Payments to begin in August 2020 to keep apprentices in employment during the early stages of their apprenticeships. Expected outcomes:

- Retain existing apprentices.
- Increase the employment of new apprentices (compared to historical levels).

Figure 18: Forecast apprenticeships (2020 Budget Economic Forecast Update)
Source: Ministry of Education, next update September 2020



Modelled estimates of how demand for apprentices may change *in the absence of any policy response*, based largely on Treasury's employment forecasts.



Focus on key initiatives: Skills and Training

Key initiative: Auckland Pacific Skills Shift (MBIE)

Three components to prototype and promote solutions to achieve intergenerational economic transformation by Pacific communities:

- Employer-led micro-credentialing scheme (Auckland Tourism, Events and Economic Development)
- *Uptempo*: A whānau-centred social innovation programme (The Southern and Western Initiative)
- Pacific Future of Work-focused outreach and community infrastructure programme (The Cause Collective)



Focus on key initiatives: Employment Services

Key Initiative: He Poutama Rangatahi (MBIE)

He Poutama Rangatahi is a cross-agency initiative aimed at getting young people that are not currently in employment, education or training into work

Programmes are delivered by local, known and trusted individuals and organisations

We are expanding He Poutama Rangatahi from a small scale regional pilot into urban centres

Focus on key initiatives: Redeployment

Key Initiative: Transforming the Primary Sector Workforce (MPI)

This initiative aims to address rising domestic unemployment and a primary sector workforce shortfall due to reduced availability of migrant workers.





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GROWING PROSPERITY AND POTENTIAL



Item 3: Skills & Training

27 JULY 2020



NEW ZEALAND COUNCIL OF TRADE UNIONS
Te Kauae Kaimahi





Responding to labour market disruption and reshaping our education and training system

Our immediate priorities are driven by COVID-19's economic and social impacts:

Supporting on-job training, employment continuity, and redeployment of displaced workers

Ensuring capacity to meet growing demand for education and training

We must meet these challenges while working towards our longer-term aspirations

- **reshaping our education system for the future of work, and**
- **overcoming inequalities in access and outcomes, so that every New Zealander can achieve their potential.**

Reform of Vocational Education (RoVE)

Government's broader vision and strategic objectives for education.



Investing in skills

Key investments in on-job training to support retention, employment and productivity

Targeted Training & Apprenticeship Fund (\$320m)

- Fees-free training for all apprentices
- Fees-free for other industry trainees and for level 3-7 sub-degree students in targeted areas: primary industries, construction, community support, manufacturing, mechanical engineering/tech, electrical engineering, road transport.

Apprenticeships Boost (\$412)

- Supporting employers to retain and take on apprentices
- From August, up to \$1,000 per month for 1st-year and up to \$500 per month for 2nd year of an apprenticeship.

Group Training Schemes support (\$19m)

Regional Apprentices initiative (\$40m)

Mana in Mahi expansion (\$30m)

Māori trades and training fund (\$50m)

Ensuring capacity to meet growing demand for education and training

Funding for growing enrolments

- \$334m to meet extra demand for tertiary education, driven by labour market changes.

Supporting providers and students

- Increased student support, online learning access, student hardship fund, investing in mental health,
- Funding security for providers in 2020, support for international education sector recovery, funding rate increases to meet cost pressures.

Adult and Community Education

- \$16m to expand access to ACE programmes and better meet New Zealanders' learning needs.



RoVE: the reform of vocational education Te Whakahou i te Mātauranga Ahumahinga

Creating a strong, unified and sustainable vocational education system

Seven key changes

- 1. Workforce Development Councils (WDCs)**
giving industry a greater leadership role
- 2. Regional Skills Leadership Groups (RSLGs)**
to advise on the skills needs of their regions
- 3. Te Taumata Aronui**
providing Māori community and employer perspectives on tertiary education, giving effect to Māori/Crown partnership
- 4. The NZ Institute of Skills & Technology (NZIST)**
bringing together 16 polytechs as a sustainable public network of vocational education provision.
- 5. Shifting support for workplace learning**
from Industry Training Organisations to NZIST and other providers.
- 6. Centres of Vocational Excellence (CoVEs)**
- 7. A unified funding system** for all vocational education.

Accelerating the establishment of Workforce Development Councils (WDCs)

- 6 interim Establishment Boards were announced on 25 June
- aim to see all 6 WDCs legally established by late 2020
- Budget 2020 committed \$230m over 4 years to fund WDCs
- working closely with stakeholders on design and implementation

WDCs' Functions

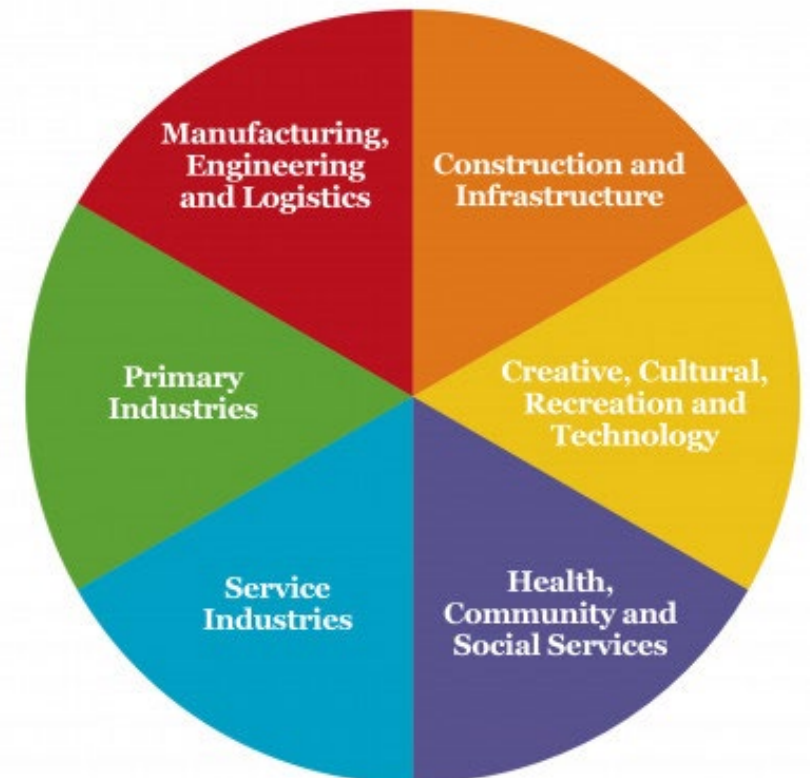
Skills Leadership
Identifying current and future skill needs

Developing /setting standards, qualifications and capstone assessments

Endorsing programmes,
Moderating assessments

Brokerage and advisory services for employers
Advise TEC on investment mix

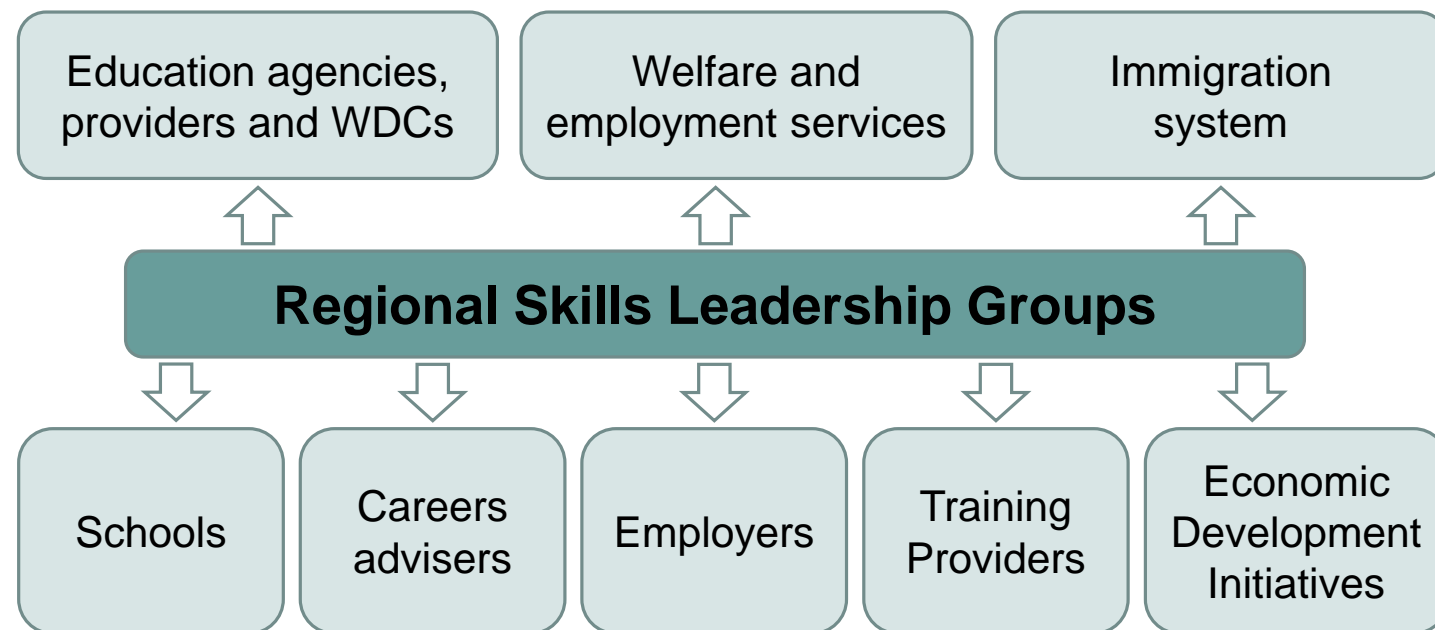
Industry Coverage of the 6 WDCs



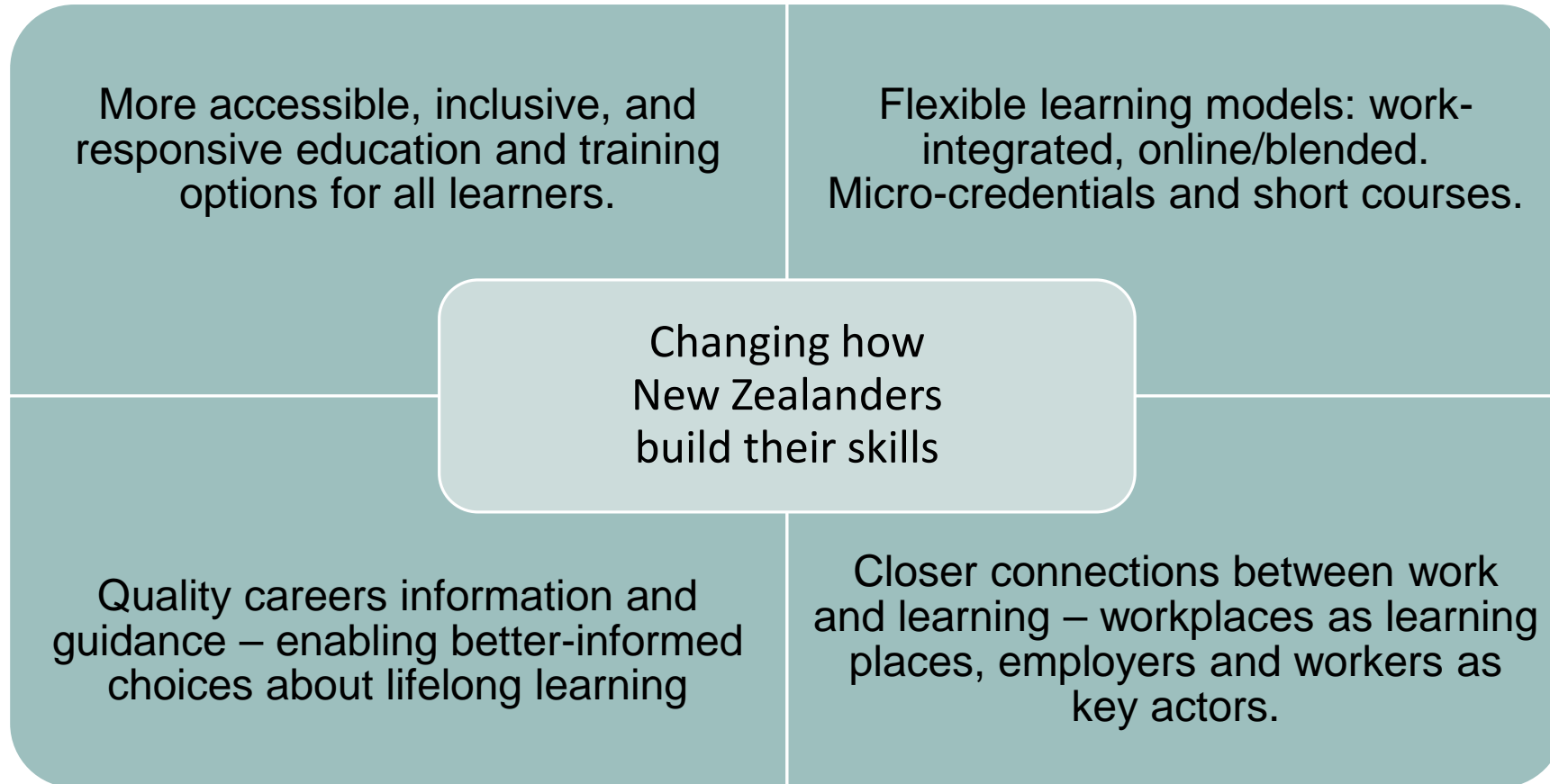
Regional Skills Leadership Groups

A joined-up approach to labour market planning: workforce, education and immigration systems working together to better meet the differing skills needs across the country.

- The 15 RSLGs are underway, with most groups' membership now announced.
- Budget 2020 committed \$46m over 4 years
- RSLGs will identify better ways to meet future skills and workforce needs in our regions and cities.
- RSLGs will have local secretariats, and the network will be supported by central data analytics, policy and governance support



Continuing to improve skills and training system responsiveness



Government's broader objectives for education



These objectives were developed through Kōrero Mātauranga, the national education conversation. They will be reflected in

- the Statement of National Education and Learning Priorities (early childhood education and schooling)
- the new Tertiary Education Strategy
- implementing the Government's education work programme including RoVE, the Careers System Strategy, the Tomorrows Schools Review, and the NCEA review.