

26 June 2023 Future of Work Tripartite Forum

Workforce Development and Future Resilience

Purpose

1. This paper forms the basis for the CTU-led discussion on Workforce Development and Future Resilience at the 26 June Future of Work (FoW) Tripartite Forum. It identifies workforce development priorities for social partners to discuss and makes recommendations for social partners to agree at the Forum.

Introduction

2. Active workforce planning and development is needed to ensure New Zealand's workforce is equipped with the skills and competencies that will help push the New Zealand economy onto a high-productivity, high-wage equilibrium. Done well, workforce planning and development will help New Zealand build productive and resilient industries and deliver a just transition in response to climate change, globalisation, demographic change, technological evolution, and economic shocks.
3. In recent years, progress has been made in developing a more purposeful approach to workforce planning and development in New Zealand. This work includes the government's Employment Strategy and Employment Action Plans for different demographics, the Reform of Vocational Education and its associated institutions, the Industry Transformation Plans, the Just/Equitable Transitions workstreams, the Sector Workforce Engagement Programme, the Apprenticeship Boost, the Active Labour Market Programme Review, and the Immigration Rebalance.
4. The 26 June Forum discussion on Workforce Development and Future Resilience is an opportunity to identify priority areas where further work is required, and actions that can be taken to progress these priorities.
5. To this end, the present paper identifies two inter-related workforce development priorities for the FoW Forum to discuss:
 - i. **Supporting lifelong learning in the workforce.** Supporting lifelong learning in a way that closes long-run skills gaps, equips workers for employment opportunities, and contributes to more productive industries will help to deliver the productive, inclusive, and sustainable economy that we all want to see. Many New Zealanders already in the workforce face

barriers to lifelong learning, such as a lack of time and money, inadequate support to identify training needs and opportunities, and, for some, foundational skills deficits.

- ii. **Building the policy capacity required for successful workforce planning.** In the CTU's view, there is a need to increase the ability of the responsible public agencies to assess and manage future workforce needs. The public service currently has very limited capacity to conduct labour-market forecasting and to analyse how different components (e.g., training, immigration, or structural change) are likely to shape future labour-market outcomes. This hampers our ability to actively do workforce planning. Instead, we rely primarily on market forces to drive change in the labour market. This has led to enduring skills and workforce shortages across New Zealand.
6. The CTU notes that each of these priority areas will require ongoing attention from the FoW Forum and the wider policy system. The 26 June Forum should therefore be viewed as one part of the wider and ongoing programme of work to strengthen workforce planning and development.
 7. The CTU also notes that there are clear connections between the priorities identified above and the other half of the 26 June Forum: Economic Resilience and Implications for Just Transitions (to be chaired by BusinessNZ). Active workforce planning and development is needed to help enable just transitions for workers, regions, and industries that may be heavily impacted by climate change, emissions reduction, and other structural transformations.

Supporting lifelong learning in the workforce

8. Supporting lifelong learning is one of the core strategic themes of the FoW Forum.¹ The International Labour Organization defines lifelong learning as encompassing 'formal and informal learning from early childhood and basic education through to adult learning, combining foundational skills, social and cognitive skills (such as learning to learn) and the skills needed for specific jobs, occupations or sectors'.²
9. Engagement in lifelong learning, including the development of management acumen,³ is an important component of workforce development. It can assist workers (and managers) in reaching their potential, in developing their career, and in finding work that is meaningful and fulfilling for them. A key theme of the future of work literature is that providing people with initial training for a single occupation is not necessarily sufficient in the context of a changing economic landscape. We know that workers will face challenges from climate change, globalisation, demographic change, technological evolution, and economic shocks. In this context, lifelong learning can support the attainment of good work and full employment; it can also support strong and productive industries and enhance the resilience of individuals, communities, and industries to future economic change, enabling just transitions.
10. The evidence shows that many New Zealanders already in the workforce face barriers to accessing education and training, such as a lack of time and money, inadequate support to identify training needs and opportunities, and, for some, foundational skills deficits. This contributes to inequitable employment and welfare outcomes across the country, particularly for Māori, Pasifika, women, older workers, and disabled workers. It also constrains the supply of skilled workers across many industries.

11. Additionally, for some New Zealand workers, attaining new qualifications does not lead to higher wages, career progression, or the ability to find good work. For example, research shows that the completion of qualifications at NZQF levels 1–4 does not raise income levels for graduates (although it can improve employment security), while achievement at higher levels has mixed benefits in terms of incomes.⁴ New Zealand also has one of the highest levels of skills mismatching in the OECD, with many workers in jobs they are formally overqualified for.⁵
12. The CTU’s view is that skills training for the future of work will only produce successful labour-market outcomes if the economy is also supplying a sufficient number of good jobs.⁶ Lifelong learning policy must therefore be closely linked to an industrial strategy that supports the supply of good jobs in New Zealand, including in the public sector. We set this issue largely to one side in the present paper. However, we emphasise that further work is needed to develop an active industrial strategy in New Zealand, building on the progress that has been made with the Industry Transformation Plans.⁷
13. The issues noted above point to the need for our workforce development system to support lifelong learning in a way that closes long-run skills gaps, equips workers for real employment opportunities, and contributes to more productive industries. This will help to deliver the productive, inclusive, and sustainable economy that we all want to see. Below, we highlight three key barriers to lifelong learning in New Zealand and identify potential solutions to these barriers.

Barrier 1: A lack of time and money

14. Survey data indicates that time and cost are the most significant barriers for workers in accessing training and for businesses in providing training.⁸ Time and cost are especially large barriers for workers in lower-skilled and lower-income jobs, in which Māori and Pasifika are disproportionately represented. Time and cost are also significant barriers for older workers, workers in SMEs, and casual and temporary workers, who tend to have lower rates of in-work training than other groups.⁹ A high proportion of women also cite family obligations – including caring for children and older relatives – as a significant barrier to engaging in training.¹⁰
15. To support workers and businesses to overcome the barriers of time and cost, the CTU recommends that the FoW Forum endorses the following:
 - i. **Support the use of collective bargaining to secure training entitlements.** Collective bargaining can be an effective mechanism for securing training entitlements in a way that benefits workers, firms, and industry at large. It is mandatory to agree arrangements for training and development in Fair Pay Agreements. The CTU’s view is that this standard should be emulated in all firm- and sector-level collective bargaining.
 - ii. **Expand financial support for study leave across the workforce.** Many workers are not eligible for financial support for study leave. For example, eligibility for cost-of-living support from StudyLink ends at age 55. In the context of an ageing workforce, this may be restricting some older workers’ ability to upskill and retrain. Financial support should be extended to those who have gained qualifications in the past, but who now need to refresh their skills for new jobs. This is particularly the case for post-graduate courses, where existing financial support is negligible.

- iii. **Examine how firms can be incentivised to provide quality in-work training for workers who want/need to upskill.** While the provision of informal in-work training (i.e., learning through experience) is relatively high in New Zealand, the provision of formal in-work training (i.e., standardised programmes that lead to a certification) is relatively low. Options to incentivise the provision of quality in-work training may include tax enhancements, information and in-work capability support for employers, payments for training for owner-operators and sole-traders, and building industry-level leadership to promote the value of in-work training. Given the high proportion of SMEs in New Zealand, it will be necessary to examine the specific kinds of support that SMEs require. MBIE is currently conducting a review of in-work training provision in New Zealand and the FoW Forum should closely engage with this work.
- iv. **Investigate options for legislating a minimum paid-leave entitlements for training for workers.** This could take the form of a minimum entitlement of days per year, for example.

Barrier 2: Inadequate support to identify training needs and opportunities

- 16. Ensuring workers are provided with the time and financial means to undertake education and training will assist lifelong learning. However, having the means to do something does not automatically translate into doing it. Many workers require support services that assist them in planning their careers and identifying their training needs. This is especially the case for workers with lower formal educational qualifications – evidence suggests that they engage less in training than workers with higher formal qualifications.¹¹ However, the supports currently available for people to plan their training and careers are predominantly targeted to younger people and some workers are not able to access the level of support they require.
- 17. To better support workers to identify their training needs, plan their careers, and access training opportunities, the CTU recommends that the FoW Forum endorses the following:
 - i. **Investigate how a workplace learning representatives programme could be re-established.** The available evidence shows that workplace learning representatives can deliver meaningful benefits in terms of increased worker engagement with training and increased management willingness to provide or enable training. The CTU formerly managed a programme in which workplace learning representatives championed the importance of lifelong learning in their workplace, recruited participation in training programmes, promoted the value of training to management, and focused on engaging low-skilled and hard-to-reach learners. An external evaluation of this programme found that learning representatives had ‘a significant positive impact on worker attitudes to learning’, helped improve literacy and numeracy skills, and helped workers complete study faster. The programme was also found to deliver benefits at the firm level, with workers ‘being better equipped to do the job, greater levels of skill, work teams that functioned better as individual workers became more confident, and in some cases, workers received pay increases as a result’.¹² A similar programme still exists in the UK. There, it has been found that in workplaces with union learning representatives, employees are more likely to receive training and there is more negotiation over training compared to both unionised workplaces without learning representatives and non-unionised workplaces.¹³ As a tripartite institution,

the FoW Forum is well-placed to investigate how best to re-establish such a programme and to tailor it to the New Zealand context.

- ii. **Promote the use of Individual Development Plans (IDPs).** IDPs can be used to help workers and managers plan their career development and identify their own training needs. In turn, IDPs can help managers see the demand for, and potential benefits of, upskilling within their existing workforce. IDPs can also be used by management to assist with longer-term workforce planning within the firm. Promoting the use of IDPs to help develop and attract a diverse, high-skilled, and high-wage workforce is one of the priority actions identified in the Advanced Manufacturing ITP. The FoW Forum should support this work and examine how IDPs could be promoted in, and tailored to, other industries.
- iii. **Ensure that the attainment of new skills produces concrete benefits for workers in terms of wages, career progression, and the ability to find good work.** Most workers engage in further education and training to advance their career and improve their income and their employment security. Engagement in training should therefore provide tangible benefits for individuals and households. Collective bargaining is one means of ensuring that workers benefit from engagement in training. It can also be achieved, in some contexts, by developing meaningful credentials that recognise prior learning and skills attained through experience. This can assist workers to access training that they would otherwise not have the pre-requisites for and support skills matching by making it easier for employers to identify the skills workers have. Equally, to ensure workers reap the benefits of informal training, supports may be needed to assist workers to show proof of learning.
- iv. **Expand the provision of high-quality and effective active labour market programmes (ALMPs).** A robust ALMP system is needed to help workers of all ages stay in the labour market, find good work, and facilitate just transitions for workforces impacted by economic change. In turn, this can support lifelong learning as people who are employed are more likely to engage in non-formal learning activities than people who are not employed.¹⁴ The CTU recognises that the ALMP Review is ongoing, and that significant funding was provided for ALMPs in Budget 2023; the FoW Forum should remain closely engaged on this work.

Barrier 3: Foundational skills deficits

18. Lifelong learning begins with strong foundational skills in literacy and numeracy. Adults with stronger literacy and numeracy capabilities are more likely to engage in higher education, to find employment, and to attain higher incomes.¹⁵ However, many New Zealanders are already in the workforce without these foundational skills. The OECD Survey of Adult Skills from 2015 found that 12% of New Zealand adults scored at or below the lowest level for literacy and 19% scored at or below the lowest level for numeracy.¹⁶
19. Digital literacy is increasingly a foundational skill, critical for both employment and participation in democratic society. As with literacy and numeracy, some groups in New Zealand – for example, some older workers¹⁷ – may have relatively low levels of digital competency.¹⁸ The unweighted results from the Future of Jobs Survey, commissioned by the FoW Forum, show that only 29% of respondents agreed with the statement that ‘the population possess sufficient digital skills’, while 47% disagreed.

20. The CTU recognises that work is currently underway to address declining literacy and numeracy among school students through the *Literacy & Communication and Maths Strategy* and the associated action plans. However, work is also needed to address existing foundation skills deficits across all age cohorts in the workforce. To this end, the CTU recommends the FoW Forum endorses the following:
- i. **Examine how social partners can work with Adult and Community Education (ACE) providers to support workers into foundational skills programmes.** Research finds that adult education in foundational skills tends to improve employment outcomes,¹⁹ and has other benefits such as improving social trust, health outcomes, and political engagement.²⁰ Workplace learning representatives may be particularly useful in encouraging workers with foundational skills deficits to engage with ACE.
 - ii. **Sufficiently fund Adult and Community Education.** Long-term public investment is required in this sector to ensure that adult literacy, numeracy, and digital skills programmes are high-quality, well-resourced, and accessible for diverse workers and workforces.
 - iii. **Improve access to foundational learning opportunities.** One practical step in this direction would be to provide free NCEA level 1–3 courses to workers of all ages. In the short term, this could take the form of extending the age range of the Youth Guarantee Fund, which is currently limited to learners aged 16–24 with no or low prior qualifications.

Building policy capacity in workforce planning

21. To do workforce planning and development well, the responsible public agencies must be equipped with the analytical capacity, information, and planning capabilities to forecast labour market trends and identify and respond to emergent issues, among other things.
22. In the CTU's view, there is a need to significantly increase the ability of the responsible public agencies to assess and manage future workforce needs. The public service currently has very limited capacity to conduct labour-market forecasting and to analyse how different components (e.g., immigration, training, or structural change) are likely to shape future labour-market outcomes. This hampers our ability to actively do workforce planning. Instead, we rely primarily on market forces to drive change in the labour market. This approach has led to the enduring skills and workforce shortages that are prevalent across New Zealand.
23. Because many of our workforce development institutions – such as the ITPs, Workforce Development Councils (WDCs), and Regional Skills Leadership Groups (RSLGs) – are relatively new, it can be unclear where the points of dependency and interconnection are and how competing claims on resources are to be traded off. There is a lack of clarity around how these institutions should be working together as a system and with other relevant parts of the policy architecture – especially industrial policy and immigration policy. Similarly, there is a lack of national coordination of these actors to ensure value for money and policy alignment.
24. A related issue is the diffusion of workforce development information across different government agencies and non-governmental organisations. As highlighted in several ITPs and Regional Workforce Plans, this hampers the ability of government, business, unions, and other

stakeholders to access and utilise information that assists in workforce planning and decision-making.²¹

25. Additionally, New Zealand currently lacks regular time-series data on the provision, efficacy of, and rewards to, skills training among the workforce. We lack regular data on the barriers that workers and businesses face in this area, and much of the data that we do have is now more than six years old. Finally, we do not collect complete data on the terms and conditions of workers in different occupations and industries. This information is currently available only for workers covered by collective agreements, with no monitoring or reporting of the terms and conditions of workers on individual agreements.
26. As an example of the above issues in action, much of the government's labour market response to Cyclone Gabrielle has been based upon ad hoc information. There has been no estimate of the labour demand created by the cyclone, its timelines, nor the sectors in which that response will occur. The analysis that does exist is anecdotal or piecemeal in nature.
27. To build our policy capacity to do workforce planning, the CTU recommends the FoW Forum endorses the following:
 - i. **Provide greater resources to enable workforce planning.** Responsible public agencies such as MBIE, MSD, Treasury, MoE, and the WDCs should be resourced to conduct regular forecasts of short-, medium-, and long-run employment and skills trends at regional, industry, and national levels; conduct distributional analyses of different economic shocks/structural transformations and the potential policy responses to them; provide regular public reports on workforce planning issues and priorities; and work closely with skills-training and workforce planning institutions (such as the WDCs and RSLGs).
 - ii. **Build employment analysis into general policy analysis.** The level of employment analysis in areas such as the setting of the minimum wage is already low. In areas such as trade analysis, regulatory analysis, and in government expenditure, analysis of employment outcomes it is at times non-existent. This needs to change if active workforce planning is to be delivered.
 - iii. **Strengthen coordination across the relevant policy areas and institutions.** Further work is needed to determine the necessary mechanisms for aligning workforce development policy with industrial policy and immigration policy, and coordinating workforce planning across regions, sectors, and the country at large. To support this, the government's Workforce Policy Statement for the public sector could include a requirement for agencies to do whole-of-sector workforce planning.
 - iv. **Investigate how best to produce useful time-series data on skills development and the rewards of skills development.** Existing surveys such as the Household Labour Force Survey, the Survey of Working Life, and the Business Operations Survey may be the appropriate vehicles for providing more regular data.

Summary and recommendations

28. This paper has proposed two inter-related areas where the CTU thinks work is needed to strengthen workforce development in New Zealand. In the CTU's view, better supporting lifelong learning and building the policy capacity required for workforce planning will help deliver the productive, inclusive, and sustainable economy that we all want to see.
29. To move workforce development forward in New Zealand, the CTU recommends the 26 June FoW Forum:
 - i. **Endorses** the workforce development priorities of (i) supporting lifelong learning in a way that closes long-run skills gaps, equips workers for employment opportunities, and contributes to more productive industries; and (ii) building the policy capacity required for successful workforce planning.
 - ii. **Agrees** to progress work to remove the barriers to lifelong learning identified in this paper.
 - iii. **Agrees** to progress work to expand the capacity of responsible agencies to do workforce planning, including the ability to conduct forecasts of employment and skills trends, distributional analyses of economic shocks, and public reporting on workforce planning.
 - iv. **Agrees** to establish a tripartite working group that will oversee the delivery of the workforce development actions decided by the FoW Forum and will report to the Governance Group. As noted in the Introduction, the CTU's view is that strengthening workforce planning and development should be an ongoing programme of work for the FoW Forum. This action will help to ensure work continues in this area. It could be achieved through an already-established tripartite group or a new one set up following the Forum. The exact nature of the group (e.g., if it is an existing or new group, and who comprises the group) will depend on the actions that are decided at the Forum and the timelines for the delivery of these actions.

References

- ¹ [New Zealand Government, BusinessNZ, & NZCTU](#), *Future of Work Tripartite Forum Strategic Assessment: Priorities for New Zealand's Future of Work*, 2019.
- ² [ILO](#), *Work for a Brighter Future – Global Commission on the Future of Work*, 2019, p. 30.
- ³ Several Industry Transformation Plans have highlighted management upskilling and training as a priority: [MBIE](#), *Advanced Manufacturing Industry Transformation Plan*, 2023; [MBIE](#), *Construction Sector Transformation Plan, 2022-2025*, 2022.
- ⁴ [New Zealand Productivity Commission](#), *Training New Zealand's Workforce: Technological Change and the Future of Work, Draft Report 3*, 2019, p. 17; [D. Hyslop et al.](#), 'Characteristics of Adults Undertaking Education and Training in New Zealand', Motu Research Note #42, 2020.
- ⁵ [Ministry of Education](#), 'Qualification Level Match and Mismatch in New Zealand: Analysis from the Survey of Adult Skills', 2020, p. 4.
- ⁶ [D. Rodrik](#), 'An Industrial Policy for Good Jobs', *The Hamilton Project*, September 2022.
- ⁷ The Productivity Commission has recently made a set of recommendations for strengthening the ITPs that the FoW Forum should engage with: [New Zealand Productivity Commission](#), *Frontier Firms Follow-on Review*, pp. 15-16, 53.
- ⁸ [New Zealand Productivity Commission](#), *Training New Zealand's Workforce*, pp. 18-19; [OECD](#), *The Future of Work: OECD Employment Outlook*, 2019, p. 247; [OECD](#), *Getting Skills Right: Increasing Adult Learning Participation*, 2020, p. 26.
- ⁹ Data from the 2018 Survey of Working Life shows that professionals and community and personal service workers are most likely to benefit from employer-provided or employer-funded training, while labourers and machinery operators and drivers are least likely to benefit: <https://www.stats.govt.nz/reports/survey-of-working-life-2018>
- ¹⁰ [OECD](#), *OECD Skills Outlook 2021: Learning for Life*, 2021.
- ¹¹ Data from 2015 shows that 43% of workers with no formal qualification did no learning activities and did not want to undertake any compared to 31% with NZQA levels 1–3, 26% with NZQA levels 4–7, and 16% with a bachelor's degree or above. See: [New Zealand Productivity Commission](#), *Training New Zealand's Workforce*, p. 12.
- ¹² 'An Evaluation of the Learning Representatives Programme', report prepared for the NZ Council of Trade Unions and Ako Aotearoa, 2011, pp. 3-4; see also, [A. Alkema and H. McDonald](#), 'Careerforce Learning Representatives: Encouraging Learning at Work', report prepared for Careerforce and Ako Aotearoa, 2014.
- ¹³ [Unionlearn](#), *Working for Learners: A Handbook for Unions and Their Union Learning Representatives*, 2011, p. 9; [Unionlearn](#), *Making Learning and Skills Work: Unionlearn Annual Report 2020*, 2020, pp. 3-4.
- ¹⁴ [D. Hyslop et al.](#), 'Characteristics of Adults', p. 15.
- ¹⁵ [Ministry of Education](#), *Literacy & Communication and Maths Strategy*, 2022, p. 9; [Royal Society Te Apārangi Expert Advisory Panel](#), *Pāngarau Mathematics and Tauanga Statistics in Aotearoa New Zealand: Advice on Refreshing the English-Medium Mathematics and Statistics Learning Area of the New Zealand Curriculum*, 2021, p. 6.
- ¹⁶ [OECD](#), 'Country Note: Skills Matter: Further Results from the Survey of Adult Skills', 2016, p. 2.
- ¹⁷ There are a number of active programmes focused on digital literacy training for seniors. See <https://officeforseniors.govt.nz/our-work/digital-inclusion/digital-literacy-training-for-seniors/>
- ¹⁸ [New Zealand Government](#), *Te Rautaki Matihiko mō Aotearoa – The Digital Strategy for Aotearoa*, 2022; [MBIE](#), *Bay of Plenty Workforce Plan*, 2022; [MBIE](#), *Tairāwhiti Regional Workforce Plan*, 2022.
- ¹⁹ [New Zealand Productivity Commission](#), *Training New Zealand's Workforce*, p. 8.
- ²⁰ [OECD](#), 'Country Note', p. 14.
- ²¹ E.g., [MBIE](#), *Advanced Manufacturing Industry Transformation Plan*; [MBIE](#), *Food and Beverage: Draft Industry Transformation Plan*, 2022.