



BRIEFING

Regional Skills Leadership Groups: composition proposals

Date:	10 March 2020	Priority:	High
Security classification:	In Confidence	Tracking number:	2382 19-20

Action sought		
	Action sought	Deadline
Hon Willie Jackson Minister of Employment	Discuss the contents of this briefing at the March meeting of the Labour Market Ministerial Group	19 March 2020
Hon Chris Hipkins Minister of Education		
Hon Iain Lees-Galloway Minister of Immigration		
Hon Tracey Martin Minister for Seniors		
Hon Carmel Sepuloni Minister of Social Development		

Contact for telephone discussion (if required)				
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Gillian Parry	Senior Policy Advisor, Skills and Employment Policy	04 901 8170		

The following departments/agencies have been consulted
Ministry of Education, Ministry of Social Development, Tertiary Education Commission

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments



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Regional Skills Leadership Groups: composition proposals

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Purpose

This briefing provides the Labour Market Ministerial Group (LMMG) with proposals for the composition of the 15 Regional Skills Leadership Groups (RSLG), for discussion at the 19 March 2020 LMMG meeting.

Executive summary

In July 2019, Cabinet agreed to establish Regional Skills Leadership Groups (RSLGs) for 15 geographic regions, based on regional councils and unitary authorities to facilitate dialogue about regional labour market needs.

As a result of our regional engagement, we are proposing a number of additional components to support RSLGs to undertake their role effectively. These have been incorporated into the composition proposals for the 15 RSLGs.

The additional components include:

- ensuring appropriate representation of Māori
- having a permanent role for Regional Public Service Leads
- developing a regional terms of reference
- establishing sub-groups to provide input to the RSLGs
- setting requirements for Regional Workforce Plan consultation

The process for developing the proposals has involved ongoing collaboration with a broad range of regional stakeholders. Regional Public Service Leads have been key in terms of informing our thinking at a regional level. Following an initial round of engagement with the regions, we tested and confirmed draft composition proposals with key regional stakeholders, including Regional Public Service Leads.

To ensure the RSLGs work effectively, we have identified key competencies that we intend to use in calling for expressions of interest or when seeking nominations from existing groups. The competencies reflect the importance of members taking a cross-regional view and being able to work collaboratively across all interests in the region.

We propose to develop terms of reference for each RSLG (in consultation with regional stakeholders), which will set out requirements for addressing specific issues that Government may be interested in, or to bring a broader set of interests to bear.

RSLGs will be required to produce their first Regional Workforce Plan (RWP) within 12 months of being fully established. Each RWP will be developed by the RSLG, and we expect it will be informed by empirical data provided by MBIE, along with knowledge from RSLG members and their networks.

We propose that Regional Workforce Plans will likely include advice to employers, providers and central government. MBIE will help RSLGs connect with different parts of the welfare, immigration and education systems, to share and receive local and national labour market trends and priorities to inform better decision making. This in turn will also support the Reforms of Vocational Education.

This briefing also outlines a high-level process for how the government will respond to the RSLGs' Regional Workforce Plans and outlines next steps towards establishing RSLGs in July 2020.

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Recommended action

The Ministry of Business, Innovation and Employment recommends that Labour Market Ministers:

- a **Discuss** the contents of this briefing at the LMMG meeting on 19 March 2020

Agree / Disagree

Composition

- b **Agree** to the broad composition and structure for each of the 15 Regional Skills Leadership Groups (RSLGs) as set out in Annex One

Agree / Disagree

- c **Note** that the composition of the RSLGs is likely to evolve as regional labour market and skills planning becomes more embedded in the regions

Noted

- d **Note** that the proposed composition for the RSLGs have built off existing structures where that was possible

Noted

- e **Agree** that in seeking nominations, MBIE will look for the following capabilities and competencies across all RSLG members:

- i. the ability to take a region-wide view and have a good understanding of regional labour market and skills needs
- ii. ability to operate at a strategic level and in a collaborative manner
- iii. effective stakeholder engagement, including relationships with employers, community, iwi, and local authorities
- iv. an understanding of the Māori and iwi environment in that region

Agree / Disagree

- f **Note** that appointment terms for RSLG members will vary between two to three years

Noted

- g **Note** that stakeholders have told us it would be unrealistic to have all iwi represented on RSLGs, and that a more feasible option would be to ensure that iwi were appropriately consulted on the development of regional workforce plans

Noted

- h **Agree** that each Regional Public Service Lead be a permanent member of the relevant RSLG

Agree / Disagree

Regional Requirements

- i **Agree** that specific terms of reference will be developed for each region that will set out expectations for that RSLG.

Agree / Disagree

- j **Note** that the terms of reference will be developed in consultation with regional stakeholders, be valid for a period of up to three years and may include expectations that the RSLG:

- i. consider the needs of any specific sub-regions (for example, Wairarapa in Wellington or South Auckland in Auckland)
- ii. consider links with neighbouring labour markets (for example, ensuring that the links between Auckland, Bay of Plenty and Waikato were well considered by each RSLG)

- iii. consult with particular groups in their region (for example, underrepresented groups or groups with poorer labour market outcomes)
- iv. consider how existing regional economic development and/or workforce plans that have significant regional buy-in can inform (or be informed by) RSLGs

Noted

Regional Workforce Plans

- k **Agree** that RSLGs will be required to produce their first Regional Workforce Plan within 12 months of the groups being fully established

Agree / Disagree

- l **Agree** that RSLGs be required to engage broadly to develop their Regional Workforce Plan, including with all iwi across the region (and hapū, where possible)

Agree / Disagree

- m **Agree** that, within 6 months of Regional Workforce Plans being received, MBIE will lead the development of a cross agency, themes-based response to the main issues that RSLGs have highlighted

Agree / Disagree

- n **Note** that specific agencies (for example, the Tertiary Education Commission) may respond to any specific sections of the Regional Workforce Plans that are relevant to them

Noted

Interface with the wider Reform of Vocational Education

- o **Note** that RSLGs play a key part in supporting the Reform of Vocational Education (RoVE) in providing a mechanism for the vocational education system to be responsive to local labour market needs

Noted

- p **Note** that, in developing and articulating their view about their region, RSLGs will build connections and be in regular two-way dialogue with different parts of the vocational education system, including the Tertiary Education Commission, Workforce Development Councils, and education providers

Noted

Next Steps

- q **Note** the next steps to establish RSLGs in July 2020:

- i. undertake expressions of interest and nominations processes (April-May)
- ii. undertake consultation with appropriate parties before appointment decisions are recommended (May)
- iii. prepare paper for Cabinet Appointments and Honours Committee seeking agreement to Chair appointments (June)
- iv. finalise the appointment of non-Chair members (June)
- v. recruit a skeleton RSLG secretariat (by July, subject to budget bid decisions)

Noted

- r **Note** that, where the proposed composition is built off an existing structure, MBIE will not undertake an Expression of Interest process for the Chair position

Noted

s **Note** that we will provide the Minister of Employment with a further paper in late March setting out the process and timeframe for appointments

Noted

t **Note** that we will continue to provide ongoing updates to the Minister of Employment on progress to establish RSLGs

Noted



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Manager, Skills and Employment Policy
Labour and Immigration Policy, MBIE

10, 3, 2020
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Hon Willie Jackson
Minister of Employment

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Hon Chris Hipkins
Minister of Education

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Hon Carmel Sepuloni
Minister for Social Development

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Hon Iain Lees-Galloway
Minister of Immigration

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Hon Tracey Martin
Minister for Seniors

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Background

1. In July 2019, Cabinet agreed to establish Regional Skills Leadership Groups (RSLGs) for 15 geographic regions, based on regional councils and unitary authorities (with Nelson and Tasman amalgamated), to facilitate dialogue about regional labour market needs. Cabinet noted that MBIE would report-back to Ministers in February 2020 with proposals for the composition for each of the 15 RSLGs.
2. In September 2019, we provided the Labour Market Ministerial Group (LMMG) with an update on work that had been undertaken since the Cabinet decision in July 2019, including the framework for engaging with the regions.
3. We provided a further update in November 2019, which outlined the feedback we had received from regional engagement to-date, the draft budget bid (and how the level of funding sought had been amended to reflect regional feedback), and next steps towards implementation.
4. This briefing provides LMMG with the 15 RSLG composition proposals for discussion, a high-level process for how government will respond to RSLG Regional Workforce Plans, and the implementation plan to have the RSLGs established in July 2020.

Composition of RSLGs

How proposals were developed

5. The process for developing the proposals has involved ongoing collaboration with a broad range of regional stakeholders.
6. Where successful existing labour market planning groups are operating, we have discussed with them how to build on these arrangements to confer with them the responsibilities of their region's RSLG, in order to avoid duplication by creating another group.
7. In regions with existing groups we have also endeavoured to meet with regional stakeholders who are not involved on the existing group, to get a sense of how well the group is functioning from an outside perspective.
8. In regions where there are no existing labour market planning groups operating we have engaged with relevant regional stakeholders within the region to discuss how their region's RSLG could be composed.
9. Regional Public Service Leads have been key in terms of informing our thinking at a regional level. The role of Regional Public Service Leads is to bring together regional leaders from across the social sector, while strengthening connections with the skills and economic development sectors, to work collectively to improve the wellbeing of local communities.
10. Following an initial round of engagement, we tested and confirmed draft proposals with key regional stakeholders, including Regional Public Service Leads.

The 15 RSLGs

11. The proposals for the 15 RSLGs are attached as Annex 1. The proposals can be grouped into four themes:
 - a. *Existing groups (four regions)*: These are successful, existing labour market planning groups that, with some minor adjustments, will have RSLG responsibilities conferred through amending their Terms of Reference. These groups are currently making some tweaks to their composition to ensure that they satisfy Cabinet requirements around

membership. These regions are Waikato, Te Tairāwhiti, Hawke's Bay and Manawatū-Whanganui.

- b. *Incorporating some existing groups (eight regions)*: These regions have a range of existing groups that focus on specific areas, such as a sub-region or community issue. These groups could fulfil part of an RLSG function but would require significant changes in focus and representation to transition into a full RSLG. In these instances we have incorporated them into RSLGs, either through sub-groups or representation, where relevant. These regions are Bay of Plenty, Taranaki, Wellington, Nelson-Tasman, Marlborough, Canterbury, Otago and Southland.
- c. *Transitional arrangements (two regions)*: These are regions that will have a small RSLG initially, with the initial purpose of identifying and nominating to MBIE additional members to be on full RSLGs. These regions have complex regional dynamics and have either no, or a multitude of, existing arrangements that can be built on. Regional leadership is identified as being key to gaining region-wide buy-in and supporting RSLG legitimacy, but a public EOI process is unlikely to have this result. The regions here are Auckland and Northland.
- d. *No existing ongoing labour market group to build on (West Coast)*: Our view is that an expression of interest process will likely be successful in gaining business and community representation given the lack of established workforce groups and associations in the region.

12. We anticipate that RSLG composition is likely to evolve over time as regional labour market and skills planning become more embedded in the regions.

Competencies sought of members

13. Stakeholders indicated that while it was useful for members to have experience in specific sectoral, community, union or iwi issues it was more important that stakeholders were able to take a cross-regional view and work collaboratively across all interests in the region. They expressed a view that these competencies were more important than necessarily having people who were representative of the interests in the regions, not least because of the diversity of interests in any region.
14. We identified four broad key competencies that we intend to use in calling for expressions of interest or when seeking nominations from existing groups. These include:
 - a. the ability to take a region-wide view and have a good understanding of regional labour market and skills needs
 - b. the ability to operate at a strategic level and in a collaborative manner
 - c. effective stakeholder engagement, including relationships with employers, community, iwi, and local authorities
 - d. an understanding of the Māori and iwi environment in that region.

Ensuring appropriate Māori representation

15. One of the principles agreed by Cabinet to guide the composition of RSLGs is to ensure groups represent Māori and iwi. However, there is a particular challenge with ensuring appropriate iwi/Māori representation while retaining the group at a workable size given the diversity of iwi in any given region.
16. We have discussed the issues with Māori and iwi stakeholders who reinforced other views that a strictly representative approach was not feasible. The proposals in Annex One reflect different approaches to Māori and iwi representation. Some options are workable in some

regions and not in others, for example, having a sub-group where all iwi participate or nominate a member).

17. We also heard feedback regionally that Māori representation on RSLGs should not be limited to one or two nominal roles. Rather, RSLGs should reflect the principles of Te Tiriti and should facilitate a partnership approach. To that end, stakeholders commented that we should be looking for more balanced membership across all the different interests. For example, that could include having businesses or union representatives who could also bring a Māori and iwi perspective. We think this is useful and have built this specifically into the competencies for all RSLG members.
18. We also recommend that all RSLGs be required to engage with all iwi across the region, including hapū where possible, to develop their Regional Workforce Plan.

Broader representation

19. The most significant consideration in putting together the proposals has been balancing representativeness of RSLG membership with practicality needs, particularly ensuring groups are a workable size. Regional stakeholders highlighted that representation is complex across, for example, geographic, sectoral and demographic differences. The situation is made more complex by the fact that some interests are well organised and structured, while others are not.
20. To meet this challenge, the proposals include a number of sub-groups. Sub-groups would allow RSLGs to have input from a diverse range of voices without having all parties represented around the table. For some regions, we have proposed a sub-group for a particular geographic area within the region to ensure their unique labour market voice is heard. RSLGs will also be able to set up further sub groups if they deem it would be useful. This allows the RSLG to develop focus areas that they undertake committed work on, while involving a broader group of people.

Having a permanent role for Regional Public Service Leads

21. The Regional Public Service Leads will be a significant member on each RSLG for the key government voice they bring to the table. Their membership will also help to ensure alignment between the Regional Reports prepared annually by Regional Public Service Leads and the Regional Workforce Plans prepared by RSLGs.
22. The Regional Public Service Leads can also bring trends or issues to the attention of government agencies in-between annual Regional Workforce Plans, via their central government networks.
23. While Regional Public Service Leads will bring an important central government perspective to RSLGs, they will not necessarily capture all central government perspectives on labour market planning (for example, tertiary education providers). The RSLG secretariat will facilitate connections with relevant central government stakeholders to support Regional Public Service Leads in their RSLG role.

Appointment terms

24. We propose to stagger appointment terms to ensure continuity while being responsive to evolving focus areas. Therefore business/employer, worker and community representative members will be appointed for an initial term of two years, with the majority of remaining members to be appointed for a three year term.

Regional requirements

25. The core focus for all RSLGs will be to plan for the development of the respective regional labour market. Within that, each RSLG will have the scope to identify where they wish to put their focus. For example, some regions may have particular issues with the activation of specific demographics while others may wish to focus on particular sectoral dimensions.
26. There will, however, be instances where the RSLG may not naturally look to address specific issues that government may be interested in. In these instances, a regional terms of reference will allow the government to ensure that specific issues are considered. Equally the government may want to use such the terms of reference to bring a broader set of interests to bear.
27. We propose that the terms of reference for each RSLG be developed in consultation with regional stakeholders and build on the considerations set out below. The specific requirements for each region are outlined as part of the proposals in Annex 1.
 - *Sub-regions*: Some regions have specific sub-regions that have either different labour market drivers or outcomes that may not give due consideration to issues in other parts of the region that may be seen as a priority (for example, a focus on all of Auckland may not pick up the issues unique to South or West Auckland). The terms of reference for the region could ask the relevant RSLG to specifically consider the needs of a particular sub-region.
 - *Neighbouring labour markets*: Many regional labour markets are not discrete and often have strong linkages with one or more regional council areas. In those instances, one neighbour may be more incentivised to look at the cross regional issues, for example, Auckland may not be incentivised to think about its links with its neighbours as much as places like Waikato and the Bay of Plenty may be incentivised to think about their relationship with Auckland. The terms of reference for the region could ask the relevant RSLG to specifically consider the needs of neighbouring regions.
 - *Consultation with particular groups*: There are various groups that have poorer labour market outcomes than the general population (for example, Pasifika peoples) or are traditionally underserved or underrepresented (for example, the disability sector) in labour market and skills planning. Requiring RSLGs to consult with particular groups could be a way of ensuring the views of these groups are heard by the RSLG while keeping RSLG membership down.
 - *Existing strategies*: Most regions have regional economic development strategies and/or workforce plans that have significant regional buy-in. Such plans and strategies, where they exist, should inform RSLGs.
28. We envisage that as RSLGs and regional labour market and skills planning evolve over time, the areas we may want each RSLG to consider are also likely to change. We propose that each regional Terms of Reference be reviewed within three years, in consultation with regional stakeholders.

Regional Workforce Plans

29. Using empirical data provided by MBIE, knowledge from RSLG members and their networks, and through consultation RSLGs will deliver plans which outline the labour market aspirations for their region.
30. We propose that RSLGs produce their first Regional Workforce Plan (RWP) within 12 months of being fully established. This will provide RSLGs sufficient time to engage with relevant data and work with stakeholders across the region to develop their RWP. Some regions will be able to publish their RWPs earlier because there is already some labour

market planning underway in that region. The RWPs will be written by the RSLG secretariat, on direction of members.

31. RWPs will be published on the MBIE website, and will likely include advice to employers, providers and central government. Following the publication of RWPs, the RWPs will be reviewed on an annual basis, at which point RSLGs will determine whether to reaffirm the existing RWPs, or refresh the RWP to align with changing regional needs, priorities and/or aspirations.

High-level government response to Regional Workforce Plans

32. During regional consultation, some regions suggested that while it may not be feasible for Government to always act on the recommendations of the region, it was reasonable to expect the Government to respond.
33. While we agree that a Government response will help shape expectations, we do not think a response to every recommendation from every response is practicable. As such, we propose that within 6 months of Regional Workforce Plans being received, MBIE will lead the development of a cross agency, themes-based response to the main issues that RSLGs have highlighted. In practice, because the timing of the publication of RWPs may vary – we expect that the Government response will be published by December in any given year. We expect that this will be a Cabinet level decision and will likely include key policy decisions on proposed action. Certain agencies (for example the TEC) may also respond at a more administrative level to specific sections of the Plans that are relevant to them.
34. This arrangement will ensure that transparency around decision-making is embedded in the relationship between central government and RSLGs in a manageable way. Such a process also maintains scope for individual agencies to engage with the RWPs as they see fit.

Interface with the wider Reform of Vocational Education

35. Establishing RSLGs is one of the seven key changes in the Reform of Vocational Education (RoVE). The role of RSLGs in relation to RoVE is to provide advice about the skills needs of their regions to TEC, Workforce Development Councils (WDCs), and local vocational education providers.
36. In developing and articulating their view about their region, RSLGs will build connections with different parts of the vocational education system, including TEC, WDCs and education providers. In building these connections, there will be a sharing of local and national labour market trends and priorities to inform better decision making. This exchange of knowledge will ensure that RSLGs provide a regional labour market planning perspective for industry workforce and skills planning and vice versa, supporting TEC investment decisions, and regional and industry planning.
37. MBIE will facilitate community, iwi and provider connections through regional Terms of Reference where relevant.

Next steps towards establishing RSLGs in July 2020

38. The RSLGs will be established in July 2020, depending on securing ongoing funding through Budget 2020. The table below sets out the high-level steps, which as we have indicated previously, we anticipate will take at least four months to complete.

Task	Timing
Undertake expression of interest and nominations processes	April-May

Undertake consultation with appropriate parties before appointment decisions are recommended.	May
Prepare paper for Cabinet Appointments and Honours Committee seeking agreement to Chair appointments	June
Finalise appointment of non-Chair members	June
Recruit RSLG secretariat	Dependent on budget bid decisions; skeleton secretariat by July 2020
RSLGs established	July 2020

Resourcing

39. As part of our regional engagement we received feedback about what type of region-specific support they need. For example some regions have focussed on the need for analytical support, while others, such as Te Tairāwhiti, see a greater need for relationship managers who will engage directly with employers.
40. While the level of resourcing that regions receive will depend on the outcome of the budget bid, regions have consistently told us that RSLGs will not be successful without the certainty of dedicated support based in the region. With tight timeframes and uncertainty around the Budget we can commit to having, as a minimum, a skeleton RSLG secretariat in place by July 2020.
41. Regional Public Service Leads have expressed concern about how much additional work their membership on RSLGs may create, given the existing pressures on their time and resource. It will be important to ensure that the RSLG role complements their responsibilities under the joined-up government work programme. Supported by the RSLG secretariat, RSLGs will provide a coordinated central government view into RSLGs. The RSLG secretariat, with input from the Regional Public Service Leads, will coordinate central government responses to the Regional Workforce Plans.

Cabinet Appointments and Honours Committee

42. Cabinet agreed in July 2019 that the appointments process will be undertaken by MBIE. Ministers also agreed that Cabinet Appointments and Honours Committee (APH) receive reports on the composition of each RSLG, prior to appointments being made, but not the individuals being appointed or subsequent appointment rounds, unless the composition of the group changes.
43. As the Regional Public Service Leads have intimate knowledge of their regions from a government agency perspective, MBIE will work collectively with them to recommend a chair for each RSLG (which will subsequently be appointed by Cabinet Appointments and Honours Committee).
44. As the lead Minister for RSLGs, we will provide the Minister of Employment with a further paper in late March outlining the:
 - process and timeframe for preparing appointments for APH
 - expression of interest process
 - nominations process, including conferring RSLG responsibility to existing groups.

Ongoing engagement with regions

45. As mentioned above, we will be engaging with the regions to develop the terms of reference, and to discuss other arrangements in preparation for the RSLGs being established.
46. While RSLGs will be a permanent feature of the labour market planning infrastructure, we anticipate that they will evolve over time. We will have ongoing engagement with the RSLGs once they are established, to monitor any changes that might be needed at either the individual RSLG or overall level.

Progress updates to the Minister of Employment

47. We will continue to provide ongoing updates to the Minister of Employment on progress to establish RSLGs.

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Annexes

Annex One: composition proposals

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