

# **Building and Construction Sector Productivity Taskforce**

## **Skills Working Group**

### **Work Plan**

#### **Purpose**

To outline the purpose of the Skills Working Group, its role in relation to Productivity Taskforce and proposed workstreams to be completed by the Skills Working Group.

#### **Context**

Building and Construction sector leaders met in Auckland on 1 August 2008 at the invitation of the Minister for Building and Construction. Particular issues identified by the forum included that:

- productivity growth, especially labour productivity has been disappointing and is limiting sector ability to respond positively to change
- improving skill levels, across the board, is critical for improved sector productivity
- pressure on land use will continue to drive urban intensification – and that urbanisation is an issue for all New Zealand cities, not just Auckland and that:
  - there are not enough large scale intensification projects currently underway or planned to cope with future needs within current urban boundaries
  - the quality of urban intensification to date, in delivering sustainable urban environments, has been patchy and generally poor

To develop practical proposals to address the above issues it was decided to establish taskforces made up of industry, local and regional government, and central government leaders:

- A Sector Productivity Taskforce, to:
  - develop a sector wide skills strategy
  - develop an improved approach to the procurement of construction projects
- An Urban Intensification Taskforce, to:
  - develop proposals to improve current approaches to planning and coordination in support of improved urban development

It was proposed that the forum should reconvene in 2009 to consider progress on the above.

Since the Forum met in August significant change has occurred with a worsening economic environment and substantive market adjustment.

### *Objectives of the Sector Productivity Taskforce*

The objective of the Sector Productivity Taskforce is to:

- develop a sector wide skills strategy – to improve labour productivity
- explore issues with current approaches to the procurement of construction projects and to develop a proposal for an improved approach that would be piloted, evaluated for promotion as an improved approach (especially large scale projects)

In undertaking the tasks above the Taskforce has been asked to consider what can be done in the short term and what can be done to facilitate work already underway, in light of the potential adverse implications of the immediate economic downturn.

In turn, the Taskforce will be supported by a Skills Working Group to provide proposals and advice for the Taskforce to consider on a wider sector skills development strategy. A separate Working Group will be established to consider procurement issues.

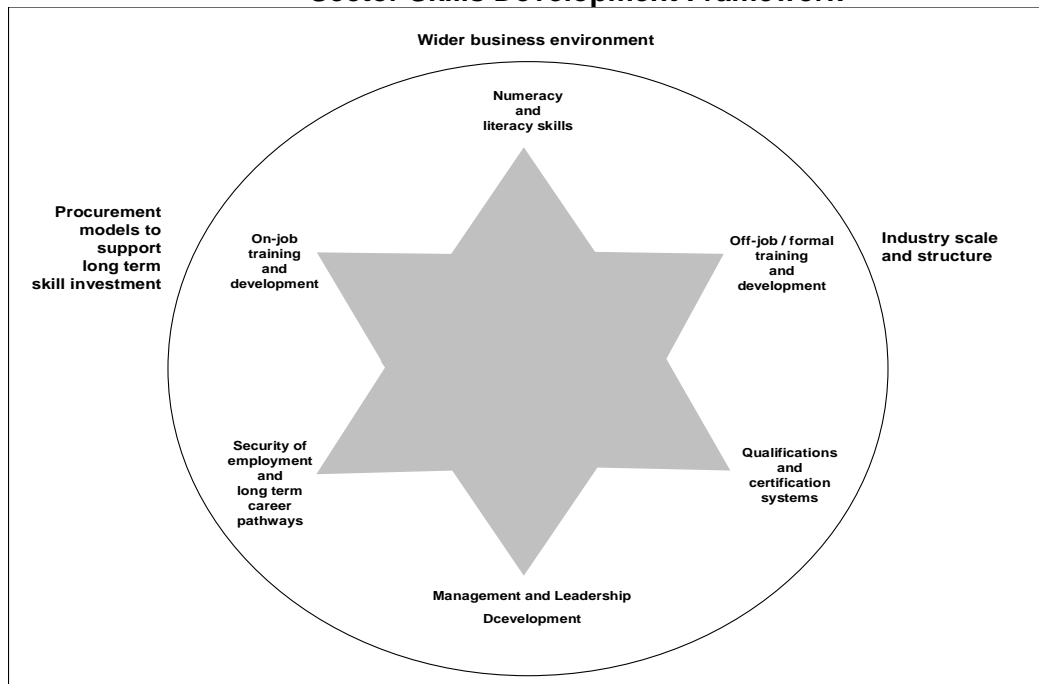
### **Framework for a sector-wide skills development strategy**

Skill development in this sector reflects a range of influences – from the wider economic environment that the industry operates within, through to the design and delivery of formal and informal training and qualifications. All of these elements are interconnected. As a way of framing the development of a sector wide skills development strategy, the following framework is proposed:

- the development of appropriate numeracy and literacy skills, and the system of off-job and on-job training, need to be integrated with each other and with qualifications/certifications systems on the one hand and with long term secure employment prospects (and associated career progression models) on the other
- all of these inter-connected skill development “systems” sit within, and must relate to, the wider business environment, industry scale and structure, and procurement systems.

These relationships are shown below:

## Sector Skills Development Framework



This framework has helped to shape the workstreams outlined in more detail below, specifically:

Element of the Proposed Framework		Links to Proposed Workstreams for the Skills Working Group outlined later in this Workplan
On-job training and development	maps to	Sector skills development framework (workstream 1, work project 2)
Off-job/formal skill training and development	maps to	Sector skills development framework (workstream 1, work project 3)
Numeracy and literacy skills	maps to	Numeracy and literacy (workstream 2)
Security of employment and long term career pathways	maps to	Sector skills development framework (workstream 1, work project 2)
Management and Leadership Development	maps to	Sector skills development framework (workstream 1, work projects 2 and 3)
Qualifications and certification systems	maps to	Sector skills development framework (workstream 1, work project 4)
Procurement models to support long term investment	maps to	the work of the procurement working group (a separate workgroup under the umbrella of the Productivity Taskforce)
Industry scale and structure	maps to	A contextual issue under workstream 1
Wider business environment	maps to	Short term measures to minimise the impact of the current economic downturn (workstream 3)

A high level summary of each of workstream is included at the end of this Workplan.

## **Membership of the working group**

The role of the Working Group is to provide proposals and advice on the following workstreams, for the Taskforce to consider in developing a wider skills development strategy for the building and construction sector.

A Working Group comprising practitioners from industry, local and central Government (names to be confirmed once invitations sent and accepted).

To assist the working group to undertake the tasks above external consultants would provide advice to the working group, drawing upon inputs from public and private sector agencies as appropriate.

In carrying out its work plan the working group will be supported by a small secretariat from the Department of Building and Housing. The Secretariat will provide administrative and managerial support to the working group and will assist it in ensuring that links with procurement working group are maintained. The Secretariat will also manage a pool of funds that the working group will be able to use to purchase research and analytical inputs.

Alongside the Working Group, the secretariat in the Department of Building and Housing will liaise with officials to secure the input of Government agencies and to ensure the integration of the Taskforce's work with key Government strategies such as the *Skills Strategy*. The officials would include senior representatives from:

- Department of Building and Housing
- Ministry of Education
- Department of Labour
- Tertiary Education Commission

## **Reporting**

The working group will compile an overview of its findings and proposals for each workstream and report to the Chair of the Productivity Taskforce as outlined in the attached discussion of the respective workstreams.

## **Accountability**

A working group Chair, to be appointed by the Chair of the Taskforce, will be accountable to the Chair of the Taskforce for the operation of the working group. The working group will report back to the Taskforce with findings and proposals.

## WORKSTREAM 1 – A Sector Skills Development Framework

### **Context**

This Workstream would have two starting points for its work:

#### **A A stronger emphasis on integrated on-job training and development, to complement off-job skill development**

Skill development in the sector must integrate both on-job and off-job training and development. To date, the emphasis in the material prepared for the Taskforce has tended to be on the formal skills and training system (eg: through ITOs and the tertiary education sector). This route for developing skills continues to be critical, and a key underpinning of the future industry skill development system in NZ.

A further, and equally critical, plank is the development of experience and skills through on-job experience and training, and the development of stronger integrated career paths within firms. On-job training is critical as much learning is experiential, and experience in a range of circumstances equips future managers to have the basic grounding in a numbers of skills to lead increasingly complex building and construction projects.

With respect to on-job skill development, a starting hypothesis could be that the relative fragmentation of, and lack of scale within, the industry (as well as the trend to out-sourcing over the last 10-20 years) has:

- Compromised the ability for firms to develop integrated skill development and management pathways for all new entrants to the sector
- Hindered the ability of firms to develop integrated “career paths” for recruits (because they don’t have the scale to develop and offer such paths, nor the ability to offer a degree of “career certainty”)
- Ultimately reduced management capability and leadership in the sector, as tertiary qualified entrants to the sector are less likely to have benefited from extensive on-job practical experience to underpin their formal training. This creates a risk that they are less well placed to lead other staff in managing a diverse range of day-to-day on-site practical issues.

Addressing the need for further on-job skill and management development could lead to a number of possible approaches, for example:

- Increased integration within a wider range of industry firms, so that more firms have a greater degree of scale and thus capability to deliver integrated package of skill and management development within their firm, and/or
- Greater “teaming up” across a number of smaller employers to provide scale to run skill development and management training programmes, and/or

- Greater inter-operability between small and large firms to either provide scale or the ability to provide greater job security and on-job training opportunities.

To varying degrees these approaches have potential implications for the issue of industry structure and scale.

## **B Opportunities to improving the operation of the off-job skills training system as a system**

Opportunities to develop and enhance on-job training and development must be linked to, and support, formal off-job skill development.

Discussions leading up to, and including the first Taskforce meeting of 11 November canvassed whether there were opportunities to enhance the formal (off-job) skills development system as a system, for example by:

- Facilitating the industry taking a larger role in shaping the direction of the skills development system – how could industry can better engage with and influence educational providers and funders to better link skills to what industry needs
- Improve the quality of graduates of the system
- Improving management and leadership development and training
- More efficiently and effectively meet future off-job skill development needs including, for example, the impact of the fragmentation of the industry and funders and providers, and what may be done to better manage this
- Exploring ways to improve the coherence of qualifications and their integration with licensing and certification systems, and career pathways

Developing links with the work is being done elsewhere will be important. The Government's Skills Strategy is currently a cornerstone of Government action in this area and is:

*"The Skills Strategy ... forms what the government, the Council of Trade Unions, Business New Zealand and the Industry Training Federation, believe will be effective ways to ensure that as a nation we have the skills necessary to drive economic growth. We have thought of this in the following context:*

- *The link between skills and productivity*
- *Responding to skills shortages*
- *Making the most of our investment in skills*
- *Skills for Māori and Pacific peoples*
- *The role of Immigration*
- *Making work more attractive"*

Under this Strategy, a number of actions of possible relevance to the building and construction sector are being developed including:

- A project led by Business NZ and the Industry Training Federation to develop partnerships between tertiary organisations and others regarding enhanced management and leadership skills in the building and construction sector
- A collaboration between IPENZ, ACENZ and DoL to investigate the demand, supply and matching of skills in the engineering sector.

The work of the Taskforce will need to work alongside these other initiatives.

### ***Specific Areas of Focus – Work Projects***

In this context, it is proposed that the Working Group (working in close consultation with the officials' group) provide the Taskforce with analysis and recommendations on:

- 1 To take stock of what we already know about current and projected industry skills levels and skills gaps/shortfalls, what is already being done to address these current and projected gaps and what the current or expected shortfall is expected to be
- 2 To review successful overseas and NZ models of integrated on-job skill and management development within or across firms:
  - what works to develop an individual's skills and management & leadership experience
  - what are the essential requirements for those models to work
  - what implications are for the development and operation of career paths in these models
  - the applicability of those models to the current NZ context, and what would it take (if desired) to apply those models into NZ
  - the costs, benefits and risks of those models, and of applying them in NZ
- 3 To develop options for improving the operation of the off-job skill development system as a system by:
  - developing and articulating a good understanding of how the training system (from schools to vocational training to university provision) currently functions as a system, what the role of the various actors are, how they are governed and incentivised, and what are the outcomes currently being generated
  - reviewing what developments are already underway in this area, for example under the Government's Skills Strategy
  - identify:
    - how the training system could be developed further in the future, in particular:
      - possible improvements in the interaction between industry and training providers so that industry can better engage with and influence educational providers and funders to better link skills to what industry needs

- improving graduate quality
  - supporting improved management development
  - the integration between off-job/formal skill development with any changes to the approach to on-job skill development
  - ways that the identified improvements should be implemented
  - priorities for further action
- 4 outline the current system of career pathways, qualifications and licensing and certification systems – especially the Licensed Building Practitioner scheme - and identify:
- what are the current issues and tensions between these respective systems and how they interface
  - develop recommended actions to better facilitate the interface between these respective systems.
- 5 To develop an analysis of the skills development implications of alternate procurement models being considered under the separate work programme for a proposed procurement working group, and
- 6 To develop models by which the recommended options from (2) through to (5) above could be developed into a revised integrated skills development system for the building and construction sector in NZ and in doing so:
- develop a recommended direction for both on-job and off-job skills development in NZ
  - outline the costs, benefits and risks of the recommended approach
  - outline recommended actions and responsibilities to take this direction forward.

### ***Process***

Develop projects to look at each of the above aspects of a skills strategy, reporting to a Working Group on this set of issues. The secretariat could engage consultants to undertake a literature and analytical review of the key issues above, to provide a starting point for the Working Group's deliberations on each of these projects.

Working Group to develop proposals and recommendations to improve the operation and integration of both the off-job and on-job aspects of the skills development system as a system.

### ***Working Group Role***

To develop proposals and advice on these matters to submit to the Taskforce

### ***Timeframe***

Develop high level proposals by the end of March 2009 to put to a next industry Forum by expected to be held by mid-2009

## **WORKSTREAM 2 – Numeracy and Literacy**

### **Context**

Recent Governments have recognised that numeracy and literacy skills as a key issues facing NZ firms wanting to increase their productivity.

The 2008 Budget announced a funding boost of \$156m over the next four years as follows:

*“Government has committed to a comprehensive programme designed to improve the literacy, language and numeracy skills of New Zealanders.*

*Previous budgets have established pilots, small funding pools and initiatives to fund literacy, language and numeracy. This package provides a full-scale co-ordinated approach that builds on the findings of those pilots.*

*The government will invest in those already at work, or preparing for work, to ensure that our businesses increase their productivity and our workers increase their skills.*

*This initiative supports the New Zealand Skills Strategy. Government agencies will work together with the education sector, business and unions to implement a comprehensive programme designed to improve the literacy, language and numeracy skills of New Zealanders.”*

This funding is linked to the Government-led Skills Strategy described under Workstream 1 above.

In light of the significant work already being undertaken in this area, this workstream would explore the application of these broader policies to the circumstances of the building and construction sector.

### **Specific Areas of Focus**

This workstream would explore what – if anything – could be considered to:

- Facilitate the application of these policy directions to the current and future needs of the building and construction sector
- Adjust the direction of these policy directions to meet the specific needs of the building and construction sector

### **Process**

- High level scoping out the impact of these policies for the sector by DBH of behalf on the Working Group, in advance of:
- Initial discussion between the Taskforce, the Ministry of Education, TEC and the Department of Labour at the Taskforce’s first meeting in 2009

- Evaluation of any further avenues for further action by the Taskforce following this discussion with MoE, TEC and DoL.

***Working Group Role***

DBH, through the Working Group, to prepare background briefing papers for the taskforce and to facilitate the Taskforce's discussion with other Government agencies.

***Timeframe***

Taskforce meeting in early February 2009

## **WORKSTREAM 3 – Short term measures to minimise the impact of the immediate economic downturn**

### ***Work Scope***

The building and construction industry is already experiencing the impact of the global financial crisis, the resulting credit crunch and the impact on the building and construction sector. In previous downturns, there has been a loss of skills from the industry and New Zealand; in many instances those skills do not come back. The incoming Government has signalled its willingness to consider infrastructure investments to help manage the impacts of the downturn in a number of sectors of the economy.

### ***Specific Areas of Focus***

The Government's response to the forecast economic downturn is likely to occur quickly and is expected to be dynamic in nature. The Taskforce would maintain a watching brief over the development of the response, and consider what advice it could provide the Government regarding short term skill retention and development opportunities, bearing in mind long term industry skill needs.

### ***Process***

- Develop an understanding of the incoming Government's intentions in respect of infrastructure development in light of the economic downturn, and the implications for the building and construction sector
- Discussions with industry and Government participants about additional practical actions – if any - over and above those implicit or explicit in projected Government and private sector actions to retain, retrain or redeploy skilled workers
- Develop recommendations for the Taskforce to take to the Government regarding skill retention in the sector

### ***Working Group Role***

To develop proposals and advice on these matters to submit to the Taskforce with particular responsibilities as follows:

- DBH [and Treasury – assuming the Treasury has overall coordination of the Government's infrastructure investment plans] with respect to the Government's expected infrastructure development plans
- DoL in respect of wider Government skills development strategies
- Industry and ITOs to facilitate the sector discussions practical options to retain, retrain or redeploy skilled workers, in the context of projected Government action and private sector activity.

### ***Timeframe***

End of March 2009 (subject to the timing of Government's wider infrastructure investment programme)