



BRIEFING

Establishing interim Regional Skills Leadership Groups to support COVID-19 response

Date:	17 April 2020	Priority:	High
Security classification:	In Confidence	Tracking number:	2793 19-20

Action sought		
	Action sought	Deadline
Hon Willie Jackson Minister of Employment	<p>Note the contents of this briefing.</p> <p>Agree to expedite the establishment of Regional Skills Leadership Groups to support the regional labour market response to COVID-19.</p> <p>Forward this briefing to the Labour Market Ministers Group for their approval.</p> <p>Forward this briefing to the Minister for Māori Development and the Minister for Pacific Peoples for noting.</p>	21 April 2020

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Heather Kirkham	Director, Labour and Immigration Policy	021 891 600	✓
9(2)(a)	Principal Advisor, Skills and Employment Policy	9(2)(a)	

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

Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments



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Purpose

This briefing provides the Labour Market Ministerial Group (LMMG) with information about expediting the establishment of Regional Skills Leadership Groups to support the regional labour market response to COVID-19.

Executive summary

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

On 19 March 2020, the LMMG agreed to the broad compositional arrangements for 15 RSLGs, with some minor adjustments to worker representation in three regions. The LMMG also acknowledged the role RSLGs could play in supporting the response to the regional impacts of COVID-19 in the medium-long term and asked for further information about how the establishment of RSLGs could be expedited to help support shorter-term responses.

RSLGs would provide a good mechanism for obtaining coordinated, strategic, qualitative information about regional labour market disruption resulting from COVID-19 from a diverse range of regional representatives. RSLGs will provide a focus for drawing together labour market information, and offer valuable labour market intelligence to central government and regions around re-employment and redeployment of displaced workers as well as broader active labour market policies.

In recent weeks several regions have established, or are looking to establish, regional labour market and broader economic groups to coordinate labour market and economic intelligence. Auckland Council has established a COVID Mayoral Business Advisory Panel to help work through the issues created by the COVID-19 lock-down and to assist the city's transition back to normal economic activity when the lock-down is lifted. Other regions, including Northland and Marlborough have also begun to move to establish similar groups with a labour market focus.

Reflecting these factors, we propose that the immediate COVID-19 response phase be considered as a pre-RSLG phase with interim RSLGs (iRSLGs) set up. The key differences between an iRSLG and full RSLG are that they will not be required to develop annual workforce plans, membership in the interim phase may not be able to be fully representative initially, and the Chair role will be provisional and not agreed by the Cabinet Appointment and Honours Committee. This would avoid needing Cabinet approval for the changes and enable MBIE to work alongside responses that regions have started to develop in recent weeks.

This would ensure that immediate and pressing needs can be met, and provides time to properly appoint representatives with the appropriate skillset as iRSLGs evolve into full RSLGs. We would expect full RSLGs, as initially agreed by Cabinet, to be able to be operational by mid 2021.

The initial role of iRSLGs is proposed to:

- meet at least fortnightly to discuss labour market trends provided by the RSLG secretariat and provide qualitative labour market information to the RSLG secretariat

- be the primary point of contact for central government in terms of regional labour market information and advice
- engage with key stakeholders in the region to identify patterns, trends and urgent needs relating to labour markets and business continuity in the region.

We are confident that all 15 iRSLGs can be set up within eight weeks, with many likely within four weeks.

As the economy and labour market change over time in response to COVID-19, we envisage iRSLGs will evolve into full RSLGs by mid 2021 and move to focus on their intended purpose of performing a future focused regional labour market planning function. This in turn contributes to the Reform of Vocational Education as well as wider central government and regional decision making.

Funding for expediting the establishment of iRSLGs can be met within existing MBIE appropriations through to 30 June 2020. Beyond this, we note significant reputational risk if the RSLG Secretariat is not funded in Budget 2020 as iRSLGs will need to be disestablished.

Representation of a diverse range of populations on iRSLGs is important, including Māori and, where relevant Pacific Peoples. We therefore recommend forwarding the briefing to the Minister for Māori Development and Minister for Pacific Peoples.

Recommended action

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

Expedite RSLG establishment to support the COVID-19 response

- a **Agree** to establish pre-Regional Skills Leadership Groups (RSLGs) called interim Regional Skills Leadership Groups (iRSLGs) to support regional labour market responses to COVID-19
Agree / Disagree
- b **Agree** that for the rest of 2020, and then reviewed on a three month basis by MBIE, that the role of iRSLGs is to:
- meet frequently (at least fortnightly) to provide qualitative labour market information to the MBIE RSLG secretariat and to discuss broad labour market data, including trends
 - be the central point of contact for central government in terms of regional labour market information and advice
 - engage with key stakeholders in the region to identify patterns, trends and urgent needs relating to labour markets and business continuity in the region
- Agree / Disagree*
- c **Note** that some regional groups have already been set up to look at how labour markets can respond to COVID-19 and where feasible MBIE will work with these groups to confer iRSLG responsibilities
Noted
- d **Agree** that all 15 iRSLGs will be established within eight weeks, with many iRSLGs established earlier
Agree / Disagree
- e **Note** that some iRSLG representatives, including iwi/Māori representatives, may not be able to be appointed within eight weeks, with remaining representatives appointed as quickly as possible throughout 2020
Noted

f **Agree** to establish full RSLGs, with a longer-term labour market planning function, by mid 2021
Agree / Disagree

g **Note** that engagement with regional stakeholders, including Regional Public Service Leads, economic development agencies, iwi and other regionally relevant population groups is critical to the effective establishment of iRSLGs
Noted

h **Agree** that expediting the planned setup of the Secretariat support function for RSLGs is key to iRSLG success
Agree / Disagree

i **Note** funding for the initial establishment of iRSLGs and the Secretariat can be met within existing MBIE appropriations through to 30 June 2020, but not beyond this
Noted

j **Note** there is significant reputational risk if sufficient Budget 2020 funding is not provided and RSLGs are subsequently disestablished
Noted

k **Note** that COVID-19 and associated regional labour market disruption is evolving quickly and additional roles for iRSLGs may be required
Noted

l **Agree** that the Chief Executive of MBIE will appoint all iRSLG representatives, including acting Chairs for a period until RSLGs are established as originally agreed by Cabinet
Agree / Disagree

m **Note** that Cabinet Appointments and Honours Committee (APH) agreement will be sought for the appointment of Chairs to full RSLGs expected to be before mid 2021
Noted

The evolving focus and role of RSLGs over time

n **Note** that the role of iRSLGs is intended to evolve over time into full RSLGs with a greater long-term labour market planning focus once we move into a COVID-19 'recovering and rebuilding' phase
Noted

Next steps

o **Note** that we will provide the Minister of Employment with regular updates on expediting the establishment of iRSLGs and the evolution of iRSLGs into full RSLGs
Noted

p **Agree** to forward this briefing to the Minister for Māori Development and the Minister for Pacific Peoples
Agree / Disagree

9(2)(a)



Hon Iain Lees-Galloway
Minister of Immigration
..... / /

Hon Chris Hipkins
Minister of Education
..... / /

Hon Carmel Sepuloni
Minister for Social Development
..... / /

Hon Willie Jackson
Minister of Employment
..... / /

Hon Tracey Martin
Minister for Seniors
..... / /

Background

1. In July 2019, Cabinet agreed to establish Regional Skills Leadership Groups (RSLGs) for 15 regions by 1 July 2020, to facilitate dialogue about regional labour market needs (refer briefing 3721 18-19). Cabinet noted that MBIE would report-back to Ministers in early 2020 with proposals for the composition for each of the 15 RSLGs.
2. On 19 March 2020, the Labour Market Ministerial Group (LMMG) agreed to the broad composition of the 15 RSLGs (refer briefing 2382 19-20), with some minor adjustments to worker representation in three regions. Minor adjustments to RSLG compositions in three regions are summarised in Annex One.
3. LMMG acknowledged the role RSLGs could play in supporting the response to the regional impacts of COVID-19 in the medium-long term. The Group also asked for additional information about how the establishment of RSLGs could be expedited to help support shorter-term responses.
4. This briefing provides LMMG with information about how expediting the establishment of RSLGs could support the different phases of regional and national responses to labour market disruptions arising from COVID-19.

Expediting RSLG establishment to support the COVID-19 response

5. COVID-19 is resulting in significant regional labour market disruption, particularly in regions that have high concentrations of employment in the hospitality and tourism sectors.

Rationale for expediting the establishment of RSLGs

6. A range of economic development agencies, chambers of commerce and councils have met in recent weeks to discuss the immediate labour market impact of COVID-19 on their region. These meetings have largely been informal and focus on the region's role in supporting displaced workers.
7. Auckland Council has established a COVID Mayoral Business Advisory Panel to help work through the issues created by the COVID-19 lock-down and to assist the city's transition back to normal economic activity when the lock-down is lifted. Other regions including Northland and Marlborough have also begun to establish groups with a similar aim, albeit more focused on labour markets.
8. MBIE has observed the following challenges in many region-led discussions about the economic and labour market impact of COVID-19 over recent weeks:
 - the view of workers, who will be heavily affected by COVID-19, and Māori, a treaty partner, have largely not been directly represented in discussions
 - the focus of discussions has been on understanding and mapping labour market disruption and activity, as well as support provided by government agencies in response to COVID-19
 - many economic development agencies and Māori authorities have been overwhelmed by requests from a range of central government agencies asking for the same kinds of information
 - there is often a tension between sub-regional and regional focus, with the former often coming to the fore given the heavy involvement by economic development agencies, who are predominantly sub-regional focused

- labour market intelligence collected by MBIE has largely been ad-hoc and influenced by those who are providing the information. A more strategic and coordinated way of gaining labour market intelligence would be helpful in assisting the government's COVID-19 response regionally.
9. Many of these challenges could be mitigated by a more coordinated response and support from central government. This would make existing groups more effective in helping regional labour markets respond to COVID-19.

Interim Regional Skills Leadership Groups

10. It is clear that there is an immediate need for labour market intelligence on what is happening at a regional level as a result of COVID-19, and to help support regions to plan how to recover and rebuild. RSLGs could meet this need if they operate and function in a slightly cut down way from what was originally agreed by Cabinet (refer briefing 3721 18-19).
11. The key differences between the proposed iRSLG and full RSLG are that they will not be required to develop annual workforce plans, membership in the interim phase may not be able to be fully representative initially, and the Chair role will be provisional and not agreed by the Cabinet Appointment and Honours Committee.
12. We recommend establishing pre-RSLG groups called interim Regional Skills Leadership Groups (iRSLGs) as soon as practical to help strengthen the coordination of regional labour market insights in response to COVID-19. These insights would come from government agencies, including from the Ministry of Social Development and Rapid Response Teams, and a range of community stakeholders, such as businesses, workers, Māori and different age ranges. Labour market intelligence provided is likely to be valuable in informing the re-employment and redeployment of displaced workers as well as broader active labour market policies.
13. The recommended role of iRSLGs is to:
- meet frequently (at least fortnightly and virtually where necessary) to provide qualitative labour market information to the MBIE RSLG secretariat and to discuss broad labour market data, including trends (provided by the RSLG secretariat)
 - be the primary point of contact for central government in terms of regional labour market information and advice
 - engage with key stakeholders in the region to identify patterns, trends and urgent needs relating to labour markets and business continuity in the region.
14. MBIE will work with labour market groups that are already formed, or are about to be formed, with the aim of making them an iRSLG. MBIE will work with these groups to ensure a broad range of representative groups are reflected in line with RSLG representation principles agreed by Cabinet for local government, business, worker and community representation (refer briefing 3721 18-19).
15. In regions where groups are not already forming, MBIE will work with regional stakeholders to form iRSLGs with composition broadly in line with proposals agreed by LMMG (refer briefing 2382 19-20) but that also take into account recent events.
16. The clear expectation is that when New Zealand enters into a recovery and rebuilding phase that iRSLGs will transition into full RSLGs as originally intended. The full role of RSLGs includes undertaking regional labour market planning, including developing regional workforce plans which set out the aspirations for the region and how the desired future state could be achieved.

17. To support the early establishment of iRSLGs, we recommend previously outlined RSLG Expression of Interest processes for Chairs and for identified representative groups are not carried out for interim RSLGs. Appointments to iRSLGs will be until mid July 2021, with the ability to end sooner if required. MBIE will move to having previously agreed appointment processes in place when full RSLGs will be set up and New Zealand is in a recovery and rebuilding phase.
18. We note that wherever possible iRSLGs also need to align with any broader group established to respond to COVID-19, such as Auckland's COVID Mayoral Business Advisory Panel. This will help mitigate potential duplication of work.
19. Expediting the establishment of iRSLGs may result in some agreed representative groups initially not being able to be consulted with and appointed quickly. This is likely to be the case for some community and/or iwi/Māori representatives. In these instances, we recommend establishing iRSLGs as soon as possible with a majority of agreed representatives and appointing other representatives as appropriate throughout 2020. Where agreed representatives are not able to be appointed when iRSLGs are initially set up, there will be an expectation for iRSLGs to engage regularly with these groups.
20. Job descriptions for iRSLG members and acting chairs will be developed to outline key competencies sought as well as iRSLG expectations. These will be consistent with the key competencies agreed by LMMG in March 2020 (refer briefing 2382 19-20).

Potential risks and mitigations associated with establishing iRSLGs

21. In recommending the establishment of iRSLGs within eight weeks there are a range of scenarios could play out that may risk the short-term and long-term effectiveness and credibility of iRSLGs and RSLGs. MBIE has identified the following key risks and developed strategies to address them.
 - *Not all iRSLG representative positions agreed by LMMG can be filled immediately.* We recommend having the majority of iRSLG members appointed and iRSLGs established as soon as is practical. Remaining positions would be appointed throughout 2020 according to region readiness. Some members, such as SMEs, may not be able to actively participate in the short-term due to the direct impact of COVID-19 on their business. Where agreed representatives are not able to be appointed when iRSLGs are initially set up there will be an expectation for iRSLGs to engage regularly with these groups.
 - *iRSLGs compete, rather than collaborate, with other participants in the region to provide labour market information to government.* The initial role of iRSLGs is made clear to members, and members are provided regular qualitative information from a range of data sources by the RSLG secretariat. The Ministry of Education, Ministry of Social Development, Provincial Development Unit and Regional Public Service Leads support the early establishment of RSLGs and recognise them as a coordinating point for qualitative labour market intelligence and associated labour market responses to COVID-19.
 - *The mana of the members on the group is diminished by being narrowly focused and not strategic.* iRSLGs will have mana by being the point of contact for central government on qualitative regional labour market information about their region and influence government decision making.
 - *iRSLGs functions become so focused on COVID-19 that the purpose of RSLGs is lost in the medium-long term.* The impact of COVID-19 and the associated response will be the focus of government for some time. Once COVID-19 is no longer the key driver of labour market issues, the focus of RSLGs will naturally shift to the key presenting issues as well as long-term regional labour market planning.

- *Information gained from iRSLGs is not used effectively by central government.* The MBIE RSLG secretariat will be tasked with collating information provided by iRSLGs and making MBIE and other central government agencies aware of it regularly and effectively'. The iRSLG secretariat will also engage with relevant agencies to understand their regional labour market intelligence needs and be responsible for coordinating any central government questions to the Group. This will help ensure government agencies receive information they require and are working off the same regional information and minimise the risk of duplication of effort, such as that seen in the immediate response to the Canterbury earthquakes.

Timeframes for expediting the establishment of iRSLGs

22. We outlined four broad types of RSLG composition to LMMG in March 2020 (refer briefing 2382 19-20) – regions with existing groups where RSLG responsibilities will be conferred, regions where RSLGs will incorporate some existing arrangements, regions where transitional arrangements are recommended and regions where there is no ongoing existing arrangements.
23. More recently, some regions have begun to set up regional labour market groups to help the regional response to COVID-19. These groups could help fast track the establishment of iRSLGs.
24. The 'best case' scenario is to have all iRSLGs established within eight weeks, noting that some RSLGs could be established earlier. The following table shows an estimated 'best case' for iRSLG establishment. Timeframes are based on recent engagement with Regional Public Service Leads and regional stakeholders.

iRSLG establishment timeframe

Type	Region	iRSLG establishment 'Best case' scenario
<i>Existing groups</i>	Waikato (<i>Waikato Labour Market Strategy Group</i>)	Within 2 weeks
	Te Tairāwhiti (<i>CARE Forum</i>)	Within 2 weeks
	Hawke's Bay (<i>Matariki Strategy – Pou 2</i>)	Within 2 weeks
	Manawatū-Whanganui (<i>Skills and Talent Advisory Group – STAG</i>)	Within 2 weeks
<i>Incorporating some existing groups</i>	Bay of Plenty	Within 2-4 weeks
	Taranaki	Within 2-4 weeks
	Wellington	Within 2-4 weeks
	Nelson-Tasman	Within 2-4 weeks
	Marlborough	Within 2-4 weeks
	Canterbury	Within 2-4 weeks
	Otago	Within 2-4 weeks
	Southland	Within 2-4 weeks
<i>Transitional arrangements</i>	Northland	Within 2-4 weeks
	Auckland	Within 2 weeks
<i>No ongoing group to build on</i>	West Coast	Within 5-8 weeks

25. Ongoing engagement with regional stakeholders, including Regional Public Service Leads, is critical to ensuring regions are ready for iRSLGs and are supported through the process. It is

possible that the timeframe for iRSLG establishment in each region may change along with iRSLG composition in each region.

iRSLG secretariat support

26. MBIE will also expedite the setup of the Secretariat support function for RSLGs. Secretariat support will aid the provision of labour market intelligence from government agencies, including the Ministry of Social Development, Ministry of Education and Tertiary Education Commission, to regions in a coordinated manner. The secretariat will also ensure regional intelligence is fed back to relevant government agencies in a way that best supports the COVID-19 response.

iRSLG appointments

27. To ensure that iRSLGs are established as quickly as possible, MBIE recommends that the Chief Executive of MBIE appoints all members, including an acting Chair, rather than the Cabinet Appointments and Honours Committee as originally envisaged. This is to streamline the appointment process in the short term to enable iRSLGs to be stood up as soon as possible. .
28. We recommend that the APH process for appointing Chairs be followed when we get to the stage of establishing full RSLGs, expected before mid 2021. In the meantime MBIE will raise iRSLG Chair appointments with the Minister of Employment prior to making them.

Funding for early establishment in advance of any Budget funding can be met through re-allocation to 30 June 2020

29. RSLGs were to be established by July 2020, reflecting the requirement for funding in Budget 2020. The budget bid is for \$7.2m per year.
30. Funding for the initial establishment of iRSLGs and the RSLG Secretariat can be met within existing MBIE appropriations through to 30 June 2020, but not beyond this. Funding will be met from the Immigration Sector Agreements appropriation, the scope of which is consistent with the purpose of RSLGs.
31. In addition to the above, regional stakeholders have reinforced the need to have iRSLGs appropriately resourced from the outset. This is especially the case in a disrupted labour market as a result of COVID-19 where RSLG member resources will be stretched.
32. There is significant reputational risk if the Secretariat is unable to be funded after June 2020 as iRSLGs will need to be disestablished.

The evolving focus and role of RSLGs over time

33. The intended purpose of RSLGs, agreed to by Cabinet in July 2019, is to undertake regional labour market planning, including developing regional workforce plans which set out the aspirations for the region and how the desired future state will be achieved (refer briefing 3721 18-19).
34. The response to COVID-19 is likely to be in three phases, each requiring an evolution in the role and function of iRSLGs to support each phase. Due to the rapidly changing nature of the current environment, these phases may need to be revised in the future.
 - Containment and cushioning the economic impact (0-6 months at least)
 - Kick-starting the economy (estimate late 2020)
 - Recovering and rebuilding (estimate 2021 onwards)

35. We recommend the role and function of iRSLGs evolve over time, from supporting the regional labour market response and initial recovery resulting from COVID-19 to the intended long-term regional labour market planning function originally agreed by Cabinet. At each phase, information from RSLGs can be used to inform the Reform of Vocational Education as well as wider central government and regional decision making.
36. The following table summarises the potential evolution of interim RSLGs in each of the COVID-19 response phases.

Potential RSLG evolution

	Containment and cushioning the economic impact (0-6 months at least)	Kick-starting the economy (estimate late 2020)	Recovering and rebuilding (estimate 2021 onwards)
Broad economic and labour market focus	<p>Fighting the virus and cushioning the economic impact in containment.</p> <p>Labour market focus on maintaining labour market attachment and understanding how to mitigate labour market disruption.</p>	<p>Measures to stimulate recovery and growth at a national and regional level.</p> <p>Labour market focus on supporting regions shift towards maximising displaced workers' opportunities for a speedy return to sustainable employment and short-medium term workforce planning.</p>	<p>Refreshing economic planning at a regional level for a long-term rebuild.</p> <p>Regional labour markets refocus on their longer-term labour market needs, aspirations and developing a more resilient workforce for the future.</p>
RSLG evolution and role	<p>Expedite the establishment of interim RSLGs with a focus on coordinating labour market intelligence.</p> <p>Interim RSLGs to have a majority of agreed representatives appointed when initially established.</p> <p>Expand initial interim RLSG composition as required to ensure appropriate representatives are in place to support interim RSLGs in a fast moving environment.</p>	<p>Interim RSLGs coordinate the provision of regular labour market intelligence to central government agencies and across regions.</p> <p>Some interim RSLGs are in a position to develop regional workforce plans for the next three-five years. The plans focus on the immediate rebuilding of regional labour markets, challenges and opportunities.</p>	<p>RSLGs continue to evolve to fulfil their full intended function by mid 2021.</p> <p>RSLGs expand the focus of their initial annual regional workforce plan to also consider a longer-term regional labour market outlook and future labour market aspirations.</p>

Next Steps on expediting the establishment of RSLGs

Progress updates to the Minister of Employment

37. We will continue to provide progress updates to the Minister of Employment on the expedited process to establish iRSLGs and the evolution into full RSLGs by mid 2021.

Annex One: Minor adjustments to RSLG composition proposals following LMMG feedback

RSLG compositional proposals for Nelson-Tasman, Marlborough and Southland were tweaked following LMMG feedback on 19 March 2020. Tweaks include:

- *Nelson-Tasman*. Clarifying the SME representative is one of the four business representatives rather than a worker representative. Two worker representatives remain.
- *Marlborough*. Clarifying that the SME representative is one of the four business representatives rather than a worker representative. Two worker representatives remain.
- *Southland*. Increasing worker representation from one to two.