

Chair
CHAIR POLICY COMMITTEE

WORKPLACE PRODUCTIVITY WORKING GROUP REPORT: APPROVAL FOR RELEASE OF REPORT AND GOVERNMENT RESPONSE

Proposal

- 1 This paper proposes that the Report of the Workplace Productivity Working Group be publicly released on 30 November 2004, at an event co-hosted with the Wellington Regional Chamber of Commerce, and outlines the proposed Government response to the Report. The launch of the Report and the Government response will be led by the Minister of Labour, with support from the NZ Council of Trade Unions, Business New Zealand and the Growth and Innovation Advisory Board.
- 2 The proposed Government response includes the adoption of a Workplace Productivity Agenda as a component of the Growth and Innovation Framework. The Secretary of Labour will have overall accountability to the Ministerial Reference Group for overseeing delivery of the Workplace Productivity Agenda. The Secretary of Labour will establish a Reference Group consisting of representatives from industry, firms, unions and key government agencies to support delivery of concrete actions over the short to medium term (1 January and 30 June 2005) and prioritise further actions over the medium to long term.

Executive summary

The imperative

- 3 Between 1993-2003 labour productivity growth accounted for 1.3 percent and labour utilisation accounted for 0.9 percent of the 2.2 percent average annual growth in per capita GDP (the average GDP growth rate in the OECD over this period was 2.5 percent).
- 4 New Zealand's current rate of economic growth is one of the highest in the OECD (4 percent per annum since 1999), but we still rank 21st in the OECD. All OECD countries with higher per capita GDP have higher productivity, while all OECD countries with lower per capita GDP have lower productivity. Increasing productivity not only provides an important opportunity to improve New Zealand's per capita GDP, but significantly it provides a means of doing this in a sustainable way. The value of economic output per hour worked can be improved through various factors such as workplace practice, use of technology, and higher skills and knowledge.

- 5 Consultation with industry, firms, unions and government agencies has resulted in establishing an unprecedented level of agreement and commitment on how to proceed to lift workplace productivity. There is commitment to share the responsibility for practically assisting firms improve workplace productivity.

Workplace Productivity Working Group's Report

- 6 The Workplace Productivity Working Group was established in February 2004 and reported to the Ministerial Reference Group (Ministers of Labour (Chair), Finance and Economic Development) in August 2004.
- 7 The Working Group considers four types of actions are required to lift workplace productivity, including: raising awareness; diagnostic tools; implementation; and, research and evaluation. The Working Group characterised its report (and the 63 detailed recommendations) as setting "out a Workplace Productivity Agenda for responding to the workplace productivity challenge". It recommended that an Advisory Board or Committee be established to oversee the implementation of the Agenda.

A new Agenda for Workplace Productivity

- 8 I propose the Government adopt the following Workplace Productivity Agenda (based on the Working Group's recommendations):
- a Strategic communications to raise the profile for workplace productivity.
 - b Sharing knowledge by supporting the distribution of research and diagnostic tools and technologies with the support of all the key stakeholders.
 - c Creating or commissioning new diagnostic support tools and other assistance to help identify possible workplace productivity improvements.
 - d Facilitating productivity improvements by providing a catalyst for learning, such as bringing firms together for business-to-business exchanges.
 - e Providing funding support for capacity-building activities and workplace productivity improvements.
 - f Undertaking research and knowledge-deepening activities, including developing links to international productivity organisations and commissioning and reporting on research into workplace productivity issues.
 - g Reviewing government programmes to ensure that resources are focused, targeted and relevant.

Proposed responsibilities

- 9 I propose that the Workplace Productivity Agenda be adopted as a component of the Growth and Innovation Framework. The Secretary of Labour will have overall accountability to the existing Ministerial Reference Group for overseeing delivery of the Workplace Productivity Agenda. The following agencies will lead the Government response to the Working Group's Report in relation to the seven drivers of workplace productivity: Building Leadership and Management Capability (MED); Creating Productive Workplace Cultures (DoL); Encouraging Innovation and the Use of Technology (MoRST); Investing in People and Skills (DoL); Organising Work (DoL); Networking and Collaborating (MED); Measuring What Matters - all agencies.

- 10 The Secretary of Labour will establish a Reference Group to support implementation of the Workplace Productivity Agenda. This will ensure that industry, firms, unions and government continue to take a shared responsibility approach for workplace productivity improvements.

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Launch of the Workplace Productivity Working Group Report and the Government Response

- 12 I propose that the Working Group's Report and the Government response be launched at a function co-hosted by the Wellington Regional Chamber of Commerce on the evening of 30 November 2004.

Background

- 13 In December 2003 the Cabinet Business Committee agreed to establish the Workplace Productivity Working Group, to examine productivity at the workplace level (CAB Min (03) 10/4 refers). The Working Group was appointed by the Secretary of Labour in February 2004, to report to a Ministerial Reference Group of the Ministers of Labour (Chair), Finance and Economic Development.
- 14 The Working Group, consisting of industry, business, union and government agency representatives, provided their Report to the Ministerial Reference Group in August 2004. A summary version of the Report has also been prepared.
- 15 The Ministerial Reference Group met in October 2004, along with the Ministers of Social Development and Employment and, Research, Science and Technology, to discuss the Working Group's Report and a proposed Government response. Our discussions form the basis for this Cabinet Committee paper.

Why is Workplace Productivity important?

- 16 New Zealand's current rate of economic growth is one of the highest in the OECD, but we still have a long way to go to catch-up with the rest of the world.
- 17 There are two sources of GDP per capita growth¹: labour utilisation (number of people working and hours worked) and labour productivity (output produced per worker per hour). Or put simply: the total number of hours worked in the economy and the amount produced in each of those hours. Most successful countries have both high utilisation rates and high labour productivity.

¹ GDP is calculated by the quantity, quality and variety of goods and services available for consumption. While growth in GDP reflects productivity growth, it is also affected by many factors, such as droughts, the terms of trade and external shocks, which are outside the scope of the firm, as per page 26 of the Workplace Productivity Report.

New Zealand already has high levels of labour utilisation, meaning that increasing labour productivity is a key determinant of economic growth. As one leading US economist put it:

Productivity isn't everything, but in the long run it is almost everything. A country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker.²

- 18 In practice, improving productivity allows workers to receive higher wages and firms to make profits **without** risking an increase in inflation. The productivity of a firm reflects how it brings together people, skills, technology, capital and other inputs to produce the goods and services it sells. For example, improved staff training leading to fewer errors that require rework, boosts productivity: more can be produced with the same number of staff and the same equipment. Each worker is producing more and can thus be paid more without eating into company profits. Introducing an automated stock-control system, reducing the need to have parts on hand (and eating into working capital) also represents a productivity improvement.
- 19 All OECD countries with higher per capita GDP than New Zealand have higher productivity, while all OECD countries with lower per capita GDP have lower productivity.
- 20 From 1987 until recently, New Zealand's average labour productivity growth was consistently less than that of Australia. However, in the period 1997-2002 New Zealand's rate of increase was similar to that of Australia at 1.7% per year. Both New Zealand's and Australia's labour productivity growth are nevertheless still lower than growth in the UK and France.

What we learnt from the Workplace Productivity Working Group

- 21 The Working Group consulted with a wide range of New Zealand industry and enterprises about their good practice and the challenges they are facing. The Working Group's report sets out a model for improving workplace productivity at the firm level focusing on increasing labour productivity as a means to economic growth, described as "Working smarter to build a higher value, higher skill, higher wage economy".
- 22 The Working Group found there is a lot of good practice to learn from. Its report identifies seven complementary and reinforcing drivers of workplace productivity, noting that productivity improvements can be made using any of these drivers depending on the priorities facing a particular firm. As the drivers are complementary, changes in business practices in one area will generally reinforce changes in another area:
 - a **Building Leadership and Management Capability** (e.g. Toll Tranzlink implemented a web-based system for giving management access to business information and up-skilled staff to use the new system. This enabled them to make better-informed decisions and increase timeliness and quality of deliveries).

² Paul Krugman, *The Age of Diminished Expectations*, (1992) quoted by the Workplace Productivity Working Group.

- b **Creating Productive Workplace Cultures** (e.g. Vodafone involved staff directly in improving the customer focus of the business. Staff culture now fits well with the external image that the company is promoting, and this has led to substantial increases in business performance and staff satisfaction).
 - c **Encouraging Innovation and the Use of Technology** (e.g. Jenkin Timber is an early adopter of new manufacturing technologies and e-commerce technologies for tracking and measuring performance. High investment in technology is driving 20% annual growth. It is also making a major investment in training and developing people to operate in higher technology business).
 - d **Investing in People and Skills** (e.g. Rotaform Plastics offers a literacy programme to all staff. It's a voluntary programme, but all factory staff have signed up. Making sure staff have basic technical knowledge, e.g. knowing the difference between gram and a kilo has led to higher output and increased sales and profits - about 30% per year).
 - e **Organising Work** (e.g. The Good Time Food Company - a pie company in Hawkes Bay has reduced staff turnover from 180% (1998) to 14% (2003) through better work practices such as recruitment and training and involved staff in analysing work processes resulting in changes that resolved bottleneck production problems).
 - f **Networking and Collaborating** (e.g. The KEA Association provided support for Anzode (a battery technology company) and helped the new technology company make business contacts in the US).
 - g **Measuring What Matters** (e.g. Fonterra implemented a "manufacturing excellence" approach with a user-friendly measurement system that has key performance indicators for each team).
- 23 The Working Group recommended a framework that included the following four actions to improve workplace productivity (see Appendix 4 for a diagram of the framework).
- a Raising Awareness – of what workplace productivity means (how it differs from historical cost-cutting measures) and the actions that can lead to improvements.
 - b Diagnostic Tools – to assist firms in identifying how effectively they are performing and to identify where the firm may need to improve its business practices or performance.
 - c Implementation – assistance and support for firms to decide what specific actions to take and the best way to put these in place.
 - d Research and Evaluation – collecting and developing the knowledge base about workplace productivity and what business practices are successful.

The Government Response: A new Agenda for Workplace Productivity

Endorsement of a focus on Workplace productivity

- 24 Given the tight labour market, the time is right to put the “spotlight” on workplace productivity. This is an opportunity to contribute to economic growth in an area where New Zealand still lags behind richer economies.
- 25 The model proposed by the Working Group is fundamentally a sound description of how workplace productivity can be improved, including critical factors and the types of actions required. While the Working Group’s thinking is not new per se, what is new is their comprehensive approach to facilitating improved workplace productivity and delivering sustained growth.
- 26 The Government response should acknowledge the benefits of the Working Group process and, in particular, the commitment that it has created from all stakeholders to this new perspective on workplace productivity. To have gained consensus that there needs to be a shared responsibility amongst industry, firms, unions and government for improving workplace productivity, with all these partners taking an active role is quite an achievement.

What the Agenda will deliver

- 27 This new agenda will result in:
- a **Raised Awareness of what workplace productivity means, why it is important, and the actions that can lead to improvements.** The proposed launch of the report and the government’s response will start the awareness raising process. Workplace productivity messages will also be built into Growth and Innovation Advisory Board’s (GIAB) growth, culture research and communications activities. All Chambers of Commerce and Business NZ’s regional offices will be provided with material which will assist them in raising awareness about workplace productivity with their members. A series of events to promote practices to improve workplace productivity between firms.
 - b **More firms will be using diagnostic tools to assist them identify how effectively they are performing in relation to the seven drivers of workplace productivity.** As appendix one illustrates, a range of diagnostic tools have already been developed or agreed to. The agenda will assist in extending the reach of these tools and will coordinate the delivery of new diagnostic tools where there are gaps (for example, the Small Business Advisory Group has suggested it would be useful to have simple and accessible benchmarking tools developed for small to medium sized enterprises).
 - c **Facilitated assistance will result in workplace productivity improvements.** A series of events between key government agencies, unions, economic development agencies and industry sectors will raise awareness of what the productivity issues are for certain sectors and enable practical steps to be taken within individual enterprises. Engagement with sectors and enterprises will occur through a variety of avenues available through the Workplace Productivity partners. For example, through the GIF flagship actions, the Medium Term Skill and Labour Strategy³, as well as other opportunities through CTU, Business NZ, and Chambers of Commerce

³ The MTSLs has proposed focusing initial engagement with the following sectors: horticulture and viticulture industries, the food and beverage sector, the roading industry and the tourism sector.

events. There will also be engagements with small to medium sized enterprises in conjunction with the Small Business Advisory Group to ensure they can access services to support them in improving their workplace productivity. All of these avenues of engagement will facilitate actioning the Workplace Productivity Agenda, including raising awareness of the framework, identifying workplace productivity issues relevant to specific groups, brokering diagnostic tools to assist enterprises, working with partners in developing actions to address barriers, as well as sharing best practises and other relevant information.

- d **Firms will have better access to research on what drives improvements in workplace productivity and good practice examples.** Case studies done through the Working Group process have identified good practice. This will be shared amongst firms.

Who should be responsible for the new Workplace Productivity Agenda?

Positioned within the Growth and Innovation Framework

- 28 The Agenda should be positioned within the GIF. This reflects the role of GIF as the Government's overall economic growth strategy, the commonality of goals between the Workplace Productivity Agenda and GIF, and the fact that a number of GIF initiatives are already responding to some of the Working Group's recommendations. This positioning will also reduce perceptions of Government "strategy/programme clutter".

Accountabilities

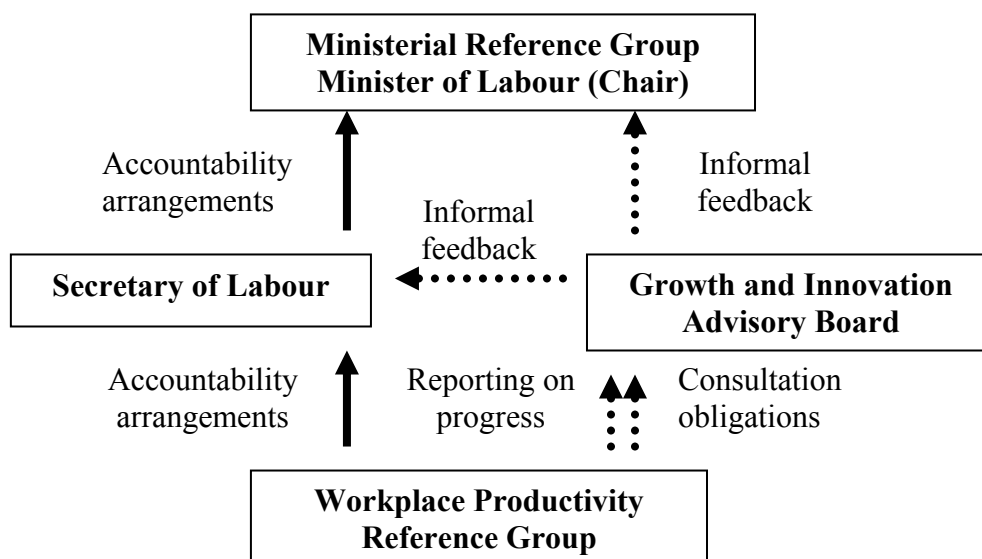
- 29 The Working Group recommended that an Advisory Board or Committee be established to oversee the implementation of the recommendations in its report, and that this Successor Body be:
 - a Founded on the basis of shared responsibility, consultation and active engagement industry, firms, unions, employees and the government.
 - b Established for a specified period of time (two to three years) and subject to a review of its purpose, effectiveness and composition towards the end of that period.
 - c Focused on short- to medium-term implementation.
 - d Representative of a broad range of industries and different sized firms.
 - e Supported by a secretariat seconded from interested departments and agencies.
- 30 I propose that overall accountability to the existing Ministerial Reference Group, with the Minister of Labour as Chair, for overseeing the delivery of the Agenda lie with the Secretary of Labour.
- 31 I also propose that the Ministers of Social Development and Employment, Tertiary Education and Research Science and Technology be added to the Ministerial Reference Group. This will ensure that Ministers with responsibilities associated with all seven of the workplace productivity drivers are involved going forward.

- 32 The following agencies will lead the Government response to the Working Group's Report in relation to the seven drivers of workplace productivity:
- a Building Leadership and Management Capability - MED
 - b Creating Productive Workplace Cultures - DoL
 - c Encouraging Innovation and the Use of Technology - MoRST
 - d Investing in People and Skills - DoL
 - e Organising Work - DoL
 - f Networking and Collaborating - MED
 - g Measuring What Matters - All agencies responsible.
- 33 So far as Government's contribution is concerned, implementation of the Working Group's recommendations will build on existing work programmes and will use existing mechanisms where possible (for example, initial engagements with industry sectors on workplace productivity should be informed by the set of 'flagship actions' being identified as part of the next phase of the government's strategy for growth through innovation and the Medium Term Skill and Labour Strategy).
- 34 Where the Working Group's recommendations reflect gaps in existing Government initiatives, new activities will need to be developed. (A summary of how existing initiatives respond to the Working Group's recommendations and possible new initiatives is attached as Appendix One).

Establishment of a Reference Group by the Secretary of Labour

- 35 The Secretary of Labour will establish a Reference Group to support implementation of the Workplace Productivity Agenda. This Reference Group will include representatives from industry, firms, unions and key government agencies which will ensure that the shared responsibility approach is continued. (Figure One illustrates the accountability arrangements). The value of the Reference Group is to use this unprecedented commitment amongst partners to work together to assist firms in a practical, "on the ground" way to lift workplace productivity.

36 Figure One: Accountability arrangements for the Workplace Productivity Agenda



- 37 A Reference Group has been chosen, rather than the Working Group's recommendation of an Advisory Board or Committee, to enable flexibility in the governance of the Agenda. Consideration will need to be given to the ongoing responsibility for oversight of the Agenda, following the review of the mandate of the Growth and Innovation Advisory Board that is currently under way (in light of the current Board's term ending in May 2005).
- 38 The Government response will set out an expectation that the Workplace Productivity Agenda will deliver some concrete actions with demonstrable impacts on Workplace Productivity over the short to medium term (by 30 June 2005) while also providing a foundation to prioritise further actions over the medium to longer term (in the first instance between 1 July 2005 and 30 June 2006). This is reflected in the draft Terms of Reference for the Reference Group (attached as Appendix Two).
- 39 The Reference Group will be supported by officials from the Departments of Labour and Prime Minister and Cabinet; the Treasury, the Tertiary Education Commission, New Zealand Trade and Enterprise and the Ministries of Economic Development, Education and Research, Science & Technology. Primary support for the Reference Group, including Secretariat services, will be provided by the Department of Labour.

Funding for Implementation of the Workplace Productivity Agenda

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Cabinet Paper requirements

Consultation

- 41 The Treasury, the Ministry of Economic Development and the Growth and Innovation Advisory Board Secretariat have been consulted during the preparation of this paper.
- 42 The Tertiary Education Commission, the Department of Prime Minister and Cabinet, New Zealand Trade and Enterprise, the Foundation for Research, Science

and Technology, the Ministries of Research, Science and Technology, Education, Women's Affairs, Pacific Island Affairs, Agriculture and Fisheries, and Social Development, Statistics New Zealand, the State Services Commission and Te Puni Kokiri have been informed of the contents of this paper.

Growth and Innovation Advisory Board feedback

- 43 The Department of Labour have consulted with the Growth and Innovation Advisory Board (GIAB) over the Working Group's recommendations. GIAB have offered to:
- a Provide the working group or its successor with useful names to approach to be the day to day business champions.
 - b Work at a Chief Executive and company Board level to identify the common values of companies, Chief Executives and staff.
 - c Provide an oversight, support and guidance role to the successor group to the Workplace Productivity Working Group.
 - d Build the programmes for the Growth Culture stakeholder engagement and consensus building strategy, and the Workplace Productivity Agenda in parallel. This will ensure the efficient delivery of complementary messages to appropriate audiences. It will also ensure that we do not repeat work in the areas that the messages will intersect.
 - e Share current research and collaborate on future research.
 - f Act as a broker to bring business groups together with a structured dialogue in terms of New Zealand's economic direction.
 - g Continue to identify audiences in which the key findings of the Workplace Productivity research and the Growth Culture research can be presented in a complementary manner.
 - h Assist in brokering cross-government communication of the messages through to IRD, MED, NZTE, MSD, and other relevant agencies.

Small Business Advisory Group feedback

- 44 The Department of Labour also sought the Small Business Advisory Group's (SBAG) feedback on the Working Group's recommendations. SBAG consider that all of the Working Group's recommendations are relevant to small and medium-sized enterprises, although the crucial stage for them will be the implementation of the Working Group's recommendations. SBAG highlighted the Working Group's recommendations in the following areas as being of most importance to small and medium sized businesses:
- a Building leadership and management capability.
 - b Encouraging innovation and the use of technology.
 - c Investing in people and skills.

Financial implications

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Human rights

46 This paper has no human rights implications.

Legislative implications

47 This paper has no legislative implications.

Regulatory impact and business compliance cost statements

48 Not required.

Gender implications

49 This paper has no gender implications.

Publicity

- 50 It is proposed that the Working Group's Report and the Government response be launched at a function co-hosted by the Wellington Regional Chamber of Commerce on the evening of 30 November 2004 at the Academy of Fine Arts. This launch will be supported by pre-briefing for media and stakeholders, as well as media opportunities earlier in the day, to ensure a high level of support and media attention for the launch.
- 51 The launch will be led by the Minister of Labour, with support from the NZ Council of Trade Unions, Business New Zealand and the Growth and Innovation Advisory Board. The Chief Executive of the Department of Labour (as sponsor of the Working Group) and the Chief Executive of the Wellington Regional Chamber of Commerce (as co-host) will also speak at the launch. The launch will also be supported by follow-up activities in Auckland and Christchurch, to be co-hosted by regional Chambers of Commerce, in February 2005.
- 52 Given the importance of the Workplace Productivity Agenda, I intend to provide Government caucuses with presentation kits, including multi-media case-studies, to promote the Agenda in their own constituency areas.
- 53 The Ministerial Reference Group will be responsible for arrangements for the launch and sign off on final text for press releases about the Government response, based on the matters covered in this Cabinet paper.
- 54 In the future, there will also need to be links made to announcements on the redevelopment of the Growth and Innovation Framework and the review of the mandate of the Growth and Innovation Advisory Board (GIAB). The Reference Group will be expected to undertake significant strategic communications activities, including in conjunction with GIAB, to promote the Workplace Productivity Agenda.

Recommendations

It is recommended that Cabinet Policy Committee:

- 1 **Note** that in December 2003 Cabinet Business Committee agreed to the establishment of the Workplace Productivity Working Group, to examine productivity at the workplace level (CAB Min (03) 10/4 refers).
- 2 **Note** that the Working Group provided their Report to the Ministerial Reference Group (Ministers of Labour (Chair), Finance and Economic Development) in August 2004.
- 3 **Note** the key messages from the Working Group Report are:
 - 3.1 There needs to be shared responsibility amongst industry, firms, unions and government for improving workplace productivity, with all these partners taking an active role, and that the government's role should be focussed on supporting improvements in firms.
 - 3.2 There are seven complementary and reinforcing drivers of workplace productivity, and productivity improvements can be made using any of these drivers depending on the priorities facing a particular firm. As the drivers are complementary, changes in business practices in one area will generally reinforce changes in another area.
- 4 **Note** that the Working Group made 63 more detailed recommendations in relation to the drivers of workplace productivity, for the following four types of action to improve workplace productivity: Raising Awareness; Diagnostic Tools; Implementation; and, Research and Evaluation.
- 5 **Note** that the Working Group characterised their Report as setting "out a Workplace Productivity Agenda for responding to the workplace productivity challenge" and recommended that an Advisory Board or Committee be established to oversee the implementation of the Agenda.
- 6 **Agree** that the Government response:
 - 6.1 Acknowledge the benefits of the Working Group process and, in particular, the commitment that the Working Group has created from all stakeholders to a new emphasis on workplace productivity.
 - 6.2 Involve formally adopting a Workplace Productivity Agenda to deliver the benefits of a new firm-level focus on improving workplace productivity, as a component and contribution to the Growth and Innovation Framework.
- 7 **Agree** that the Secretary of Labour have accountability to the existing Ministerial Reference Group for overseeing delivery of the Workplace Productivity Agenda.
- 8 **Agree** that the Ministers of Social Development and Employment, Tertiary Education and Research Science and Technology be added to the Ministerial Reference Group.
- 9 **Agree** that the following agencies will be responsible for leading the Government contribution to the Workplace Productivity Agenda:
 - 9.1 Building Leadership and Management Capability – MED.
 - 9.2 Creating Productive Workplace Cultures - DoL.
 - 9.3 Encouraging Innovation and the Use of Technology - MoRST.

- 9.4 Investing in People and Skills - DoL.
- 9.5 Organising Work - DoL.
- 9.6 Networking and Collaborating - MED.
- 9.7 Measuring What Matters - All agencies responsible.
- 10 **Agree** that the Agenda is intended to build on and complement existing Government initiatives, that existing initiatives under other heads will continue and that the Agenda will involve scrutiny of whether those initiatives are delivering in a coordinated manner, at the firm level.
- 11 **Agree** that the Secretary of Labour establish a Reference Group to support implementation of the Workplace Productivity Agenda.
- 12 **Note** the draft Terms of Reference for the Reference Group (attached as Appendix Two) set an expectation that the Agenda will deliver concrete actions with demonstrable impacts on workplace productivity over the short to medium term (by 30 June 2005) while also providing a foundation to prioritise further actions over the medium to longer term (in the first instance between 1 July 2005 and 30 June 2006).
- 13 **Note** that the Reference Group will initially be appointed for 1 January to 30 June 2005, with a possible extension on their term to 30 June 2006, and that consideration will need to be given to the ongoing responsibility for oversight of the Agenda, following the review of the mandate of the Growth and Innovation Advisory Board that is currently under way.
- 14 **Note** that, in the interim, the Reference Group will consult with GIAB in developing its work programme, and will work in partnership with GIAB to promote consistency of approach and integration of work.
- 15 **Agree** that the Working Group's Report and the Government response be launched at a function led by the Minister of Labour, with support from the NZ Council of Trade Unions, Business New Zealand and the Growth and Innovation Advisory Board, and co-hosted by the Wellington Regional Chamber of Commerce on the evening of 30 November 2004 at the Academy of Fine Arts.
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Hon Paul Swain
Minister of Labour

APPENDIX 1

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APPENDIX 2

TERMS OF REFERENCE FOR A REFERENCE GROUP TO SUPPORT IMPLEMENTATION OF THE WORKPLACE PRODUCTIVITY AGENDA

Background to establishment of the Reference Group

- 1 The Workplace Productivity Working Group was established in February 2004 to examine productivity at the workplace level. The Working Group provided their Report to the Ministerial Reference Group (Ministers of Labour, Finance and Economic Development) in August 2004 and the Government response to the Working Group's Report was released in November 2004.
- 2 The Government response included the adoption of the Workplace Productivity Agenda. The Secretary of Labour is appointing a Reference Group to support implementation of the Agenda.
- 3 One of the key principles of the Workplace Productivity Agenda is that implementation is a responsibility that is shared by the following supporting partners: industry, firms, unions, employees (where appropriate) and government.
- 4 The term of appointment for the Reference Group is an initial term of 1 January to 30 June 2005, with a possible extension of term until 30 June 2006.

Purpose of the Reference Group

- 5 The purpose of the Reference Group is to support the Secretary of Labour oversee the implementation of the Workplace Productivity Agenda and in particular to:
 - a Deliver concrete actions with demonstrable impacts on workplace productivity over the short to medium term (between 1 January and 30 June 2005), and
 - b Provide a foundation to prioritise further actions over the medium to longer term (in the first instance between 1 July 2005 and 30 June 2006).
- 6 The Reference Group will take into account existing initiatives in developing their work programme.

Work Programme for the Reference Group

- 7 In the period from 1 January to 30 June 2005 the Reference Group will be responsible for:
 - a Undertaking strategic communications activities to promote understanding of what improving workplace productivity involves and why this is important, including:
 - i Working with the Growth and Innovation Advisory Board (GIAB) to promote common messages and linkages with the GIAB's growth culture research and communications activities.

- ii Hosting or participating in events to promote practices to improve workplace productivity, such as a Workplace Productivity Conference or Workshop, or regional road shows to bring together firms to share from each others' experiences in improving workplace productivity.
 - iii Engaging with small and medium enterprises, in conjunction with the Small Business Advisory Group, to ensure that small and medium enterprises are able to access services to support them in improving their workplace productivity and to specifically consider whether a one-on-one or small group mentoring pilot programme would be of value.
 - iv Promoting and supporting the distribution of existing research and diagnostic tools and develop a strategy for expanding the reach of this material to a wider range of firms.
- b Prioritising a response to the Working Group's recommendations (taking into account existing initiatives), developing a work programme to 30 June 2006 to oversee the delivery of new initiatives in response to these recommendations and agreeing to this work programme with the Secretary of Labour, including:
- i Undertaking a stock take and gap analysis of existing diagnostic tools.
 - ii Undertaking a stock take and gap analysis of existing research into practices to improve workplace productivity and barriers to the accessibility and reach of existing services to support workplace productivity improvements.
 - iii Developing links to international productivity organisations for research purposes.
 - iv Recommending areas where funding should be made available to support capacity-building activities and workplace productivity improvements, what areas should the most emphasis be placed on, the level of funding that should be made available and the process for allocating this funding in the period to 30 June 2005 and from 1 July 2005 to 30 June 2006.
- c **TEXT DELETED**
- d Contributing to reviews of existing government programmes to ensure resources are targeted, focused and relevant, support services are effective, relevant and readily accessible to firms, and sufficient attention is given to an overall objective of improving workplace productivity.

- e If the term of appointment for the Reference Group is extended, in the period from 1 July 2005 to 30 June 2006, the Reference Group will be responsible for delivering their work programme agreed with the Secretary of Labour (under point 7(b) above) and in particular commissioning:
 - i The development of new diagnostic tools to meet priority gaps.
 - ii New research to demonstrate the benefits of practices to improve workplace productivity or to meet priority gaps in existing research programmes or knowledge bases.
- 8 The Reference Group will consult with GIAB in developing its work programme, and to work in partnership with GIAB to promote consistency of approach and integration of work programmes, and in particular the links between their common messages of “Growth through innovation” and “Working smarter to build a higher value, higher skill, higher wage economy.”

Reporting requirements for the Reference Group

- 9 The Reference Group is accountable to the Secretary of Labour for the delivery of its work programme. The Reference Group will report:
- a By February 2005 a detailed work programme to 30 June 2005, including a budget for that period.
 - b On a proposed work programme for the period from 1 July 2005 to 30 June 2006, including a budget for that period.
 - c On a quarterly basis on progress against its work programme.
- 10 The Reference Group will also report to GIAB on a quarterly basis on progress in delivering its work programme, so that GIAB can provide oversight, support and guidance for the Reference Group’s work and can take it into account in developing their own work programme.

Officials group support for the Reference Group

- 11 The Reference Group will be supported by officials from the Departments of Labour and Prime Minister and Cabinet; the Treasury, the Tertiary Education Commission, New Zealand Trade and Enterprise and the Ministries of Economic Development, Education and Research, Science & Technology. Primary support for the Reference Group, including Secretariat services, will be provided by the Department of Labour.

APPENDIX 3

TIME LINES

November	Launch of the Workplace Productivity Working Group report and the Government Response
December	<p>Secretary of Labour appoints reference group</p> <p>Awareness raising activities begin. Minister of Labour provides multimedia presentation to his colleagues to present to local Chambers of Commerce and Business NZ regional offices</p>
February - March	Further awareness raising events through Auckland and Christchurch Chambers of Commerce and Growth and Innovation Framework announcements
By June 2005	<p>By June 2005 the Secretary of Labour ,with support from a reference group including representatives from key government agencies, industry and union, will be accountable to the Ministerial Reference Group for:</p> <p>Strategic communication activities to promote understanding of what improving workplace productivity is and why this is important including:</p> <ul style="list-style-type: none"> i Working with the Growth and Innovation Advisory Board (GIAB) to promote common messages and linkages with the GIAB's growth culture research and communications activities. ii Hosting or participating in events to promote practices to improve workplace productivity, such as a Workplace Productivity Conference or Workshop, or regional road shows to bring together firms to share from each others' experiences in improving workplace productivity. iii Engaging with small and medium enterprises, in conjunction with the Small Business Advisory Group, to ensure that small and medium enterprises are able to access services to support them in improving their workplace productivity and to specifically consider whether a one-on-one or small group mentoring pilot programme would be of value. <p>Promotion and distribution of existing research and diagnostic tools and develop a strategy for expanding the reach of this material to a wider range of firms.</p> <p>Identification and engagement with at least one demonstration sector, industry or regional grouping, with significant growth potential or productivity issues, to develop a productivity strategy for that grouping.</p> <p>Further prioritisation of the Working Group's recommendations (taking into account existing initiatives) and development of a work programme for 2005/06 to oversee the delivery of new initiatives in response to these recommendations. This will be approved by the Ministerial Reference Group.</p>

APPENDIX 4

