B20 HUMAN CAPITAL TASKFORCE POLICY SUMMARY

JULY 2014

Contents

Taskforce constitution and process 2

Summary of recommendations 3

- Undertake structural reform to increase flexibility, adaptability and mobility within and across labour markets 5
- Establish a national innovation agenda and pipeline with supporting structural reforms 8
- Increase the alignment and responsiveness between the learning ecosystem and workforce needs 10
- Remove barriers inhibiting entrepreneurs from starting and growing businesses 14
- Monitor and measure G20 nation commitments to Human Capital and Employment Actions 16

Value calculation methodology 18

Taskforce schedule and distribution of members 19

Taskforce constitution and process

The Australian Prime Minister appointed more than thirty Australian CEOs to guide the work of the B20 Australia in 2014 under the leadership of Richard Goyder AO, CEO of Wesfarmers, and B20 Sherpa Robert Milliner. B20 Australia continued four of the seven priority areas pursued under the Russian presidency of 2013 to reflect the Australian G20 presidency's focus on boosting economic growth and creating jobs. Human Capital is one of these priority areas. The others are Trade, Infrastructure & Investment and Financing Growth. An Anti-Corruption Working Group was also established to focus on corruption issues across the four taskforces.

Leadership

The Human Capital taskforce was established under the leadership of coordinating chair Steve Sargent, an Officer of the General Electric Company (President & CEO – GE Australia & New Zealand 2008-2014 / President & Global CEO GE Mining 2014-present). The Human Capital taskforce was also supported by three co-chairs: Brent Wilton, Secretary General of the International Organisation of Employers, David Iakobashvili, Founder and Chairman of Board of Directors, Orion Service LLC and Tugrul Kudatgobilik, President of the Turkish Confederation of Employer Associations.

Membership

Members of the Human Capital taskforce are mostly senior executives from business, business associations and professional services firms. The taskforce was also ably assisted by Supporters from those organisations and in-depth project support from Accenture as the knowledge partner. Members and Supporters either continued as members of the preceding taskforce under the Russian B20 presidency, or were invited to join in 2014 by the coordinating chair. The membership is broadly representative of the G20 countries.

Policy development

The policy development process began with a scoping exercise to develop themes for investigation. Each theme was then deeply researched and debated within the taskforce to generate draft recommendations. The draft recommendations were then refined in an iterative process and a series of actions developed to test the practicality of each recommendation. The taskforce met seven times before the B20 Summit and exchanged ideas and materials between meetings. See page 19 for details.

Summary of recommendations

Context

The B20 is committed to making recommendations that support the creation of the right environment for the economy and business to grow. Investment in productive infrastructure and expansion of international trade supported by an effective financing regime are important to achieving the collective additional growth target of 2 per cent over five years set by the G20 Finance Ministers in February 2014.

However, economic growth must be accompanied by growth in jobs. There is evidence of a modest recovery in some advanced economies, but global employment only expanded by 1.4 per cent in 2013.[1] This increase is below pre-crisis trends and is inadequate to absorb the expanding global labour force, with young people and the long term unemployed remaining particularly affected. Participation rates are below pre-crisis levels; skills mismatches remain, and whilst unemployment rates are relatively low in most emerging G20 countries, low-productivity employment particularly in the informal economy is significant. In addition, the rapid development of digital technologies continues to cause disruption, changing the practice of work and reshaping the nature of the workforce. It is estimated that computerisation puts almost half (47 per cent) of total US jobs at risk – especially those requiring only low skill-sets.[2] At the same time demand for new skills will emerge during this transformation and demand for workers with the relevant high-level digital skills will become more of a priority for employers.

Without continued investment in working people, countries will be unable to fully realise the potential of trade and infrastructure investments or increase the quantity and quality of both the labour force and employment opportunities, which in turn drive continued productivity and sustainable economic growth. More than half of the GDP growth in OECD countries over the past decade is related to labour income growth among tertiary educated individuals. In France, Norway, Switzerland and the United Kingdom, those with a tertiary education account for 60 per cent or more of growth in gross domestic product (GDP).[3]

Action must be taken to ensure people are appropriately skilled, and have the capability, flexibility and adaptability to participate in the workforce of today and the workforce of the future. Special consideration must be given to actions that motivate and assist the long term and youth unemployed and groups with low participation so the entire workforce can be engaged.

1 G20 Labour Markets in 2014: Outlook, Challenges and Opportunities, ILO.
2 Frey, Carl Benedikt; Osborne, Michael A. (2013), The future of Employment: How susceptible are jobs to computerisation, http://www.oxfordmartin.ox.ac.uk/downloads/academic/The_Future_of_Employment.pdf.
3 OECD, Education at a Glance 2012, OECD (2012), Education at a Glance 2012: OECD Indicators, OECD Publishing. http://dx.doi.org/10.1787/eag-2012-en

Recommendations

Business, government, educational institutions and community organisations all have a role to play in delivering practical, actionable and measureable solutions that: maximise the job creation potential of the private and public sector; build adaptable and resilient skill sets aligned with future workforce needs; improve alignment of people, skills, jobs and locations; and increase organisation and workforce adaptability and flexibility.

Building on the work from previous B20 Summits, the B20 Human Capital taskforce proposes four core recommendations to meet these objectives:

1. Undertake structural reform to increase flexibility, adaptability and mobility within and across labour markets.

2. Establish a national innovation agenda and pipeline with supporting structural reforms.

3. Increase the level of alignment and responsiveness between the learning ecosystem and workforce needs.

4. Remove barriers inhibiting entrepreneurs from starting and growing businesses.

A fifth recommendation acknowledges the difficulty of consistent measurement and valuation of human capital actions, and proposes that the Employment Plans being developed by G20 nations form the 'baseline' from which progress and development can be measured. It also calls for greater accountability for G20 nations in delivering on their commitments.

Finally, the Human Capital taskforce supports the work undertaken by the Anti-Corruption Working Group to fight corruption. Employers, both business and government, have an obligation to implement training and compliance programs that build capacity and recognise ethical behaviour within their workforce. Reference has been made to specific actions that can be taken to support this as part of recommendation 5 on measurement.

Undertake structural reform to increase flexibility, adaptability and mobility within and across labour markets

Summary

Recommendation	Undertake structural reform to increase flexibility, adaptability and mobility within and across labour markets
Reference	HC1
Owner	G20 Member Nations
Timing	Provide status update by 2015 G20 leaders meeting in Turkey
Value	Structural reforms create supportive conditions for job creation and participation
KPI	• % Youth unemployment and long term unemployment • % Participation by demographic
Current (Target)	Reductions in unemployment and increases in participation

Context

Labour market reforms that enhance access, participation, mobility, competitiveness and productivity whilst maintaining an appropriate level of social protection and worker certainty are fundamental to sustainable economic growth:

- Closing the gap between male and female employment rates leads to increased GDP – on some estimates, by 24 per cent in Italy, 21 per cent in Japan and 12 per cent in Germany.[4]
- Higher shares of fixed-term contracts and temporary agency employment positively correlate with higher employment levels.[5]
- In countries where firms can easily resort to temporary employment and Temporary Work Agencies, the undeclared economy is smaller.[6]
- On some estimates, reducing barriers to temporary labour migration could add $150 billion US dollars to global GDP.[7]

In many countries, the design of the labour framework was to prevent the loss of jobs – it contains little by way of encouraging or supporting businesses to create new jobs. Employers are more inclined to create jobs and hire people when labour laws are less complex and variable, where non-wage taxes are reduced, compliance burdens are lowered and recruiting risks and costs can be mitigated.

Having a framework which makes it easier for businesses to hire assists in shifting labour from informal markets into formal markets as well as enhancing the opportunity to engage the whole talent pool – youth, mature-aged, women, parents and vulnerable groups. Removing barriers that inhibit jobs growth and employment such as excessive red tape and poor access to childcare will

4 Australia's Hidden Resource: The Economic Case For Increasing Female Participation, Goldman Sachs JBWere Investment Research, 26 November 2009. https://www.eowa.gov.au/sites/default/files/Australias_hidden_resource_tag.pdf
5 Jahn, E. J., Riphahn, R. T. and Schnabel, C. (2012), Flexible Forms of Employment: Boon and Bane. The Economic Journal, 122: F115–F124. doi: 10.1111/j.1468-0297.2012.02532.x
6 flexibility@work 2014 - tackling undeclared work. Yearly report on flexible labor and employment: Regioplan, The University of Sheffield, SEO Economic Research & Randstad, April 2014 http://www.randstad.com/press/research-reports/
7 International Migration, Politics and Culture: the Case for Greater Labour Mobility, Sharun Mukand, The CAGE-Chatham House Series, No. 2, October 2012, Chatham House.

support an environment of increased participation. Increasing flexibility supported by appropriate social protections allows business and government to jointly create more jobs and be responsive to the continuing volatility and ambiguity of the future work environment.

Improving the pace of mobility and simplifying requirements to move within country and across borders is one opportunity to move people into work and reduce short term labour mismatches. Simplified processing and less onerous requirements to access and secure short term and temporary visa classes enables rapid repositioning of workforces.

Efforts to reduce unnecessary variability in certification and qualification standards, as well as streamlining the process of recertification where it is necessary, also helps increase labour productivity and employment by reducing the time to fill skill gaps, as do efforts to help individuals receive appropriate certifications and qualifications in recognition of their skills. Additionally, simplified, aligned cross border tax regimes, family support, cultural awareness and language skilling play a vital role in enhancing mobility.

It is important to recognise that supporting the ongoing participation of all people is a shared responsibility. Individuals must take responsibility for planning their financial security and ensuring they remain productive and valued members of the workforce. Businesses must also play a role in creating cultures and organisations that enable flexible jobs and working arrangements.

Value

G20 nations are taking action to reform labour markets and foster employment[8], and to boost flexibility. The cases below highlight some of the actions and impacts.

Case Studies: Flexibility in Labour Relations for Job Creation

The UK has approved an amendment to the Trade Union and Labour Relations (Consolidation) Act 1992 as a result of which fixed term contracts not terminating for reasons of redundancy are no longer included in the provisions for collective dismissals.[9]

Brazil's federal government has promoted flexibility in the labour market by allowing the hiring of temporary workers by the private sector. The provincial measure allows for flexible and unregistered contracts for all sectors of Brazil's economy at any time of the year (and not just limited to the FIFA world cup preparations).[10]

Portugal has put in place a new schedule for severance payments. Under the new agreement, on dismissal, newly hired workers will be eligible for 12 days per year of service instead of the earlier 20.[11]

In Mexico, the 2012 decree enacting labour market reform reduced dismissal costs and simplified procedures, introduced new fixed-term contracts for seasonal workers as well as initial training and probationary periods, and new regulations for subcontracting/outsourcing practices.[12]

8 Based on ILO/OECD (2013), G20 Task Force on Employment: Addressing employment, labour market and social protection challenges in G20 countries: Key measures since 2010 http://www.oecd.org/els/emp/G20_2013_Report_E_Russia130703.pdf

9 Protecting Jobs, Enhancing Flexibility: A New Look At Employment Protection Legislation, OECD Employment Outlook 2013 - http://www.oecd-ilibrary.org/employment/oecd-employment-outlook-2013/protecting-jobs-enhancing-flexibility-a-new-look-at-employment-protection-legislation_empl_outlook-2013-6-en

10 "Trabalho temporário pode ser flexibilizado", Agencia Estado, 30 January, 2014.

11 Protecting Jobs, Enhancing Flexibility: A New Look At Employment Protection Legislation, OECD Employment Outlook 2013 - http://www.oecd-ilibrary.org/employment/oecd-employment-outlook-2013/protecting-jobs-enhancing-flexibility-a-new-look-at-employment-protection-legislation_empl_outlook-2013-6-en

12 Based on ILO/OECD (2013), G20 Task Force on Employment: Addressing employment, labour market and social protection challenges in G20 countries: Key measures since 2010 http://www.oecd.org/els/emp/G20_2013_Report_E_Russia130703.pdf

Case Study: Argentina's Labour Tax Reforms[13]

Argentina has created a labour "single tax" (Monotributo) to formalise employment in SMEs. Procedures have been simplified so only one single tax payment, including all social contributions, is required. The amount a company pays is linked with their size and sector, but does not affect workers' rights and benefits.

Case Study: "Flexicurity" in Denmark[14]

Denmark's labor market is closely observed largely due to the success of its 'flexicurity model'. The model consists of three elements – flexible hire and fire laws, generous unemployment benefits and an active labor market policy. Denmark provides relatively high levels of unemployment benefits to workers, has a number of active labour market policies to help the unemployed to gain skill training and relevant guidance to find a job, and makes it easy for enterprises to reduce headcount during downturns and increase when business improves.

Case Study: Labour Mobility

Canada's Start-Up Visa program allows entrepreneurs who have support from local angel investors or access to venture capital and meet other qualifying criteria to apply to immigrate under a special start-up visa class, and keep their permanent residence status even if the business is not successful.[15]

The Saudi Arabian government is reducing time and effort for employers by offering e-services for processes (e.g. profession change and transfer of services for organisations with 100 or less employees) that previously required in-person visits to the general directorate of passports.[16]

Germany's Recognition Act made it simpler for migrants to apply their pre-existing skills and qualifications and showed success in its first year by recognising 30,000 foreign qualifications.

Actions

The B20 calls on governments to continue to undertake labour market reforms (HC1.1 – HC1.3) and to commit to increasing labour mobility through reducing immigration barriers, making it cheaper and faster to process visas and work permits, and making it simpler for migrants to apply their pre-existing skills and qualifications (HC1.4 – HC1.6).

Ref	Action
HC1.1	Identify and remove regulatory barriers to offering diverse forms of employment arrangements, such as access to part time and flexible hour contracts, use of contractors and non-payroll employees, unintended age-based discrimination and barriers to the operation of regulated staffing agencies.
HC1.2	Reduce tax burdens that inhibit hiring decisions and the formalisation of labour e.g. payroll taxes.
HC1.3	Increase the availability of high quality/low cost child care to provide incentives for parents to return to work.
HC1.4	Reduce restrictions on temporary movement of workers and include movement of labour for services trade in bilateral, multilateral and preferential trade agreements.
HC1.5	Reduce the cost and time of visa and work permit processing.
HC1.6	Encourage industry and professional bodies to increase the level of standardisation, transparency of qualifications (both intra and inter-country), including simplifying re-qualifying and re-testing.

13 Monotributo,"Simplified System for Small Taxpayers," http://www.afip.gob.ar/monotributo.
14 The Danish flexicurity model in the Great Recession, Torben M. Andersen, Nicole Bosch, Anja Deelen, Rob Euwals, Vox EU - Centre for Economic Policy Research (April 2011) - http://www.voxeu.org/article/flexicurity-danish-labor-market-model-great-recession.
15 http://www.cic.gc.ca/english/immigrate/business/start-up/index.asp
16 Ministry of Interior, Kingdom of Saudi Arabia, "MOI launches two new services through its e-portal", 5 February, 2014.

Establish a national innovation agenda and pipeline with supporting structural reforms

Summary

Recommendation	Establish a national innovation agenda and pipeline that defines and promotes a nation's priority areas, underpinned by structural reforms that align investment and support for innovation, resulting in productivity gains and job creation.
Reference	HC2
Owner	G20 Member Nations
Timing	Ongoing
Value	Support for innovation creates the conditions for productivity and jobs growth as well as enabling countries to better respond to the challenges of the future world of work
KPI[17]	• Capacity for Innovation • Business enterprise R&D (BERD) • Gross domestic expenditure on R&D (GERD) • IP Bundle Indicator (note: this does not exist for all G20 countries)
Current (Target)	Annual improvements

Context

Innovation is a critical engine for business growth and job creation in large and small firms alike. This is not only about research and development (R&D), but about the whole range of investments that firms and governments make in knowledge, including software, data skills and organisational "know-how." These complementary investments help to ensure that R&D leads to innovations that generate growth and jobs. The increasing relevance of services industries to GDP underlines the importance of harnessing the power of technology and knowledge based capital to create new business models, services and products to replace those made redundant by automation and digitisation.

The case for supporting innovation is clear – studies for the European Union and the United States show that business investment in knowledge-based capital[18] contributes 20 per cent to 27 per cent of average labour productivity growth.[19] The 2012 Australian Innovation System report showed that Australian businesses that innovate are three times more likely to export and 18 times more likely to increase the number of export markets targeted than those that do not innovate.[20] Most sectors have a multiplier effect on job creation, but the innovation sector has the largest multiplier of all.[21]

While business takes the lead in such investments, government has a role to play by creating the right environment for innovation to flourish. Governments can strengthen efforts to support innovation by defining and promoting a national innovation agenda and pipeline that highlights the priority areas for development, whether technology-driven or more broad-based. Targeting public and private investment to specific areas is not about "picking winners", but rather enabling

17 KPIs from the OECD Science, Technology, and Industry Scoreboard.
18 OECD defines KBC as resulting from investment in non-physical assets, e.g. R&D, data, software, patents, new organisational processes, firm-specific skills and designs.
19 OECD (2013), Supporting Investment in Knowledge Capital, Growth and Innovation, OECD Publishing. http://dx.doi.org/10.1787/9789264193307-en
20 Australian Government (2012) Australian Innovation System Report—2012, DIISRTE, Canberra, p.6, http://www.industry.gov.au/aisreport
21 Moretti, Enrico - Professor of Economics at the University of California, Berkeley The New Geography of Jobs (Houghton Mifflin Harcourt, 2012).

a concentration of firms and sectors to realise and maximise their comparative advantage at a national or multi-national level. This provides clarity and confidence to business on where to direct development and investment efforts.

Structural reforms are essential to maximise the benefits of a national innovation agenda and pipeline, including: policies that enable reallocation of investment to knowledge capital through well-functioning product, labour and capital markets; bankruptcy laws that do not overly penalise failure; policies that are specific to innovation such as well-designed tax incentives for R&D; and direct government support and financial reforms that support markets for risk capital.

Value

The more individual businesses are supported by a well-functioning national innovation ecosystem, the more effective the return on investment, as demonstrated by the example set by Korea.

Case Study: Korea – Using innovation to drive development[22]

Korea is a well-known case of successful economic catch-up achieved through a government-led manufacturing and export-oriented strategy. However, in the second half of the 1990s economic growth slowed from 8 per cent per year to 5 per cent per year, followed by a year of negative growth due to the 1998 Asian financial crises. Since 1998 the Korean government has searched for new sources of growth appropriate to the knowledge economy.

In subsequent years the government extensively supported information and communication technology and creative venture companies, and initiated an extensive innovation-oriented drive in all sectors of the economy. In addition it targets specific technologies and sectors as sources of growth such as digital TV in 2003 and "green growth" in 2012. Overall R&D intensity has been rising to meet a target of 5 per cent of GDP. This policy along with wider financial reforms in the late 1990s helped Korea weather the global financial crisis and largely avoid dramatic declines in output. Its recovery has been swift: the International Monetary Fund forecasts that the country's economy will grow by 3.7 per cent in 2014 and by 3.0–3.5 per cent per year over the long term.

Actions

Actions HC2.1 – HC2.3 address the role government can play in directing the agenda and pipeline of innovation investment, and action H2.4 contains structural reforms and policy settings that can be explored to increase effectiveness of innovation.

Ref	Action
HC2.1	Build an innovation agenda and pipeline that provide a clear vision and commitment for each country's innovation priorities for specific areas or sectors, ideally in areas where the country has some comparative advantages.
HC2.2	Align public and direct funding for research and educational institutions with these innovation priorities.
HC2.3	Increase engagement between research organisations, education providers and businesses by providing incentives with greater weighting to commercialisation and industry collaboration outcomes in support of Priority Sectors.
HC2.4	Include innovation in the structural reform agenda, for example: • Development of policies that actively support new business models and industries. • R&D tax incentives/direct support that levels the playing field for young firms and incumbents. • Well-functioning product, labour and capital markets as well as bankruptcy laws that do not overly penalise failure. • Well-functioning intellectual property system that maximises innovation potential.
HC2.5	Establish a multi-lateral working group to collate and share best practices on commercialisation of innovation and research.

22 OECD (2014), Industry and Technology Policies in Korea, OECD Publishing. http://dx.doi.org/10.1787/9789264213227-en

Increase the alignment and responsiveness between the learning ecosystem and workforce needs

Summary

Recommendation	Increase of alignment and responsiveness between the learning ecosystem and workforce needs by: • Aligning curricula with workforce and industry needs, utilising multiple learning pathways and models. • Building basic skills for the digital age. • Enabling a flexible system of lifelong learning. • Undertaking efforts to reskill workers displaced as a result of fallen industries.
Reference	HC3
Owner	G20 Member Nations
Timing	Ongoing
Value	By developing the right skills to respond to changes in the labour market and technological change, G20 countries can drive economic growth, improve labour productivity and reduce income inequality.
KPI	% G20 Nations with a skills strategy as part of the Employment Action Plan
Current (Target)	(100%)

Context

According to an OECD estimate, if the student performance in the OECD area is raised by just half a school year, $115 trillion would be added to the economy over the working life of the generation born this year.[23] It is important that education leads to employment – despite global unemployment in 2013 at 201.8 million, 35 per cent of 38,000 employers worldwide report difficulty filling positions due to a lack of available talent, particularly for technical skills.[24]

The reported difficulties range from a low of 3 per cent in Spain and Ireland to 68 per cent in Brazil and 85 per cent in Japan, highlighting the differences in context between G20 nations. These imbalances between unemployment and job vacancies are not always due to lack of education or skills, and eventually adjust over time through market mechanisms. But they do highlight the importance of better and faster alignment between skills, education systems and employer needs, to maximise the employment opportunity for individuals.

Rapidly changing technology will continue to impact the nature and type of skills required in the future economy. Science, Technology, Engineering and Mathematics (STEM) occupations in Europe are expected to grow by 14 per cent by 2020, compared to 3 per cent for other occupations, however the supply of workers with education qualifications in STEM subjects is projected to fall.[25] In the United States, employment in these occupations is projected to grow almost as fast between 2008 and 2018 as employment in all other occupations combined.[26] The European Commission estimates

23 Based on OECD (2012), Better Skills, Better Jobs, Better Lives: A Strategic Approach to Skills Policies, OECD Publishing. http://dx.doi.org/10.1787/9789264177338-en

24 Manpower, 2013 Global Talent Shortage Survey Research Results (Manpower Group 2013). http://www.manpowergroup.com/wps/wcm/connect/587d2b45-c47a-4647-a7c1-e7a74f68fb85/2013_Talent_Shortage_Survey_Results_US_high+res.pdf?MOD=AJPERES

25 Cedefop, EU Skills Panorama Analytical Highlights, Science, technology, engineering and mathematics (STEM) skills, December 2012.

26 Accenture Institute for High Performance, "Where will all the STEM Talent Come From?" (2012).

that by 2020, 900,000 jobs in the European ICT sector will go unfilled due to a lack of appropriately skilled workers.[27]

Basic skill needs will broaden and evolve from literacy and numeracy, to technology literacy, creativity, problem solving, critical thinking and resilience. Individuals must be prepared to work in an environment of continuing change, where prior experiences and qualifications may no longer be as relevant or lasting, and lifelong learning and career reinvention becomes the norm. Not all areas will require university education – apprenticeships and vocational education remain a critical element of developing sufficient technical and qualified trades skills, as well as other "middle skills".

Workforce displacement will continue and a culture of relearning, reskilling and adaptability is critical in getting people back into work. A learning ecosystem that is responsive and adaptive will allow an individual to be equipped with sought after skills and be enabled to continually learn and retrain throughout their lifecycle of employment. Unlocking an individual's adaptive capacity is vital in making this shift and countries can better prepare their citizens to obtain meaningful employment by enabling individuals to have highly transferable skills.

Key elements such as improving current and future insight to skills and competencies, effective collaboration between education institutions and business, appropriate balance across modes within the education system (e.g. tertiary education, apprenticeships, vocational education, etc.) and investment across individuals' employment lifespan are all elements that foster a strong learning ecosystem.

G20 nations can focus on four key areas to improve alignment and responsiveness:

- Support efforts to align curricula with workforce and industry needs, utilising multiple learning pathways and models
- Expand the emphasis on basic skills acquisition to include skills relevant to the digital age
- Enable a flexible system of lifelong learning
- Undertake efforts to reskill workers displaced as a result of fallen industries

Equally important, G20 nations need to continue efforts to support the development of effective models of vocational education, apprenticeships, internships, and other methods of work-integrated learning as proposed in prior years.

Value

A number of case examples illustrate what can be achieved through better targeting of desired skills, collaboration, and learning system responsiveness and approach.

Case Study: India's National Skills Development Corporation[28]

The National Skills Development Corporation (NSDC)[29] was established in 2009 to address India's significant mismatch between skills demand and supply by upgrading the skills of the workforce through funding skills training and development programmes coordinated by the private sector. The PPP model is helping India overcome two of its greatest challenges in delivering VET courses – its lack of adequate infrastructure and shortage of job offers.

The NSDC has established 29 Sector Skill Councils and works with 114 training partners operating in excess of 2,500 physical and mobile training centres across 352 districts in India. As of 30 June 2014, 2.1 million people have been trained, 1.1 million people have been placed, 2009 centres are operational across 376 districts, and there are 3 Sector Skill Councils and 136 approved Training Partners.

27 European Commission, Grand Coalition for Digital Jobs: http://ec.europa.eu/digital-agenda/en/grand-coalition-digital-jobs-0
28 Accenture analysis, NSDC.
29 http://nsdcindia.org

Case Study: Emergence Program, Morocco[30]

In 2005, the Moroccan government identified the automotive industry as a priority sector to expand the country's competitive standing in international exports, add an extra 50 billion dirhams (USD $5.7 billion) to GDP and establish more than 220,000 jobs. Renault is partnering with the Moroccan government to develop the country's automotive skills base. The government funded the initial capital investment and will subsidise operating costs up to 2014, after which the industry will fund the scheme. The training program will train Renault's 6,000 employees in the Institute by 2014, and will subsequently expand its training offering to capture the 30,000 employees of Renault's extended supply chain.

Case Study: The Global Apprenticeships Network[31]

Agreed during the 2013 B20 Summit in St. Petersburg, business and representative industry bodies created the Global Apprenticeships Network (GAN) as a coalition of committed companies, employers' federations and associations dedicated to promoting work-force readiness with the ultimate goal of creating job opportunities for youth and ensuring skills for business. Companies such as Telefónica, Adecco Group, UBS, Huawei, Samsung Electronics, Ericsson, Randstad and Astra International have joined to take action and commit to jobs for youth and skills for business.

The GAN acts to:

- Offer apprenticeships, learnerships and internships
- Share best practices with other companies, employers' federations and labour administrations
- Improve the status of apprenticeship programmes through advocacy campaigns and promoting work-based training
- Provide information and capacity building on setting up national and regional networks and annually informing on GAN's impact

To date, the GAN has nine member companies that have signed off on the GAN guiding principles. A survey of G20 employer federations conducted by the GAN, the International Organisation of Employers (IOE) and the Business and Industry Advisory Committee to the OECD (BIAC), confirmed the need for more dialogue with employers and training providers and for GAN National Networks to influence and to take action at the local level.

Advocacy and sharing best practices took place at OECD, G20, EU, World Business Council for Sustainable Development and International Labour Organisation events where Telefónica, Siemens, Adecco Group, UBS, Samsung, McKinsey, TISK and MEDEF advocated for work readiness programmes.

GAN National Networks are commencing in Colombia, Indonesia, Turkey, France and Morocco, where there is a focus on increasing apprenticeships, internships, traineeships and learnerships at the local level, and are advocating for these programs through media events.

Actions

Actions have been identified to support the areas of focus:

- Curricula alignment, collaboration and multiple pathways: HC3.1 – HC3.4
- Digital age skills: HC3.4-3.5
- Lifelong learning and reskilling: HC3.6-3.7

30 McKinsey Centre for Government, Education to Employment: Designing a System that Works; and Renault, Inauguration of second production line at Renault-Nissan Tangier plant, 8 October 2013.
31 http://www.global-apprenticeships.org

Ref	Action
HC3.1	Develop models that encourage collaboration between education providers and industry to identify skills needs and design appropriate curricula. For example: • Establish mechanisms to identify and forecast future skill requirements and gaps. • Link demonstrated collaboration to public funding. • Provide single point, cross geographic consolidated information on course type & numbers of students compared to expected market demand. • Encourage business participation in teaching. • Provide models for workplace integrated learning, such as intern/mentorships.
HC3.2	Remove regulatory discrimination between physical, online, and other models of learning. For example, develop models for accrediting providers that offer new forms of technology-enabled learning to level the playing field across tertiary institutions.
HC3.3	Collectively publish workforce trends and available learning pathways on a learning platform to provide better information to students as well as those already in work to help them make informed choices as well as encourage progressive skill acquisition.
HC3.4	Engage with international organisations (including OECD, IOE, ILO, World Bank) to develop a G20 Skills Strategy to define skills needed for success for the digital age and the knowledge economy.
HC3.5	Ensure coverage of new skills in school curricula relevant to the digital age: particularly technology/digital literacy, problem solving, critical thinking, collaboration and inter-personal communication.
HC3.6	Increase the transparency of skills underpinning educational qualifications, certifications and their employment relevance, e.g. by including skills descriptions with transcripts and qualification detail, or by implementing measures to assist in recognition of prior learning and skills acquisition.
HC3.7	Establish targeted reskilling programs to assist adults impacted by sectoral transition such as low skilled manufacturing.

Remove barriers inhibiting entrepreneurs from starting and growing businesses

Summary

Recommendation	Promote jobs growth by removing barriers that inhibit entrepreneurs from starting and growing businesses.
Reference	HC4
Owner	G20 Member Nations
Timing	Ongoing
Value	Increase the ability of entrepreneurs to generate net jobs
KPI	• Net jobs growth from young SMEs • Reduction in barriers to entrepreneurship • Ease of Doing Business
Current (Target)	Annual improvement

Context

By making it faster and simpler to start a new business, hire and retain talent, manage performance, and foster innovative ideas, governments can create the conditions for entrepreneurs to thrive and grow as the driver of grass-roots employment.

Small and medium enterprises (SMEs) provide a majority of formal jobs in both developed and developing countries and it is becoming clear that these young firms are contributing more to job creation than previously recognised. Whilst the specific dynamics of SME job creation vary across G20 countries, efforts to foster entrepreneurship result in jobs.

During the crisis, jobs loss in most countries reflected the downsizing of mature businesses, while in young firms (five years old or less) net job growth remained positive. Young firms with fewer than 50 employees represent only around 11 per cent of employment, but they generally account for more than 33 per cent of total job creation in the business sector, with their share of job destruction at about 17 per cent.[32] In the next two years, 41 per cent of entrepreneurs expect more than 8 per cent per annum growth and 81 per cent of them expect to create new jobs.[33]

Although young, small firms alone cannot create enough jobs to solve the unemployment crisis, efforts to encourage more entrepreneurs to start – and critically, to grow – businesses will be of benefit across the G20.

The increasing reach of digital and mobile technologies will continue to enable opportunities for young SMEs to be created and grow outside traditional markets, and this in turn challenges mature businesses to respond with similar entrepreneurial and innovative efforts.

To be successful, young SMEs require additional, tailored support in areas such as access to financing, simpler (i.e. less time consuming and onerous) regulatory requirements, bankruptcy laws

32 Based on OECD (2013), OECD Science, Technology and Industry Scoreboard 2013, OECD Publishing. http://dx.doi.org/10.1787/sti_scoreboard-2013-en

33 Entrepreneurial Innovation: how to unleash a key source of growth and jobs in G20 countries; Young Entrepreneurs' Alliance Summit 2013, Accenture.

that do not overly penalise failure, training/mentoring, and forums for connecting with other growing businesses.

Countries can create the conditions for successful and sustained jobs growth through entrepreneurs and established businesses by: enabling a fair and competitive landscape supportive of private sector growth; providing adequate or better infrastructure to support new enterprises; and encouraging broad-based tolerance for failure.

Value

A number of G20 nations are taking action to successfully support entrepreneurs, including Turkey.

Case Study: Turkey's Technical Assistance for Promoting Youth Employment program[34]

"Technical Assistance for Promoting Youth Employment," a project designed to help young people to find jobs or set up their own businesses, was completed in October, 2013. Over the course of the two year project, entrepreneurs in 43 "less-advantaged" provinces of Turkey were provided internships, on-the job training opportunities, and individual coaching. Approximately 13,000 young people benefited from the project. Of these, 2,497 were hired, 218 started up their own business, 6,176 received vocational certificates and 2,768 completed an internship.

Actions

One key impediment to entrepreneurship is the difficulty many SMEs face in financing, which is addressed in action HC4.1. Other actions address barriers to entry and growth – whether related to business regulation and processes, talent acquisition, or supporting infrastructure.

Ref	Action
HC4.1	Create a regulatory environment that enables greater access and obtainment of lending and financing to qualified new enterprises through channels such as: • private funds • local banks/national banks, public/private partnerships • matching funds/co-investments • new models of funding for start-ups such as crowd funding.
HC4.2	Minimise "red tape" and streamline processes related to starting and growing businesses.
HC4.3	Remove barriers that deter businesses from taking on and retaining talent: • Address legislation which places restraints on appropriate forms of remuneration such as offers of stock options • Reduce taxes and burdensome regulations which directly create a disincentive to hire e.g. payroll taxes, investment earnings taxes • Create specialised working visas for entrepreneurs hiring overseas talent.
HC4.4	Revise bankruptcy and liquidation legislation to reduce punitive consequences and overly negative stigma of failed business to boost innovation and defuse the fear and perception of disgrace of failure.
HC4.5	Conduct Regulatory Impact Assessments to ensure burden of new regulation is not overly onerous, resulting in policy that omits the consideration of longer term business specific themes.
HC4.6	Support access to reliable, quality, low cost connectivity infrastructure.

34 Ministry of Labor and Social Security European Union Coordination Department, "Genc Istihdaminin Desteklenmesi Operasyonu", http://www.gencistihdami.net/Portals/0/GID%20bulten.pdf

Monitor and measure G20 nation commitments to Human Capital and Employment Actions

Summary

Recommendation	Monitor and measure G20 nation commitments to Human Capital and Employment Actions by ensuring Employment Plans submitted by G20 nations form the 'baseline' from which progress and development can be measured.
Reference	HC5
Owner	G20 Employment Ministers
Timing	Provide status update by 2015 G20 leaders meeting in Turkey
Value	Enabling progress reporting and identification and sharing of best practices.
KPI	% G20 countries adopting
Current (Target)	(100%)

Context

Under the Australian Presidency, the G20 Employment Taskforce has requested that each nation submit an Employment Plan, which includes Human Capital indicators and metrics. These Employment Plans should be used as a 'baseline' for countries to track on-going development and initiatives, not only of the specific actions included in the employment plan, but also of the recommendations put forth by the B20 Human Capital taskforce.

In addition to tracking and monitoring progress, it is critical that G20 nations start to better understand the value and impact of specific initiatives. This valuation and impact analysis is complicated by the fact that G20 nations are diverse in economic, political and social structures, but it is critical to understand the contribution of specific initiatives to the G20 goal of achieving an incremental 2 per cent growth in GDP over 5 years.

Employment plans should address the potential for employers to eradicate corruption by building capacity for integrity and recognising ethical behaviour within the workforce. Employers, both business and government, have an obligation to implement best practice anti-corruption training and compliance programs and self-report breaches. Anti-corruption regulation that is consistent across different jurisdictions, is actively enforced, and recognises responsible business, would create a powerful incentive to embed the right behaviours.

Value

By including commitments adopted from this and previous years' Human Capital taskforces in their Employment Action Plans, and identifying the monitoring mechanisms and governance structures appropriate to their nation, employment ministers will be able to identify the effectiveness of actions to drive development of skills and creation of employment opportunities. They will also contribute to the growing knowledge base on the effectiveness of specific policies across the G20.

Actions

Ref	Action
HC5.1	Agree that the G20 Employment Taskforce - Employment Action Plans be used as a baseline to track progress and development.
HC5.2	Agree to a measurement mechanism and timeframe for monitoring KPIs.
HC5.3	Establish governance framework and responsibility for oversight.
HC5.4	Commit to participation in monitoring agreed KPIs.
HC5.5	Review and establish incentives to support companies in building best practice anti-corruption compliance programs and to self-report anti-corruption compliance breaches.

Value calculation methodology

Valuing the impact of specific human capital recommendations is challenging. The ultimate aim is to increase the number of jobs, reduce the rate of unemployment and increase opportunities to participate. But it is not clear how many new entrepreneurs are needed, and how many jobs can each create, or how much more economic value can be generated by more education compared to the costs. Moreover, human capital indicators are impacted by many factors in combination. We can invest in skills, but if general economic conditions and domestic demand remains low, they may not lead to employment.

A number of studies show the scale of the problem and the opportunity cost of not addressing human capital challenges (e.g. GDP loss through long term unemployment), and some on the potential upside when the problem is addressed. However there are few holistic studies that directly value the link between a specific action and the broad human capital outcome, given the multi-factorial nature of the issues.

As such, we have focused our efforts on identifying supporting data that explains the problems to be addressed, and where available, hypotheses on the potential value. These have been included in the context section for individual recommendations. We have then identified some case studies to show how different countries are addressing these challenges and some of the outcomes that can be achieved.

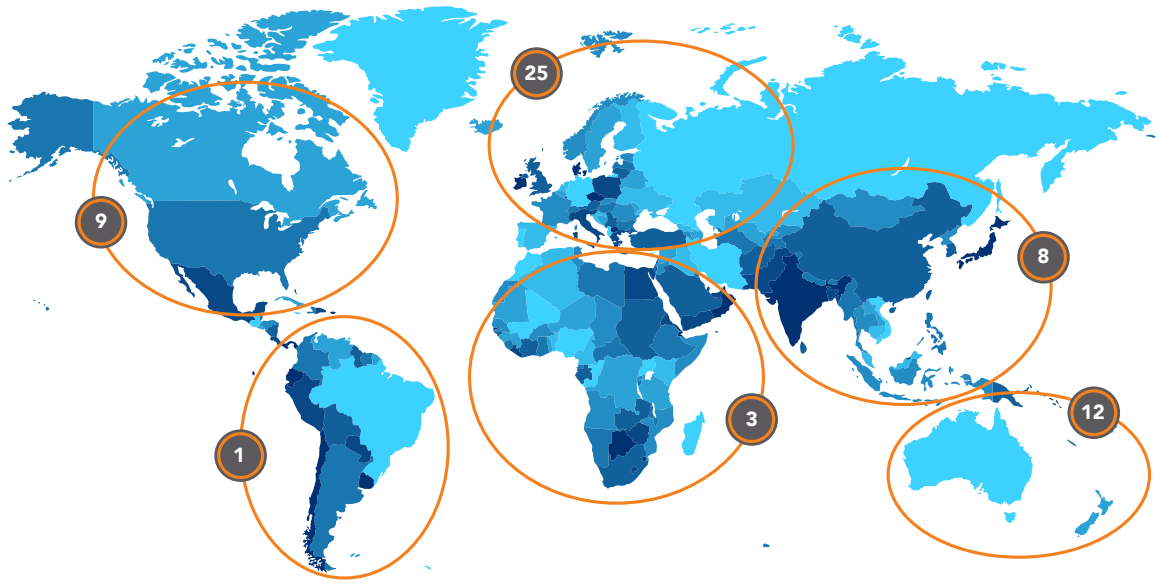
Taskforce schedule and distribution of members

Schedule of meetings

#	Date	Location	Theme
1	15 Feb 2014	Teleconference	Introduction of Taskforce members
2	27 Feb 2014	Sydney	Framework agreement and identification of potential levers and actions
3	12 Mar 2014	Teleconference	Consolidation of Drivers and Levers
4	7 Apr 2014	Teleconference	Outcome of Taskforce members 'homework' task
5	7 May 2014	Paris	Define recommendation for action, finalise measures and metrics
6	5 Jun 2014	Geneva	Review of final recommendations, advocacy discussion
7	26 Jun 2014	Teleconference	Preparation for B20 Summit
8	17-18 Jul 2014	Sydney	B20 SUMMIT

Distribution of members

Country	#	Country	#	Country	#
Argentina	-	India	4	Saudi Arabia	-
Australia	11	Indonesia	-	South Africa	2
Brazil	-	Italy	-	Turkey	3
Canada	-	Japan	-	United Kingdom	1
China	1	Korea	3	United States	9
France	10	Mexico	-	European Union	1
Germany	2	Russia	5	Other	6



Taskforce members

Title	Given Names	Family Name	Position	Organisation
Mr	Bernardo	Aguilera	B20 Sherpa	Confederation of Employers and Industries of Spain
Mr	Peter	Anderson	CEO	Australian Chamber of Commerce and Industry
Mrs	Olga	Bantsekina	Chief Representative	Coleman Services
Mr	Andrew	Bassat	CEO and Co-Founder	SEEK Limited
Ms	Jillian	Broadbent	Chair	Clean Energy Finance Corporation
Ms	Jane	Buttsworth	Senior Principal	Accenture
Mr	Rod	Camm	Managing Director	NCVER
Ms	Maile	Carnegie	Managing Director, Australia / New Zealand	Google Australia
Mr	Dilip	Chenoy	CEO & Managing Director	National Skill Development Corporation
Ms	Laura	Citron	Managing Director	WPP Government and Public Sector Practice
Mr	Max	Conzemius	Adviser	BDA | Confederation of German Employers' Associations
Mr	Alberto	Echavarria	Legal and Social Affairs Vice-President	National Business Association of Colombia ANDI
Mr	C.S.	Eom	Deputy Secretary General	Federation of Korean Industries
Mr	Daniel Carlos	Funes de Rioja	Executive Vice President	International Organisation of Employers
Ms	Ronnie L	Goldberg	Senior Counsel	USCIB
Mr	Jeffrey	Hardy	Director	ICC G20 CEO Advisory Group
Ms	Renate	Hornung-Draus	Managing Director	BDA | Confederation of German Employers' Associations
Mr	Chang Soo	Huh	Chairman	Federation of Korean Industries
Mr	David	Jakobachvili	Founder and Chairman of Board of Directors	OrionService LLC.
Mr	Rodney Malcolm	Jones	MD & Group CEO	Navitas Limited
Mr	Young Tae	Kim	CEO, Chairman	Daesung
Mr	Erol	Kiresepi	Chairman & CEO	Santa Farma Pharmaceuticals
Mr	Tugrul	Kudatgobilik	President	Turkish Confederation of Employer Associations (TISK)
Mr	Eric	Le Corre	Corporate Vice President Public Affairs	Michelin
Ms	Molly	Lesher	Counsellor	OECD
Mrs	Hansong	Liu	Chief Officer for ILO affairs	China Enterprise Confederation
Mr	Jason	Ma	Founder, Chairman & CEO	ThreeEQ, Inc.
Mr	David	Mann	Managing Director - Strategy ANZ	Accenture
Mr	Walery	Marcinowich	General Manager	Hay Group
Ms	Pip	Marlow	Managing Director	Microsoft
Ms	Kelly	Maurice	Director	Worldfund Brasil
Mr	Mthunzi	Mdwaba	CEO	TZoro IBC Pty Ltd
Mr	Robert	Milliner	B20 Australia 2014	Australia B20 Sherpa
Mrs	Catherine	Minard	International Director/B20 MEDEF Sherpa	Mouvement des Enterprises de France - MEDEF
Mr	Yogendra Kumar	Modi	Chairman and Chief Executive Officer	Great Eastern Energy Corporation Ltd
Mr	Anatoly	Moskalenko	Vise-President	OAO LUKOIL
Ms	Marina	Moskvina	Managing Director	RSPP
Mrs	Futhi	Mtoba	Past Chairman of Board Southern Africa	Deloitte
Mrs	Jacqueline	Mugo	Executive Director	Federation of Kenya Employers
Mr	Arun	Nanda	Director	Mahindra & Mahindra Ltd
Mr	Pierre	Nanterme	Chairman & CEO	Accenture
Mr	Damien	O'Brien	Chairman & CEO	Egon Zehnder
Mr	Philip John	O'Reilly	Chief Executive	Business NZ
Mr	Bulent	Pirler	Secretary General	Turkish Confederation of Employer Associations (TISK)
Ms	Holly Elizabeth	Ransom	Chair	Y20
Mr	Steven	Sargent	President & CEO - Australia & New Zealand	General Electric Company
Mr	Arun	Sawhney	CEO and Managing Director	Ranbaxy Laboratories Limited
Mr	Luke Frederick	Sayers	Chief Executive Officer and Senior Partner	PwC Australia
Mr	Victor	Sedov	President, CFE, Chairman, G20 YEA	Center for Entrepreneurship LLC
Mr	Bernard	Spitz	President International and Europe	MEDEF
Dr	Paul	Stoffels	World Wide Chairman Pharmaceutical; Chief Scientific Officer	Johnson & Johnson
Mr	Adrian	Thomas	VP Global Market Access	Johnson & Johnson
Mr	Paul	Thorley	CEO	Capgemini Australia Pty Limited
Mr	Paul	Wappett	CEO	Open Universities Australia
Mr	Bernhard	Welschke	Secretary General	Business and Industry Advisory Committee to the OECD
Mr	Michael John	Wilkins	Managing Director and Chief Executive Officer	Insurance Australia Group (IAG)
Mr	Brent Harold	Wilton	Secretary-General	International Organisation of Employers
Mr	Gerard	Worms	Vice Chairman	Rothschild Europe

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