

REGIONAL SKILLS ISSUES - A FOCUS ON NORTHLAND

Executive summary

- 1 Key industry sectors in the Northland region include:
 - a Primary industries (forestry, agriculture, horticulture, aquaculture)
 - b Tourism, hospitality and retail trade
 - c Building and construction
 - d Transport
- 2 Skill shortages are at a high level in Northland, as they are in other parts of the country. In the September 2003 quarter, a net 37% of firms had more difficulty in finding skilled staff than in the previous quarter¹.
- 3 Government agencies are working with each other and with local stakeholders to assist in reducing skill shortages and promoting economic growth in the Northland economy. Government activities in the region are focused toward skill development, and toward solving problems relating to industry development. There are a number of structures set up to assist in reducing skill shortages including:
 - a the Northland Intersectoral Forum
 - b the Northland Skills Development forum
 - c extensive linkages with local stakeholder groups including Enterprise Northland, and the Northland Mayoral forum.
- 4 A number of projects are underway in Northland key industry sectors to ensure that skill and labour shortages are minimized.
 - a *Tourism:* The main projects in Northland Major Regional Initiative 'Activate Northland' Tourism strategy are due to begin in February 2004. Prior to this, a training co-ordinator for the tourism sector has been appointed, and a region-wide tourism roadshow will be conducted in November and December. TEC, MED and MSD are working together to develop skills training initiatives in the tourism sector.
 - b *Forestry:* The Northland Work and Income Regional office has developed a partnership with the Ngati Hine Forestry Trust to develop forestry industry employment. During 2002/03 three programmes aimed at getting workers into the forestry industry were delivered to 33 people in the Mid-North area, more than half of whom are now employed in the forestry industry. Forestry contractors are working directly with ITOs to develop a silviculture training programme that provides relevant, hands-on silviculture experience.

¹ Auckland Regional Chamber of Commerce

- c *Seasonal Employment:* The Department of Labour and Ministry of Social Development are working proactively with employers in seasonal industries to manage forward labour shortage issues, through appointment of a seasonal work co-ordinator and promotion to the industry of good employment practices.
 - d *Building and Construction:* Projects in this area include a retrofitting project to improve the insulation of older houses in low socio-economic areas in Whangarei, and to provide skills and experience in insulation and re-fitting. Five people have become employed as a result of this programme. Work between MSD, TEC and Mainzeal is underway to develop training opportunities in the construction industry during the construction of Ngawha Prison.
 - e *Transport:* Northland Work and Income is developing a programme with local transport operators to place newly licensed truck drivers in work with experienced drivers. This will allow newly qualified drivers to gain the experience necessary to improve their employment prospects.
- 5 Looking forward, there are a number of skills issues in the Northland region to be addressed in future planning and priorities for skill development in the Northland area. A number of issues, including forestry career promotion, transport of people to jobs and support for Enterprise Northland Development groups will be addressed in the upcoming Northland Skills Action Plan, to be developed by Enterprise Northland.

Overview of the Northland region

Main industries and features of Northland

- 6 The main sector in Northland is the primary sector, employing 17% of the workforce in industries such as agriculture (dairy, beef), horticulture, forestry, and fishing (including aquaculture). An additional 10% of Northland's employment is in manufacturing, much of which is in the primary processing of the region's raw materials. This includes meat and dairy processing as well as wood processing. The transport and storage sector is also important in Northland, moving primary produce out of the region and helping people travel to, from, and around the region.
- 7 Northland also has a very strong tourism sector, due to the subtropical climate, an extensive and scenic coastline, and the close proximity to Auckland. The strong tourism sector means that a sizeable proportion of the workforce is employed in retail trade and accommodation, cafes and restaurants. Compared to the national average, the Northland population has a high proportion of young people as well as a high proportion of older people. This means that the sectors of health and education are also large employers in the region.

Recent trends in the economy

- 8 The Northland regional economy has enjoyed a strong upturn during the last two years. The National Bank of New Zealand estimate that the Northland economy grew by 4.6% in the year to March 2002 and 3.9% in the year to March 2003 after growth of just 2.0% in the year to March 2001. The regional economy has recently

experienced high growth as a result of the export upturn, which was a boost to agriculture, forestry, primary processing and transport and storage. The spending of export incomes, together with a large rise in tourist visitors in 2002, has led to higher spending in the region's service sector, particularly retail trade and hospitality. Real estate and construction have also picked up, with building consents, house sales and house prices all rising thanks to stronger population growth, relatively low interest rates and the strength of the local economy.

- 9 However, economic growth has already slowed to around 3.3% in the year to June 2003, as less favourable conditions in the agricultural sector (commodity prices, exchange rate) have led to a slight slowdown in the Northland economy. Still, with consumer confidence remaining high and businesses reasonably confident about their future activity, Northland's economic growth is likely to remain moderately positive over the next year. The sectors most likely to drive job growth will be domestically focused. Population growth and relatively low interest rates are likely to boost many of the region's service sectors.

Recent trends in the labour market

- 10 Employment growth in the Northland region has been strong over the past year due to the upturn in the local economy. Employment levels in the year to September 2003 were 5.1% higher than in the year to September 2002, well above national growth of 2.3%. Of the twelve regions, only Taranaki, Manawatu-Wanganui and Southland had higher job growth than Northland. But the strong performance of the past year contrasts with the previous two years, when employment in Northland fell 2.6% in the September 2001 year and rose only 1.5% the next year. Nevertheless, the latest year's strong job growth lifted Northland employment to a high 56,800 in the year to September 2003, 3% of New Zealand employment.
- 11 Growth in the supply of labour has also been strong in the last year. The population (all labour market data refer to people 15 years and over) rose by a solid 2.2% in the year to September 2003 and the percentage of people participating in the labour market (employed or unemployed) rose sharply. The participation rate increased from 60.8% in the year to September 2002 to 62.1% over the year to September 2003, a high rate for Northland, although still the lowest in the country.
- 12 The labour market is expected to be fairly steady over the next twelve months or so. On the negative side, some weakening is expected due to lower growth in the Northland economy. However, the unemployment rate is not expected to rise significantly as job growth should continue, just lower than during the last year.

Skill shortages

- 13 The Auckland Regional Chamber of Commerce conduct a survey of firms in the Northern area, which includes Northland, as well as Auckland, Waikato, the Bay of Plenty and Gisborne. This survey shows that skill shortages are similarly high in the Northland region as they are in the rest of the Northern area. In the September 2003 quarter, a net 37% of Northland firms had more difficulty finding skilled staff and a net 8% had less difficulty finding unskilled staff than they did in the previous quarter. This suggests that unskilled staff are relatively plentiful in Northland,

consistent with over-representation of people without a qualification², but that skill shortages are as much of a problem as they are in other parts of the country.

Figure 1: Key data for Northland Regional Council area

Year to September	2001	2002	2003
Economic activity (annual average % change)	2.5	4.8	3.3
Employment (000s of people)	53.2	54.0	56.8
Employment growth (annual average % change)	-2.6	1.5	5.1
Labour force participation rate (annual average %)	59.8	60.8	62.1
Unemployment (000s of people)	4.5	5.4	5.2
Unemployment rate (annual average %)	7.7	9.1	8.4

Source: National Bank of New Zealand, Statistics New Zealand. Note economic activity growth rates are year to June.

Northland Region Skills and Employment Forum

- 14 The Northland Region Skills and Employment Forum, facilitated by the Ministry of Social Development was held in May 2003. A number of issues that made it difficult for Northland employers to find appropriate skills and labour were identified at this forum. These issues included:
- a the relative remoteness of parts of Northland – job opportunities tend to be in Whangarei and the east of the region, while people are in the west and far North, and lack of transport may make it difficult to access job opportunities
 - b a high level of people lacking access to phone and email facilities
 - c housing and health problems may be limiting some people in obtaining employment. In addition, there is a lack of hostel accommodation for trainees
 - d there are a significant number of people in the Northland labour market who may lack basic foundation skills and need to participate in skill development programmes before they can engage in employment or vocational training, which may be contributing to a lack of skilled labour in the region
 - e an issue of retaining skilled people within the Northland region was identified. A lack of tertiary training establishments and work opportunities was identified as a problem; some participants felt that ITOs were not visible enough in the Northland region
 - f perceptions of primary sector industries including forestry and farming, which are key industries in Northland; it was suggested that these industries needed a cohesive marketing strategy, with industries making an investment to improve their own public image

² 28% of people in Northland do not have a qualification, compared with a national average of 24% of people.

- g the need for better linkages between education and training, and existing employment opportunities, including establishing links between schools and parents, and between education and industry.
- 15 A number of responses for follow up came out of this forum. Some of these responses are highlighted below, such as the Northland Skills Development forum. Other responses, including key areas of action for the Northland Skills Action Plan under development are highlighted in the 'Moving Forward' section at the end of this report.

How are government and other stakeholders working together in Northland?

Regional partnerships / Strategic partnerships

- 16 There are a number of fora in the Northland region enabling government agencies to work together with each other, and with local stakeholders to assist in alleviating skill and labour shortages, and improving employment outcomes in Northland. These include.
- a The Northland Intersectoral Forum (NIF), established in 2002 as a collaborative networking mechanism to ensure that the Northland Mayoral forum and Government agency representatives worked closely together on an ongoing basis. The forum includes in its membership representatives from the Northland District Health Board, Work and Income, Police, Ministry of Housing, Community Employment Group (Department of Labour), Te Puni Kokiri, CYFS, Ministry of Education, and the CEO of Enterprise Northland, the local economic development agency. The NIF is responsible for developing the approach for Regional Social Development, linking the region's social and economic development strategies and for developing community projects. NIF initiatives include Kaipara District Community Development, Housing Improvement Initiatives and assistance with the Raumanga Community Development Plan.
 - b The Northland Regional Intersectoral Forum (RIF), set up by Te Puni Kokiri at the direction of Government to respond to the capacity building needs and priorities of whānau, hapu, iwi, Maori organisations and Maori communities. A high proportion of Northland's population is Maori, so assisting with Maori economic development aspirations will be a key role of Government in this region. There are a number of partnership projects with Maori communities in Northland, some of which are outlined below.
 - c Following the Northland Region Skills and Employment Forum, a Northland Skills Development Forum, comprising MSD, TEC, Career Services and Enterprise Northland was formed to respond to key skills issues facing Northland Industry, including infrastructural issues, human capabilities and linkages and connections. This group has developed a regional audit of skills issues, which identifies initiatives in place to address skill shortages, how well these are working and where the gaps lie. This audit will form the basis for a Northland Regional Skills Development plan.

- d Government agencies are maintaining strong links with local agencies in Northland, including the Northland Mayoral Forum, and Enterprise Northland, the local Economic Development Agency. For example, Government has linked closely with the Northland Mayoral forum through the NIF, and on a number of initiatives under the Mayors Taskforce for Jobs, including Project Wheels, highlighted below. The Government has also worked closely with Enterprise Northland to achieve the recommendations of the Northland 'Forward Together' Strategy, through the Regional Partnerships Programme to develop the 'Activate Northland' Tourism initiative, discussed below, and to assist sector development groups set up by Enterprise Northland in the Forestry, Aquaculture, Pastoral Farming, Marine and Creative Industries.

Examples of government initiatives to assist in meeting skill needs

Initiatives for specific industries

Tourism

Activate Northland – Helping small businesses accelerate the potential of tourism

- 17 This is the Major Regional Initiative for Northland, which has recently been given funding under the NZTE Regional partnerships programme, through a partnership between NZTE, Enterprise Northland, and other local and regional stakeholders. The aim of the initiative is to build the capability of Northland's tourism industry to lead future economic growth, development and employment in the Northland region.
- 18 The 'Activate Northland' Strategy will build industry capability and grow 400 SMEs along the Twin Coast discovery highway in order to increase visitor numbers, length of stay and spend in the Northland region. This will be delivered through Enterprise Northland in partnership with industry and government, and will include the following components.
- a providing professional development and e-technology programmes focused at a management and leadership level
 - b developing new and existing tourism products aligned to Tourism New Zealand's 'ideal traveller'
 - c creating a positive investment climate to attract investment to assist business growth and development.
- 19 Current developments include the appointment of a training co-ordinator, and recruitment for a tourism product development manager and a region-wide tourism industry roadshow planned for November/December.

Targeted Skills Training

- 20 MED, MSD and TEC will be working together to develop relevant and responsive skills training initiatives to meet employer needs across a range of Northland industry sectors. The tourism sector will be the first to be considered.

Forestry

Partnership with Ngati Hine Forestry Trust

- 21 The Northland Work and Income Regional office has developed a partnership with the Ngati Hine Forestry Trust to develop forestry industry employment. The Trust has agreed to resource training equipment and fund an employee to liaise between the Work and Income service centres and the forestry industry, to promote the forestry industry positively in the community and to mentor incoming trainees. Partners are also working with industry representatives and Northland Polytechnic to develop and deliver a forestry training programme. During 2002/03 three programmes aimed at getting workers into the forestry industry were delivered to 33 people in the Mid-North area. All of the participants from the first programme are now employed, three from the second and eight from the third. Drug and alcohol issues were addressed with only two out of 33 participants failing tests to date. Further programmes have been contracted for 2003/04.

Forestry Sector Reference Group

- 22 The Forestry Sector Reference Group aims to market and promote the industry and to improve contractors' human resource management skills. It includes representatives from the forestry industry, Work and Income, Industry NZ, and Industry Training Organisations (ITOs).

Silviculture training programme

- 23 Forestry contractors are working directly with ITOs to develop a silviculture training programme that provides relevant, hands-on silviculture experience. Trainees also achieve competence across a wider range of skills.

Building and construction

Retro-fitting project

- 24 Northland Work and Income is supporting the retro-fitting project, a community-driven project designed to improve the insulation of older houses in low socio-economic areas in Whangarei, and to provide skills and experience in insulation and re-fitting. Five people have completed the programme, received certification, and are now employed as retro-fitters in the Otangarei area.

Re-locatable housing

- 25 Work and Income, together with Housing New Zealand Corporation are working with local building contractor Guyco to refurbish and upgrade a number of re-locatable houses. These houses will be converted to two bedroom units using a training scheme supervised by Guyco. These houses will then be relocated as part of the rural housing project to meet rental shortages in the Far North. A number of units have been completed to date and relocated and trainees are moving through the programme into employment. The contractor is looking at the feasibility of expanding the concept to other sub contractors. Expansion has included negotiations with painting division, plumbing and construction.

Ngawha Prison

- 26 TEC and MSD are working in partnership with Mainzeal construction to provide employment and trade training opportunities through the Ngawha prison construction project, and promote ongoing skill development within the project. In addition, Work and Income Northland have purchased two pre-employment programmes to prepare trainees for entry into the prison service.

Transport industry

Transport work experience programme

- 27 Northland Work and Income is developing a programme with local transport operators to place newly licensed truck drivers in work with experienced drivers. This will allow newly qualified drivers to gain the experience necessary to improve their employment prospects. Northland Work and Income began developing this programme after identifying a number of Job Seekers with the necessary skills, but not the necessary experience, to work in the transport industry.

Seasonal employment

- 28 Government is working closely with the Fruitgrowers industry to manage demand for seasonal employment. On 11 August 2003 the Associate Minister of Immigration Damien O'Connor, the Department of Labour (CEG, NZIS, ERS and OSH) and the Ministry of Social Development (Work and Income) met with fruitgrowing interests from the Northland area in Kerikeri to discuss industry growth and employment needs, particularly labour market supply issues in the Northland region. Government agencies are currently working with industry to manage forward industry labour issues, which include ensuring that the industry is able to develop good employment practices. The key message highlighted at this meeting was that seasonal employment is about developing good employment opportunities rather than immigration solutions to meet regional labour market needs.
- 29 MSD is funding a seasonal co-ordinator in the Northland region to work with local growers to identify and provide solutions to meet the fluctuating demand for seasonal labour. The seasonal co-ordinator is also involved in promoting contractor/grower best practice. NZIS will only be issuing work permits for seasonal work as a last resort, where no other solution to seasonal employment difficulties can be found.

Other employment and skills initiatives

Northland Jobs Initiative

- 30 This is a joint initiative between MSD, MED, TEC, TPK and Enterprise Northland. In July 2003, The Minister for Economic Development and the Minister of Social Development and Employment visited Northland as part of a Ministerial level focus on work there. Whilst on that visit, the Minister for Economic Development proposed that a project be undertaken by government officials that would assist in closing the gaps between supply of, and demand for, labour and skills in Northland.

- 31 MED has assisted in co-ordinating a working group that includes membership from MSD, TPK, TEC and Enterprise Northland whose main focus is to facilitate relationships between three main stakeholder groups including employers, unemployed people from Northland (including Maori) and central government agencies that have the capability to affect change in the regional labour market.

Initiatives for youth

Moving on Up

- 32 This is a six-week 'supported transition' programme for school leavers at risk of not moving into stable employment or training. The programme is run jointly by the Tertiary Education Commission and Career Services.

Project Wheels – Mayors Taskforce for Jobs

- 33 Project Wheels helps young people to gain driver's licenses and learn responsible driving habits. It is a joint venture between the Far North Safer Community Council, Land Transport Safety Authority, Northland Work and Income, Te Hau Ora o Te Hiku o Te Ika, Accident Compensation Corporation, Far North District Council, the Police, and the TEC.
- 34 The project aims to increase the number of young people with driver's licences and warranted cars in Northland. This will enable them to travel in legal vehicles to employment and training from remote areas, and for some to develop careers in the transport industry.
- 35 The project is targeted at young people caught driving without appropriate licences or driving non-compliant vehicles. It involves three vehicle workshop days with a qualified mechanic, and two days with a training provider to gain New Zealand Qualifications Authority unit standards in first aid and employment skills. Participants also obtain a driver's license if necessary. A total of 32 participants have completed the programme in the current year. Eight have gone into employment and seven into further training.

Bream Bay Youth Co-ordinator – Mayors Taskforce for Jobs

- 36 This is a community driven partnership with Work and Income to reduce unemployment in the Bream Bay area through ensuring that all school leavers have career plans. The youth co-ordinator helps school leavers develop the plans, and assists with placing local unemployed people into work. During 2002/03 109 young people were seen by a co-ordinator, ensuring that plans focus on moving into employment, further education, training or work experience. Of the 109, 64 have moved into full-time or part-time employment, three went back to school, five are in training, five relocated and 13 are in work experience.

Initiatives for Maori

Te Rarawa

- 37 This is a whole of Government initiative to develop the social, economic, environmental and cultural resources of the Te Rarawa iwi in the Far North. Initiatives include a house building programme to address the sub-standard housing issue within their rohe, and a construction course set up to support this.

Modern apprenticeships and industry training

- 38 Industry training is a partnership between industry, government and employees to provide and enhance skills for New Zealand's sustainable development. As at 30 September 2003 there were 3,850 Industry Trainees in the Northland region. Modern Apprenticeships provide opportunities for young people to access high quality, supported, work-based education. As at 30 September 2003 there were 455 modern Apprentices in the Northland region. Table 1 (attached) gives numbers of Modern Apprentices and Industry Trainees in specific industries in Northland. Numbers of apprentices in predicted areas of strong growth, or in key areas of the Northland economy are highlighted.

Moving forward

- 39 As highlighted above, a significant amount of work is being done to alleviate skill and labour shortages in key areas of the Northland labour market. Government agencies and the Regional Economic Development Agency are working together with industry groups, educational providers and individual employers to promote joint solutions to skill and labour shortage issues, and to assist with skills issues relating to future economic development.
- 40 Looking forward, there are a number of critical issues that will need to be addressed to assist in the development of the Northland region and labour market. Many of these issues were highlighted at the Northland Regional Skills and Employment Forum, and included skills related issues such as difficulties in retaining skilled people in the Northland labour market, numbers of people in Northland who may be lacking basic foundation skills, and identifying the best ways to develop and market training and work opportunities within key sectors of the Northland labour market such as Forestry and Tourism.
- 41 A number of the areas identified in the Northland Regional Skills and Employment forum are to be addressed in future planning and priorities for skill development in the Northland area. The forum identified four key areas for the existing social, industry and regional development work programme in Northland, which will be identified and addressed in the Northland Skills Action Plan, to be developed by Enterprise Northland, in consultation with government agencies and local stakeholders. These areas are:
- a forestry marketing and career promotion
 - b transportation of available labour to available jobs
 - c support for other Enterprise Northland development groups
 - d Modern apprenticeship programme places.

- 42 Moving forward, to manage these and other issues in the Northland region, there are a number of projects and developments due to occur over the next year, including.
- a The Northland Major Regional Initiative 'Activate Northland' Tourism Strategy is beginning. Projects under the three major components of the strategy are due to start in February 2004.
 - b Government agencies working together with Northland stakeholders, including Enterprise Northland, to progress key actions identified in the Northland Forward Together strategy, including working with sector development groups in the Forestry, Aquaculture, Pastoral Farming, Marine and Creative Industries.
 - c Agencies proactively working with fruitgrowers and other employers working in seasonal industries to manage forward industry labour shortage issues, through appointment of a seasonal work co-ordinator and promotion to the industry of good employment practices. This work should manage down the need for work permits for seasonal work. NZIS will only be issuing work permits for seasonal work as a last resort, where no other solution to seasonal employment difficulties can be found.
 - d MED, MSD and TEC working together to develop skills training initiatives to meet employer needs across a range of Northland industry sectors. Skills training for the tourism industry is currently being developed, and this will be followed by development of targeted skills training in other key Northland labour market sectors.
 - e MSD work to find long term solutions to transportation issues in Northland. Many of the jobs in Northland are in Whangarei or the East, while job seekers are in the West or the Far North of the region. In the medium term, MSD will be looking at solutions to this ongoing problem.

Table 1: Modern Apprentices and Industry Trainees

Northland	Modern Apprenticeships	Industry
Agriculture	47	316
Architectural Aluminium	2	
Aviation		39
Bakery	2	
Boating	22	55
Building & Construction	76	212
Building Service Contractors		4
Community Support		182
Contracting	4	37
Dairy Manufacturing	3	
Electricity Supply	13	119
Electrotechnology	36	102
Engineering	64	
Engineering, Food and Manufacturing		155
Extractives		61
Fire and Rescue		107
Flooring	5	12
Forestry	38	994
Furniture	3	10
Gas and Petrochemical		59
Hairdressing		45
Horticulture	7	37
Hospitality	10	173
Joinery	10	19
Local Government		11
Motor	76	197
Dairy Manufacturing, Meat Processing and Fellmongery		389
Painting & Decorating	3	10
Plumbing	1	23
Power Crane		17
Printing	6	11
Public Sector	3	45
Retail	10	69
Retail Meat		18
Road Transport		191
Seafood	2	11
Sport, Fitness and Recreation		39
Sports Turf	9	34
Te Kaiawhina Ahumahi		47
Telecommunications	2	
Tourism	1	
Total	455	3850

