

# **Integrating Employment, Skills and Economic Development:**

## **New Zealand**

Report to the Organisation for Economic Cooperation and Development

*Paul Dalziel*

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**Lincoln University**

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## Introduction

New Zealand comprises two main and a number of smaller islands covering 267,707 square kilometres in the south-west Pacific Ocean. Originally settled by Māori from the thirteenth century, the country became a British colony after the signing of the Treaty of Waitangi in 1840. The British parliament passed the New Zealand Constitution Act of 1852 to pave the way for self-government based on the conventions of the Westminster system. The public service departments provide advice to Ministers of the Crown, with the following four being particularly relevant to the three policy areas under review:

- Department of Labour
- Ministry of Economic Development
- Ministry of Education
- Ministry of Social Development

Two Crown entities play an important role in implementing government policy in regional economic development and in post-secondary education and skills training:

- New Zealand Trade and Enterprise
- Tertiary Education Commission

Research for this report was based on published policy documents produced by these six agencies, supplemented by interviews with at least one senior official in each case. The author also travelled to the Bay of Plenty to interview key individuals in Rotorua, Tauranga and Whakatane to obtain information on how local and regional agencies integrate and adapt the national-level policies and programmes to meet local needs. This was complemented by two roundtable meetings of participants in the Bay of Plenty and in Wellington to discuss an earlier draft of this report. A list of the people interviewed is presented in Appendix 1.

The report is comprised of six parts. Part 1 describes the New Zealand government's policies and programmes in the areas of regional economic development, labour market assistance, and skills and training. Part 2 describes the Bay of Plenty case study. There is an outline of the economic and social context of this region, followed by an introduction to the local agencies that are implementing programmes in regional economic development, labour market assistance, and skills and training. Part 3 analyses the degree of policy integration at the regional level, drawing on interviews of national policymakers and regional actors in the Bay of Plenty. Part 4 draws on the same interviews to identify enabling factors and obstacles to policy integration at the regional level. Part 5 outlines possible future trends, paying particular attention to recent announcements by the Tertiary Education Commission about skills and training policy. The report concludes in Part 6 with some recommendations.

## Part 1 – National Context and Background

### Regional Economic Development

Between 1984 and 1994, the New Zealand government introduced a programme of wide-ranging reforms that transformed the economy into its modern character. The policy focus during that period was to provide macroeconomic stability and a policy framework of market competition within which individual producers and consumers could make their own

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economic decisions, and little attention was paid by central government to issues of regional economic development. Regional economies were expected to benefit from general policies maintaining fiscal balance and low inflation, while any attempt by the government to assist one region was generally considered likely to fail (due to information gaps at the central government level) and to be at the expense of other regions. This changed at the 1999 general election, which produced a Labour-Alliance minority government with a renewed policy focus on partnerships between central government and regions for sustainable, locally driven, economic development (Dalziel and Saunders, 2005; Schöllmann and Nischalke, 2005).

This development took place within the government's 'Growth and Innovation Framework' (GIF) that was published in a major policy document, *Growing an Innovative New Zealand*, in February 2002. This framework set out three key elements to the government's role in the economy: (i) to be proactive in supporting growth; (ii) to work co-operatively with other sectors to achieve growth; and (iii) to emphasise the importance of sustainable growth and development. It described seven foundations important to the economy's overall strength and potential for growth.

- A stable macroeconomic framework.
- An open and competitive microeconomy.
- A modern cohesive society.
- A healthy population.
- Sound environmental management.
- A highly skilled population.
- A globally connected economy.

The objective was to build on those foundations to encourage a vibrant and well integrated innovation system capable of creating wealth from ideas. GIF identified three sectors that were capable of achieving world-class competitive advantage while contributing to enhanced productivity in all domestic industries: biotechnology, information communications and technology (ICT), and the creative industries.

A paper prepared in May 2000 for the Cabinet Economic Development Committee, *Sustainable Development*, described sustainable development and the contribution of regional development. In particular, it noted that a regional development strategy provides a good vehicle to advance sustainable development, and is made up of three elements (paragraph 20):

- an approach based on making the most of what the region has rather than solely a vehicle for transfers from prosperous to less prosperous regions
- engagement with the local community that enables and facilitates the development of local strategies to respond to local opportunities, and that are consistent with national objectives and integrate social, environmental and economic concerns
- a "whole of government" response where the activities of central government are integrated into regional strategies together with local players.

That overview paper was accompanied by a more detailed *Regional Development Strategy* paper, which was followed up by a third paper, *Implementing the Regional Development Programme* in June 2000. This last paper introduced the flagship of the government's new regional development policies, its Regional Partnerships Programme (RPP), drawing on the experience of the OECD Local Economic and Employment Development programme (Schöllmann and Nischalke, 2005, p. 50).

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### *The Regional Partnerships Programme*

The RPP initially divided the country into 26 regions, defined by officials after an open invitation for local organisations to nominate a suitable partnership for their region (a map of the regions is shown in Figure 5 in Part 2 of this report). This process of building partnerships within regions was designed to encourage (i) stronger regional ownership and buy-in; (ii) regionally representative governance structures; (iii) more responsiveness to particular regional dynamics; and (iv) strategies specific to the needs of regional stakeholders. Each region was eligible to receive \$100,000 in any one year for capability building, \$100,000 every three years for preparing a regional economic development strategy, and up to \$2 million every three years as the central government's contribution to a major regional initiative (MRI). A later development also made \$100,000 available for projects building inter-regional capability, such as employing consultants to work with and train people within regions to undertake specific activities related to economic development, or raising the profile of economic development in the regions and developing skills in specific groups for that purpose.

The process of considering regional applications for an MRI was overseen by New Zealand Trade and Enterprise, which defined an MRI as follows (*MRI Guidelines*, p. 2).

An MRI will be one of a number of possible actions identified in a regional economic development strategy as being likely to help contribute to the region's economic growth objectives. As such, an MRI will build on a comparative advantage the region has identified. ... It is expected that MRI proposals will have an emphasis on promoting higher economic growth within a region and do so by focussing upon one or more of the following key enablers for economic growth:

- access to skills and management capability;
- access to resources and infrastructure;
- access to innovation and technology;
- access to advice and information on opportunities;
- promoting and supporting an enterprise culture; and
- a supportive regulatory and business environment.

These criteria flowed out of the Growth and Innovation Framework, so that work within regional partnerships towards major regional initiatives was an important mechanism for aligning regional aspirations and activities with national economic goals. At the time of writing, 22 MRIs were listed as approved on the New Zealand Trade and Enterprise website ([www.nzte.govt.nz/section/11962.aspx](http://www.nzte.govt.nz/section/11962.aspx)), with more about to be announced.

The launch of the RPP identified four regions with acute needs: Northland, Eastern Bay of Plenty, Tairāwhiti and South Waikato. The regional team in the Ministry of Economic Development coordinated a 'whole of government' response in these regions in 2002, centred on advice and facilitation to build regional capability in economic development. After this process, it was judged they could access the RPP without further extra assistance (*Regional Partnerships Programme Review – Background Report*, 2003, p. 35).

In 2002/03, the Ministry of Economic Development undertook a review of the RPP (*Regional Partnerships Programme Review – Final Report*, 2003, p. 3).

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The review finds that the RPP is performing well against policy objectives. The programme addresses the building of local economic development capability and governance, the development of partnerships and networks, and the building of institutional linkages. While direct attribution of the RPP's performance to regional and national economic growth is not possible (because many other factors are influential in this), early progress results show that the RPP performs against those indicators of success selected to measure impact on outcomes. These are mainly focused on changed economic development partnership behaviours, including:

- a more strategic regional focus and an agreed economic development direction (including key stakeholder buy-in);
- improved knowledge of a region's strengths and advantages and more projects aligned with this;
- strengthened and extended economic development networks and more collaborative approaches to projects;
- improved co-operation and trust between groups and better understanding of other stakeholders' goals and processes; and
- better co-ordination and alignment between central and local government resources.

That review fed into a wider ranging *Review of Economic, Industry and Regional Development Programmes* in 2005. This review reported that 'there is progress towards desired policy outcomes' in assisting the development of regional economies, with the main contribution being 'to improve the profile of sustainable regional development and build capability and understanding of opportunities for growth within regions' (p. 3).

#### *Other Regional Development Programmes*

Although the RPP involved the largest financial investment in regional development, there have been three smaller programmes intended to facilitate regional development (Table 1). The Polytechnic Regional Development Fund was announced in the 2002 Budget, offering contestable grants of up to NZ\$300,000 to enable and encourage institutes of technologies and polytechnics to collaborate with local industry in developing courses and initiatives to support regional and economic development. Between December 2002 and October 2004, \$3.8m was allocated to 30 projects. The fund was reviewed in December 2004. The review found that 'while the original rationale for the PRDF was generally sound, the policy environment [had] changed significantly' (*Review of the Polytechnic Regional Development Fund*, 2004, p. 6). The fund was disestablished in 2005, having been superseded by the Tertiary Education Commission's ITP Business Links Fund and its regional facilitation programme.

The Cluster Development Programme was another small fund, designed to part-fund facilitators to bring together groups of local firms as a means of developing local industry clusters. It was a useful feeder mechanism into the MRI process (Schöllmann and Nischalke, 2005, p. 53).<sup>1</sup> The Regional Initiatives Fund was a small fund to allow the Minister for Industry and Regional Development to support particular initiatives outside the ambit of other programmes. It was administered by the Ministry of Economic Development, rather than New Zealand Trade and Enterprise. The Regional Initiatives Fund was disestablished in 2006 and merged with the Sector Initiatives Fund to create the Regional and Industry Development fund. The new fund had a budget of \$1.87m in 2006/07.

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<sup>1</sup> It should be noted that NZTE has other tools available which support clustering activity, and so this shouldn't be seen as occurring through just one programme.

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**Table 1**  
**Programmes to Facilitate Regional Development**

<b>Programmes</b>	<b>Objectives</b>	<b>Funding</b> (2006/07 Budget)
Regional Partnerships Programme	Improving regional governance for regional economic development, by addressing impediments to collaboration. Improving the strategic focus in the regions so that they can capitalise on strengths and overcome weaknesses, by identifying and developing capacities for specialisation. Assisting development of particular projects for regional development dropping out of RPP activities.	\$22.42m (fund) \$2.76m (services)
Regional and Industry Development Fund <sup>1</sup>	Supporting regional and sectoral projects that fall outside existing programmes but which have the potential to leverage economic growth.	\$1.87m
Cluster Development Programme	Building the skills, knowledge and expertise of cluster facilitators and addressing barriers to collaboration within clusters via information and advice services, and grant funding.	Disestablished in 2006 <sup>2</sup>
Polytechnic Regional Development Fund	Enabling polytechnics to collaborate with regional industry, and build capability to be responsive to regional training needs aligned with regional comparative advantage.	Disestablished in 2005 <sup>3</sup>

1. Previously the Regional Initiatives Fund and the Sector Initiatives Fund.
2. \$1.0 million was allocated in the 2005/06 Budget.
3. \$3.8m was allocated to 30 projects between December 2002 and October 2004.

Source: *Review of Economic, Industry and Regional Development Policies and Programmes* (2005, p. 62) and *Expenditure Review of Business Assistance* (2006, Table 7, p. 31).

#### *The Auckland Sustainable Cities Programme and GUEDO*

The government recognises that Auckland is a key region for achieving its national economic and social goals. Approximately one-third of New Zealand's population lives in the wider Auckland region and it contributes a third of national gross domestic product. It also has some unique challenges in New Zealand, including the need to invest significantly in infrastructure and urban development.

Following the World Summit on Sustainable Development in Johannesburg in 2002, the New Zealand Government launched the New Zealand Sustainable Development Programme of Action in 2003. This included an initiative under the heading of 'sustainable cities', which established the Auckland Sustainable Cities Programme. This was a three-year partnership involving the Auckland region's seven local councils, the Auckland regional council and a number of government agencies co-led by the Department of the Prime Minister and Cabinet and the Ministry for the Environment. The programme adopted a series of projects between 2003 and 2006 under six workstrands:

- Transport
- Urban Form, Design and Development
- Regional Child and Youth Development
- Regional Settlement Strategy
- Sustainable Communities
- Urban Centres and Economic Performance

A summary of the programme's achievements is presented in *Success in Sustainability* (2006). This finishes with some key findings from a formal evaluation in 2006. It recognised that the programme had increased the capability of central and local government to work together in the Auckland region, with the partners having built networks and relationships vital for cross-sector work. It also warned that complex multi-agency work requires strong on-going leadership, and takes time and resources to build the relationships and trust required to undertake work on sustainable development.

In recognition of this last point, four central government agencies – the Ministry of Economic Development, the Ministry for the Environment, the Department of Labour and the Ministry of Transport – have created a shared policy office in the Auckland central business district. The Government Urban and Economic Development Office (GUEDO) is intended to act as a hub for sharing information, coordinating stakeholder engagement, working on Auckland and national development projects, and acting as a conduit to central government in Wellington. The four agencies will combine to continue work on the Sustainable Cities programme, now that the Auckland pilot is concluded, and the Director of the Office is responsible for coordinating a 'whole of government' relationship management service with Auckland stakeholders.

### *The Economic Transformation Agenda*

On 6 March 2006, Cabinet agreed that 'economic transformation' would be one of three government priorities for the next decade. Two Cabinet Papers, *Economic Transformation: Securing New Zealand's Future Prosperity* and *Economic Transformation: Giving Effect to the Five Themes*, were released in November 2006 to provide the details of this decision. The Economic Transformation Agenda is a strategy for national development that builds on, and replaces, the Growth and Innovation Framework of 2002. It identifies five key areas or integrated themes that will be the focus of the government's strategic direction:

- globally competitive firms;
- world class infrastructure;
- innovative and productive workplaces – underpinned by high standards in education, skills and research;
- environmental sustainability; and
- Auckland – an internationally competitive city.

Action areas and specific actions have been developed for each of these themes. The third theme, for example, has seven critical issues being addressed through nine action areas.

### *Refreshing Regional Policy*

The government also announced in 2006 its intentions to refresh regional policy taking into account changes in the policy environment that have occurred since the RPP was established in 2000 (*Boosting the Impact of Regional Economic Development*, 2006). The changes include the government's adoption of the Economic Transformation Agenda, structural changes within NZTE including a stronger focus on international connections, higher levels of employment in all the regions, and the reform of the Local Government Act 2002 which introduced the Long-term Council Community Plan process into regional planning. The details of the new regional policy were released on 4 April 2007 (*Boosting the Impact of Regional Economic Development: Detailed Changes*, 2007).

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The first change is to reduce the number of regions in the RPP from 26 to around 14 (likely to be Auckland, Bay of Plenty, Canterbury, Hawkes Bay, Manawatu/Wanganui, Marlborough/Nelson/Tasman, Northland, Otago, Southland, Tairāwhiti/Gisborne, Taranaki, Waikato, Wellington and West Coast). This consolidation recognises that while the RPP has encouraged strategic thinking and regional collaboration, some of the current partnerships can lack the size, scale and capacity required for regional development outcomes to be aligned with economic transformation. Consequently, the previous funds made available under the RPP for capability building and regional economic strategy have been combined into a new Regional Strategy Fund that will give the 14 regions access to up to \$750,000 over three years to develop and implement regional economic development strategies. The move to a three-year cycle is intended to encourage regions to adopt a medium- to long-term view.

The second change is that the MRI fund is to be replaced with a contestable Enterprising Partnerships Fund of \$9 million in 2007/08, rising to \$10.5 million in 2008/09 and 2009/10. The new Fund is designed to build on the successes of the MRI fund by continuing to encourage large scale projects where success is significantly influenced by the networks and relationships facilitated by geographical location. It will focus on substantial regional projects that are commercially driven, generate substantial economic benefits for the region and align with national economic transformation goals.

Consistent with the government's recognition of Auckland as a key region in New Zealand's economic transformation, the new policy provides an additional \$1 million a year for the next three years in addition to the two other funds. There is also a work programme coordinated by MED to enhance coordination at the regional level. This includes (i) the communication of national goals and priorities; (ii) a stocktake of current regional activity across central government; and (iii) the development of best practice guidelines for coordination of cross agency central government activity at the regional level.

The new regional policy is closely aligned to the Economic Transformation Agenda. A central theme of the new policy is to encourage regional business environments that support the development, attraction and retention of globally competitive firms. The government recognises that key drivers affecting firm productivity can only be addressed at the regional level. Infrastructure funding, urban planning, regulatory function and regional marketing are primarily driven by local government influences, for example. Consequently, successful regional economic development outcomes depend on the strategic engagement of a wide range of regional stakeholders, including central government, local government, economic development agencies, regional tourism organisations, business and industry groups, Māori communities and enterprises, and research and training organisations. The regional policy changes announced in April 2007 are intended to strengthen that strategic engagement.

### **Labour Market Policies**

Prior to 1998, two different government agencies were responsible for providing employment assistance and income assistance respectively to unemployed job seekers. The New Zealand Employment Service of the Department of Labour (DoL) offered a range of programmes and services to help job seekers move towards employment, while the New Zealand Income Support Service delivered unemployment benefits and other financial support to a wide range of New Zealanders. On 1 October 1998, the two Services merged to become the Department of Work and Income (branded as WINZ). On 1 October 2001, WINZ and the Ministry of Social Policy were amalgamated to establish the Ministry of Social Development (MSD).

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MSD is now responsible for providing integrated employment and income assistance for unemployed job seekers. This was reinforced in April 2005, when the Labour Market Development team was established within the MSD. This followed the transfer of the Community Employment Group function from the DoL to the MSD, which resulted in the MSD taking on three new functions:

- regional engagement;
- community-based labour market development; and
- creation of local industry partnerships.

The transfer also involved a significant change in the Community Employment Grants programme previously centralised nationally within the Department of Labour and aimed at creating local opportunities for employment and positive activity leading to self sufficiency. It is now managed regionally within the MSD, and is aimed at helping communities and groups develop initiatives leading to sustainable employment opportunities that lead to self sufficiency and contribute to the local economy.

The Department of Labour does not retain any operational capability in assisting jobseekers directly, but is responsible among other things for providing advice to government on employment policies, and information on skills and work. It is also responsible for providing analysis on labour market trends and the economic outlook; evaluating the effectiveness of employment policies and programmes; undertaking research on labour market, skills and work issues; and providing policy advice to the government on the labour market impacts of a wide range of policies.

### *Employment Strategy*

The government published a strategic overview of its employment policy in September 2000. This strategy set out six high level goals, from which were derived the following policy and programme priorities (*Opportunity, Capacity, Participation*, 2006, p. 8):

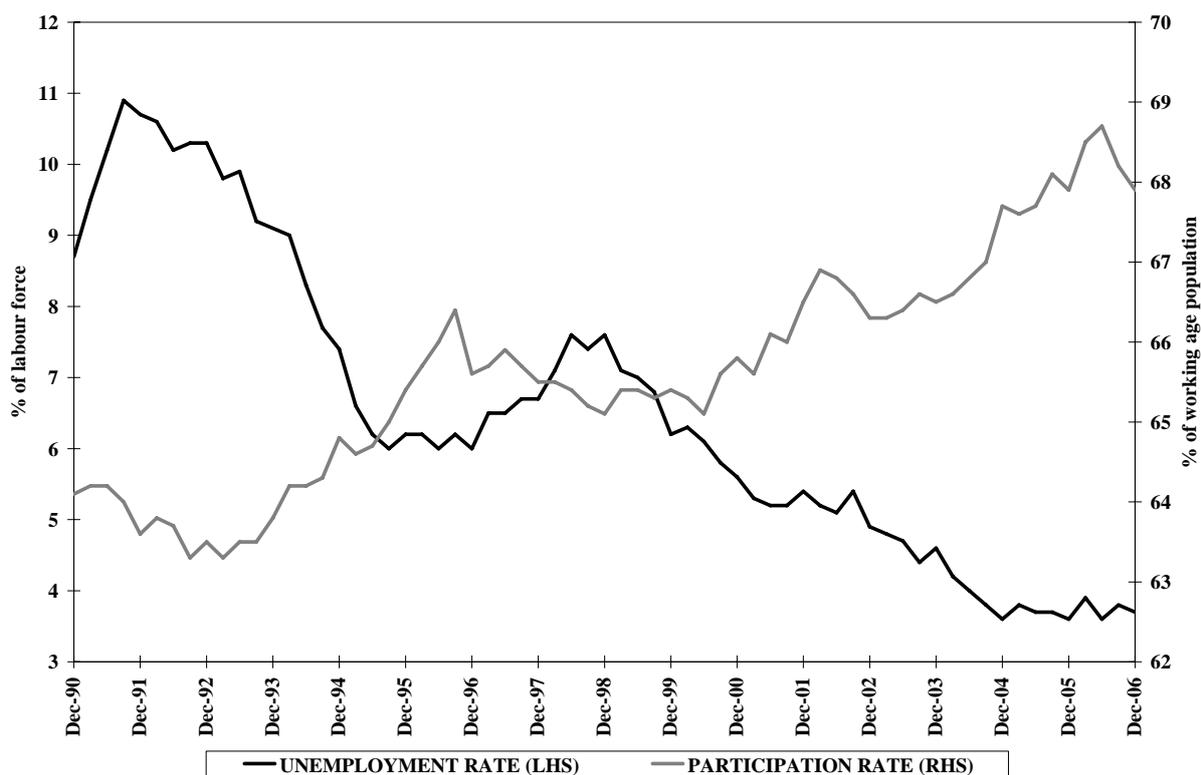
- ongoing stable economic growth and policies that encourage job growth;
- policies that promote the movement of more people (and particularly Maori and Pacific peoples) into high skill and job rich industries such as increasing educational attainment for school leavers and young adults; high quality adult education; careers advice, job information and job networks;
- policies that promote sustainable regional economic development;
- policies that build community capacity and promote an inclusive approach to community development; and
- the continued development of individually focused service delivery to maximise the effectiveness of targeted active labour market assistance.

The third of the above priorities targeted sustainable regional economic development, and represented an explicit attempt to integrate regional development and labour market policies. The Employment Strategy also included a statement recognising the need to integrate a broad range of policy areas such as income support policy, education and training, disability issues, economic development, labour market regulation and community development (p. 11). The Department of Labour was therefore charged with chairing an ongoing group of senior officials from associated Ministries to oversee the alignment of work programmes across the employment strategy.

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The Department of Labour was also responsible for developing the strategy over time and for monitoring outcomes. The most recent of its reports, *Better Work, Working Better* (2005), was signed by the Minister for Social Development and Employment, the Minister of Labour, and the Associate Minister of Labour. Written support was also provided by Business New Zealand, the New Zealand Council of Trade Unions, the New Zealand Chambers of Commerce and Industry, and the Mayors Taskforce for Jobs. The inclusion of the last group reflected the government's engagement with regional and local communities to focus on skill development, sound transition policies and lifting wages.

**Figure 1**  
**Unemployment and Participation Rates, December 1990 – December 2006**



Source: Statistics New Zealand Household Labour Force Survey data, presented as Figure 2 in *Better Work, Working Better* (2005, p. 23), updated to December 2006.

The report concluded that 'there has been significant progress against all the goals of the Employment Strategy in the five years to December 2004' (p. 22). This was on the back of steady macroeconomic performance that had seen further reductions in the official unemployment rate and increases in the participation rate since December 1999, which continued into 2005 and 2006 (see Figure 1, which is an updated version of a figure presented in the 2005 report).

### *Active Labour Market Policies*

The Department of Labour and the Ministry of Social Development published a review on the *Evidence to Date on the Working and Effectiveness of ALMPs in New Zealand* in September 2004. It described New Zealand's active labour market policies (ALMPs) under three headings drawn from the Department of Labour's human capability framework (pp. 8-9, updated for this report by the Ministry of Social Development):

#### *Capacity building programmes*

- Training: increasing the quality of labour supply through training. Specific programmes include Training Opportunities Programme (TOPs), Training Incentive Allowance (TIA) and Course Participation Assistance.
- Work confidence: bolstering the general confidence and life skills of job seekers. Specific programmes include Limited Service Volunteers and Outward Bound.
- Work experience: exposing job seekers to work-like conditions. Taskforce Green is an example of such a programme.

#### *Matching programmes*

- Career and personal development advice: career guidance and case manager support.
- Work testing: assessing a job seeker's labour market status and applying sanctions to them if they are considered not to be actively looking for employment, for example, by reducing or suspending income support payments.
- Job search assistance: improving the intensity and effectiveness of job search. The Job Search Service, which is open to all benefit recipients, includes specific programmes such as WRK4U, In2WRK and Search 4WRK.
- Placement services: providing a free vacancy and placement service to employers and job seekers. Specific services include Work and Income (W&I) Work Brokers. Industry Partnerships are a recent development in this area where Work and Income work with industries to minimise skills and labour shortages. Placements into work occur through a pre-employment training programme.
- Profiling and wage subsidies: marketing disadvantaged job seekers to employers, including providing partial temporary wage subsidies. An example of such a subsidy is the Skills Investment Subsidy.
- Post placement support: support for job seekers once they are in employment to encourage employment retention. Specific programmes include In Work Support (client focused), Post Placement Support (employer focused) and Transition to Work. The In Work Payment introduced as part of the Working for Families package also encourages employment retention.
- Youth transitions: initiatives to help school leavers move into further education, training or employment. Specific programmes include Modern Apprenticeships and Youth Transitions Services.

#### *Opportunity creation programmes*

- Self-employment assistance: assisting people to establish their own business. Specific programmes include Enterprise Allowance, Enterprise Allowance Capitalisation and Business Training and Advice grant.
  - Subsidies to firms: providing wage subsidies to enable firms to hire more workers. This type of programme is not supported in New Zealand.
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Table 2 presents data on the expenditure and participation in New Zealand's active labour market policies in the 2005/06 fiscal year, using standard OECD categories. The largest proportion of expenditure was on training programmes (\$183 million, or 46.9 per cent). Public employment service and administration (including benefit administration) absorbs most of the remaining expenditure, with smaller programmes involving employment incentives, supported employment and rehabilitation.

**Table 2**  
**Expenditure and Participation in ALMPs for the Year Ended 30 June 2006**

<b>Type of Active Labour Market Programme</b>	<b>Expenditure (NZ\$ millions)</b>	<b>Expenditure (Per Cent)</b>
Public Employment Service and Administration	183.0	31.6
Training	271.9	46.9
Job Rotation and Job Sharing	Not applicable	0.0
Employment Incentives	37.4	6.5
Supported Employment and Rehabilitation	87.0	15.0
<b>Total</b>	<b>579.3</b>	<b>100</b>

Source: Ministry of Social Development, provided for this report.

### *Regional Labour Market Policies*

The Department of Labour's regional labour market work has concentrated on collecting and publishing information on regional labour markets. The Department defines twelve regional labour markets: Northland, Auckland, Waikato, Bay of Plenty, Gisborne/Hawkes Bay, Taranaki, Manawatu/Wanganui, Wellington, Tasman/Nelson/West Coast, Canterbury, Otago and Southland. In July 2004, it began publishing quarterly regional labour market reports that present information from its Job Vacancy Monitoring Programme to show which occupations have the most vacancies in each region, based on job ads in 14 main newspapers around New Zealand. This information supplements the regional data already available from the official Household Labour Force Survey of Statistics New Zealand. More recently, these regional labour market reports have become a joint publication of the Department of Labour and the Ministry of Social Development, and have been further extended to include regional information collected by the Ministry. The reports are freely available on the Department's website at [www.dol.govt.nz/publications/lmr/lmr-regional.asp](http://www.dol.govt.nz/publications/lmr/lmr-regional.asp).

The Department can also participate in producing specialist reports on specific issues, such as *Developing Ngati Awa Labour Market Capability* (2006). It is currently sponsoring a project to link employer and employee data that is beginning to produce new regional information on labour market flows and outcomes. In order to encourage dissemination and use of its regional information, the Department of Labour has created a network of regional labour market knowledge managers. Each knowledge manager is responsible for liaising with potential regional partners (central government agencies, local government agencies, business groups and community groups) to assist in providing relevant labour market knowledge.

The Regional Partnerships Programme previously offered its 26 regions a grant of up to \$100,000 every three year cycle to prepare a regional economic development strategy. Typically this included or led on to a regional labour strategy. An analysis of the first 23 strategies prepared under this programme, for example, found that labour skill shortages were identified as an issue in 13 regions (*Regional Partnerships Programme Review – Background Report*, 2003, p. 21). In recognition of the importance of regional labour strategies, the Department of Labour worked in partnership with the Economic Development Association of New Zealand to prepare resources to assist economic development agencies produce effective regional strategies (*Good Work*, 2006, p. 17). These include a data base of local and regional labour market initiatives around the country, and a draft set of regional labour market strategy development guidelines for economic development practitioners.

The Ministry of Social Development has divided the country into eleven Work and Income regions: Northland, Auckland, Waikato, Bay of Plenty, East Coast, Taranaki/Wanganui/King Country, Central (North Island), Wellington, Nelson, Canterbury, and Southern (South Island). Each region is headed by a Regional Commissioner for Social Development who prepares a strategic plan for social development in their region each year. Each region has a network of staff, including a regional labour market manager, a team of enterprising communities advisors, and a local industry partnerships advisor. The labour market functions of these staff can be grouped into three areas of activity: engagement, enterprising communities, and local industry partnerships.<sup>2</sup>

The engagement role facilitates joined-up agency responses to community labour market development issues, aiming to bring focused and effective agency responses to labour market opportunities. It builds on forums and working groups already operating in regions with Regional Commissioners mandated to maintain a high level overview of the employment-related strategies and projects being generated to make sure key linkages to employment and labour market participation are articulated. To date each region has developed a Labour Market Engagement Strategy which identifies the key sectors and geographic areas to be targeted. This in turn leads to the development of Labour Market Plans for each region. The engagement process links to the knowledge role managed by the Department of Labour.

Enterprising Communities Advisors are located in each of the Work and Income regions to offer advice and support to community groups who wish to develop projects that will address labour market disadvantage in their area. Enterprising Communities grants are available to help community organisations develop and implement projects that will help people who are finding it hard to get jobs. The grants are designed to help emerging community owned organisations become sustainable businesses, and hence provide a service back to the community, while delivering labour market outcomes that are a regional priority as identified in the Work and Income regional plan.

Local Industry Partnerships provide tailored skills development for emerging employment opportunities unique to a locality or region. Local Industry Partnerships activity differs from existing regional work brokerage functions by working directly with employers and industry training providers to design skills training packages tailored to required job skill sets. Local Industry Partnership Advisors work to co-ordinate the purchase of required training and arrange and negotiate employment placements for those job seekers being trained.

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<sup>2</sup> I am grateful to Dafydd Davies for providing the material in the following three paragraphs.

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### *The Horticulture and Viticulture Seasonal Labour Strategy*

The Horticulture and Viticulture Seasonal Labour Strategy is a good example of how the current policy framework allows a whole-of-government response to significant regional issues, carried out in partnership with private sector groups. Horticulture and viticulture are important regional industries in the Hawkes Bay, Marlborough, Bay of Plenty, Central Otago and Northland, but have experienced severe shortages of skilled workers during the harvest season of February to May in recent years. In 1998, Regional Commissioners for Social Development began partnering with the horticulture and viticulture sectors to develop and implement localised strategies to assist the industries meet employer needs.

As unemployment numbers continued to reduce significantly, it became clear that a national strategy was required. In August 2004 industry representatives met with government. This meeting led to the creation of a working group to develop a medium- to long-term strategy for seasonal labour and skill shortages. The government was represented by the Department of Labour, the Ministry of Economic Development, the Ministry of Social Development (including Work and Income) and the Ministry of Agriculture and Forestry. Industry was represented by Horticulture New Zealand, the Hawkes Bay Fruitgrowers Association, Pipfruit New Zealand, New Zealand Kiwifruit Growers Inc, and New Zealand Wine. The New Zealand Council of Trade Unions also participated in the working group.

Smaller working parties and five regional meetings developed the strategy during 2005. It was released in December that year (*Medium-Long-term Horticulture and Viticulture Seasonal Labour Strategy, 2005*), setting out five objectives, each with a number of action areas to be pursued over the next six years: (1) providing seasonal work opportunities for New Zealanders; (2) accessing global power; (3) informed management of seasonal labour; (4) developing skilled workers; and (5) improving workplace productivity and quality. The Department of Labour's Annual Report describes how the strategy provides a framework for developing sustainable seasonal labour in the two sectors (*Good Work, 2006, p. 18*):

For example, the Hawke's Bay Labour Market Knowledge Manager, George Rarere spends some time working in the Hawke's Bay Fruitgrowers Association Offices, helping coordinate government services, assisting with the seasonal coordinator's tasks of placing people from the unemployment register into work, issuing IRD numbers, managing work permit applications, giving employment advice and arranging training.

George is also working with the Eastern Institute of Technology, the Regional Manager of the Tertiary Education Commission, and industry training body HortITO to help them align their training programmes and qualifications with the industry's needs. This will ensure that both workers and their managers improve their productivity. George also works with local representatives of contracting firms to improve contractor/grower work processes, ease compliance burdens and improve incentives for compliance.

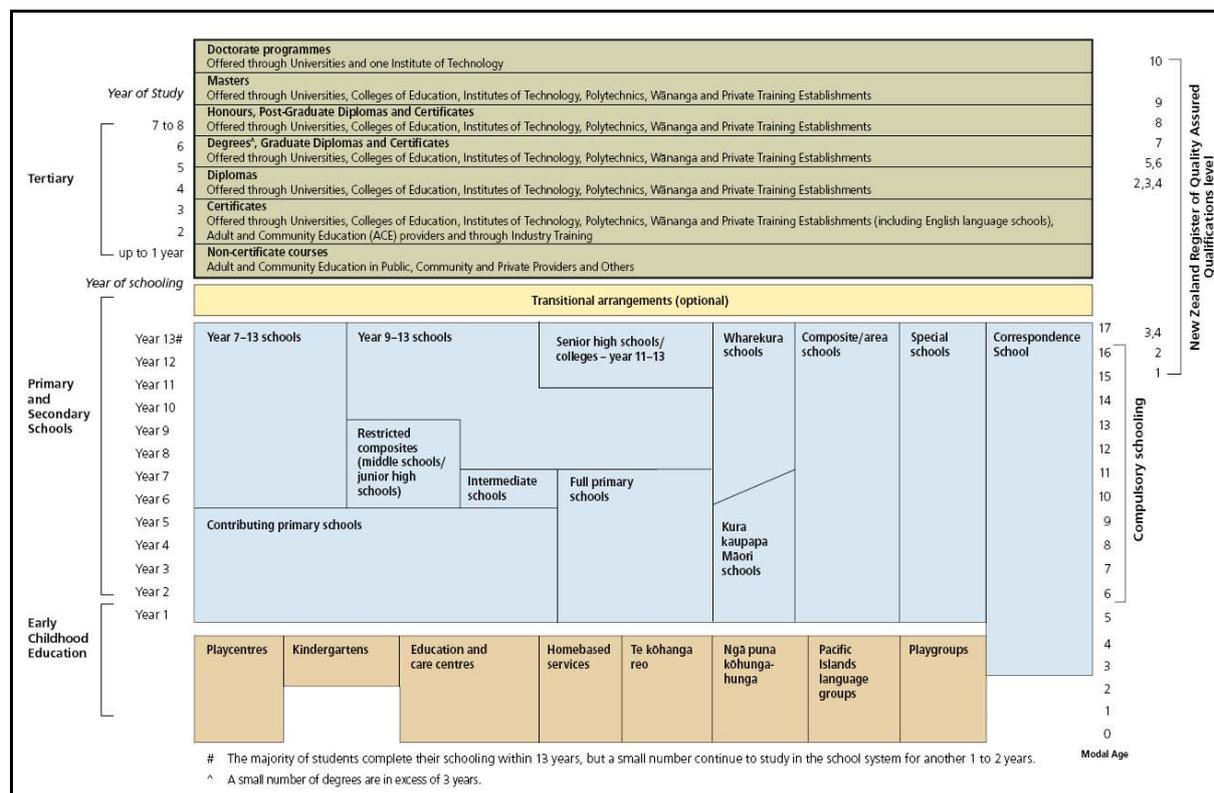
The Department of Labour has been involved in a three-year research project aimed at facilitating government and industry collaboration to address severe shortages of seasonal workers in the Hawkes Bay apple industry (Hill et al, 2007). The Pure Business Project brought together people involved in growing, contracting, picking, packing, taxing and regulating the supply and use of labour in apple production within a formal co-design laboratory process pioneered at the Centre for Activity Theory and Developmental Work Research at the University of Helsinki ([www.edu.helsinki.fi/activity/](http://www.edu.helsinki.fi/activity/)). The process generated proposals for innovations in four areas: a draft training strategy; a path to a research and development system around production and labour practices; a new contractor/grower relationship; and a labour sourcing, supply, deployment and retention strategy.

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## Skills and Vocational Training

Figure 2 presents New Zealand's education system. The Ministry of Education is responsible for leadership of the overall direction of the education system (Ministry of Education Annual Report 2006, p. 131). It provides services, gives policy advice, implements policies, develops curriculum statements, allocates resources, and monitors the effectiveness of the system. With few exceptions, all children must attend school from the age of six until they are sixteen. The government has a five-year strategy for the compulsory education system, published as *Making a Bigger Difference for all Students* (2005). This section concentrates on New Zealand's tertiary education system, where government leadership is provided by the Tertiary Education Commission (TEC). In 2003, providers of tertiary education in New Zealand included 8 universities, 20 institutes of technology and polytechnics (ITPs), 4 colleges of education, 3 wānanga,<sup>3</sup> 43 industry training organisations (ITOs),<sup>4</sup> and some 800 private training establishments including English language schools (*The Ministry of Education and the Tertiary Education System*, 2003, p. 3).

**Figure 2**  
**The New Zealand Education System**



Source: *The New Zealand Education System: An Overview* (2004, p. 4).

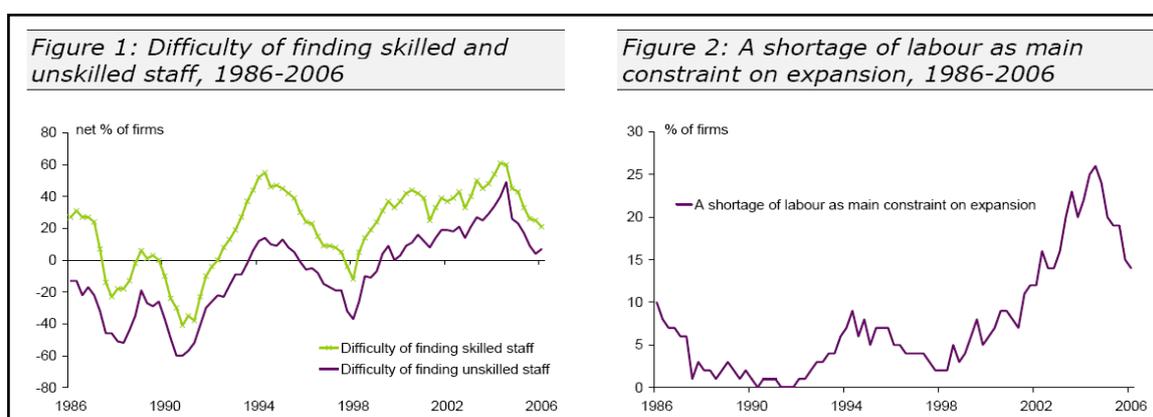
<sup>3</sup> 'Wānanga provide education in accordance with kaupapa Māori philosophies, principles and approaches. This means Māori ways of organizing teaching, learning and research, along with organisational administration and leadership will be prevalent within wānanga. The overarching purpose of this is to contribute towards the survival and well-being of Māori as a people.' *Tertiary Education Strategy* (2006, p. 15).

<sup>4</sup> ITOs do not deliver training themselves, but they develop and arrange workplace training for industry under the Industry Training Act 1992 ([www.itf.org.nz](http://www.itf.org.nz)).

### *The Skills Action Plan*

Throughout the 1990s, labour market policy focused on reducing high unemployment. As shown in Figure 1 on page 8, unemployment peaked at 10.9 per cent of the labour force in September 1991, and remained between 6.0 and 7.6 per cent in the second half of that decade. Since 2000, unemployment has fallen to lower levels and employers have reported significant skill shortages (see Figure 3). In May 2002 the government responded by launching its Skills Action Plan, a whole-of-government strategy to speed up matching skills to job opportunities and to reduce future skills shortages by helping people make informed decisions about education and training. The strategy was monitored by a Skills Action Plan Coordinating Committee, made up of representatives from the Department of Labour, the Ministry of Social Development, the Ministry of Economic Development, the Ministry of Agriculture and Forestry, the Ministry of Research Science and Technology, the State Services Commission, Treasury, Career Services and the Department of Prime Minister and Cabinet.

**Figure 3**  
**Measures of Labour Shortages**



Source: New Zealand Institute of Economic Research *Quarterly Survey of Business Opinion*, published in *Skills in the Labour Market – November 2006*, 2006, p. 2.

As part of the Skills Action Plan, the Department of Labour set up a Job Vacancy Monitoring Programme from November 2002. This programme includes monthly analysis of newspaper and internet job advertisements, an annual survey of employers who have recently advertised job vacancies, and occasional reports on occupations thought to be in short supply. In 2005/06, these occasional reports covered 14 trades occupations and 5 professional occupations. The programme defines a ‘genuine skill shortage’ as a situation when employers have difficulties filling their job vacancies because there are not enough individuals with the required skills in the potential labour market to fill the positions on offer.

Responding to skill shortages is a priority of the Ministry of Social Development, who reports quarterly on the progress being made. The Ministry explains the role of its Work and Income unit as follows (*Meeting Skill Needs: A Work and Income Response*, 2006, p. 2):

Work and Income contributes significantly to reducing skill shortages by working with other government agencies and by undertaking a co-ordinating role between employers, training providers and job seekers at a regional level. This helps to identify the demand for particular skills including current and anticipated skill shortages. By working with employers and training

providers, Work and Income can facilitate the provision of training to address skill shortages. Suitable job seekers can then be matched to training that will provide them with the skills for the jobs that are available.

This role is carried out at the regional level. It includes hosting regional employment and skills forums with other agencies such as the Department of Labour and the Tertiary Education Commission. Work and Income then works with stakeholders to identify an appropriate action plan that becomes the basis for quarterly reporting. The Bay of Plenty region, for example, is concentrating on skill shortages in nine industries and sectors: building and construction, forestry/wood processing, transport and drivers licences, mechanical, horticulture, agriculture/wool handling, engineering, bus drivers and civil construction (*Meeting Skill Needs: A Work and Income Response*, 2006, p. 12).

At the national level, the Ministry of Social Development has signed 29 formal partnership agreements with a combination of industries and their training organisations to identify the needs and hiring requirements of employers. These industry partnerships help ensure that job seekers secure sustainable employment opportunities. The programmes focus on training that is targeted to meet industry-identified skill and labour shortages, and may include on-the-job training, work experience or pre-employment training. This feeds into the design of *Straight 2 Work* training and support programmes that aim to take Work and Income clients straight to work in industries with skill shortages. The Ministry reports that 1,739 people participated in this programme in the year ended 30 June 2005, and 1,188 of these were no longer receiving a benefit as at 30 June 2005 (*Meeting Skill Needs: A Work and Income Response*, 2006, p. 37). Work and Income has also commenced an engagement strategy to progressively target 300 major corporations in New Zealand who are experiencing skill and labour shortages. The aim is to develop tailored labour supply packages via formal partnership arrangements with these employers. Initiatives will include working with these corporations to develop effective selection and recruitment strategies.

The Tertiary Education Commission previously had a strong regional character in addressing skill shortages. Internal restructuring is resulting in fourteen area offices being reduced to five: Auckland (two offices); Rotorua; Wellington; and Christchurch. TEC will continue to fund skill training programmes such as *Modern Apprenticeships*, *Training Opportunities*, *Youth Training*, *Skill Enhancement*, *Adult and Community Education (ACE)* and *Gateway*. In the case of *Training Opportunities*, the training is purchased by the Ministry of Social Development and is signed off for each region by the Regional Commissioner for Social Development, ensuring policy integration at this operational level.

The Ministry of Education has eleven regional offices (Whangarei, Auckland, Hamilton, Rotorua, Napier, Lower Hutt, Wanganui, Nelson, Christchurch, Dunedin, Invercargill) as well as its head office in Wellington. These offices interact strongly with schools and communities as well as the Special Education provision that works with families to support learners with special needs. The Government is investing heavily in helping young people make education-employment choices during their transition years from secondary school to employment. Schools, for example, must provide appropriate career education and guidance for all students in year 7 and above. Relatively recent policy initiatives include the Gateway programme, the Secondary-Tertiary Alignment Resource (STAR), Youth Transitions Services, Designing Careers, He Ara Rangatahi, the [www.in-transit.govt.nz](http://www.in-transit.govt.nz) website, and a \$12.7 million boost in the 2006 Budget to the government's lead agency for providing career information and guidance, Career Services. Policies in this area are overseen by the Youth Transitions Senior Officials Group, made up of representatives from Career Services, the Department of Labour,

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the Ministry of Education, the Tertiary Education Commission, the Ministry of Social Development, and the Ministry of Youth Development. On 22 March 2007, the Foundation for Research, Science and Technology announced that it is funding a five year research programme on education employment linkages for young New Zealanders, to be carried out by a consortium from Lincoln University, the New Zealand Council for Educational Research and He Pārekereke at Victoria University of Wellington.

### *The Tertiary Education Strategy*

In early 2000 the government set up a Tertiary Education Advisory Commission to review New Zealand's tertiary education system. This resulted in the *Tertiary Education Strategy 2002-2007* being adopted in 2002, followed by the creation of the Tertiary Education Commission (TEC) in January 2003. The *Strategy* was New Zealand's first explicit statement linking the tertiary education system directly to broad national economic and social goals. On 4 April 2006, the government sought consultation on further reforms to the tertiary education system that would involve 'defining the distinctive contributions of tertiary organisations and ensuring different parts of the sector work together in more complementary ways' (*Ensuring Quality and Relevance*, 2006). The reforms were summarised in the new *Tertiary Education Strategy 2007-2012*, released on 14 December 2006. This strategy announced five specific areas of focus for improved achievement (pp. 21-24):

- Ensuring maximum educational opportunity for all New Zealanders
- Strong foundational skills, especially literacy, numeracy and language skills
- Successful transitions from schooling: ensuring the 'baby blip' generation achieves its potential
- Building relevant skills and competencies for productivity and innovation
- Building skills and competencies for social and cultural development

A key element of the strategy is a new section setting out the 'distinctive contributions' expected from different types of tertiary education: universities, institutes of technology and polytechnics, wānanga, industry training organisations, private training establishments, adult and community education providers and other tertiary education providers. These distinctive contributions build on existing roles, but the ITPs are given a new role that was at best only implicit previously: 'to act as a regional facilitator'.<sup>5</sup> The strategy explains:

Applied professional and vocational education will continue to involve different types of tertiary organisations with clear roles and diverse communities of interest. The key potential of institutes of technology and polytechnics is that, as publicly-owned regional institutions, they can provide enhanced forms of support to students to progress into higher levels of learning, and can concentrate resources and capability. Further, government looks to them to provide support to the system at a regional level.

The ITOs will continue to provide leadership within their industries on matters relating to skill and training needs (including designing national qualifications and quality assuring national standards), but their industry focus will now be complemented by a regional focus in the ITPs. To facilitate this development, the Tertiary Education Commission is creating a new programme called 'regional facilitation' (*What is Regional Facilitation?*, 2006). The key objectives of regional facilitation are (*Introduction to Regional Facilitation*, 2007, slide 6):

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<sup>5</sup> The role is not entirely unprecedented, but builds on two smaller programmes: the Polytechnic Regional Development Fund (phased out in 2005) and the ITP Business Links Fund.

- To build a shared understanding of regional needs, gaps and priorities for tertiary education;
- To develop capability at the regional level through collaborative relationships;
- To deliver better outcomes for learners and other stakeholders; and
- To offer efficiency benefits for stakeholders and providers alike.

A key mechanism for achieving these objectives is the development of a high level statement of regional tertiary education needs, gaps and priorities agreed at the conclusion of a process of strategic dialogue with stakeholders, including national, regional, governmental and other groups that have an interest in the provision of tertiary education (*Regional Statement of Tertiary Education Needs, Gaps and Priorities*, 2007). The development of the statement and the process of strategic dialogue will be facilitated by ITPs. The guidelines are intended to be flexible, recognising that regional facilitation may take many forms depending on the unique make up of each region, but ITPs are encouraged to facilitate forums for all interested stakeholders to gain a shared understanding of tertiary education and training needs of the region based on current analysis of population trends, demographics, and the social, cultural, and economic characteristics of the region. The contents of the regional statement should then be reflected in the individual three-year plans that tertiary education providers negotiate with TEC in order to receive public funding.

TEC recognises that the Ministry of Social Development, the Department of Labour and Regional Councils with their associated economic development agencies actors New Zealand are already having similar conversations (*What is Regional Facilitation?*, 2006). Regional facilitation is intended to bring structure to these stakeholder conversations, and ensure that stakeholder needs are pooled and shared with both stakeholders and tertiary education organisations. Thus this programme is explicitly expecting to integrate regional economic development, labour market analysis and skills and training delivery.

#### *The Canterbury High Tech Sector*

The government has sought to provide incentives for stronger relationships between tertiary education organisations and significant industries in their region. The Foundation for Research, Science and Technology places considerable emphasis on end-user engagement by publicly funded providers of applied research. TEC is responsible for choosing and funding Centres of Research Excellence (CoREs) in a way that provides incentives for researchers in the tertiary education sector to conduct research that is excellent, contributes to New Zealand's future development, and incorporates knowledge-transfer activities. TEC also has operated a number of strategic development funds such as *Partnerships for Excellence*, the *ITP Business Links Fund* and *Growth and Innovation Pilot Initiatives*.

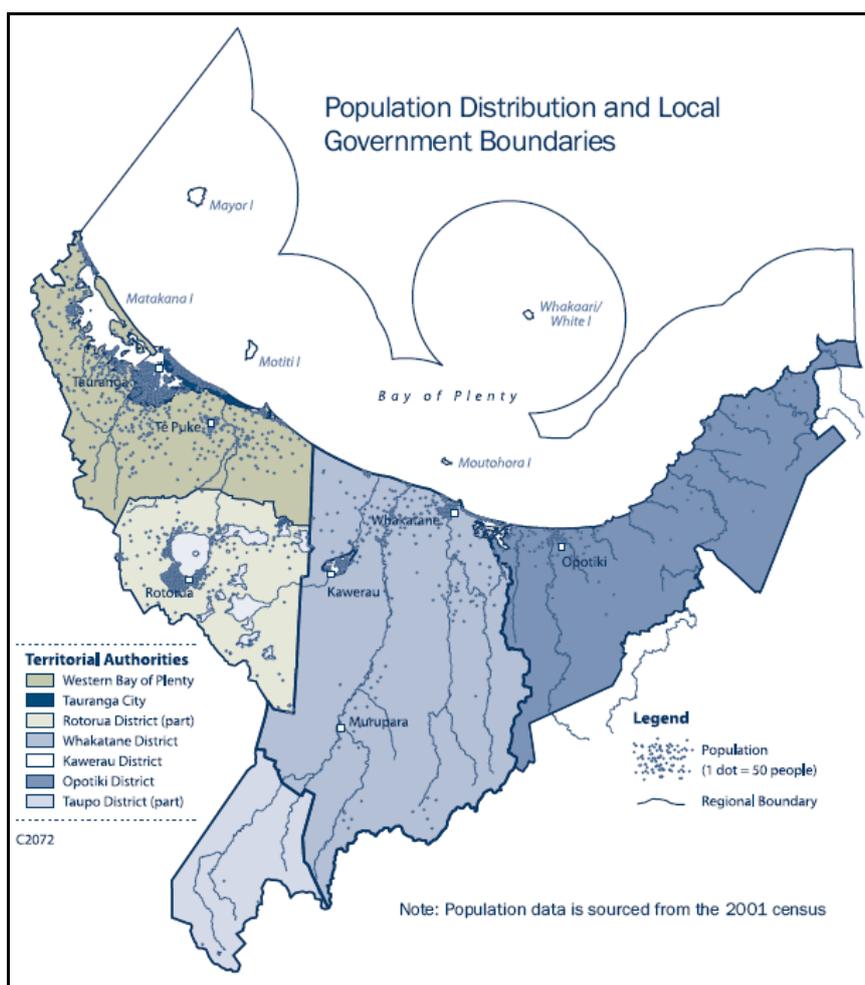
Regions can draw on these diverse programmes to strengthen industries in their locality that are considered to be nationally important. A good example is the Canterbury high tech sector of electronics and software firms. There has been a series of public sector interventions to foster the development of this sector. In 2003, for example, NZTE funded a report on the potential and constraints of the Canterbury high-tech sector (Saunders and Dalziel, 2003), which recommended greater collaboration between the high-tech sector and regional tertiary education organisations. The Canterbury ICT Cluster was set up in December 2003 with this as one of its core tasks. The report also recommended the preparation of a proposal for a new research institution under the government's *Partnership for Excellence* programme. On 11 July 2006, UCi3, the New Zealand ICT Innovation Institute hosted by the University of

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Canterbury, was launched as the country's national centre for excellence in Information and Communications Technology, part-funded with a \$9.7million government contribution ([www.ict.canterbury.ac.nz](http://www.ict.canterbury.ac.nz)). It aims to link academic and industry expertise to enhance high-tech capabilities and developments.

The Saunders and Dalziel report also identified emerging skill shortages as a potential constraint on future growth in the cluster. In 2004, the Tertiary Education Commission provided a \$1.76 million grant over four years for the 'ICT in Canterbury Growth Pilot' under its *Growth and Innovation Pilot Initiatives* programme ([www.canterburyict.co.nz/](http://www.canterburyict.co.nz/)). This project brought together the region's tertiary educators and industry leaders in a way that had not been attempted before. It was headed by the Electro-technology Industry Training Organisation, with parts of the project headed by the University of Canterbury, Lincoln University, the Christchurch Polytechnic Institute of Technology (CPIT) and the Christchurch College of Education. The governance group for the project included electronics and software industry leaders, as well as representatives from the local economic development agency owned by the Christchurch City Council. The project commissioned work to survey industry skills demand and current provision by tertiary educators, and launched a coordinated programme to raise the profile of ICT careers among school-age students in the region.

**Figure 4**  
**Map of the Bay of Plenty**



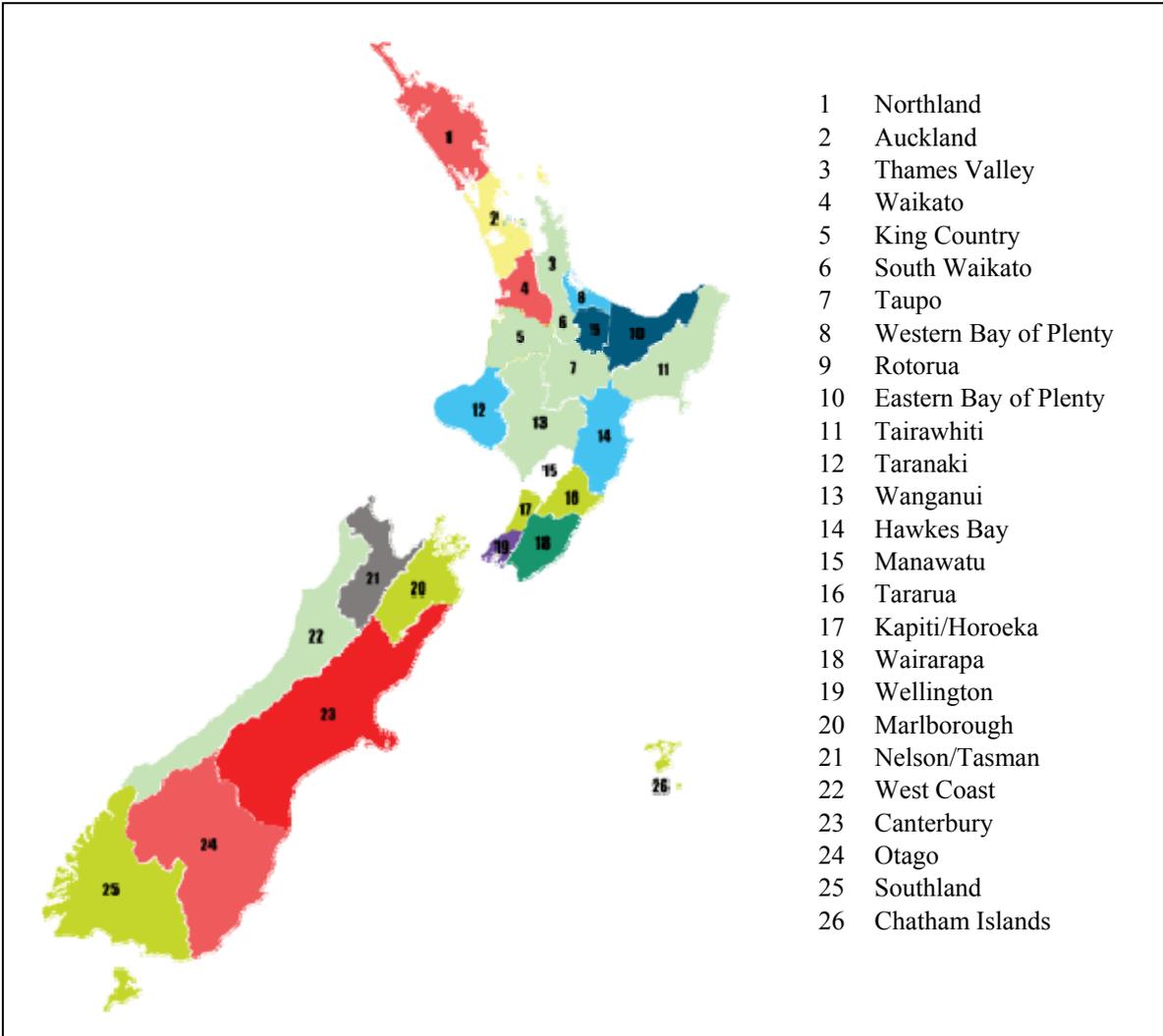
Source: Environment Bay of Plenty, *Ten Year Plan* (2006, p. 14).

## Part 2 – The Bay of Plenty Case Study

### Economic and Social Context

The territory of the Bay of Plenty Regional Council covers 21,740 square kilometres on the east coast of New Zealand’s North Island, comprising 12,231 square kilometres of land and 9,509 square kilometres of coastal marine area. This includes seven city or district councils: Tauranga City Council, Western Bay of Plenty District Council, Whakatane District Council, Opotiki District Council, Kawerau District Council, part of the territory of the Rotorua District Council and part of the territory of the Taupo District Council. Figure 4 presents a map of the region, showing the population distribution and local government boundaries.

**Figure 5**  
**Regions in the Regional Partnerships Programme Before 2007**



Source: New Zealand Trade and Enterprise, [www.nzte.govt.nz/section/11766.aspx](http://www.nzte.govt.nz/section/11766.aspx).

The government's regional partnerships programme (RPP) previously divided the Bay into three regions: Western Bay of Plenty, Rotorua and Eastern Bay of Plenty. These are shown as regions 8, 9 and 10 in Figure 5. The refreshed regional policy in 2007 will reduce the number of regions nationally from 26 to about 14, which will include creating a single Bay of Plenty region. Currently, each of the three Bay of Plenty RPP regions has produced its own strategic plan for economic development, overseen by separate economic development agencies: Priority One in the Western Bay of Plenty; Destination Rotorua in Rotorua; and Toi-EDA in Eastern Bay of Plenty.

The percentage of people who identified themselves as Māori in the Bay of Plenty region on Census night 2006 was almost twice as high as for the national population (26.3 per cent, versus 14.0 per cent; see Table 3). The proportion of Māori residents in the Eastern Bay of Plenty is particularly high (45.0 per cent, and nearly 60 per cent in Kawerau).

**Table 3**  
**Population, Bay of Plenty, by Ethnicity**

	Māori	Total	Per Cent
Tauranga	16,575	103,638	16.0%
Western Bay of Plenty	6,924	42,078	16.5%
Rotorua	22,734	65,892	34.5%
Taupo	8,646	32,418	26.7%
Whakatane	13,200	33,309	39.6%
Kawerau	4,047	6,915	58.5%
Opotiki	4,881	8,982	54.3%
Total Bay of Plenty	67,650	257,379	26.3%
Total New Zealand	525,335	4,027,953	14.0%

Source: Statistics New Zealand, *Census 2006*.

There is significant economic and ethnic diversity in the Bay of Plenty workforce.<sup>6</sup> Tables 4 and 5 present unemployment rates, participation rates and the size of the labour force analysed by ethnicity in Table 4 and by territorial authority in Table 5. The data in Table 4 record that just under a quarter of the region's labour force (23.2 per cent) described themselves as Māori in the 2006 Census. The Māori ethnic group's Census night unemployment rates for males and females were about three times as high as for the European population.

The first two rows of Table 5 refer to the Western Bay of Plenty RPP region, and their labour market data are comparable to the Rotorua RPP region in row 3. Whakatane, Kawerau and Opotiki make up the Eastern Bay of Plenty, and Table 5 reveals that they experience significantly higher unemployment than Western Bay of Plenty and Rotorua. Indeed, in 2006 these three districts recorded the three highest Census night unemployment rates out of 74 territorial authorities.

<sup>6</sup> This section and Tables 3 to 6 are taken from a report prepared by the Department of Labour, *Integrating Employment, Skills and Economic Development Project: Regional Selection* (2006), updated to include *Census 2006* data.

**Table 4**  
**Key Labour Market Statistics, Bay of Plenty, by Ethnicity and Gender**

	Unemployment Rate (%)		Labour Force Participation Rate (%)		Size of Labour Force	
	Male	Female	Male	Female	Male	Female
European	3.7%	5.4%	71.4%	59.4%	43,113	41,064
Māori Ethnic Group	12.1%	15.0%	73.0%	62.1%	14,832	14,427
Pacific Peoples	11.2%	16.0%	73.0%	63.1%	1,365	1,104
New Zealander	2.4%	3.3%	79.5%	69.0%	9,924	8,292
Asian	6.4%	8.2%	70.8%	60.2%	1,869	1,866
Other	7.8%	9.6%	66.7%	50.6%	924	594
Total Bay of Plenty	5.3%	7.0%	72.3%	60.3%	65,760	60,429

Source: Statistics New Zealand, *Census 2006*.

**Table 5**  
**Key Labour Market Statistics, Bay of Plenty, by Territorial Authority and Gender**

	Unemployment Rate (%)		Labour Force Participation Rate (%)		Size of Labour Force	
	Male	Female	Male	Female	Male	Female
Tauranga	4.1%	6.2%	71.4%	58.2%	26,760	24,834
Western Bay of Plenty	3.7%	5.5%	74.1%	61.9%	11,502	9,855
Rotorua	5.8%	7.4%	75.8%	64.7%	16,992	16,026
Taupo	3.5%	4.9%	75.7%	64.7%	8,937	7,920
Whakatane	7.4%	8.7%	71.3%	60.8%	8,190	7,494
Kawerau	12.3%	14.9%	63.1%	53.4%	1,482	1,308
Opotiki	9.9%	9.6%	65.6%	56.6%	1,965	1,776
Total Bay of Plenty	5.6%	7.6%	72.3%	60.3%	65,769	60,429

Source: Statistics New Zealand, *Census 2006*.

**Table 6**  
**Distribution of Employees and Businesses, Bay of Plenty, by Sector**

As at February 2005	Primary Sector	Goods Sector	Services Sector
Percentage of Employees	9%	21%	70%
Percentage of Businesses	22%	18%	60%

Source: Statistics New Zealand, *Business Demographic Statistics, February 2006*.

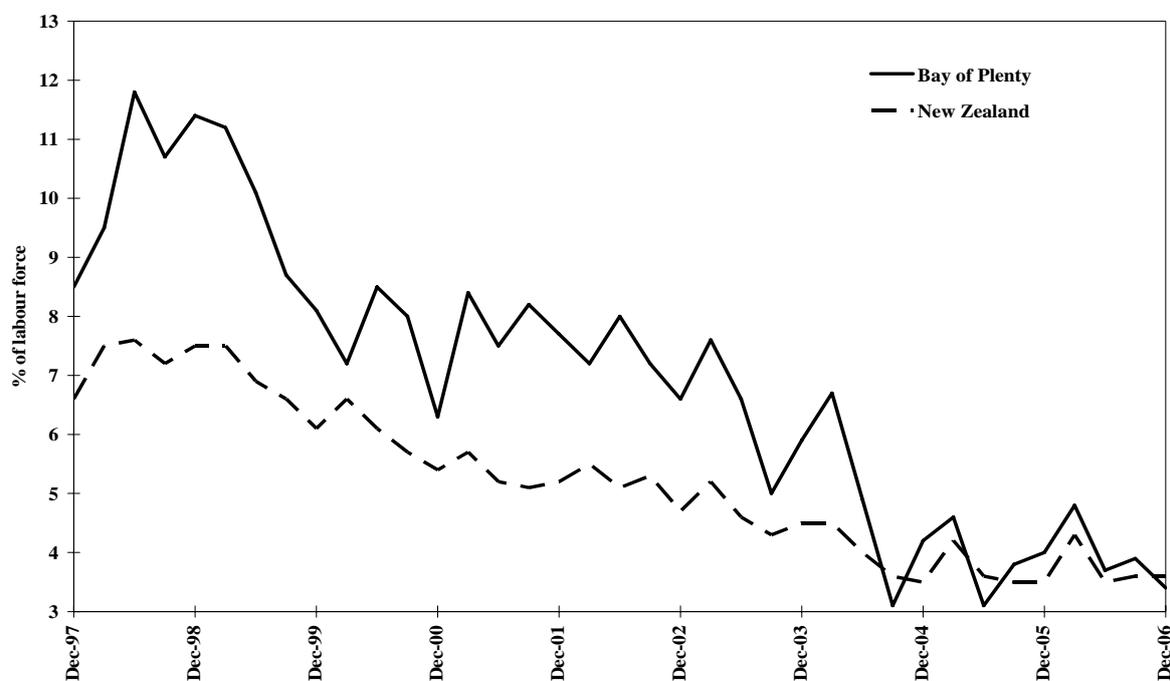
A large proportion of the region's employment is geared towards the service sector, an area that has the potential to deliver large gains in economic growth (Table 6). Nearly a quarter of businesses are in the primary sector, reflecting the regions strengths in forestry and horticulture. Over half of the Bay of Plenty population lives in the region's main urban areas, but there is a significant population living in rural areas (Table 7; see also Figure 4 above).

**Table 7**  
**People in Rural/Urban Areas, Bay of Plenty, by Gender**

	Male	Female	Total
Main urban area	58,437	62,589	121,029
Satellite urban community	2,952	3,210	6,162
Independent urban community	18,648	18,930	37,575
Rural area with high urban influence	4,491	4,320	8,814
Rural area with moderate urban influence	6,009	5,601	11,610
Rural area with low urban influence	8,406	7,758	16,164
Highly rural/remote area	1,413	1,182	2,598
Total Bay of Plenty	100,383	103,602	203,982

Source: Statistics New Zealand, *Census 2001*.

**Figure 6**  
**Unemployment Rates, Bay of Plenty and New Zealand,**  
**December 1997 – December 2006**



Source: Statistics New Zealand Household Labour Force Survey data, presented as Figure 3 in *Bay of Plenty Quarterly Regional Labour Market Update* (December 2006, p. 4).

A feature of the region's recent history is that its unemployment rate is no longer well above the national average. Figure 6 presents Household Labour Force Survey unemployment rates for the Bay of Plenty and for New Zealand. The two series have been very close to each other (in contrast to previous years) since the middle of 2004. The declining unemployment rate is reflected in labour shortages in some occupations. The data in Table 8 are collected by the Job Vacancy Monitor programme of the Department of Labour, and are published in the *Bay of Plenty Quarterly Regional Labour Market Update*. They show the top ten occupations with the highest number of vacancies over the 12 month period of January to December 2006. Top of the list is the category of Fruit Grower/Worker, which is consistent with the horticulture sector's difficulties in finding seasonal workers.

**Table 8**  
**Bay of Plenty High Vacancy Occupations, Year to December 2006**

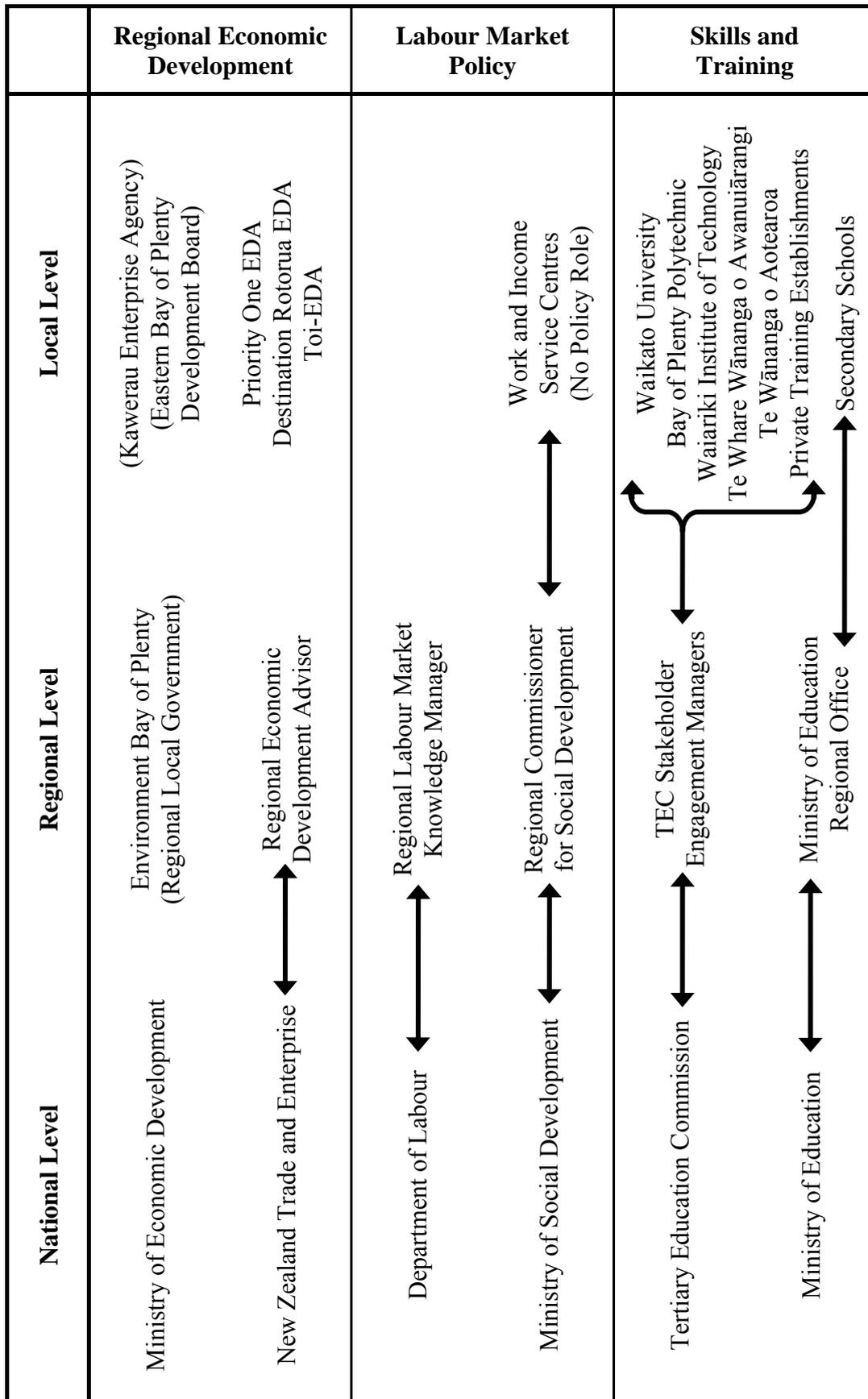
Occupation Group	Vacancies
1. Fruit Grower, Worker	531
2. Sales Assistant	336
3. Care Giver	280
4. Cleaner	222
5. General Clerk	197
6. Packer	147
7. General Labourer	134
8. Waiter	132
9. Fork-Lift Operator	125
10. Information Clerk and Other Receptionist	113

Source: Department of Labour, *Job Vacancy Monitor*, presented as Table 3 in *Bay of Plenty Quarterly Regional Labour Market Update* (December 2006, p. 7).

### **Agencies in the Bay of Plenty**

Figure 7 sets out key Bay of Plenty agencies involved in regional economic development, labour market policy, and skills and training. The figure also shows the linkages to the six central government agencies featured in Part 1 of this report. The Ministry of Economic Development is not involved in implementing policy at the regional level. New Zealand Trade and Enterprise has a Regional Economic Development Advisor in Tauranga who works with the three Bay of Plenty regional partnerships under the RPP. The Department of Labour has a Regional Labour Market Knowledge Manager in Rotorua. The Ministry of Social Development's Regional Commissioner, also based in Rotorua, is a key figure in the Bay of Plenty, providing an important leadership role in coordinating whole-of-government responses to local issues. The Tertiary Education Commission has a regional office in Rotorua. Recent restructuring within the Commission has created a team of Stakeholder Engagement Managers who are responsible for communicating with tertiary education providers in the regions. The Ministry of Education has a regional office in Rotorua, which is engaged with schools. Also shown in the figure is Environment Bay of Plenty, which provides local government at the regional level. District and City Councils are not shown at the local level, since their work for economic development is typically delegated to the economic development agencies (which are shown).

**Figure 7**  
**Institutional Map at National, Regional and Local Levels**



### *Environment Bay of Plenty*

In 2002, New Zealand reformed the Act governing its local government. The previous Act had set out nine purposes of local government; in contrast, the Local Government Act 2002 defines just two (section 10):

- to enable democratic local decision-making and action by, and on behalf of, communities; and
- to promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future.

The second purpose enlarged the role of local government in regional economic development, particularly for regional councils, which previously focused on managing the region's natural and physical resources under legislation such as the Soil Conservation and Rivers Control Act 1941, the Resource Management Act 1991, the Biosecurity Act 1993, the Maritime Transport Act 1994 and the Land Transport Act 1998. Promoting the social, economic, environmental, and cultural well-being of their regional communities requires a more pro-active approach than in the past.

Section 91 of the Act requires that local authorities every six years carry out a process to identify community outcomes, including providing opportunities for communities to discuss their desired outcomes for the present and future well-being of the community. Environment Bay of Plenty arranged a series of public consultations throughout the region between May 2003 and August 2005 before identifying eight community outcomes (*Ten Year Plan*, 2006, pp. 19-30). The Council recognises that it cannot make the outcomes happen on its own, and so must 'work in partnership with the people, groups and organisations of the Bay of Plenty to improve well-being' (idem, p. 29).

In particular, Environment Bay of Plenty plays an important role in a regional forum known as Community Outcomes – Bay of Plenty (CO-BOP). This forum, which was initiated by the Regional Commissioner for Social Development, began in March 2005. In early 2006, it was formalised when all the local government chief executives in the Bay of Plenty, two chief executives of local District Health Boards, and twenty senior managers from central government agencies, signed a shared Terms of Reference. CO-BOP has begun exploring projects for collaboration among the signatories, concentrating in the first instance on: Healthy Eating, Healthy Action; Safer Communities; Housing; and Economic Transformation.

### *The Economic Development Agencies*

The city and district councils are also covered by the Local Government Act 2002, and so must also promote the social, economic, environmental, and cultural well-being of their local communities. The task of promoting economic development is typically delegated to a specialist economic development agency. Figure 7 lists the three development agencies that are administrative agencies in the central government's regional partnerships programme. Priority One is the administrative agency for Western Bay of Plenty ([www.priorityone.co.nz](http://www.priorityone.co.nz)); Destination Rotorua Economic Development is the administrative agency for Rotorua ([www.rotorua-business.com](http://www.rotorua-business.com)); and Toi-EDA is the administrative agency for Eastern Bay of Plenty ([www.toi-eda.org.nz](http://www.toi-eda.org.nz)). The figure also lists the Kawerau Enterprise Agency ([www.kea.org.nz](http://www.kea.org.nz)) and the Eastern Bay of Plenty Development Board ([www.whakatane.com](http://www.whakatane.com)), which are development agencies in Kawerau and Whakatane respectively. Both agencies are supporting agencies in the Eastern Bay of Plenty regional partnership.

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## Priority One

Priority One is the Western Bay of Plenty economic development agency, established in 2001 by the Tauranga and Western Bay of Plenty business community in partnership with local government. Its website describes it as the first economic development organisation in New Zealand to be initiated by the business community and run along business principles of action and results. It is governed by a Board that meets quarterly, made up of 22 individuals mostly from the local business community.

In 2004, the Western Bay of Plenty RPP region prepared the *SmartEconomy Western Bay of Plenty Economic Development Strategy*. It offers a vision of the Western Bay of Plenty as ‘the business location of choice based on sun, sea, soil, and skills, resulting in a highly productive, competitive, and export-based economy’. Consistent with this vision, the strategy identifies seven high-level outcomes to be achieved within ten years:

- Per capita GDP has grown faster than the national average.
- The value of the sub-region’s exports as a proportion of total output has increased.
- A survey of businesses shows that business profitability has increased.
- Average household income has increased faster than the national average.
- There has been a reduction in the percentage of households in the bottom quartile of national income.
- Appropriate training and attracting skilled labour will halve the skill gaps identified in 2004 through the skill gap survey, by 2009.
- The level of skills of the workforce has increased relative to the national average.

The strategy sets out action areas to achieve these outcomes, and there is a regularly updated implementation plan for the outcomes (the most recent dated 28 November 2006). The process is overseen by a quarterly meeting of the Smart Economy Implementation Group, involving between 25 and 50 representatives from organisations, agencies, education providers, local government, central government agencies and key industry sectors. Skills and training are an integrated part of the implementation plan. The skill gap survey mentioned in the sixth bullet point is a report prepared every three years by consultants analysing skill shortages in the Bay of Plenty (discussed further under *Regional Commissioner for Social Development* below).

An innovative feature of Priority One is its INSTEP programme, which aims to strengthen links between business and secondary schools. This programme has created a database of over 9,000 businesses that are available to participating schools. It initiates projects that help raise the profile of local industry opportunities among secondary school students and their teachers. Each year, for example, INSTEP organises the ‘Principals Big Day Out’, in which school principals are partnered with local businesses to showcase local industries experiencing skill shortages. Another initiative organises visits twice a term by targeted teachers to local industry to discuss skills, attitudes and qualifications. The programme identifies five outcomes from its partnership and mentoring activities:

- Students are further inspired and motivated to achieve their career goals and consider local career opportunities.
  - Current local skills gaps are identified and planning for future skill needs is clearly communicated.
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- Key competencies, attitudes, qualifications and career pathways necessary to achieve future success are clearly communicated.
- Relevance to what is learned at school is reinforced.
- Future networks are formed.

### Destination Rotorua Economic Development

Destination Rotorua Economic Development is a business unit of Rotorua District Council. It has four main areas of operation: (1) provision of relevant Rotorua economic and business information; (2) facilitation of business to business and business to government (local and national) interaction; (3) marketing of the region as a place to do business in, live in, work in and invest in; and (4) project management of strategic level economic development projects such as the *BrightEconomy Development Strategy*.

BrightEconomy offers a vision of Rotorua as ‘a thriving, engaged and fulfilled community, enjoying the benefits flowing from a focus on sustainable wealth creation and enhancement’. Like SmartEconomy, it identifies a number of targets to be achieved over ten years:

- Per capita GNP has grown faster than the national average.
- Average household income to exceed the national average.
- Community well-being in Rotorua is equal to or exceeds the national average.
- Appropriate training and attracting skilled labour will reduce the skill gaps identified in 2003 Skills Gap Analysis by 40% by 2010.
- Percentage of unemployed is the same as or lower than the national average.
- The key industry sectors have grown faster than the national average.
- Rotorua is the place to live, do business, and relocate to.
- To have population growth to enable achievement of 10 year targets.

In November 2002, Waiariki Institute of Technology, Work and Income, the Tertiary Education Commission and what is now Destination Rotorua Economic Development commissioned the Rotorua Employment Skills Project to identify employment skill gaps in the district. The project convened a reference group from local education organisations and from key industry sectors to guide the project. A total of 1,021 employers returned a postal survey, and a further 324 employers were interviewed in person or by telephone. This was followed by nine key industry sector group workshops in May and June 2003. Each sector group met twice to develop and refine key actions for resolving sector-specific skill shortages. The steering group were able to bring these actions together into an integrated strategic plan, published in September 2003 as the *Rotorua Employment Skills Strategy*. This plan became the basis for joint work with Work and Income at the Ministry of Social Development, and allowed Waiariki Institute of Technology to respond with a range of new training opportunities that addressed immediate skill shortages.

In August 2006, the BrightEconomy Advisory Board hosted the *Rotorua Economic Growth Opportunities Forum*, attended by about 200 business people as well as representatives of local, regional and central government. The forum introduced a new nine-point framework for focusing effort and scarce resources within the BrightEconomy strategy. The nine points are comprised of three existing primary economic drivers – tourism, agriculture and forestry – and six new fields of opportunity: bio-materials; local energy generation; water; land use

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optimisation; immigration and lifestyle investment; and research and development. An action plan covering the six new fields for 2006/07 was presented to the forum, including plans to hold further workshops in each of the fields. The intention is to research opportunities, identify what can be influenced, identify and help remove barriers, and identify key stakeholders to drive the opportunities.

### Toi-EDA

The Eastern Bay of Plenty is one of the poorest regions in New Zealand. It was one of four regions identified as having acute needs at the launch of the Regional Partnership Programme in 2002, and its three districts reported the highest unemployment rates in the country at the 2006 Census. A previous study carried out in 2002 found that the region had experienced difficulties in creating a regional development perspective to build on work already being done by the Whakatane Economic Development Office and the Kawerau Enterprise Agency (Dalziel et al, 2003, pp. 57-65).

Consequently, its first strategy report prepared under the RPP, *Planning for Tomorrow, Today* (2002), identified the establishment of a regional economic development agency as its first high level goal. This was achieved in October 2005, with the creation of Toi-EDA (with substantial financial support from the Ministry of Social Development and New Zealand Trade and Enterprise), governed by the Eastern Bay of Plenty Regional Economic Development Trust. The Trust was created in March 2005, made up of representatives from Environment Bay of Plenty, Kawerau District Council, Opotiki District Council, Whakatane District Council, the regions (two representatives) and the Mataatua Iwi Forum (also two representatives). Toi-EDA is therefore a young agency, specifically established to administer the Regional Partnership Programme for the Eastern Bay of Plenty.

The Eastern Bay of Plenty RPP region commissioned a new strategy and implementation plan, both of which were published in October 2006. These documents identify two priority industry goals:

- Increasing regional GDP in the Eastern Bay of Plenty region.
- Increasing net foreign exchange earnings for the region.

These industry goals produce five regional priorities:

- Developing a strategic initiative and building capability to implement regional economic transformation and leadership.
- Developing a strategic initiative and building capability to implement regional Māori economic transformation and leadership.
- Developing strategic capability to implement market growth opportunities including specific Māori market growth opportunities in the region's six priority industries.
- Supporting value-add and cost saving opportunities in the region's six priority industries.
- Improvements in supporting infrastructure to develop the region's six priority industries.

The six priority industries are: Energy (specifically as it relates to the Forestry value chain); Tertiary and Industry Education; Aquaculture; Kiwifruit; Dairy Processing; and Tourism. It is too early to evaluate how successful the implementation of the strategy will be, but the region continues to experience difficulties. The Chief Executive of Toi-EDA resigned during the period of this study.

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### *The Central Government Agencies*

As noted earlier, MED is not involved in implementing policy at the regional level, and the Ministry of Education's regional engagement is with schools rather than tertiary providers. This subsection describes the roles of the other four agencies, and also the influence of another central government agency, Te Puni Kōkiri, which focuses on Māori development.

#### Regional Commissioner for Social Development

The Regional Commissioner for Social Development plays a pivotal role in integrating regional development, labour market and skills/training initiatives in the region. In part, this is because the Regional Commissioner has considerable autonomy to apply significant financial and human resources as a contribution to partnership solutions to local employment related problems. The human resources include a regional labour market manager, a team of three enterprising communities advisors and a local industry partnerships advisor. The framework for the Regional Commissioner's autonomy is provided by an annual regional plan, the most recent of which is *Leading Social Development in Bay of Plenty* (2006). This is a substantial 34-page document, setting out specific opportunities for action (often in partnership with other agencies or industry groups) that will lead to social development. The Commissioner was also the lead person in bringing together the region's CO-BOP partnership in 2005.

An initiative led by the Regional Commissioner in 2004/05 involved an analysis of skills gaps in the local labour markets of Rotorua, Western Bay of Plenty, Eastern Bay of Plenty, South Waikato and Lake Taupo.<sup>7</sup> This incorporated the work that had been done in the *Rotorua Employment Skills Strategy*, and extended it to produce *Bay of Plenty Employment Skills Findings* (2005). The analysis in this report was then used to guide decisions about how best to provide assistance to jobseekers and how the Training Opportunities Programme operated by the Tertiary Education Commission should develop.

The Regional Commissioner has access to specific funds for community development, such as the Community Initiatives Fund. These funds can be used for projects with joint economic and social benefits for a local community. *Leading Social Development in Bay of Plenty* (2006, p. 32) gives an example of a project in partnership with the Te Teko Community Development Trust to develop a new petrol station and shopping complex in the small rural community of Te Teko (population 630 in 2001). This is expected to create jobs in the local economy (which had 32.1 per cent unemployment in 2001), and also bring enhanced services and opportunities to the community.

#### Regional Economic Development Advisor

The Regional Economic Development Advisor is a single officer based within the New Zealand Trade and Enterprise team in Tauranga. The Advisor contributes to implementing the Regional Partnerships Programme by assisting the three regional partnerships in the Bay of Plenty refine proposals under one or more of its four major funding streams. Final funding decisions are made at the national level according to pre-determined guidelines, but in

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<sup>7</sup> South Waikato and Lake Taupo are part of the Bay of Plenty administrative region for the Ministry of Social Development, although outside the boundaries of Environment Bay of Plenty. The skills gap analysis was also supported by Waiariki Institute of Technology, Bay of Plenty Polytechnic, Priority One, Kawerau Enterprise Agency, Lake Taupo Development Company, Tauranga City Council, South Waikato District Council, Rotorua District Council, Opotiki District Council and Whakatane District Council.

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practice there is a lot of flexibility in designing good proposals that will meet the criteria. The Regional Economic Development Advisor creates an annual work plan, based on emerging proposals from the three regions, which is approved by the NZTE head office.

### Regional Labour Market Knowledge Manager

The Department of Labour's Regional Labour Market Knowledge Manager is a single officer based in Rotorua.<sup>8</sup> The position has a very broad mandate of affecting positive change in the region, drawing on the Department's extensive knowledge resources concerning regional and national labour market trends. There is some discretion over projects adopted within national priorities, but there are no discretionary financial resources. Almost by definition, therefore, the Regional Labour Market Knowledge Manager must work in partnership with other local organisations (or with other sections of the Department of Labour) to achieve positive change.

### Tertiary Education Commission Stakeholder Engagement Managers

The regional offices of the Tertiary Education Commission have in the past had an important role in delivering national programmes at the regional level. This role included integrating the TEC's programmes with regional development priorities; the Rotorua office, for example, contributed funding to the first skills gap analysis in the region in 2002/03. In an interview for *Manu Mātauranga* (October 2005, p. 14), the TEC Area Manager explained, 'Our major achievement has been to get the TEC integrated with every aspect of regional development activity, but you have to be nimble to keep on top of everything that's happening'. At the time of this research project, TEC was reducing the number of its regional offices, partly driven by restructuring associated with its new regional facilitation programme. For this reason, it was not possible for the TEC Area Manager to participate in the project. The outcome of the restructuring was a new team of Stakeholder Engagement Managers, most of whom are located in Wellington rather than in a regional office, who will be responsible for communicating with tertiary education providers in the regions.

### Te Puni Kōkiri

Table 5 above recorded the high percentage of the population who identify themselves as Māori in the Bay of Plenty, particularly in the Eastern Bay of Plenty. Te Puni Kōkiri is a government agency established under the Ministry of Māori Development Act 1991, to perform two broad functions:

- promoting increases in levels of achievement attained by Māori with respect to education, training and employment, health and economic resource development; and
- monitoring and liaising with each department and agency that provides, or has a responsibility to provide, services to or for Māori, for the purpose of ensuring the adequacy of those services.

Although not directly involved in this study, Te Puni Kōkiri has two rohe (or territories) within the Bay of Plenty region. The Te Ārawa rohe, serviced by a Te Puni Kōkiri office in Rotorua, covers an area including the District Councils of Rotorua, Taupo and the Western Bay of Plenty. Te Puni Kōkiri has very recently commissioned a substantial report by Arapeta

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<sup>8</sup> It should be noted that the Department of Labour has other regional officers in the Bay of Plenty, concentrating on workplace and workforce. Although not directly engaging in regional labour market developments, these other officers do provide local services to important regional sector groups (forestry, construction, etc.), which contribute to the region's labour market productivity.

Tahana Snr on the social and economic profile of the Te Ārawa rohe: *Tukua Mai Kia Piri Te Ārawa: Te Ārawa Rohe Social and Economic Profile*. This is the first economic and social profile of its kind about Maori in Te Ārawa rohe, and is intended to support, guide and assist development at all levels within Te Ārawa.

The Te Moana a Toi rohe, serviced by Te Puni Kōkiri offices in Tauranga and Whakatane, covers an area that includes the Tauranga City Council and the three district councils of the Eastern Bay of Plenty RPP region. In Tauranga, Te Puni Kōkiri sponsors the Te Raranga Maori Business Association ([www.tmba.co.nz](http://www.tmba.co.nz)), which acts in partnership with the Priority One EDA and is linked to the three iwi in the City Council's area: Ngati Ranginui, Ngaiterangi and Ngati Pukenga. For the Eastern Bay of Plenty regional partnership programme, Te Puni Kōkiri assisted in the formation of the Mataatua Iwi Forum comprised of representatives from eight local iwi: Ngati Awa, Tuwharetoa ki Kawerau, Ngati Rangitihia, Tuhoë, Ngai Tai, Whakatohea, Ngati Whare and Te Whanau Apanui.

### *The Skills and Training Providers*

There is a wide range of public and private tertiary educators in the Bay of Plenty. The University of Waikato has a small campus in Tauranga (<http://uwt.waikato.ac.nz/>), offering degree qualifications in Arts, Social Sciences, Liberal Studies, Teaching, Business Studies and Māori studies. There are two ITPs in the region. The Bay of Plenty Polytechnic ([www.boppoly.ac.nz](http://www.boppoly.ac.nz)) has two campuses in Tauranga plus a small regional campus at Edgecumbe. The Waiariki Institute of Technology ([www.waiariki.ac.nz](http://www.waiariki.ac.nz)) has its main campus in Rotorua, but also has campuses in Whakatane, Taupo and South Waikato. Both ITPs offer diverse vocational training programmes sponsored by Industry Training Organisations, and have entered into an articulation agreement with Waikato University to offer courses that qualify for the first two years of the latter's degree in Management Studies.

Two of the country's three recognised wānanga have campuses in the region. Te Whare Wānanga o Awanuiārangi ([www.wananga.ac.nz](http://www.wananga.ac.nz)) has its main campus in Whakatane. It offers degree programmes in Art and Visual Culture, Māori Education, Media Studies and Teaching, as well as certificates in vocational programmes. Te Wānanga o Aotearoa ([www.twoa.ac.nz](http://www.twoa.ac.nz)) is the largest wānanga in New Zealand, with campuses in several centres. Its Te Arawa campus is in Rotorua, offering programmes in Tūāpapa (Foundations), Mātauranga Māori (Māori Studies), Aronui (Humanities), Toi Māori (Māori Arts) and Umanga (Computing and Business). There are a large number of private training enterprises, many of them community or iwi-based, offering programmes in partnership with the Tertiary Education Commission. Part of the Tertiary Education Commission Area Manager's role has been to develop the capability of these smaller providers (*Manu Mātauranga*, October 2005, p. 14).

## **Part 3 – Analysis of Policy Integration at the Regional Level**

Current policies in regional development, labour force development and skills development have a short history in New Zealand. Consider the situation in 1999. Four of the six agencies in this review did not exist in their current structure. Income Support and the New Zealand Employment Service had been merged as the Department of Work and Income for just one year. There had been no explicit national policy for regional development for a decade. Local government at the regional council level had no mandate to be involved in regional economic development. Twelve years of high unemployment made labour shortages seem an unlikely policy problem. Tertiary education providers were funded on the number of students enrolled

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rather than to meet any specific industry or regional needs. In a short period, the government has: initiated the regional partnerships programme; motivated all regions to create a development strategy for their area; created mechanisms for collecting and disseminating a wide range of regional labour market information; given Regional Commissioners for Social Development considerable autonomy in designing programmes to match emerging demands for skills in their regions; reformed the Local Government Act to give regional councils a responsibility to promote the social, economic, environmental and cultural wellbeing of their communities; and strengthened linkages between tertiary education providers and industry.

The regional development landscape in the Bay of Plenty has also been transformed. The Priority One Economic Development Agency was founded only in 2001. Environment Bay of Plenty received clear statutory authority to promote regional economic development only in 2002. The Destination Rotorua Economic Development Agency was still called the Rotorua District Council Economic Development Unit in 2003. The Department of Labour's Regional Labour Market Knowledge Managers network was not yet operational in 2004. The Toi-EDA agency was founded only in October 2005. The Community Outcomes Bay of Plenty partnership was formalised only at the beginning of 2006.

**Table 9**  
**Indices of Regional Policy Integration and National Policy Flexibility**  
**(National Interviews)**

Policy Area	Flexibility for Adaptation to Objectives of Other Regional Partners	Flexibility of Policies for Adaptation to Local Conditions	Degree of Cooperation and Networking at the Regional Level	Degree of Policy Integration at the Regional and Local Levels
Regional Economic Development	4.0	5.0	3.0	2.5
Labour Market and Employment	4.5	4.5	4.0	3.0
Skills and Vocational Training	4.5	4.5	3.0	3.0

Note: A value of 1 implies no flexibility, cooperation or integration, and a value of 5 implies a very high level of flexibility, cooperation or integration.

Participants in the national interviews for this study were asked to give specific estimates of the degree of policy integration at the regional level, and the degree to which national policies are flexible enough to allow regional variation. A summary of the reported views are provided in Table 9. They indicate a general view that the degree of flexibility of national level policies for adaptation to objectives of other regional partners or for adaptation to local conditions is high or very high (between 4 and 5 on a scale from 1 to 5). They also indicate a view that the degree of cooperation and of policy integration at the regional levels is closer to the midpoint of the range, suggesting that the policies provide potential for better integration than is currently being achieved.

The pattern in Table 9 may also reflect the way in which regional policy has tended to focus on supporting partnerships of regional economic development actors, with less emphasis on government agencies *per se*. This could explain why policy integration scores are the lowest in the table. This possibility was revealed in a central government officials’ roundtable discussion on an earlier draft of this report. New Zealand Trade and Enterprise reported that their Regional Economic Development Advisors were being given a stronger mandate to engage directly with industry leaders in their region, as well as continuing to support economic development agencies doing the same thing. The Ministry of Social Development reported that their Regional Commissioners were continuing to host regional employment and skills forums to help identify emerging opportunities for jobseekers. The Department of Labour reported that its Regional Labour Market Knowledge Managers were continuing to meet with employers to provide local commentary on regional labour market analysis prepared in Wellington. The Tertiary Education Commission reported that its Stakeholder Engagement Managers would be supervising its new regional facilitation programme, under which Institutes of Technology and Polytechnics would be convening forums of stakeholders to identify the tertiary education and regional needs of their region.

In each case the central government agency is seeking to create, support or host a regional partnership. There was recognition in the roundtable discussion that the regional government officials would in practice need to work together to avoid local confusion, and that closer integration of the policies might evolve over time. It was also acknowledged that the outcomes being sought from each partnership were not always identical. Nevertheless, there was also support for better coordination of the different policy processes. A suggestion was made that this could be achieved by aligning the annual Statements of Intent of the four government agencies. It is also possible that if a particular regional strategy had a high profile and a high degree of local support, then it would be easier for the relevant central government agencies to recognise it more directly within their own work programme.

**Table 10**  
**Indices of Evidence for Regional Policy Integration and Cooperation**  
**(Regional Interviews)**

Policy Area of the Participants	Degree of Integration Between Policy Areas		
	Regional Development and Labour Market/ Employment	Labour Market/ Employment and Skills/Vocational Training	Regional Development and Skills/Vocational Training
Regional Economic Development	3.0	4.0	2.0
Labour Market and Employment	4.0	5.0	3.0
Skills and Vocational Training	3.0	4.0	3.0

Note: A value of 1 implies no cooperation or integration, and a value of 5 implies a very high level of cooperation or integration.

Participants in the regional interviews were also asked to comment on the degree of integration among the three policy areas in the Bay of Plenty.<sup>9</sup> Table 10 presents indices constructed by the author based on information provided in these interviews. The participants indicated that the highest degree of integration had been achieved between the policy areas of labour market/employment and skills/vocational training (between 4 and 5). There was less confidence in the degree of integration between regional development policy and labour market/employment policy (between 3 and 4), and some doubts about the level of integration between regional development policies and skills/vocational training policies (between 2 and 3).

It is generally considered in the Bay of Plenty that the alignment of training provision with regional development has been relatively weak at least until recently, partly as a result of previous tertiary education policies that rewarded providers for attracting increased enrolments without any necessary connection to local shortages. This situation is improving under the influence of the labour market analysis in the *Bay of Plenty Employment Skill Findings* report. The Bay of Plenty Polytechnic, for example, advertised at the beginning of 2007 for a person to head a new 'linkages to business' programme. There is also optimism that the revised Tertiary Education Strategy announced in December 2006 will produce greater integration of post-compulsory education and training with regional labour market needs, although some concern that it may not necessarily incorporate regional economic development objectives as defined by regional stakeholders (discussed further in Part 5 below).

## **Part 4 – Analysis of Enabling Factors and Obstacles**

New Zealand's short history of regional development policies (beginning with the regional partnerships programme launched in 2000) means it is possible to identify some key factors that contributed to the regional integration of economic development, labour market, and skills and training policies over the last seven years. As noted in the previous section, the regional participants in this study considered that labour market/employment and skills/vocational training are the best integrated in New Zealand at the regional level, followed by regional development and labour market/employment, and then by regional development and skills/vocational training. This part of the report analyses some of the reasons behind that pattern.

Labour market conditions played a decisive role in initiating greater integration of skills training with employment policies. New Zealand shifted from a period of high unemployment and low participation rates in the 1990s to a period of significant skill shortages after 2000 (see Figure 1 on page 9 and in Figure 3 on page 15). This led to a coordinated government response, the Skills Action Plan, overseen by a committee made up of senior officials from nine central government agencies. Another cross-agency committee, the Youth Transitions Senior Officials Group, was set up to monitor a suite of government policies aimed at improving youth transitions from school to work. Thus, there was a very high level of cooperation among the policy agencies at the national level, specifically designed to improve the degree of integration of labour market and vocational training policies in response to tight labour market conditions.

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<sup>9</sup> The degree of cooperation and the degree of flexibility in these policy areas at the regional level were also discussed; see Table 11 of Part 4.

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The national level coordination was supplemented by considerable operational flexibility provided at the regional level to Regional Commissioners for Social Development. The Regional Commissioner in the Bay of Plenty was able to use that flexibility to initiate and help finance professional labour market research to identify areas of emerging skill shortages in the region, and to use that research to target assistance to unemployed jobseekers. The labour market analysis was also valuable in informing decisions about the Tertiary Education Commission's Training Opportunities programme, which must be approved by the Regional Commissioner for Social Development.

The regional partnerships programme also played a part in integrating labour market policy and skills and vocational training policies in the Bay of Plenty, through its capability and strategy funding. This was reinforced by major regional initiatives that are developed within the framework of its relevant regional strategy. Two major regional initiatives have been approved in the Bay of Plenty under the RPP: the National Centre of Excellence in Wood Processing Education and Training in Rotorua, and the National Centre of Maintenance Excellence in Kawerau. Both were based on recognition in the relevant regional economic development strategies that the supply of important trades skills required by key industry clusters in the region would decline as the current workforce ages. The two national centres are providing specialist training and education to ensure the industry clusters are not constrained by future skill shortages.

The RPP has also helped facilitate integration at the central government level. The Ministry of Economic Development, for example, has ongoing communication with the NTZE head office in Wellington as well as with the NZTE Regional Economic Development Advisors. In addition, MED is represented on the multi-agency RPP panel that makes recommendations to the NZTE board. The panel includes two independent members, a MED representative and representatives from other central government agencies such as the Tertiary Education Commission, Te Puni Kōkiri, Tourism New Zealand and the Ministry of Tourism.

Table 11 provides indices constructed by the author from the Bay of Plenty interviews, designed to indicate the degree of cooperation and the degree of flexibility in the three policy areas at the regional level. Participants involved in delivering regional economic development policies and labour market and employment policies reported very high level of cooperation (4.75 out of a possible 5). Participants involved in delivering skills and vocational training appeared to be less well networked, at least in the past.

**Table 11**  
**Indices of Regional Flexibility to Determine Local Content and Adaptation**  
**(Regional Interviews)**

<b>Policy Area</b>	<b>Degree of Cooperation</b>	<b>Degree of Flexibility</b>
Regional Economic Development	4.75	4.00
Labour Market and Employment	4.75	4.25
Skills and Vocational Training	3.50	2.50

Note: A value of 1 implies no flexibility, and a value of 5 implies a very high level of flexibility.

There are significant differences in the degree of flexibility enjoyed by regional branches of central government agencies. In the policy area of regional development, the Regional Economic Development Advisors of New Zealand Trade and Enterprise have a great deal of discretion in encouraging local initiatives within national policy guidelines. In order to generate sustainable employment outcomes for its clients, the Ministry of Social Development sets national targets for sustainable employment measures as part of its Statement of Intent, but then allows considerable autonomy for Regional Commissioners to determine how to achieve their contribution to those targets. The Department of Labour also gives its Regional Labour Market Knowledge Managers flexibility in constructing work plans, but does not provide them with a discretionary budget. The Tertiary Education Commission, on the other hand, makes its decisions at the national level (while allowing for some regional variation) and so there is very little flexibility in its regional offices.

This last observation deserves further comment, since the low level of flexibility in TEC regional offices may appear to contradict the data in Table 9 (which records a high level of flexibility in skills and vocational training policies to allow regional adaptation). It may also seem surprising given the high degree of integration between skills/vocational training and labour market/employment policies, recorded in Table 10. The explanation is that regional tertiary education *providers* have considerable autonomy in determining what courses and programmes they will offer in response to nationally determined funding incentives. This means that the local Institutes of Technology and Polytechnics, for example, are able to respond to demand for particular skills from potential students. The Tertiary Education Commission's regional facilitation programme intends to build on this flexibility by providers to create an enhanced regional leadership role for ITPs.

This feature of the New Zealand case study suggests that regional integration does not require that *all* government agencies have regional offices with flexibility to adapt policies at the local level. In this case, the vocational training national policy framework was sufficiently flexible to allow regional providers to adjust their programmes to local conditions.

Although each of the current RPP regions in the Bay of Plenty has a regional economic development strategy and an analysis of its local labour market, these documents arose from different imperatives. The regional economic development strategies were funded by the government's regional partnerships programme, while the analyses of local labour markets began with the *Rotorua Employment Skills Strategy* and continued with the *Bay of Plenty Employment Skill Findings*, both motivated by concerns that tighter labour market conditions were affecting business growth. Despite the very high level of cooperation reported between the relevant agencies, and despite high degrees of flexibility in both policy areas, several of the Bay of Plenty interviews expressed a concern about a relatively low level of integration between regional economic development strategies and training strategies.

In particular, there was some hesitation about the medium-term effects of tailoring training offerings too closely to current skill gaps, without taking into account regional development strategies. This gets to the heart of why regional development strategies are important, and why a broad representative group of regional stakeholders is required to produce them. The skills gaps identified by regional stakeholders for long term economic development may require a different alignment of labour resources than that required to address medium term skill shortages identified in an analysis of current labour market trends. Three particular issues were raised by participants in the interviews.

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First, there are different reasons why a firm may find it difficult to recruit staff in a particular occupation. It might be a genuine skill shortage requiring a specific vocational training response. It might instead signal, however, that more productive jobs are being created in the region, in which case the firm should either raise the vacant position's wage rate or look for alternative methods of production that require less labour input per unit of output. If training programmes always respond to reported skill shortages, this may support the maintenance of relatively low skilled, low-paid jobs that do not necessarily contribute to the region's long-run economic development. It is important that signals to employers to raise productivity are not suppressed, since labour productivity growth needs to increase considerably in the future if economic growth of 2.5 to 3.5 per cent is to be maintained (Barker, 2007, Figure 4).

The second raised issue was about the timeliness of labour market analysis in the Bay of Plenty. There were concerns that the July 2005 findings were already becoming out of date, given the rapid changes occurring in the local economies.

Third, there was a suggestion in the national level interviews that in the first round of RPP strategic plans some regional economic development strategies had been more useful than others. In some cases, a strategy may have been produced to meet general criteria for obtaining funds to do the strategy, rather than arising out of any genuine engagement with regional industry leaders. In another set of cases, the strategy may have adopted an academic approach to providing a region-level analysis of the limited statistical data that are available, without getting to grips with local issues inhibiting stronger economic development. Only in a relatively small number of cases did the strategy appear to be the result of an authentic blend of wide-ranging local knowledge with robust statistical analysis. The same interviews also expressed the view that the regional partnerships were typically producing better strategic plans in the second round of RPP funding.

The regional and national interviews explored potential obstacles to policy integration at the regional level. No one identified any serious legal barriers to their work. One person noted that it would not be too difficult for the agency's Minister to amend any legislation that proved to be inhibiting. The only significant example provided was the policy requirement for Work and Income to focus on beneficiaries, which it was suggested means that community programmes to help teenagers who are too young to receive a benefit can fall between funding cracks (although note that other parts of the MSD, especially Family and Community Services and the Ministry of Youth Development, devote a lot of resources to helping young people).

In the Bay of Plenty, some of the participants noted that it can be difficult for stakeholders to deal with local industries when these are comprised of a large number of small to medium-sized enterprises (SMEs). The Priority One economic development agency does not treat this as a problem, however, and treats its database of 9,000 to 10,000 SMEs as an important resource in its work. Similarly, Waikato University has successfully completed a process of identifying and meeting with pre-existing industry groups in the region who were able to assist the University in exploring opportunities to fill training and research gaps being experienced by their members.

Several participants noted the administration boundaries of the government agencies typically include Taupo and South Waikato, which lie outside the region governed by Environment Bay of Plenty, although no one mentioned any specific problems created by this disjuncture. One specific issue mentioned in the Bay of Plenty interviews was that different central government agencies have different reporting requirements and timelines for their funded programmes, which can add an unnecessary burden to recipients of those funds.

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The barrier to more effective work most often mentioned in the regional interviews was 'financial constraints'. One participant noted that ability to commit resources (especially financial resources) is the key to effective participation in regional partnerships. It was often suggested by participants that this is one reason why Regional Commissioners for Social Development are providing strong leadership in their regions – their autonomy over local funding gives them weight. Similarly, Regional Economic Development Advisors from New Zealand Trade and Enterprise have access to national funding sources with considerable flexibility for adaptation to regional needs. In contrast, Regional Labour Market Knowledge Managers are unable to offer financial contributions to a local proposal, and the Tertiary Education Commission determines its policies at the national level.

It was reported that there is some nervousness within the public sector about perceptions that projects might be being double-funded by government agencies. This can limit whole-of-government responses, unless a project has separable elements that clearly fit different focus areas of government funders (skills training versus research and development, for example).

The national policy officials were asked to comment on regional variation in building local partnerships. There was general agreement that some regions began the process in 1999 with a stronger degree of cohesion than others. Smaller regions tended to find the task easier, especially if all the major stakeholders worked in the same urban centre. Some local government councils were already engaged in regional economic development, while others appeared reluctant to engage in partnerships at the regional (rather than local) level. Indeed there is a suggestion that the best proposals for major regional initiatives under the Regional Partnerships Programme arose out of pre-existing local development processes in contrast to proposals initiated specifically to meet the new programme's funding criteria. Inevitably there has also been regional variation in economic conditions, governance capability, priorities and personalities. Some potential stakeholders do not appear to see a clear benefit from participation in regional partnerships; indeed one of the participants in the national interviews suggested that there is a lack of need for major regional cooperation due to the small size of the country.

## **Part 5 – Possible Future Trends**

Part 1 of this report noted that there is considerable policy development taking place in some of the government's regional development and vocational training policies. The government announced in 2006 an initiative to refresh regional policy, based on three key drivers:

- the need to reflect changes in the regional environment since the introduction of the regional partnerships programme (including the reformed Local Government Act, 2002);
- the need to apply to regional development, labour market and vocational training policies the Economic Transformation Agenda adopted by the government as a priority in March 2006; and
- the need to better coordinate the wider group of central government agencies contributing to regional economic development.

The refreshed regional policy also recognised that some of the current regional development partnerships can lack the size, scale and capacity required for outcomes to be aligned with economic transformation. Thus the number of regions will be consolidated from 26 to around

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14, including combining Western Bay of Plenty, Eastern Bay of Plenty and Rotorua into a single Bay of Plenty region. A potential step in this direction has been taken with the creation of the Community Outcomes Bay of Plenty (CO-BOP) partnership. This is generally accepted as having been a sensible mechanism to avoid duplication when the local government councils were preparing their long-term council community plans, but there remain some questions about its ongoing role. One view is that there are already sufficient strategic partnerships in the Bay of Plenty, and that this additional group will add little extra value. Others think that CO-BOP has made a promising start, and is moving in positive directions.

The Bay of Plenty is a region of great diversity. Tauranga has enjoyed fast population growth and rising prosperity in recent years. The Rotorua economy is strongly influenced by large flows of tourists attracted by the area's unique cultural and geothermal riches. The Eastern Bay of Plenty has arguably the weakest economic base of any region in the current regional partnerships programme. This diversity is reflected in different approaches to regional economic development: Priority One was founded by the business community; Destination Rotorua is owned by the local district council; Toi-EDA is a one-person operation struggling to obtain financial and other support from local communities. Participants in the interviews suggested that this diversity sometimes encourages parochialism and a 'silo mentality' within and between the RPP regions, which may be difficult to overcome when the three regions are combined. On the other hand, a small homogenous region is generally considered likely to lack critical mass for accelerating economic development.

There was general agreement that Environment Bay of Plenty is providing an important leadership role in promoting regional development, but there were also comments that this might not be always possible in other regional councils. Historically, the expertise for economic development has been in city and district councils, rather than in regional councils. The reform of the Local Government Act in 2002 has provided for greater involvement by regional councils, which will be reinforced if the smaller number of RPP regions are more closely aligned with regional council boundaries. This raises a capability issue for regional councils if they are to be effective leaders in regional partnerships.

People were very aware of the government's tertiary education reforms and consequent restructuring within the Tertiary Education Commission. Strong support was expressed for the reforms in general and particularly for their focus on improving the provision of skills training to meet industry needs. Some regional stakeholders indicated that the TEC Area Manager had previously been given little flexibility in implementing national policy at the local level, and so had not been able to engage in regional partnerships. Other regional stakeholders advised that the TEC Area Manager had played an important role in assisting their work, and they regretted that some of his functions will be withdrawn to Wellington. One participant queried whether it is appropriate for some providers (the ITPs) to be given responsibility for leading the development of regional training plans in the new regional facilitation programme.

Some suggestions were made about labour market policy, and particularly about the role of the Regional Labour Market Knowledge Manager. Although appreciation was recorded for this officer's role in explaining information resources available from the Department of Labour, there was some frustration expressed that the role does not support new research to explore specific local labour market issues (such as the extent to which reported skill shortages reflect a genuine shortfall in suitably qualified workers or are a symptom of wages that are too low relative to other work opportunities in the region). This is because the role has no discretionary budget for commissioning new knowledge.

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The issue of adequate regional labour market analysis was a common theme in the interviews and subsequent roundtable discussions at both the regional and the national levels. Participants recognised the need for labour market research that ideally:

- (i) is owned or commissioned by a credible partnership of relevant regional actors;
- (ii) is reliable as a result of using advanced and robust analytical methods;
- (iii) is disaggregated to at least the city council and district council level;
- (iv) is informed by a regional long-term economic development strategic plan;
- (v) is updated regularly; and
- (vi) is in a form useful for guiding decisions by all stakeholders, including young people at school, careers educators, school leavers, jobseekers, tertiary education and training providers, Industry Training Organisations, employers, industry groups, local economic development agencies and central government agencies.

The Department of Labour is working on producing annual reports for the country's regional labour markets and on creating analytical tool sets that can be customised for a region's particular needs. These projects may go some way towards meeting this information gap.

Nevertheless, the participants in this research project identified four different sets of regional partnerships being created separately by New Zealand Trade and Enterprise, the Department of Labour, the Ministry of Social Development and the Tertiary Education Commission, each of which is producing labour market analysis for its own purposes. It is possible that an integrated approach by the four agencies could provide resources for a more sophisticated analysis than each agency can produce on its own. This and other recommendations are considered in the final section of this report.

## **Part 6 – Conclusion and Recommendations**

Between 1984 and 1999, the New Zealand government paid little explicit attention to issues of regional economic development while it concentrated on economic reform and achieving macroeconomic stability. This report has documented the large amount of work that has been done since 2000, at both the national and regional levels, first to promote regional economic development and then to integrate labour market and vocational training policies. The stakeholders interviewed for this project in Wellington and in the Bay of Plenty reported considerable progress while acknowledging challenges that remain to be addressed. Policy development in these areas continues; indeed, some significant policy reforms in regional policy and tertiary education were announced during the period of this research project.

Emerging skill shortages in the last seven years gave a significant boost to national and regional efforts to integrate skills and vocational training policies with labour market policies. Stakeholders generally report that these efforts have been successful, but there are concerns that the results may not be well integrated with regional economic development strategies initiated under the Regional Partnerships Programme, even though the latter has always emphasised the importance of skills and vocational training in its strategic funding, reinforced by the programme's major regional initiatives. This is a concern because the skills gaps identified by regional stakeholders for long term economic development may require a different alignment of labour resources than that required to address medium term skill shortages identified in an analysis of current labour market trends.

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Recent regional policy has tended to focus on supporting partnerships of regional economic development actors, with less emphasis on government agencies *per se*. This has resulted in a number of central government agencies seeking to create, support or host a regional partnership as part of its work programme, without any coordinating mechanisms for identifying areas of overlap and complementarity that could be the basis for achieving better outcomes through better policy integration. There appears to be particularly strong potential for some pooling of resources by different central government agencies to commission more sophisticated analyses of regional labour markets than is currently being achieved.

More generally, there is a range of central and local government agencies with the potential to provide leadership in integrating regional economic development policies, labour market and employment policies, and skills and vocational training policies at the regional level. This includes the regional council (under the reformed Local Government Act 2002), the Regional Commissioner for Social Development (within the Ministry of Social Development), the Regional Labour Market Knowledge Manager (within the Department of Labour), the Regional Economic Development Advisor (under the NZTE Regional Partnerships Programme) and Institutes of Technology and Polytechnics (under the new regional facilitation programme of the Tertiary Education Commission). The recently announced stocktake of current regional activity across central government may provide a platform for further policy work to create mechanisms for resolving or integrating contested claims for local and regional leadership in this multi-agency environment. One mechanism identified in the national roundtable was suitable alignment in the annual Statements of Intent produced by central government agencies.

Participants in the research identified a number of issues which could assist better policy integration in the three areas of regional economic development policies, labour market and employment policies, and skills and vocational training policies. The following bullet points summarise the core recommendations arising out of the research project.

### *Recommendations*

- Policymakers should be commended for the large amount of work that has been done and is continuing to be done in integrating regional economic development policies, labour market and employment policies, and skills and vocational training policies, since the introduction of the Regional Partnerships Programme in 2000. This work has proceeded with considerable pace at both the national level and the regional level.
  - Policymakers should note the concerns that current skills and vocational training policies at the regional level are tending to be driven by existing labour market shortages without always being integrated with regional economic development strategies. Specific guidelines should be developed for the TEC Stakeholder Engagement Managers to require the high level statements of regional tertiary education needs, gaps and priorities to take into account relevant regional economic development strategies.
  - Policymakers should note that at least four central government agencies are currently seeking to create, support or host regional partnerships, without any specific coordinating mechanisms for identifying areas of overlap and complementarity that could be the basis for achieving better outcomes through better policy integration. The recently announced stocktake of current regional activity across central government should explicitly address this issue.
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- Policymakers should note concerns that uncoordinated timetables for achieving similar milestones under different government programmes can impose unnecessary compliance costs on administrative agencies for regional partnerships (typically a local council economic development agency). The recently announced stocktake of current regional activity across central government should explicitly address this issue.
  - Policymakers should note that a wide range of central government and other agencies currently require reliable disaggregated analyses of regional labour markets to develop and deliver effective regional policies. A multi-agency senior officials working group should be created to consider how current government resources could be pooled to produce more sophisticated regional labour market analyses that address the six ideals identified on page 41 of this report.
  - Policymakers should note that there is a range of central and local government agencies with the potential to provide leadership in integrating regional economic development policies, labour market and employment policies, and skills and vocational training policies at the regional level. The Statements of Intent produced by central government agencies should be aligned as one mechanism for resolving or integrating contested claims for local and regional leadership in this multi-agency environment.
  - Policymakers should note that a small, relatively homogenous region typically lacks the critical mass needed to create effective partnerships for endogenous regional development. The current division of the Bay of Plenty into three regions means there is little ability for the wider region to enhance its economic development by drawing upon the different strengths and resources of Western Bay of Plenty, Eastern Bay of Plenty and Rotorua. The recently announced move to larger and more diverse regions in the RPP should be commended.
  - Policymakers should note sensitivities around what is still an emerging role for regional councils in promoting social, economic, environmental and cultural well-being of their communities under the Local Government Act 2002. The Community Outcomes Bay of Plenty (CO-BOP) process should be commended and monitored as a potential exemplar for bringing central, regional and local government together in an effective partnership for regional development.
  - Policymakers should note that wider research within the OECD LEED Programme indicates that collaboration between local, regional and national stakeholders on the setting of regional goals in relation to national targets can assist with local policy integration. This research report did not find evidence of collaboration of this form in the Bay of Plenty regional case study. There are currently several vehicles for bringing together national, regional and local perspectives, e.g. through the outcomes and planning processes under the Local Government Act 2002 and central Government processes through Statements of Intent. These processes allow central and local government officials in the regions in collaboration with other stakeholders (for example, businesses, iwi and communities) to examine how their respective goals and targets contribute to broader cross-sectoral regional outcomes such as increasing regional economic growth and the relationship with national outcomes. Therefore, further consideration might be given to how national and regional targets can be brought together using these processes. This would also provide an opportunity to clarify roles and responsibilities of central and local government along with other stakeholders in meeting such targets.
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- Policymakers should note the current leadership role of the Regional Commissioner for Social Development in the Bay of Plenty. This leadership role is made possible by the flexibility given to the regional office for allocating discretionary funds and a strong regional labour market development team to support innovative programmes for meeting local needs.
  - Policymakers should note the perception that Regional Labour Market Knowledge Managers are currently constrained in their ability to participate in regional partnerships because they do not have discretionary funds for commissioning new knowledge about local or regional labour market issues. Regional Labour Market Knowledge Managers should be provided with an explicit budget that could part-fund a small number of relevant research proposals requested by a recognised regional economic development partnership.
  - Policymakers should note the concerns raised about the specific leadership role given to Institutes of Technology and Polytechnics under the regional facilitation programme. TEC should provide participating ITPs with specific guidelines on the expected roles in the regional facilitation process of other central government regional actors such as the Regional Commissioner for Social Development, the Regional Labour Market Knowledge Manager and the Regional Economic Development Advisor.
  - Policymakers should note that many regional initiatives are moving to three year plans, such as the investment plans of tertiary education organisations and the Regional Strategy Fund managed by NZTE. This three-year timeframe may conflict with the annual work plans typically required of central government regional officers. Consideration should be given to moving towards three-year work plans, perhaps supplemented with annual milestones.
  - Policymakers should note that the regional administrative boundaries of its agencies do not follow the boundaries of regional councils. Although this study did not identify any serious consequences, this situation should be reviewed if regional councils come to assume a strong leadership role in integrating regional economic development policies, labour market and employment policies, and skills and vocational training policies, at the regional level.
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## References

Note: Government policy documents and Bay of Plenty documents referred to in the report are listed in Appendix 2 and Appendix 3 respectively.

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Cluster Navigators (2004), *Cluster Building: A Toolkit*. Downloaded from: [www.nzte.govt.nz/common/files/cluster-builders-toolkit.pdf](http://www.nzte.govt.nz/common/files/cluster-builders-toolkit.pdf).

Dalziel, P. and C. Saunders (2005), 'Regional Partnership for Economic Development', Chapter 6 in J. Rowe (Ed) *Economic Development in New Zealand*. Aldershot: Ashgate, pp. 87-105.

Dalziel, P., C. Saunders and G. Greer (2003), 'Regional Economic Development Planning: A Study of its Benefits and Best Practice', A report prepared for the Ministry of Economic Development by the AERU Research Unit, Lincoln University.

Hill, R., P. Capper, K. Wilson, R. Whatman and K. Wong (2007). 'A New Method for Government "Practice-Making": Workplace Learning in the New Zealand Apple Industry Network', Research paper, WEB Research, Wellington.

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Schöllmann, A. and T. Nischalke (2005), 'Central Government and Regional Development Policy: Origins, Lessons and Future Challenges', Chapter 4 in J. Rowe (Ed) *Economic Development in New Zealand*. Aldershot: Ashgate, pp. 47-68.

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## **Appendix 1: People Interviewed**

### ***Wellington Senior Officials***

Paul Barker, Manager, Labour Market Dynamics, Department of Labour.

Bruce Gadd, Director, Regional Economic Development, New Zealand Trade and Enterprise.

Carolyn Holmes, Senior Manager, Tertiary Education Learning Outcomes Policy, Ministry of Education.

Siobhan Routledge, Manager, Regional Development, Ministry of Economic Development.\*

David Sanders, Senior Policy Analyst, Industry and Regional Development, Ministry of Economic Development.\*

Mike Smith, General Manager, Regions for Work and Income, Ministry of Social Development.

Paul Swallow, Senior Policy Analyst, Industry and Regional Development, Ministry of Economic Development.\*

The Tertiary Education Commission provided a written response to the questionnaire from Luke Gaskin (Policy Advisor), James Turner (Policy Manager), Richard Dirks (Policy Manager) and Carolyn Murphy (Group Manager, Liaison and Development).

\* This was a single interview involving three members of MED.

### ***Bay of Plenty Interviews***

Andrew Coker, Business Development Manager, Priority One Economic Development Agency, Tauranga.\*\*

Carl Crafar, Regional Commissioner for Social Development, Ministry of Social Development, Rotorua.

Ripeka Evans, Chief Executive, Toi-EDA Economic Development Agency, Whakatane.

Jo Gargiulo, Employment Skills Coordinator, Destination Rotorua Economic Development Agency, Rotorua

Alan Hampton, Chief Executive, Bay of Plenty Polytechnic, Tauranga.

Annie Hill, Projects Administrator, Priority One Economic Development Agency, Tauranga.\*\*

Dave Marriott, Chief Executive, Priority One Economic Development Agency, Tauranga.\*\*

Asher Nikora, Labour Market Knowledge Manager, Department of Labour, Rotorua.

Ben O'Meara, Manager, Strategic Support, Environment Bay of Plenty (Regional Council), Whakatane.

Lyn Parlane, IN-STEP Coordinator, Priority One Economic Development Agency, Tauranga.

Jennifer Pearson, Regional Economic Development Officer, New Zealand Trade and Enterprise, Tauranga.

\*\* This was a single interview involving three members of Priority One.

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## Appendix 2: National Policy Documents

### *Regional Economic Development*

*Sustainable Development* (May 2000). Paper prepared by the Ministry of Economic Development for the Cabinet Economic Development Committee.

*Regional Development Strategy* (May 2000). Paper prepared by the Ministry of Economic Development for the Cabinet Economic Development Committee.

*Implementing the Regional Development Programme* (June 2000). Paper prepared by the Ministry of Economic Development for the Cabinet Economic Development Committee.

*MRI Guidelines* (undated). Guidelines for regions seeking funding for major regional initiatives from the Regional Partnerships Programme, published by New Zealand Trade and Enterprise.

*Growing an Innovative New Zealand* (February, 2002). Policy document published by the New Zealand Government.

*Regional Partnerships Programme Review – Background Report* (June 2003). Report prepared by the Ministry of Economic Development.

*Regional Partnerships Programme Review – Final Report* (June 2003). Report prepared by the Ministry of Economic Development.

*Review of the Polytechnic Regional Development Fund* (December 2004). Evaluation report prepared by the Ministry of Economic Development.

*Review of Economic, Industry and Regional Development Policies and Programmes* (November 2005). Report prepared by the Ministry of Economic Development.

*Success in Sustainability: Auckland Sustainable Cities Programme Achievements 2003-2006* (July 2006). Report produced by the Auckland Sustainable Cities Programme.

*Boosting the Impact of Regional Economic Development* (August 2006). Paper prepared by the Office of the Minister for Economic Development for the Cabinet Economic Development Committee.

*Expenditure Review of Business Assistance* (November 2006). Review undertaken by officials from the Ministry of Economic Development, New Zealand Trade and Enterprise, the Ministry of Foreign Affairs and Trade, the Treasury, and the State Services Commission.

*Economic Transformation: Securing New Zealand's Future Prosperity* (November 2006). Cabinet Paper produced by the Office of the Minister for Economic Development.

*Economic Transformation: Giving Effect to the Five Themes* (November 2006). Cabinet Paper produced by the Office of the Minister for Economic Development.

*Boosting the Impact of Regional Economic Development: Detailed Changes* (February 2007). Cabinet Paper produced by the Office of the Minister for Industry and Regional Development.

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### ***Labour Market Policy***

*Opportunity, Capacity, Participation: Government Employment Strategy 2000* (September 2000). Policy paper published by the Minister of Social Services and Employment.

*Regional Partnerships Programme Review – Background Report* (June 2003). Report prepared by the Ministry of Economic Development.

*Evidence to Date on the Working and Effectiveness of ALMPs in New Zealand* (September 2004). Research Report of the Department of Labour and the Ministry of Social Development, prepared by Roopali Johri, Marc de Boer, Heide Pusch, Sankar Ramasamy and Karen Wong.

*Better Work, Working Better: Labour Market and Employment Strategy* (August 2005). Policy paper published by the Department of Labour.

*Medium-Long-term Horticulture and Viticulture Seasonal Labour Strategy* (December 2005). Strategic plan prepared by the Horticulture and Viticulture Seasonal Labour Working Group.

*Good Work* (June 2006). Annual Report of the Department of Labour for the Year Ended 30 June 2006.

*Leading Social Development in the Bay of Plenty* (2006) Regional Plan produced by the Ministry of Social Development.

*Developing Ngati Awa Labour Market Capability* (November 2006). Report written by Enid Leighton (Ngati Awa) and by Dirk van Seventer, Robert Haig and Simon Hall (Department of Labour).

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### ***Skills and Training Policy***

*Tertiary Education Strategy, 2002-2007* (May 2002). Policy document published by the Office of the Associate Minister of Education (Tertiary Education).

*The Ministry of Education and the Tertiary Education System* (2003). Information booklet published by the Ministry of Education.

*The New Zealand Education System: An Overview* (April 2004). Information booklet published by the Ministry of Education.

*Skills Action Plan Update of Initiatives* (August 2004). Information Document prepared for the Minister for Social Development and Employment.

*Making a Bigger Difference for all Students* (July 2005). Schooling strategy, 2005-2010, published by the Ministry of Education.

*Meeting Skill Needs: A Work and Income Response* (March 2006). Quarterly report published by the Ministry of Social Development.

*Ensuring Quality and Relevance* (April 2006). Media release by the Minister for Tertiary Education.

*Ministry of Education Annual Report 2006* (June 2006). Annual Report published by the Ministry of Education

*The New Zealand Curriculum: Draft for Consultation 2006* (July 2006). Consultation document published by the Ministry of Education.

*Skills in the Labour Market – November 2006* (November 2006). Quarterly report published by the Department of Labour.

*What is Regional Facilitation?* (December 2006). Webpage information prepared by the Tertiary Education Commission.

*Tertiary Education Strategy, 2007-2012* (December 2006). Policy document published by the Office of the Minister for Tertiary Education.

*Investing in a Plan: A New System for Investing in Tertiary Education* (March 2007). Policy document published by the Tertiary Education Commission.

*Introduction to Regional Facilitation* (March 2007). PowerPoint presentation prepared by the Tertiary Education Commission.

*Regional Statement of Tertiary Education Needs, Gaps and Priorities* (April 2007). Webpage information prepared by the Tertiary Education Commission.

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### **Appendix 3: Bay of Plenty Documents**

- Planning for Tomorrow, Today: Eastern Bay of Plenty Economic Development Strategy* (2002). Report produced by R. Kamau-Herring, V. Payne, P. Baldey and T. Eggleton, KamTech Ltd.
- Bay of Plenty Region Community Profile* (May 2003). Information profile prepared by Statistics New Zealand.
- Rotorua Employment Skills Strategy* (September 2003). Report prepared for the Rotorua Employment Skills Steering Committee by APR Consultants Ltd.
- SmartEconomy Western Bay of Plenty Economic Development Strategy* (August 2004). Report prepared by the Priority One Economic Development Agency.
- BrightEconomy* (April 2005). Rotorua Economic Development Strategy prepared for Destination Rotorua EDA by Wasley Knell Consultants Ltd, Ken Tremaine Consulting Ltd and Synchro Consulting Ltd.
- Bay of Plenty Employment Skills Findings* (July 2005). Report produced by APR Consultants, Rotorua.
- Leading Social Development in the Bay of Plenty* (2006). Regional Plan produced by the Ministry of Social Development.
- Meeting Skill Needs: A Work and Income Response – Bay of Plenty Section* (March 2006). Quarterly report published by the Ministry of Social Development.
- Ten Year Plan* (June 2006). Long Term Council Community Plan produced by Environment Bay of Plenty as required under the Local Government Act 2002.
- Rotorua Economic Growth Opportunities Forum* (August 2006). PowerPoint presentation by Bryce Head, Chairperson of the BrightEconomy Advisory Board.
- The Social Report 2006: Regional Indicators – Bay of Plenty* (August 2006). Annual report published by the Ministry of Social Development.
- Eastern Bay of Plenty Regional Economic Development Strategy 2006* (October 2006). Report prepared for the Eastern Bay of Plenty Regional Economic Development Trust and Toi-Economic Development Agency with assistance from URS Australia Pty Ltd.
- Toi-Economic Development Agency Strategy Draft Implementation Plan 2006-2009* (October 2006). Report prepared for the Eastern Bay of Plenty Regional Economic Development Trust and Toi-Economic Development Agency with assistance from URS Australia Pty Ltd.
- Tukua Mai Kia Piri Te Ārawa: Te Ārawa Rohe Social and Economic Profile* (October 2006). Report prepared by Tahana Ltd on behalf of Te Puni Kōkiri.
- Developing Ngati Awa Labour Market Capability* (November 2006). Report written by Enid Leighton (Ngati Awa) and by Dirk van Seventer, Robert Haig and Simon Hall (Department of Labour).
- SmartEconomy Implementation Plan* (November 2006). Report prepared by the Priority One Economic Development Agency.
- Bay of Plenty Quarterly Regional Labour Market Update* (December 2006). Quarterly Report produced by the Ministry of Social Development and the Department of Labour.
-