

Wellington Regional LABOUR MARKET STRATEGY

Prepared for the Wellington Regional Strategy Forum

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TERMS and ACRONYMS

<i>Employer, firm, enterprise, organisation, agency, work place</i>	- used in the strategy to apply to all public and private sector activity providing goods and services.
<i>CTU</i>	- Council of Trade Unions
<i>DHB</i>	- District Health Board
<i>DoL</i>	- Department of Labour
<i>FoRST</i>	- Foundation for Research Science and Tehnology
<i>FTE</i>	- Full-time equivalent, staff/employees
<i>GDP</i>	- Gross Domestic Product (includes labour inputs)
<i>GIF</i>	- Growth and Innovation Framework
<i>ITF</i>	- Industry Training Federation
<i>ITO</i>	- Industry Training Organisation
<i>ITP</i>	- Institute Technologies & Polytechnics
<i>LTCCP</i>	- Long Term Council Community Plan
<i>OEA</i>	- Office of Ethnic Affairs
<i>OECD</i>	- Organisation for Economic Co-op & Development
<i>MED</i>	- Ministry of Economic Development
<i>MoE</i>	- Ministry of Education
<i>MPIA</i>	- Ministry of Pacific Island Affairs
<i>MSD</i>	- Ministry of Social Development (includes Work & Income for purposes of this strategy)
<i>NZQA</i>	- NZ Qualifications Authority
<i>EDA</i>	- Economic Development Agencies (including <i>Go Wairarapa, Positively Wellington Business, Enterprise Coast</i>)
<i>SME</i>	- Small-medium business, generally defined as less than 50 employees
<i>SSC</i>	- State Services Commission
<i>TEC</i>	- Tertiary Education Commission
<i>TLA</i>	- Territorial Local Authority (or Council)
<i>TPK</i>	- Te Puni Kokiri
<i>WRS</i>	- Wellington Regional Strategy and Forum

INTRODUCTION

Sustainable economic growth has been identified as an important objective for the Wellington Region, and indeed New Zealand. To achieve this, improvements in labour market productivity, participation rates, skills availability, sector capability and export levels will need to be achieved.

The *Wellington Regional Strategy (WRS)* is the mechanism for the eight local authorities and one regional council to achieve a regional approach to addressing factors such as labour market constraints, growth pressures, infrastructure requirements, urban planning, economic development and social cohesion. Four focus areas are identified in the *Wellington Regional Strategy – Effective Leadership and Partnerships, Quality Regional Form and Systems, Unlocking Economic Potential* and *Internationalisation*.

Work force development and work opportunities are a component of *Unlocking Economic Potential* although labour market issues cross over all focus areas in the *WRS*. Hence the need for a regional Labour Market Strategy that links the interdependencies between regional marketing, urban form, lifestyle opportunities, business friendly environment, migrant settlement, tourism and cross agency engagement; and business, education, training, Maori, community sector, local government and central government activities.

Development of a regional labour market strategy and its implementation is affected against a backdrop of:

- A decrease in the working age population in New Zealand and other OECD countries in the next 25 years.
- A relative decline in exports and other global economic measures for New Zealand compared with some OECD nations.
- A changing diversity of the work force with more women, Maori, Pacific Island Peoples, Asian cultures and generational attitudes that will result in the need for more flexible work place practices. Twenty-five percent of the work force was born outside New Zealand.
- Competition for jobs and/or employees within a strong economy and the global market.
- A greater complexity of work, new types of businesses and higher employer expectations.
- Changing technology and consumer behaviour driving the need for new skills.

One of the challenges to addressing these labour market constraints is getting all the “ducks in a row”. There are a significant number of influencing agencies whose collaboration and co-operation will be essential in achieving the desired objectives. These agencies include:

- **government departments:** Department of Labour, Tertiary Education Commission, Ministry of Social Development, Ministry of Economic Development, State Services Commission, Ministry of Education, Careers Advisory, Te Puni Kokiri and MPIA.
- **training organisations:** the various Industry Training Organisations, Weltec, Whitireia Community Polytechnic, Te Wananga o Aotearoa, private training establishments, trade training, Victoria and Massey Universities.
- **employer, employee and business sector agencies:** Employers & Manufactures Association, Chamber of Commerce, Council of Trade Unions, recruitment companies and large regional employers like Capital Coast and Health.

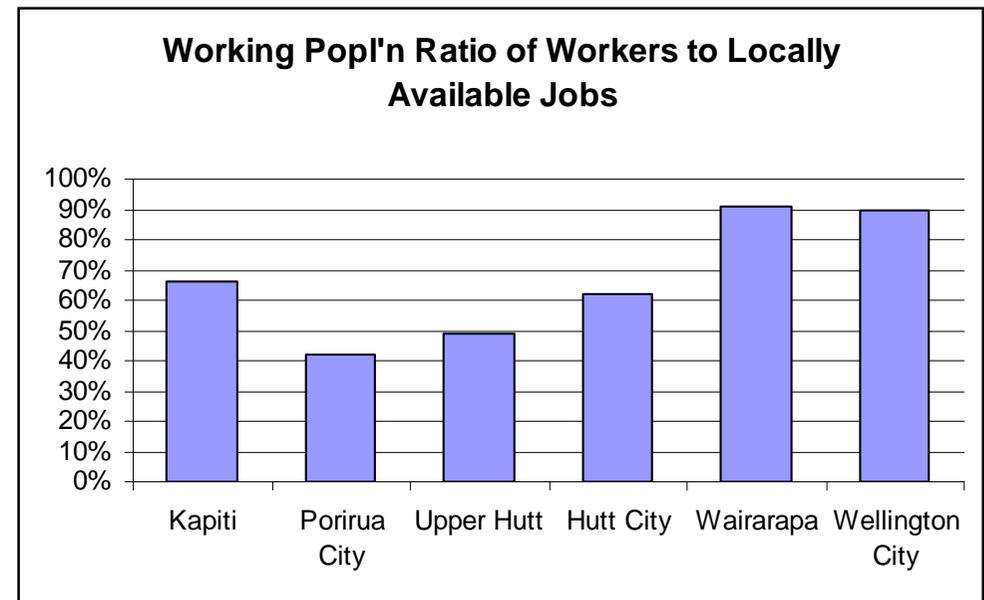
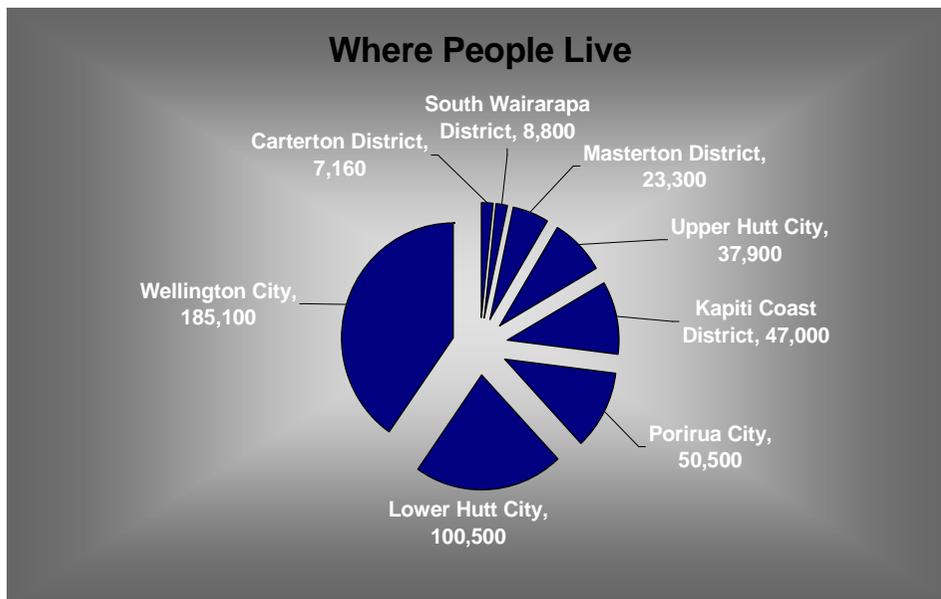
- **community organisations:** economic development agencies, migrant services, Mayors Taskforce for Jobs, youth transition services and groups working with those most disadvantaged in the work place.
- **the local authorities and regional council** in the Wellington Region
- **iwi authorities**

Wellington is in the unique position of being home to head offices for government departments, national business agencies, major tertiary providers, industry training bodies and community organisations. The region is well placed to help address labour market constraints and promote new opportunities, not only at a regional level, but also nationally.

Such a challenge can be achieved through collaborative leadership and action.

THE REGION

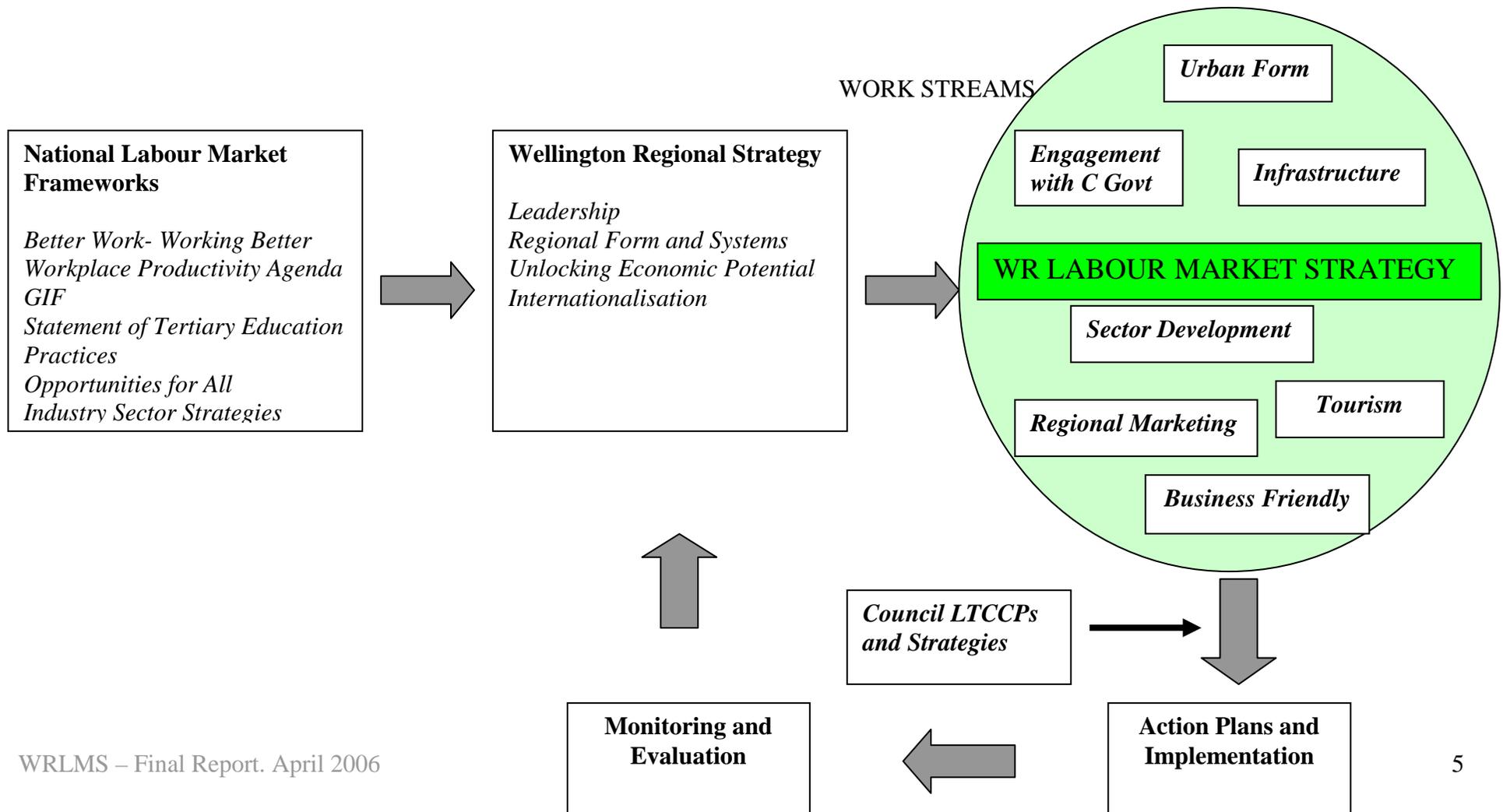
For the purposes of the Wellington Region Labour Market Strategy, the region includes the local authorities of Wellington City, Hutt City, Upper Hutt City, Porirua City, Kapiti Coast District, Masterton District, Carterton District and South Wairarapa District. Whilst each area has its business strengths, different population mix and training capabilities, economic and social interdependencies exist across the region. An example of this is the dynamic nature of where people live and where local jobs are available throughout the Wellington region.



LINKAGES

The Wellington Regional Labour Market Strategy is implemented within a national policy and framework and the other WRS work streams. There may be overlap of activities and interdependencies to achieve the desired regional outcomes. It is generally agreed however that the labour market component is critical to the economic prosperity of the region and is the people component for much of the WRS work. The WRLMS provides a framework to identify where regional activities can make a measurable difference, primarily through catalyst and facilitation roles.

The diagram below demonstrates the fundamental links to national strategies and other WRS work streams, and the continual process of implementation and monitoring.



WELLINGTON REGIONAL LABOUR MARKET VISION – What is our Mission

FOR THE WELLINGTON REGION TO BE THE MOST SUCCESSFUL AT FACILITATING A GROWING CONTRIBUTION FROM ITS LABOUR MARKET, THUS CONTRIBUTING TO THE SUCCESS OF ITS ENTERPRISES AND THE PROSPERITY OF THE REGION

OBJECTIVES – What are we trying to achieve

The overarching aims of the Wellington Region Labour Market Strategy are:

1. To improve productivity levels of the regional labour force and the work place.
2. To increase participation rates and opportunities for youth, Maori, Pacific Peoples, older people, migrants and people with disabilities.
3. To increase job attraction and retention rates in key regional sectors.
4. To meet future labour and skills needs as required.
5. To diversify labour market opportunities in the region and support export led growth.
6. To encourage sustainable business growth in the region.

OUTCOME –What is the collective result

The Labour Market Strategy will be a key contributor to the high level WRS Regional outcome of:

Community Prosperity – to enjoy and prosper from a strong and growing economy that continues to attract and retain a highly skilled, productive population base and business sector.

The implementation of the strategy will also contribute to the other WRS outcomes of greater connectedness, a culture of entrepreneurship and innovation, a healthy environment, a quality lifestyle, a sense of place and strong communities.

Following extensive consultation and labour market issues workshopping involving over 100 people, six key areas were identified for action. All are consistent with themes in the WRS and national labour market related frameworks and strategies. These are:

STRATEGIC RESPONSES

1. Promotion and Leadership – key agencies and organisations work collaboratively and individually to help advance the labour market strategy.

GOAL - Wellington Region is perceived nationally and overseas as the premier work destination in New Zealand.
- Three collaborative projects, as identified in the strategy, are activated annually.

2. Productivity – address regional constraints to raising labour market productivity levels across all sectors.

GOAL - Genuine Progress Indicators (GPI) trend upwards and the GDP/capita rate in the Wellington region grows annually at twice the OECD average.

3. Participation – support the movement of those sectors of the community with lower labour market participation rates into productive employment opportunities and higher skill levels.

GOAL - Labour force participation rates are similar across all sectors of the community and sub-regions by 2010.

4. Skills Development – match and develop current and future work place skills needs with educational, training and careers programmes.

GOAL - Skill shortage vacancies as a percentage of all job vacancies is less than 5% by 2015.
- All labour and skilled migrants attracted to the region are employed within their areas of expertise and qualifications
- The percentage of employers engaging in training to address skill shortages increases annually by 10% to 2012.

5. Business and Regional Capability – encourage private sector employment growth through the provision of support services for SMEs.

GOAL - The percentage share of employment in SMEs throughout the region grows at the highest rate in New Zealand.
- Employer satisfaction levels with employment and training services exceed 90%.

6. Sector Diversification – attract and promote a greater diversity and higher value of business activity and employment opportunities to increase export growth and reduce the regional reliance on service sectors and increase the provision of a wider and deeper range of skills.

GOAL - By 2015, employment opportunities in the region mirrors the diversity of skills and qualifications within the population.

STRATEGIES

1. Promotion and Leadership - key agencies and organisations work collaboratively and individually to help advance the labour market strategy.

The desire for strong regional leadership and a demonstration of commitment from the public sector is a consistent theme in the *Wellington Regional Strategy*. Possibly because of the large number of agencies and organisations directly involved in labour market activities, there is a common call for central and local government to play a greater co-ordination, planning and promotions role related to addressing the gambit of regional labour market constraints. Equally the private and tertiary sectors will play critical leadership roles however the challenge is that all parties respond in a planned and co-ordinated manner.

The Wellington region has a lower than NZ average forecast population growth to 2025.

The image of the region and public sector can be improved. Our businesses and skilled people are moving to other NZ cities or offshore, creating local skill shortages.

A strong regional leadership and role model stance is required to help reverse such trends. This is in addition to government's key functions of providing a policy framework, infrastructure and a business friendly environment.

Issues

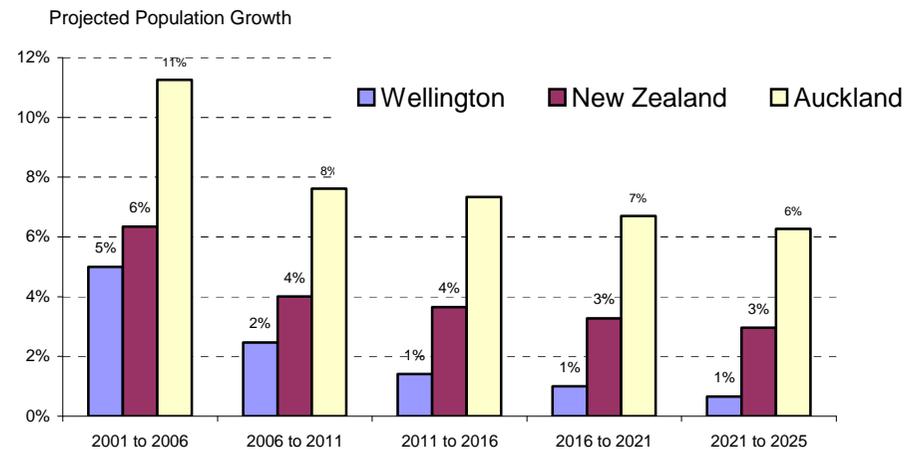
- Lack of co-ordination and planning across agencies involved in labour market activities.
- Image of jobs in key sectors and desirability of the region to live in.
- Lead agencies and organisations not always demonstrating a “practice what I teach” philosophy.

Opportunities

- Provide a mechanism for a planned approach for business to addressing skills, productivity, business capability and participation issues.
- The region is viewed as a desirable place to be employed, with exciting opportunities across a range of sectors and centres of excellence.
- Public agencies demonstrating best practice and trialling new approaches to addressing labour market issues.

Rationale

- Future labour market development requires interventions from early school learning through to mature firm capability.
- Central and local government are very significant employers in the region.
- We respond positively to excellent leadership and good role models.



Strategic Response – Promotion and Leadership

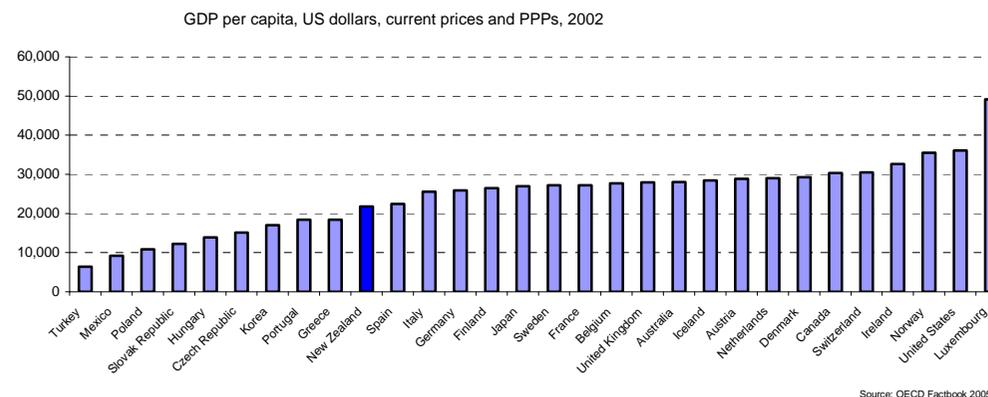
<i>Constraint or Issues</i>	<i>Solutions (Priority)</i>	<i>Indicator/Measure</i>	<i>Key Agencies</i>	<i>Time Line</i>
Improved agency collaboration and co-ordination;	Establish a regional forum and place to co-ordinate labour market activities with all key organisations. MOU between all key agencies Promote agency policy coordination to drive whole of government service delivery	Improved matching of labour demand and supply. Tailoring of regional solutions through budgets	WRS, Labour Market Advisory Group and Funders Forum MTfJobs	2007
and Limited engagement with private sector interests	Dedicated resource attached to forum above to work with private sector interests.	Level of private sector participation	WRS	2007
Ability to attract and retain skilled people	Co-ordinated regional campaign involving regional champions and role models to demonstrate regional opportunities and benefits.	Population and business growth	Regional EDAs	2006 onwards
Availability and dissemination of regional information and data	Single point of collection of information and data. Available in formats that reflect the needs of the various stakeholders.	Requests for material and publication usage	DoL, MSD	2006 onwards
	Identify and promote public sector opportunities	Vacancy fill rates for public sector	WRS, SSC	2007 onwards

2. Productivity - address regional constraints to raising labour market productivity levels across all sectors

Productivity refers to both work place and labour productivity. This is how organisations can utilise labour and skills, innovation, technology and work place organisation to improve the quality and quantity of their products and services. Raising both work place and labour productivity in the Wellington region will aid the future viability of business activity, improve wage levels and provide new job opportunities. We need to shift from increasing the number of hours we work to working and producing smarter.

One common measure of productivity is GDP per capita. Whilst Wellington has a relatively high GDP per capita in a national context, internationally, New Zealand performs comparatively poorly in this area. Genuine Progress Indicators will also be developed as part of the WRS monitoring process.

The region has the skills capability, innovative spirit, business expertise and research capacity to lead the country in driving productivity levels up.



Key Issues

- Work place size, culture and practices constraining productivity levels.
- Lack of awareness of productivity benefits, measures and practices.
- Comparatively low levels of business investment that could impact productivity
- Ability to attract, train and retain staff impacting on productivity levels.

Opportunities

- Create good practice work place and labour productivity firms across sectors.
- Grow export markets to enable better capture of productivity gains through scale of activity.
- Provide better access for business to productivity information and services.
- Establish high productivity, attraction and retention rates by promoting the Workplace Productivity Agenda

Rationale

- Interventions are required to raise relative productivity levels to achieve sustainable growth.
- Higher productivity will drive higher wages and GDP per capita.

Strategic Response - Productivity

<i>Constraint or Issue</i>	<i>Solutions (Priority)</i>	<i>Indicator/Measure</i>	<i>Key Agencies</i>	<i>Time Line</i>
Lack of investment in the development of people in employment, manifest by:	Promote a continual training concept to employers.	Retention Rates Training provided	All sectors	On-going
- Increasing staff turnover rates in many sectors	On the job training Group apprenticeship schemes	Staff turnover rates by sector	ITOs/Modern Apprenticeships	On-going
- Management of work–life balance expectations	Provide infrastructure, work environment and information to support work-life balance	Good examples in media	DoL, MSD Industry	On -going
- Poor work place and recruitment practices in some sectors	Provide support services for SMEs and promote good practice.		Regional EDAs DoL, MSD	2006 onwards
- Image of some jobs and/or lower wage rates	Promote relevance and interlinked nature of all jobs to the regional economy	Job vacancies filled. Industry wage rates	WRS forum ITPs, ITF	2007 onwards
Productivity not measured and rewarded in key regional sectors	Develop and trial new business and pay models (linking wages to productivity)	Productivity and pay rates by sector	DoL, CTU	2007 onwards
Poor understanding and access to information on improving productivity	Promote the concept of productivity and benefits to enterprises and individuals Conduct productivity study.	Access and uptake of information	DoL	2006 onwards
Level of investment in technology to improve productivity unknown	Research on technology investment, impacts on productivity & employment and adoption & transformation of technology.	Surveys and research conducted	WRS, FORST	2006

3. Participation - support the movement of those sectors of the community with lower labour market participation rates into productive employment opportunities and higher skill levels.

Participation in the labour market, measured by the employment rates, contributes to the size of the regional economy and theoretically helps drive GDP growth. For the purposes of this strategy, increasing participation rates can assist in meeting labour and skills shortages, address regional variances in participation rates and focus on reducing the barriers to work force participation experienced by some groups. It is generally accepted that by improving participation rates amongst those most disadvantaged in the work force, that social and health objectives are also advanced.

Typically lower participation rates are evident amongst Maori, Pacific Peoples, migrants, refugees, people with disabilities, older people, women with children and youth. The strategy will focus on progressing these groups into quality and secure employment.

There are also sub-regional variations due predominantly to demographic factors and the nature of local work opportunities. Independent strategies may be evident at this level in council plans.

Issues

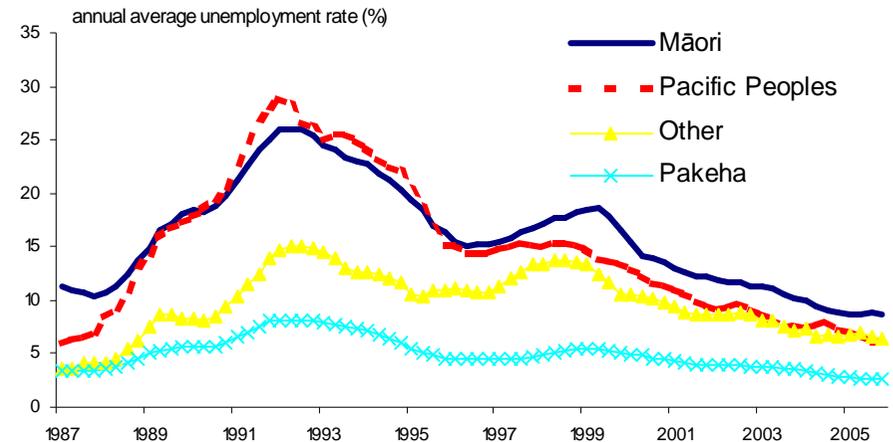
- The range of access, skills and cost barriers to participation.
- Access to information, services and informed choices.
- Lack of co-ordinated planning and number of agencies involved.

Opportunities

- Reduce barriers to participation, including policy changes where necessary, and address emerging culture of non-participation.
- Meet future skills and labour needs by increasing participation rates of under-presented groups.
- Create an environment that encourages work-life balance, and recognises cultural and generational differences.

Rationale

- The proportion of Maori in the population is increasing, the percentage of Maori in the regional work force is increasing (6.2% in 1994 to 9.1% in 2005) and the medium age of Maori by 2021 will be 27 years compared with 43 years for non-Maori.
- Low regional population growth forecasts will not meet future labour and skills demands.
- Labour market participation can be linked to improving socio-economic factors, such as health, crime and household income.



Source: Household Labour Force Survey, Statistics New Zealand

Strategic Response - Participation

<i>Constraint or Issues</i>	<i>Solutions Priority</i>	<i>Indicator/Measure</i>	<i>Key Agencies</i>	<i>Time Line</i>
Valuing cultural and generational differences in the work place	Promote employer/employee cultural training and understanding. Self-employment options as a career option.	Employers/employees trained	DoL,MSD Ethnic Affairs	On-going
Transitioning youth and other groups to the labour market	Provision of targeted transition services	Youth into employment and training	YTS, MTfJobs, MoE, ITPs	On-going
Access to appropriate career & pathways information and services	Tracking, transition & pathway services. Information to community orgs. Business sector more involved in careers advice.	Job Vacancies filled	Career Services, TPK,MPIA,OEA ITPs, Com Orgs	2007 onwards
Employment flexibility and practices	Promote work options and regimes (incl work trial periods) to fill vacancies	Job Vacancies filled by group. Good examples	Private Sector MSD	2006 onwards
Transport access and cost	Encourage business growth in regional centres	FTE growth by TLA	WRS forum,TLAs	On-going
Child care options and cost	Promote access to child care subsidies	Parents in work Vacancies filled	MSD	On-going
Influence of families on work choices	Careers services provided in homes and schools	New jobs and vacancies filled	Career Services	2007 onwards
Migrant settlement and non recognition of qualifications	Regional resource centre-Job matching service Fast track professional credential assessment and approval service	Migrants into employment and credentials approved	Regional EDAs NZQA,MSD,DoL	2006 onwards
Social issues (eg drugs, health) not addressed as a component of work force participation	Rationalise agencies and broaden scope of activity. Identify and address main barriers to participation	Numbers supported into employment	WRS/MSD/DHB	2007
Multitude of agencies involved with limited co-ordinated planning	Forum for all agencies Agency boundaries match regional boundary.	Regional action plan on participation	WRS forum	2006

4. Skills Development – match and develop current, and future workplace skills needs with educational, training and careers programmes

A range of skills issues are evident across the region. These include immigration practices, funding regimes for training, ensuring the education system supports future skills needs in a more creative and applied fashion, employer training capacity, perception of some skills/careers and the time lag between business skill demand and the ability to train. Some of these constraints will be actioned in the other focus areas of this strategy. Under skills development there is a joint responsibility amongst trainers, tertiary institutions, government agencies and employers to help address the fundamental challenge of matching the future skills supply with work place demands.

A strategy and action is needed to reverse the current trends of:

- Decreasing job vacancy fill rates in the region.
- People with skills moving off-shore for work.
- Shortages in the trades, technicians and apprenticeships.
- Higher percentage of workforce of some groups over-represented in low skilled employment.
- Reduction in skilled migrant flows into the region.
- Lack of matching of skills to business needs.

Issues

- Understanding what and where the skill shortages are.
- Functionality between, and of, relevant agencies at a regional level.
- Ensuring that training funding, programmes and policy are targeted at identified regional skill needs .

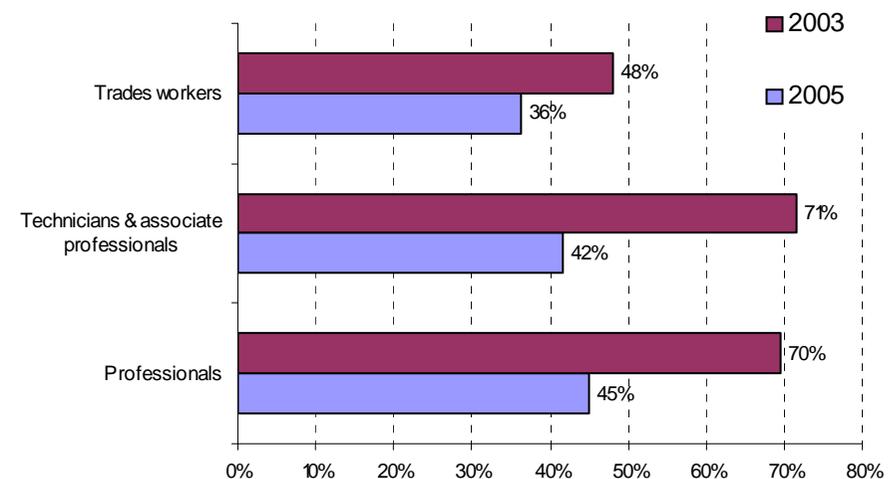
Opportunities

- Being able to communicate more precisely what skill shortages exist and what are the barriers to overcome.
- Develop better functionality and engagement between secondary education, tertiary sector, training providers and business.
- Provision of a training framework that matches future workforce demands with current funding and training provision.

Rationale

- Sustainable employment growth will increasingly rely on up-skilling the existing regional workforce to better perform in the future, hence the need for investment now in training.
- Technology advancements and consumer demands rapidly change the future nature and complexity of employment.
- People and funding resources are finite, creating the need to maximise both for training purposes.

Vacancy Fill Rates



Source: Survey of Employers who have recently advertised, Department of Labour

Strategic Response – Skills Development

<i>Constraint or Issues</i>	<i>Solutions (Priority)</i>	<i>Indicator/Measure</i>	<i>Key Agencies</i>	<i>Time Line</i>
Business need for improved employee foundation skills	Basic foundation skills included all training Train the trainers	Improved foundation skill levels	MoE, TEC	On-going
Ability to identify future skills needs and train accordingly	Regionally integrated clearing-house & collective intelligence sharing.	Training options and course	WRS, ITPs (All parties)	2007, on-going
Inflexibility in being able to provide short courses and on-the-job training	Flexible funding available and programmes recognise regional needs.	Level of industry training	TEC/MSD, ITPs NZQA, ITF	2007
Ability to attract, employ and retain skilled migrants	Targeted immigrant and ex-pat attraction programmes. Migrant training programmes.	No. of skilled migrants into appropriate jobs	Regional EDAs	On-going
Quantity versus quality of training	Build effective monitoring and evaluation mechanisms to ensure quality training		ITOs, Universities, ITPs	2007
Funding and numerical caps for trades training. Recognition of local needs.	Remove caps where there is proven industry need	No. of trainees	ITOs, ITPs	2007
Community and employer attitudes to trade/technical careers & training and Level of engagement from the secondary sector.	Promote benefits of trades in homes and schools Incentivise trades and technical training Campaign with MOE and secondary school sector to encourage participation in careers, tracking, mentoring and planning.	Trade trainees All secondary schools in the region receiving services available	ITOs, Business NZ ITPs WRS, MoE	On-going 2007
Level of career advice accessed by youth	Expand scale and co-ordination of career advisory services available	Nos. in training & receive careers advice	Career Services MoE	2007, On-going
Duplication and competition for courses/skill set development	Integrated planning linking demand with supply training	Trainee employment outcomes	TEC, ITPs	2007
Distinguishing between skills/labour shortages and employment conditions	Research on skills needs. Promotion of the improvement of working conditions.	Job vacancy fill rates	DoL	2007

5. Business and Regional Capability - encourage private sector employment growth through the provision of support services for SMEs

The demand for skills and labour is relative to the scale, sector, capability and capacity of local firms. These factors will vary at a sub-regional and sector level. Whilst larger businesses generally request from central and local government a regulatory and infrastructure environment that supports economic growth, smaller and emerging businesses may require additional support in order to generate further employment opportunities.

Wellington region has a relatively large share of people who work for businesses with over 50 staff. This pattern varies at a sub-regional level where there are varying sector strengths and scales of activity.

SMEs often do not possess the management skills, time or resources to engage in the improvement of work place practices or employment. With tight labour market conditions, the power base will shift from employers to employees, so businesses need to respond accordingly.

Regional capability is linked to infrastructure, commercial land availability and transport links that are captured within other WRS projects.

Issues

- Compliance requirements are a barrier to employing staff.
- Variable work place demands and quick fix planning.
- The level of management capability and succession planning in SMEs to cover the wide range of skills required to manage a business.

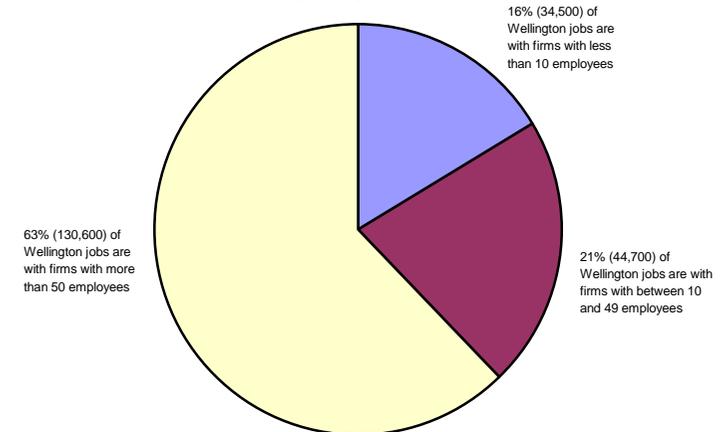
Opportunities

- Raising business management capability through support services, mentoring and expert visitations.
- Improving the understanding of compliance to better reflect a distinction between administrative functions and improving work place practices.
- Creating a culture of sector collaboration and forward planning.

Rationale

- The average size (by FTEs) of businesses is decreasing and the majority of them are SMEs.
- Raising the capability of regional businesses will promote more employment opportunities and higher productivity.

Share of jobs by firm size for Wellington Region



Source: LEED Database, Statistics New Zealand

Strategic Response – Business and Regional Capability

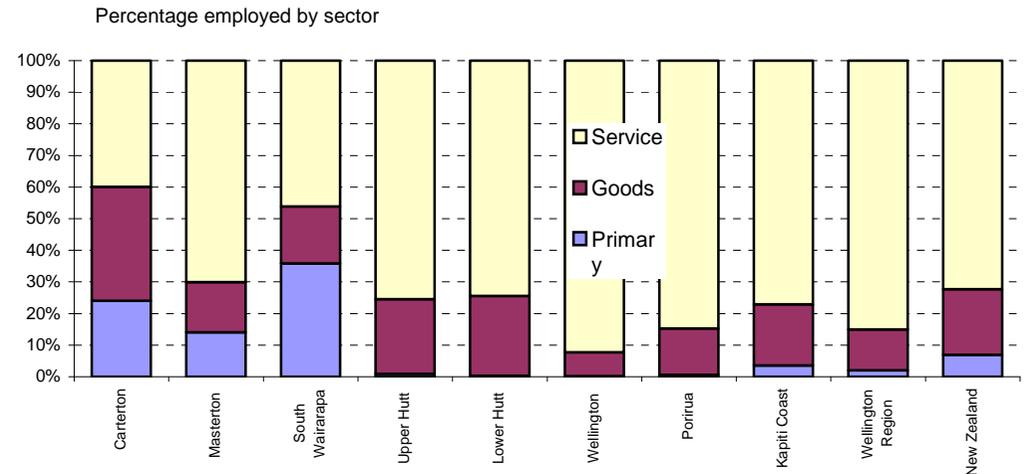
<i>Constraint or Issues</i>	<i>Solutions (Priority)</i>	<i>Indicator/Measure</i>	<i>Key Agencies</i>	<i>Time Line</i>
Small scale of many businesses and level of expertise limits ability to respond to work place practices and employee training, and: Public – Business interface difficulties	Economic development agencies provide targeted support, training and work place follow up, use outside expertise. Establish Innovation Centre to promote research, policy and operational interface	New employment by supported businesses Regional policy responses	Regional EDAs ITPs Regional EDA ITPs	2006 onwards 2007
Small business dealing with immediate skills and labour shortages, but limited longer term investment	Sector job sharing, shared training. Programmes for on –the-job training	New and up skilled trainees by SMEs	Regional EDAs TEC, MSD	2006 onwards
Increased compliance through labour and health & safety legislation a deterrent to employers	Promote support rather than compliance philosophy	Work place practices. Productivity levels	DoL, OSH	2007
Difficulty in understanding and dealing with a range of policies e.g. training, immigration, business grants	Flexibility in funding and policy to achieve desired outcomes. Simplify and co-ordinate all labour market information, programmes and funding available to firms		Labour Market Advisory Group	2007 onwards
Programmes for the private sector to employ and train more staff	Private-public programmes to trial new employment and training options. Flexibility of funding.	New employment and trainees	TEC, ITOs. MSD ITPs	2007 onwards
No co-ordinated regional mechanism to place workers due to business closures, relocations and redundancies	Establish regional response team. Provide training support. Identify any policy Reasons for closures/redundancies.	Employees retained in the region	Regional EDAs MSD, DoL, TLAs	2007
Business support services vary across the region and generally take a sub-regional approach	Clarify and agree on what implementation, services and delivery agencies are required at a regional versus sub-regional level.	Consistent level of service to business across the region	WRS, NZT&E EDAs	2007

6. Sector Diversification - attract and promote a greater diversity of business activity and employment opportunities to increase export growth and reduce the regional reliance on service sectors and increase the provision of a wider and deeper range of skills.

The Wellington region has a very diverse economy from a sub-regional perspective. However, the labour force and business activity are largely reliant on Wellington City and its service-based economy. Whilst remaining a regional strength, this situation poses future risks for employment and the types of skills required. Also for the region to grow we need to export more. Hence encouraging a greater diversity of business activity throughout the region and promoting sub-regional speciality.

The region accounts for 11.3% of NZ employment with the top contributors being business services and government administration.

The Wairarapa has a more diverse economy and provides greater opportunities as a goods supplier to the rest of the region. The Hutt Valley has strong research and manufacturing capability that provides opportunities for export growth from the region. The northern corridor has distribution and service centre strengths, and tourism potential.



Issues

- Strong labour market reliance on the service sector.
- Competition and limited regional business attraction planning.
- Matching sector attraction and development with future labour and skill needs.

Opportunities

- Attract or grow a greater diversity of businesses, people and skills with diversification of the economic base.
- Integrated planning and marketing for the location and attraction of business activity.
- Central government, local government, business and training sectors have an agreed strategy to match future labour and skills supply with demand.

Rationale

- The number employed in government administration numbers in Wellington is forecast to significantly decline from 2010.
- Diversifying the regional economy provides a greater range of work opportunities, reduces competition for skills, provides more sub regional employment and helps reduce transportation pressures.

Strategic Response- Sector Diversification

<i>Constraint or Issues</i>	<i>Solutions</i>	<i>Indicator/Measure</i>	<i>Key Agencies</i>	<i>Time Line</i>
Sub-regional competition for business and duplication of activity	Forum for a co-ordinated approach to business and labour market development at a regional level.	Diversity of regional economy and employment	WRS Regional EDAs	2007
Lack of regional, integrated planning for commercial zoning, business attraction and future labour market supply.	Include labour market considerations in all regional planning exercises including branding, infrastructure, social cohesion, commercial land availability, district zoning, urban form and tourism.	Regional growth in FTEs Analysis of quality, value & sustainability of new employment	WRS	2006 onwards
Ability to influence developers' plans and market forces. Labour market issues not a development project consideration.	Regional forum to promote appropriate types of business development throughout the region. Develop regional incentives for developers to promote new employment, new activities, sub-regional sector speciality.	Business and FTE growth in targeted sectors and sub-regions.	WRS Regional EDAs	2007 onwards
and Regional planning for future business requirements is not completely understood	Per above		WRS	

MONITORING and EVALUATION

Performance measures and processes will be required to help monitor the effectiveness and the impact of actions arising from the implementation of the Wellington Regional Labour Market Strategy. This would involve monitoring progress towards achieving the strategic GOALS in addition to measuring the specific programme outcomes. Attributing programme outcomes to the higher level regional goals will be more difficult and generally agreed by economists to be an unrealistic exercise.

Indicators or measures in this strategy are designed to provide guidance only. Further detailed consideration will be required to identify appropriate measures for each action area. Such measures will be influenced by what labour market supply, demand and behavioural data is available. The WRS acknowledges that Genuine Progress Indicators (GPI) will be developed to support more traditional measures such as GDP and GDP/capita.

Likewise, the *Key Agencies* identified in this strategy as those considered essential in the implementation of specific action areas, however by no means a comprehensive list of who should be directly involved to maximise impact and effectiveness. Action plans should identify both a lead agency and the important partners. In many cases the lead agency will already be charged with monitoring and evaluating regional labour market performance and behaviour.

Specifically the Wellington Regional Strategy Forum will need to develop as part of the WRLMS implementation process:

- An agreed shelf life and/or review period for the strategy
- An agreed process for implementation and monitoring of the strategy
- Action plans for the various work streams that identify the lead agency, other participants, performance measures and time lines
- An evaluation framework, both within the context of the WRLMS itself and the other related WRS work streams
- Reporting and feedback processes with stakeholders agencies