

**Horowhenua Labour Market Strategy
2008 - 2010**

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Horowhenua Labour Market Strategy

Part 1

Introduction

The objective of developing and subsequently implementing a Labour Market Strategy (LMS) for the Horowhenua region is to grow the working population and therefore ensure economic expansion of the area.

The LMS project is sponsored by the Central Regional Office of the Ministry of Social Development with input from a number of stakeholders, including: Government Departments, training organisations, the local business sector, community organisations, local authorities and local Iwi.

The project's purpose is to identify areas of opportunity for employment growth in the Horowhenua region.

The Horowhenua region has over recent years suffered from being a low-wage economy. It has been exposed to the real threat of local industries closing down or moving elsewhere (Godfrey Hurst, Kimberley). It has acted as an "employment-feeder" to Palmerston North and not as significantly, Kapiti Coast and Wellington.

Whilst the initial emphasis will be on the development of a Horowhenua regional strategy, it is envisaged that a combined Kapiti/Horowhenua strategy will be developed that recognises the combined strengths of the regions at the same time, recognising the relative differences in population mix, training facilities, transport and broadband services.

By creating a focus on employment growth and by collaborating with the key stakeholders above, the goal to maintain and grow the economy of the Horowhenua region will be achievable.

Goals

The current focus and supporting goals of the strategy are:

- **To grow, retain and attract new businesses**

- Local employment – providing a greater range of jobs locally, preferably higher value, skilled work.
- Business growth – encouraging business development, retention and expansion and new business.
- Tourism – building on existing advantages and opportunities unique to Kapiti/Horowhenua and ensuring this is done in a way which protects their value

- **Develop a supportive infrastructure**

- Infrastructure – reliable and adequate provision of both public and private infrastructure, with an emphasis on the essential role of communication infrastructure.
- Adequate childcare facilities, transport, business advice and support, promoting Kapiti/Horowhenua as a great place to work, live and do business.
- Inter-agency support network including both councils
- Access to quality data information.
- Land use – monitoring of rural land use to protect the commercial productivity potential.

- **Identify workforce development**

- Training and education – targeting employer and industry needs.
- Youth education and training
- Encourage engagement and participation via community initiatives and employment.

2. 2006 Census Data

Statistics of the Horowhenua region are:

Population

At the time of the 2006 Census the Horowhenua District was home to 29,652 people an increase of just 0.1% on the 2001 usually resident total and following a 1.1% decline in population between 1996 and 2001.

Usually resident population of Horowhenua by area; Levin 17,658, Foxton 4,380, Shannon 1,341 & Rural 6,273.

Population breakdown by gender

In 2006 females made up 52% of the population and were in the majority in almost every five year age group.

Age Groups

Horowhenua's population is older than average, with a median age of 42 years compared with 35 years across New Zealand.

Children under 15 years made up similar proportions of the population locally and nationally. However, young and early middle-aged adults were under represented in the district.

Population breakdown by ethnicity

Horowhenua District has a different ethnic mix from the country as a whole. Almost three-quarters (74.4%) of the district's population is identified as European compared with 68% nationwide.

Maori were also well represented in the Horowhenua. With 21% of the population identified as Maori compared with 15% across New Zealand. Other ethnic groups were substantially under-represented.

Population projections

Latest projections are for Horowhenua's population to stay relatively stable over the next decade (a projected population of 30,600 by 2016).

Families

In 2006 Horowhenua was home to 8,200 families. Families without children numbered almost 3,800 (46% of all families compared with 40% nationwide).

Families consisting of one parent and children numbered around 1,600. Of these 1,260 contained dependent children.

Households

The average household size in Horowhenua District is 2.4 people, compared with an average of 2.7 people for all of New Zealand.

3,441 people or 29.3% live in one person households compared with 23% nationally.

Rents

Horowhenua District rents are considerably lower than the national average. The mean weekly rent in Horowhenua was \$142 compared to \$225 across the country, and the median weekly rent was \$146 compared to \$201 nationally.

Household Facilities

In 2006, 88% of Horowhenua households had a telephone compared with 92% nationwide. 70% had access to a mobile (74% nationally), 48% had internet access (61% nationally) and 90% had access to a motor vehicle compared with 92% nationally.

At all ages the proportion of Horowhenua youth living in households with access to the Internet was lower than nationally.

Education

In most of the last few years the proportion of students leaving Horowhenua secondary schools with no formal qualifications exceeded the national figure - the difference between local and national rates around 5 to 7%.

However, in 2006, the rates were much closer – 12% of students leaving secondary schools in Horowhenua left with no formal qualification compared with 11% nationally.

Early Childhood Education

At 1 July 2007 there were 1,034 children on the regular rolls of licensed early childhood education service providers in Horowhenua District. This was 52% of the estimated number of children aged 0-4 years compared with 58% nationally.

Crime

In 2007, there were 1,920 apprehensions in Horowhenua (0.9% of the country's total). That year, children and young people made much larger contributions to the district's apprehensions than they did nationally. Four types of offence were responsible for a large majority of apprehensions of under 17 year olds; dishonesty (45%), property damage (22% compared with 15% nationwide), violence (17%) and drugs & anti-social offences (10%).

Most other age groups accounted for smaller proportions of the district's apprehensions than nationally.

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Employment

At the time of the 2006 Census, around 12,960 Horowhenua residents were employed. This was 56% of the population aged 15 and over compared with 65% nationwide.

Of the district's employed residents, 9,603 worked full time, 3,354 part time and 6.3% were unemployed, slightly higher than the 5.1% national average at the time.

Location of Employment

At the time of the 2006 Census, 8,370 Horowhenua residents or 79% lived and worked in the same district. Palmerston North was the next most popular location for work (10%), followed by Kapiti (4%) and Wellington City (2%).

In 2006, Horowhenua attracted around 330 workers from Kapiti, 270 from Palmerston North and 120 from Manawatu District.

Occupation

In 2006 the distribution of Managers (18%), technicians and trades workers (13%) and sales workers (10%) followed the nation average.

However, the number of labourers, community and personal service workers, machinery operators and drivers were proportionately greater than the country as a whole, while the reverse was true for professionals and clerical & administrative workers.

Income

For people aged 15 years and over, the median income in Horowhenua District is \$18,500. This compares with a medium of \$24,400 for all of New Zealand. Just 16% of the district's adults had incomes above \$40,000 compared with 27% across the country.

The main difference between distribution of personal income in Horowhenua and nationally was a much larger proportion of the district's adults having incomes between \$10,000 & \$20,000 (33% compared with 22% nationally).

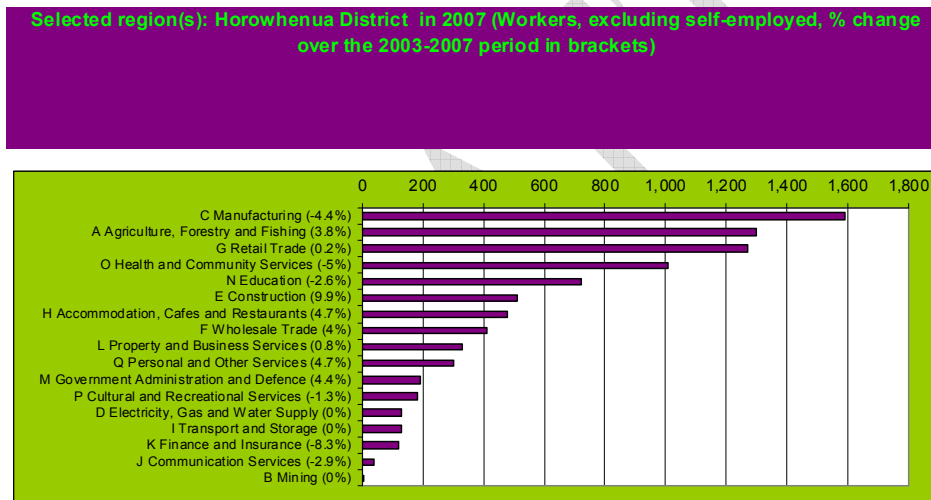
Families living in private households in the Horowhenua had a median income of \$41,200 in 2006 compared with a national median of \$59,000.

Industry

The 2006 Census showed that four industries together employed half the district's working residents.

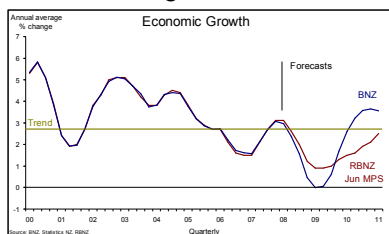
Manufacturing was the largest employer, with a little over 14% (12% nationally). Agriculture, forestry and fishing employed 13% (7% nationally). The retail trade accounted for 12% (10% nationwide) and healthcare 11% (9% nationally).

Other sizable employers were construction (8%), education & training (7%) and accommodation & food services (5%).

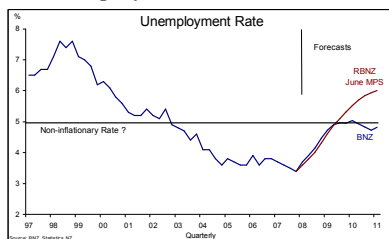


Economic Drivers:

Hitting a Bottom?



Unemployment to Rise Further



Economic Issues

- Falling commodity prices – a gloomy outlook for farmers
- Lack of economic certainty – a loss of confidence
- New Zealand's current account deficit and over extended household borrowing

Labour Market Issues

- Skills Shortages
- Labour Shortages and Constraints
- Productivity
- Sector Specific Issues
- Participation

Horowhenua Labour Market Strategy Part 2

1. Project Plan

This section sets out the project process to determine the key priorities and actions to achieve improved outcomes for the Horowhenua Labour Market.

Process:

- | | |
|---|---------------|
| • Forum - key stakeholders were invited to identify and discuss the LMS | Completed |
| • Analyse findings - prepare a SWOT (strengths, weaknesses, opportunities and threats) analysis of the findings | Completed |
| • Report Findings / Invite Feedback - to and from the forum participants | Nov/Dec 2008 |
| • Identify and prioritise findings | January 2009 |
| • Key actions and responsibilities | February 2009 |

Forum participants: MSD, DoL, TEC, Maori Economic Development, Private Training Enterprises, Horowhenua District Council, Kapiti Coast District Council, local businesses and Nature Coast.

Analysis of findings

A SWOT analysis was seen as a simple and straight forward process of identifying the opportunities for success versus the limitations to progress as well as clarifying directions and choices and making decisions about the best path forward.

The SWOT analysis also offers a simple way of communicating and organising information. Comments were recorded directly and in general, reflect the views of the forum participants.

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Strengths	Weaknesses	Opportunities	Threats
Local apparel and textile manufacturing capability and resources	Static population growth	"To attract industry, e.g. in natural fibres and/or organics"	Tight monetary policy - global credit crunch
Food production, processing strength/expertise in horticulture	An aging workforce/difficulty in retaining skills	"Small businesses can work as larger business when they share competencies (e.g. Sales & marketing) Leverage collaboration and collective thinking..."	Cyclical slowdown – the low paid/low skilled the first to be laid off
Maori education and enterprise	Low skilled work force that reflects a relatively low skill labour market, together with relatively low participation rates	The growing diversity in workplace ethnicity - skilled migrants a largely untapped resource	The current unemployment rate is 3.7% but, is forecast to reach 5.5% by next year
Tourism	"Low wage economy created by companies in the area being price takers at the lowest end of the market which affects labour rates..."	Niche manufacturing – low cost high value, e.g. The Hutt Valley	"Although an economic improvement is forecast inevitably there will be a lag before employment growth improves..."
Lifestyle	"A rural mindset - there are significant differences between urban and rural with affects that are across the board"	Confirm core businesses - Organise to facilitate interrelationships between core businesses	The NZ apparel industry at risk from cheap imports
Abundant land designated for growth	"Low aspirations of the workforce/need for career pathways"	Skills eco-systems – promoting the co-location of complimentary enterprises	"Proximity relative to larger centres, PN and WN."
Low cost base for business	"A lack of commercial organisational leadership and identity"	Pursue diversification that allows shared activities and the transfer of skills	

	"Limited tertiary training infrastructure."	Create career pathways for youth	
	"High value positions remain vacant but, on the other hand, there few of these..."	"Promote the value of counter traffic flows to attract workers"	
	"The predominance of small enterprises that have limited internal capability and, therefore, no R&D..."	"Education providers that also provide transport may gain a subsidy from TEC."	
	Lack of industry sector diversity and representation	Tourism targeting baby boomers, e.g. Golf, bowls, walks and dining out.	
	"Lack of transport, public or otherwise..."	The growing Maori workforce	

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Analyse Findings

Identified Strengths (*Resources, assets, people, location, cultural, attitudinal and behavioural*):

Local apparel and textile manufacturing capability and resources

Food production, processing strength/expertise in horticulture

Maori education and enterprise

Tourism

Lifestyle

Abundant land designated for growth

Low cost base for growth

Weaknesses (*Gaps in capabilities, vulnerabilities, distractions, commitment, leadership*):

Static population growth

An aging workforce - difficulty in retaining skills

Low skilled work force that reflects a relatively low skill labour market, together with relatively low participation rates

“Low wage economy created by companies being price takers at the lowest end of the market which affects labour rates...”

“High value positions remain vacant but, on the other hand, there few of these...”

“A lack of commercial organisational leadership and identity”

“A rural mindset - there are significant differences between urban and rural with affects that are across the board”

“Low aspirations of the workforce - need for career pathways”

“Limited tertiary training infrastructure - other community infrastructure lacking”

“The predominance of small enterprises that have limited internal capability and, therefore, no R&D...”

Lack of industry sector diversity and representation

“Lack of transport, public or otherwise...”

Identified Opportunities (*Industry or lifestyle trends, new markets, niche target market, partnerships, seasonal or weather influences*):

To attract industry, e.g. in natural fibres and/or organics

Confirm core businesses - organise to facilitate interrelationships between core businesses.

Establish skills eco-systems - promoting the co-location of complimentary enterprises

Small businesses encouraged to work as larger business when they share competencies (e.g. sales& marketing)

Niche manufacturing - low cost, high value, e.g. the Hutt Valley

Leverage collaboration and collective thinking.

The growing diversity in workplace ethnicity - skilled migrants a largely untapped resource

Create career pathways for youth.

The growing Maori workforce

“Proximity relative to larger centres, PN and WN.”

Promote the value of counter traffic flows to attract workers.

Education providers may also provide transport and gain a subsidy (from TEC).

Tourism targeting baby boomers, e.g. golf, walks and dining out

Threats (*Political effects, obstacles faced, sustaining internal capability*):

Tight monetary policy - global credit crunch

Cyclical slowdown – the low paid/low skilled the first to be laid off

The current unemployment rate is 3.7% but, is forecast to reach 5.5% by next year

“Although an economic improvement is forecast inevitably there will be a lag before employment growth improves...”

The NZ apparel industry at risk from cheap imports

“Proximity relative to larger centres, PN and WN.”

To recap, the strategy aims to leverage current activities, identify opportunities to build new initiatives or provide new emphasis and also, address weakness in the current environment.

Action Plan:

1. Establish an evaluation framework (a basis for assessing progress, ensuring relevant data is gathered/recorded and the key progress indicators can be tracked).
2. Establish the following four special interest groups to target the key areas and establish priorities;
 - Productivity/Innovation/Business Excellence/Business Leadership
 - Skills Development/Education/Training
 - Retention/Attraction
 - Communication/Marketing/Public Relations/Information sharing

Key Actions/Work Streams:

Information/Research/Planning

1. Scope options for a regional jobs web-portal (www.enterprisecoastnz.com/demographics).
2. Consolidate data and establish an agreed process for integrating information into a regular snapshot of the labour market identifying future skill requirements, shortages and gaps.
3. Work with local & central government and interested parties to identify and agree options to address issues of particular concern to the Horowhenua.

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Productivity/Innovation/Business Excellence/Business Leadership

***Weaknesses: An aging workforce – difficulty in retaining skills.
The predominance of small enterprises that have limited capability therefore, no R&D...
Lack of industry sector diversity and representation***

***Opportunities: To attract industry, e.g. in natural fibres and/or organics
Confirm core businesses – organise to facilitate interrelationships between core businesses
Establish skills eco-systems promoting co-location of complimentary enterprises
Small businesses encouraged to work as larger businesses by sharing competencies (e.g. sales & marketing)
Niche manufacturing – low cost, high value, e.g. the Hutt Valley
Leverage collaboration and collective thinking***

1. Develop initiatives to increase participation in the workforce, particularly among the Horowhenua's older workers and people currently out of the workforce, under-employed or seasonal workers, including promoting greater levels of flexible work options
2. Encourage enterprises to embrace technology that will improve workplace skills and productivity (for example, case studies; training and seminars)
3. Develop an approach for redeploying workers within existing industry or into different industries as industry and job opportunities change

Skills Development/Education/Training

Weakness: A low skilled work force that reflects a relatively low skill labour market, together with relatively low participation rates

1. Provide regional information that allows regional education and training organisations to respond to changing needs.
2. Explore the development of flexible training programmes that respond to changing needs of industry and workers.

Weakness: Limited tertiary training infrastructure – other community infrastructure lacking

Opportunity: Education providers may also provide transport (and gain a subsidy for doing so from TEC)

3. Develop a plan to link aligned tertiary institutions to aid career development and highlighting the need to develop stronger education provider businesses.
4. Work with central government and other funders to gain best advantage of new or existing funding schemes for training organisations.
5. Establish, support and develop workforce Literacy and Numeracy programs in the region.

Retention/Attraction

Weaknesses: Static Population Growth
High value positions remain vacant but, on the other hand, there are few of these

Opportunities: Proximity relative to larger centres; PN and WN
Promote the value of counter traffic flows to attract workers

1. Build an understanding of patterns of domestic migration into and out of the Horowhenua and reasons for leaving, as a basis for building attraction and retention.
2. Address any negative perceptions by positively promoting the benefits of living in the Horowhenua – incorporating a new branding strategy.
 - a. Review an approach of targeted attraction, focusing particularly on the sector groups most needed to fill specific gaps in the Horowhenua Labour Market.

Opportunity: The growing diversity in workplace ethnicity - skilled migrants a largely untapped resource

3. Develop and implement a proactive, tailored approach to migrant settlement in the Horowhenua.
 - a. Work with DoL (Settlement Support), and the New Zealand Immigration Service to explore how best to improve initial settlement support including provision of information, including; targeted information sent to key influencers of migrants, such as immigration consultants, New Zealand Immigration Service front-line staff and visitor information centres.
 - b. Promote effective processes that ensure migrants' skills are well-matched to the regions requirements.
 - c. Explore the possible establishment of a locally-based Settlement Support office.
 - d. Work with the local council, employers and community to raise awareness of the positive role of immigration in community development - initiate a programme that creates an awareness of the importance of immigration.

- e. Review the level of demand for English as a second language (ESOL) support for Newcomers and identify options to ensure migrants get the support they require to effectively participate in the Horowhenua labour market.

Weakness: Low aspirations of the workforce

**Opportunity: Create career pathways for youth
The growing Maori workforce**

- 4. Identify innovative ways to promote to young people, career advisors and parents; the job opportunities in the Horowhenua as well as training options. (Liaise with Te Arahanga O Nga Iwi and)(refer the Wairarapa Workforce Development Trust and Upper Hutt Council youth initiatives, e.g. 'Making it Work' programme)
 - a. Explore the establishment of bonded scholarships to encourage the recipients of such scholarships to apply their skills locally.
 - b. Find meaningful ways to promote the aspirations of youth.