

Regional Skills Issues – A focus on Canterbury

- 1 This section of the report contains a brief summary of key issues for industry relating to skills in the Canterbury region¹, and provides an overview of responses, initiatives and areas where agencies are working together to address skills issues in Canterbury.

Overview of the Canterbury Region

- 2 The Canterbury labour market has improved over the last two years and is performing as well as, if not better than, the national labour market. In the year to June 2003 employment growth was 2.1 percent, following 4.9 percent growth in jobs in the year to June 2002 (*Table 1*). With strong employment growth, the unemployment rate for Canterbury has declined at a similar rate to the national unemployment rate. In the year to June 2003 the unemployment rate fell to 4.7 percent. More people in the Canterbury region have been encouraged to enter the labour force with a strong labour market. The labour force participation rate (the proportion of the working age population in the labour force) has increased from 67.5 percent in the year to June 2001 to 68.1 percent in the year to June 2003.

Table 1: Household Labour Force Survey data for Canterbury Regional Council area

Year to June	2001	2002	2003
Employment (000)	261	274	280
Employment growth (annual average % change)	4.4	4.9	2.1
Labour force participation rate (annual average %)	67.5	68.7	68.1
Unemployment rate (annual average %)	5.7	5.1	4.7

Source: Household Labour Force Survey, Statistics New Zealand

- 3 The Canterbury economy has performed very well over the last two years, with economic growth of 4.9 percent in the year to March 2003 and similarly strong growth of 4.2 percent in the year to March 2002². Key sectors are agriculture, niche manufacturing (particularly in the areas of engineering and electronics), hospitality and tourism (including wholesale and retail trade, accommodation, cafes and restaurants), health and transport. Strong population growth and growth in international tourism, combined with relatively low interest rates and job and wage growth, have benefited businesses in these sectors and also lifted activity in both real estate and construction.
- 4 Manufacturing represents the largest proportion of positions within the Canterbury labour market. In addition, the major renovation of a number of city malls and the upgrading of the city centre continue the upturn in commercial

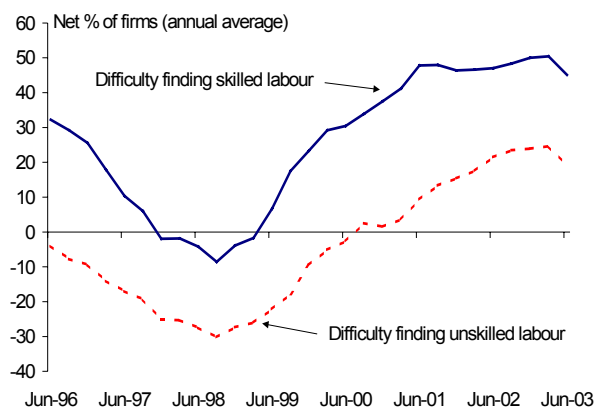
¹ It should be noted that the size of the Canterbury region differs for different Government agencies, depending on where their boundaries for regional service delivery start and end. For the purposes of this report, we adopt a definition that includes the areas bounded by the regional council, unless we could not separate data out to this boundary.

² National Bank Composite Index of Regional Economic Activity.

construction. As these developments near completion, opportunities within the retail sector will continue to increase.

- 5 Lower growth is forecast as a whole for the New Zealand economy over the next year including Canterbury, leading to a weakening in labour market conditions and a possible easing of skill/labour shortages. A decline in export income will be the main contributor to the downturn. The primary and manufacturing sectors will be hardest hit because of reduced export returns. The population based service sectors, however, will provide some relief to the downturn in the external sector meaning that Canterbury will not be as hard hit as other regions which are more reliant on the primary sector.
- 6 Despite some recent high profile firm layoffs in Canterbury it is clear that the overall labour market conditions remain tight. Surveys conducted by the New Zealand Institute of Economic Research (NZIER) and the Canterbury Manufacturers Association (CMA) give us some insight into the degree of skill shortages in the region.
- 7 According to the NZIER's Quarterly Survey of Business Opinion (QSBO), South Island firms have had difficulty finding skilled and unskilled staff over the last two years³ (*Figure 1*). The difficulty of finding skilled staff has risen to a net 45 percent of firms in the year to June 2003, up from a net 30 percent in the year to June 2000. The difficulty of finding unskilled staff has also been high; in the year to June 2003 a net 19 of firms had difficulty finding unskilled staff.
- 8 As the difficulty of finding labour has increased, South Island firms have found that their ability to expand has been constrained by a lack of labour (*Figure 2*). In the June 2003 quarter 13 percent of firms identified labour as their main constraint on expansion; although this was down from the high 19 percent recorded in the September 2002 quarter it is still historically high. Supporting this is data from the CMA's Business Conditions Survey of Manufacturers in the Canterbury region. In the June 2003 quarter a net 19 percent of firms claimed that a lack of skilled labour was constraining their production, up from a net 10 percent in the March 2003 quarter.

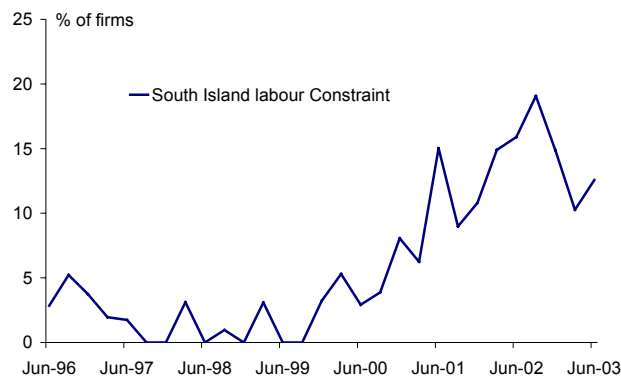
Fig 1: Difficulty finding staff in the South Island



Source: NZIER

³ Approximately 60 percent of all survey responses from the South Island come from the Canterbury-Marlborough region.

Fig 2: Labour as a constraint on production



Source: NZIER

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10 In addition to the quantitative data given above, a range of anecdotal information is also available from sources such as the Ministry of Social Development's work broker survey and Career Services and Tertiary Education Commission regional data. Anecdotal information from these sources indicates that the areas of key skill and labour shortages in the Canterbury labour market include:

- a skilled trades workers in the construction industry
- b aircraft and avionics engineers
- c people with heavy traffic, passenger service and dangerous goods licences in the transport industry
- d the hospitality industry
- e health services
- f skilled trade workers for the manufacturing sector

How are Government and non-government stakeholders working together in Canterbury?

11 In Canterbury, there is a wide range of Government activity and joint Government initiatives to alleviate skill shortages, particularly in the key areas outlined above. Regional agencies in Canterbury are working proactively with industry to develop joint initiatives to upskill clients to meet industry requirements and to encourage employers to provide quality vacancies (both in terms of wages and employment conditions) that will attract clients into particular industries.

Individual Initiatives: TEC, MSD and ITO partnerships

12 Work and Income and the Tertiary Education Commission (TEC) are working with Industry Training Organisations (ITOs) in Canterbury to develop training

in recognised areas of skills shortage and linking it to employment for MSD clients. The partnership work entails identification of skills shortage areas, (and employer needs within these) as well as developing and providing an initial work-based training course including support by industry mentors linked to an apprenticeship or NZQA certificate. A training or wage subsidy may be paid if appropriate upon completion of the programme.

- 13 Employers then identify the number of vacancies they have, and commit to providing work experience for trainees and contributing financially towards an industry mentor to support the trainee. Examples of initiatives based on this concept in Canterbury include pre entry flooring and pre-entry civil construction and the retail industry.
- 14 The **Retail Industry** now has a formal career structure in place with a recognised qualification and access to Modern Apprenticeships. A partnership initiative between TEC, MSD and the ITO is designed to increase the number of retail apprenticeships with employers in the Canterbury region. As noted above, upgrading of the city centre and malls is likely to lead to significant job growth in the retail industry in Christchurch.

Tailored Initiatives

- 15 **Red Bus Company:** A joint regional training and placement initiative focused on skills required for the passenger services industry has resulted in ten placements into work for the period March to May 2003.

Modern Apprenticeships and Industry Training

- 16 There are significant numbers of modern apprentices in areas of key skill shortages in the Canterbury region, particularly the building and construction industry, and the electrotechnology industries. The following table highlights the number of Modern Apprentices and Industry Trainees there were in particular areas of skill shortage/strong labour market growth in the Canterbury region. These figures are from a total of 660 Modern Apprentice and 8,984 industry trainees in the Canterbury region (Nationally the number of Modern Apprentice and Industry Trainees are 5,739 and 86,337 respectively)⁴.

Key Areas in Canterbury Labour Market ⁵	Modern Apprenticeships Numbers (Canterbury)	Industry Training Numbers (Canterbury)	Number of Industry Trainees nationally at June 03
Building and Construction	83	515	3931
Retail	4	140	1556
Electrotechnology	112	700	5333
Road Transport	5	458	4193
Hospitality	19	364	3349

⁴ The Modern Apprenticeship numbers are a subset of the Industry Training numbers.

⁵ Information on the number of employees in these areas, and percentage changes in Industry Training numbers were not available.

Agriculture	42	705	6050
Other	395	6102	61,925
Total All Categories	660	8,984	86,337

- 17 **City Care** specialises in the construction, maintenance and management of Christchurch City's amenity and infrastructure assets. The programme has developed a Pre-Apprenticeship Work Skills Programme, utilising the Job Plus Training subsidy, which provides the opportunity for 20 young people to experience the different career paths in the contracting industry before beginning an apprenticeship in a particular area.

Initiatives to assist youth entering the labour market.

- 18 Agencies are working on a number of initiatives to assist youth leaving school to make choices about the labour market, to either enter employment or enter into appropriate further education and training, and in particular, to highlight to youth the opportunities that exist in areas of local skill shortage.
- 19 Career Services' Christchurch CareerCentre has conducted a number of programmes in the Canterbury region including programmes to enhance teacher and school Career Adviser knowledge and increasing their capacity to provide accurate and relevant information to students. Examples include:
- a Organising and conducting 'Skill and Knowledge Days' for secondary teachers, focused on skill shortage areas including most recently agriculture, in particular dairying.
 - b Organising and running a day with the Canterbury Manufacturers Association in 2002, which involved school Career Advisors visiting seven different manufacturing sites.
- 20 The Tertiary Education Commission is planning to expand its Gateway programme into all decile 1-5 schools in the Canterbury region (eight schools) for the 2004 calendar year. This will offer Gateway opportunities to some 200 Year 11-13 students in 2004.
- 21 The TEC seeks workable solutions to meet the needs of both young people and industry. For example, hospitality employers reported some difficulties in finding staff for the industry to the regional Modern Apprenticeships Co-ordinator. TEC Canterbury is proposing to work with Akaroa Area High School on a Gateway style initiative to address some of these hospitality industry shortages.
- 22 Government agencies including the Ministry of Education, Career Services and Work and Income Canterbury are linked strongly into the Canterbury Development Corporation's Programmes for youth employment. The Schools Employment Programme provides staff in six lower decile schools working specifically with Maori and Pacific Island students to foster positive education, training or employment pathways.
- 23 Actionworks is a youth employment partnership between the Canterbury Development Corporation and Work and Income New Zealand. The

Actionworks education team are involved in 'School-to-Business' partnerships, the 'Moving On' school leaver tracking database, Industry Expos, career support, Labour Market Information and Youth Enterprise Development. The Actionworks employment team work to reduce the number of 16 and 17 year olds going on to benefit and ensure 18 and 19 year olds are participating in education, training and work. Youthworks work with young offenders, youth at risk and have an alternative education and early school leavers programme.

Community Employment

- 24 The Canterbury Development Corporation (CDC), in conjunction with the Community Employment Group of the Department of Labour run a number of community employment development programmes. The Department of Labour's Community Employment involves funding local employment initiatives that support disadvantaged job seekers, 'Community Grow' a service that provides free business support to community organisations, and 'Communities Mean Business' free business seminars and mentoring for community organisations. The Ethnic Community Advocates Project is a community employment initiative that employs people to work in their ethnic communities, assisting community members' access to training and work. The employment team provides free recruitment to local employers and provides jobs for clients of CDC's other employment initiatives with a strong focus on promoting apprenticeships.

Regional Partnerships

- 25 As part of its Regional Partnership Programmes New Zealand Trade and Enterprise (NZTE) has been developing 'Enterprise Culture' activities in Christchurch. Programmes aimed to address skill shortages issues include 'Teens in Technology' and the upcoming launch of an electronics school (at form 7 level). NZTE, in partnership with TEC are co-ordinating a meeting between the TEC, Polytechnics and Universities in Canterbury to look at the issue of skill deficits. Additionally, the reoccurring theme of skill shortage coming out of the Canterbury clusters is an issue being built into the Canterbury Major Regional Initiative (MRI).
- 26 NZTE has also been working with a developing electronics cluster. Called 'Electronics South' the cluster of small mostly subcontracting companies was officially launched by CDC in July. With Canterbury's burgeoning electronics industry contributing as much as 50 percent of the national total electronics output, and with the industry reporting skills shortages in technical skills right across the labour pool, this collaboration is timely and important.

Strategic Relationships and Arrangements.

- 27 Agencies in the Canterbury region are ensuring that they maintain close contact so that they can work together to meet labour market needs. Government agencies, including the Ministry of Social Development, Tertiary Education Commission, Career Services and Ministry of Education and the Department of Labour's Community Employment Group, are holding regular monthly

meetings to discuss labour market issues in the Canterbury region and develop joint responses to local skill and labour shortages. In addition the Canterbury Local Employment Co-ordination group brings together a number of key stakeholders in the Canterbury region, including a number of Government agencies, representatives from the business sector, training providers and other organisations with an employment mandate. As well as providing an opportunity for networking, this group has focused on building a profile of the Canterbury region through a survey of businesses and employers in Canterbury with a view to developing an employment plan.

Moving Forward

- 28 The Ministry of Social Development (MSD) has a number of regional plan initiatives designed to assist in the Canterbury labour market over the coming year, including dedicated account management of high profile industries and employers to provide ongoing opportunities to progress clients into sustainable employment. MSD also has a Work Broker role, dedicated to improving employment outcomes for refugees and migrants by strengthening the linkage into employment activity provided through Canterbury Employers Chamber of Commerce, Canterbury Development Corporation and the Pacifica Education and Employment Training Organisation (PEETO).
- 29 Central Government and local government, through the Mayors' Taskforce for Jobs, have established a shared goal that *"by 2007, all young people aged 15-19 will be engaged in education, training or work that leads to long term economic independence and wellbeing"*. Agencies from TEC, DoL, MSD and MoE, in consultation with the Mayors, are currently working on proposals for achieving the goal.

Upcoming Canterbury Regional Employment and Skills Forum

- 30 MSD will host a regional employment and skills forum in the Canterbury Region on 21 August 2003. A number of the skill and labour shortage issues highlighted in this summary are likely to be mentioned at this forum, and staff from a number of the agencies represented on the Skills Action Plan Co-ordinating group will be attending and assisting with the forum. Information from this forum will feed into agencies' planning for future areas of work.

Further development

- 31 As noted above, there is a lack of robust labour market information at a regional level, particularly around the dimensions of skill and labour shortage issues. Moving forward, it will be important to develop more robust regional labour market information that agencies can use to plan from. There is a role for Government working in partnership with local agencies to develop and provide regional labour market information, and provide support to communicate this information to a range of end users.
- 32 In partnership with NZTE, Regional Economic Development Agencies (EDAs) are working to identify specific skill shortages in their region and practical

guidelines on how to deal with these shortages. An outcome nationally of this process will be a 'best practice' type guide for use by all EDAs. A further stage planned for this project is for government agencies (DoL, MED and NZTE) to support EDAs to develop regional Skills Action Plans.

- 33 The Local Employment Co-ordination Group may have a role in developing this information. Part of the role of this group is to ensure a co-ordinated approach to local employment strategies. The Group will need to ensure it remains informed on local labour market conditions (particularly skill shortages) so that providers can respond to current needs, with the future in mind. Moving forward, it will be important to maintain and strengthen connections between all agencies that contribute to skills needs, and between Government and non-Government stakeholders, including agencies such as the CDC.
- 34 Government can have a role in supporting increased interconnectedness between industry and education and training providers. Ensuring that skill development is aligned with industry requirements, and can be delivered in a flexible manner, will be important for industry development. Agencies are working toward better aligning supply side initiatives more closely with the demand side of the labour market through more integrated initiatives.