

A Focus on Skills and Labour Issues in the Bay of Plenty Region

- 1 This focus report provides a more in-depth overview of skills and labour initiatives underway in the Bay of Plenty (BoP) region. The report contains a brief summary of the BoP labour market and skills issues, and provides an overview of responses, initiatives and areas where agencies are working together to address skills issues in the BoP region¹.
- 2 Note that this focus report includes some information from the other papers in this suite of reports on Governmental responses aimed at meeting skill needs to provide an in-depth focus on BoP, including the Ministry of Social Development's Meeting Skills Needs: A Work and Income Response report, and the Skills Action Plan: Update of Initiatives appendix.

Executive summary

- 3 The main industries in the BoP in terms of employment are the primary (including horticulture and forestry), manufacturing (mainly of primary products) and retail sectors. Some of these key industries are experiencing skill pressures that have been led by strong economic growth.
- 4 Government agencies are working together and with a variety of local stakeholders to assist in reducing skill shortages in the region. Government agencies are involved in a number of local fora including the BoP Regional Intersectoral Forum and local mayoral forums.
- 5 Key projects underway in industry sectors to meet skill and labour needs, key initiatives include the following.
 - a *Horticulture:* Work and Income BoP has developed an industry initiative with the British Retail Consortium and Eurogap for the 2004 kiwifruit season. Job seekers will be trained in packing and fruit grading prior to the start of the 2004 season.
 - b *Forestry:* New Zealand Trade and Enterprise has provided \$2.0 million to the Rotorua region to establish the National Centre of Excellence in Wood Processing Education and Training. The Forestry Industry Training Organisation together with regional partners has established the Radi Centre at Waiariki Polytechnic, developed NZQA level 5 and 6 courses in wood processing and established a Bachelor of Engineering Course focusing on wood processing.
 - c *Construction:* New Zealand Trade and Enterprise (NZTE), the Tertiary Education Commission (TEC), Engineers Union and industry in the Eastern BoP region are working to establish a National Specialist Centre for Maintenance Engineering.

¹ For the purposes of this report the BOP is as for the Bay of Plenty Regional Council. The Ministry of Social Development Bay of Plenty region is slightly larger, including Taupo and South Waikato, which will not be covered in this report.

- 6 Looking forward, there are number of projects underway to identify the skill needs of the BoP, and develop initiatives to help meet those skill needs, including the Rotorua Employment Skills Strategy, and the Western BoP Smart Growth Strategy.

Overview of the Bay of Plenty region

Key industries

- 7 There is a wide diversity of industries in the BoP region, with strong contrasts between different areas within the region. The main industries in the BoP in terms of employment are the primary, manufacturing (mainly of primary products) and retail sectors.
- 8 The main primary industries are horticulture (particularly kiwifruit and avocado), farming and forestry. Horticulture is particularly focused in the Western BoP, which contains 57 percent of New Zealand's kiwifruit hectares and 42 percent of New Zealand's avocado hectares. Dairy, sheep and beef farms are found throughout the BoP region. Production forests are a major land use in of the region, particularly in Whakatane and to the north of Taupo. Fishing, including aquaculture, is also present in the region.
- 9 Manufacturing is a significant employer in the BoP, employing 13 percent of the local workforce, and mainly concerned with the processing of primary products. Preliminary analysis of the BoP Skills Action Plan identifies a shortage of skilled staff in the BoP manufacturing industry, particularly a difficulty in finding food technicians in the region.
- 10 Tourism is another key sector in the BoP region, particularly in the Rotorua area, given a wide range of natural attractions for visitors. This makes the associated sectors of retail trade, hospitality, transport and cultural and recreational services important to the region.
- 11 Construction is another significant industry in the region, given high population growth, particularly in the Western Bay of Plenty. Health and community services are also important due to the age structure of the BoP population, with significantly younger and older populations.

Employment in the region

- 12 Employment in the BoP has risen by 0.8 percent over the year to March 2004. Job growth in the BoP has been fairly volatile over the previous few years owing to the high degree of exposure to primary and export sectors such as horticulture, forestry and tourism. However, despite this volatility, the BoP has been one of the stronger regions in terms of employment growth, averaging 2.0 percent per annum since 1997, and growth of 3.9 percent in the year to March 2003. This strong performance lessens concern over the recent fall in employment.

- 13 External sectors in the BoP and in the country as a whole have seen falls in employment because of weakness in exports. The rising New Zealand dollar has reduced returns significantly for exporters, offsetting rising world prices for most commodities. However, forestry has suffered a double blow of a rising New Zealand dollar and falling world prices, which has negatively affected forestry regions, including the BoP.

Skill and labour shortages and issues

- 14 Skill and labour shortage pressures are being observed in a number of key areas of the BoP labour market.
- 15 Job growth in the horticulture industry, due in part to higher yields in the avocado sector, has led to more continuity of work in seasonal industries and greater demand for specialist skills among workers. The kiwifruit industry is expecting a bumper crop, with shortages of harvest and quality control workers. In addition, it is expected that the kiwifruit and avocado industries will continue to experience growth, and further land will be developed for these crops. Managing labour requirements will be an ongoing issue.
- 16 The downturn in the forestry sector has caused outflow of people from this sector and shortages in this area have eased. This has had a positive spin-off for other areas of shortages, as a number of forestry harvesting and processing workers affected by the downturn have moved on and are filling available vacancies in other areas. However, shortages in the forestry sector continue to exist in key areas including skilled engineering staff.
- 17 In the long run, there are opportunities for future growth in the forestry sector. There is a 'wall of wood', with the potential for the region to process and add value to the raw product, so skills issues in the industry will need to be managed into the future.
- 18 Strong growth, particularly in the Western BoP, has led to strong pressures on the construction sector, creating shortages of skilled tradespeople. After weakness in 2000/01, construction has boomed in the BoP region, with the number of new dwellings authorised up 16 percent to the year ended March 2004. There has been a waiting list of up to ten months for the commencement of residential projects. However, this is having at least one positive spin off as some labourers are being encouraged into trades training.
- 19 A number of other shortages that have been highlighted in the BoP labour market. There is an identified shortage of food technicians in the manufacturing sector in the BoP. Preliminary results from the Priority One study of skill shortages in the BoP region indicated that there are labour shortages in the Western BoP for service-driven industries including tourism, hospitality, retail, cleaning and home care. In addition, a number of sources note persistent shortages in the number of drivers with HT licences.

How are government and other stakeholders working together to address skills issues in the Bay of Plenty?

Bay of Plenty Skills and Employment Forum

- 20 The BoP Skills and Employment forum was held on 5 December 2003. A number of issues and themes emerged from the forum in terms of skill needs including the need:
- a for industry to take a more proactive part in the training and retention of skilled workers and the promotion of their industry to prospective employees
 - b for more formalised partnerships and collaboration between all parties concerned, employers, government agencies, education and training providers etc
 - c to ensure that youth have already received basic training in literacy, numeracy, life skills and social skills before leaving school and entering the workforce.
- 21 The region is currently working through the feedback from this forum to develop a plan for the region. The Work and Income BoP Regional Commissioner is collaborating with key BoP industry leaders to identify solutions and develop an action plan.

Partnerships and collaboration

- 22 A number of collaborative processes underway or being developed in the BOP region include:
- a BoP Regional Intersectoral forum, set up by Te Puni Kokiri at the direction of Government to respond to the capacity building needs and priorities of whānau, hapu, iwi, Maori organisations and communities.
 - b Rotorua Employment Skills Strategy
 - c Western BoP Smart Growth Strategy
 - d local Mayoral forums
 - e links with Economic Development/Enterprise organisations including Priority One in the Western BoP
 - f the New Zealand Immigration Service (NZIS) has recently appointed a Relationship Manager for the Central/Lower North Island; the NZIS is working with Priority One in the BoP to establish a seminar to assist employers to develop immigration responses for skill shortages where those needs are unable to be met locally; this is being undertaken following the completion of Priority One's Skill Gap Analysis Report.

Initiatives to address skill shortages in key industries²

Horticulture

- 23 Work and Income BoP is discussing with employers in the seasonal horticultural industry the possibility of providing transport for job seekers from other areas of BoP, to meet the greater need of both Western and Eastern BoP. If this service goes ahead, it is expected to be available to over 120 job seekers.
- 24 Work and Income BoP is already providing transport assistance for up to 12 job seekers to travel to kiwifruit orchards within the Opotiki area during the season February – June 2004.
- 25 The Department of Labour (NZIS) has been working closely with Work and Income to identify and address seasonal labour needs in the regions, including BoP. Where Work and Income is able to confirm that there are no local workers available to work in the horticulture industry, NZIS can issue a temporary work permit for people already onshore. This helps to meet chronic shortages of labour and provides a means of ensuring that overseas workers are legally entitled to work.

Kiwifruit

- 26 The New Zealand Kiwifruit Growers Incorporated (NZKGI) met with key stakeholders on 11 March 2004 to look at BoP seasonal labour issues. NZKGI presented a survey that identified the labour requirements for packhouses that accounts for 40% of the seasonal labour demand for Kiwifruit picking & packaging. The New Zealand Immigration Service in Hamilton in conjunction with Work and Income BoP will be implementing a number of solutions, including working with job seekers who can take up opportunities in the kiwifruit industry, and enabling visitors in the BoP region to obtain temporary sector-specific (horticultural seasonal) work permits valid in that region. The kiwifruit season is expected to last to the end of June.
- 27 Two kiwifruit pruning programmes have been completed in Opotiki from November to December 2003. Fifty per cent of job seekers from the first programme have gained employment, two out of the seven job seekers from the second programme gained employment over the March 2004 quarter.

Other

- 28 Work and Income BoP has a contract for a market garden recruitment initiative. The initiative also includes a training component for all job seekers. The training covers health and safety, planting, picking and general labour skills. The market garden is located at Mokai, between Taupo and Tokoroa and grows capsicums and tomatoes for export. Over the March 2004 quarter, the market garden employed 50 job seekers. The employer intends to expand the market garden and expects to employ up to 120 employees.

² Much of the information in this section is also contained in the companion MSD report “Meeting Skill Needs: A Work and Income Response” also included in this suite of reports.

Forestry

- 29 NZTE has provided \$2.0 million to the Rotorua region to establish the National Centre of Excellence in Wood Processing Education and Training. The project was a response to both the National Wood Processing Strategy and a strong regional focus on the wood processing industry. The project has been championed by the Forestry Industry Training Organisation which has with the regional partners established the Radi Centre at Waiariki Polytechnic, developed NZQA level 5 and 6 courses in wood processing and the established a Bachelor of Engineering Course focusing on wood processing.

Tourism and hospitality

- 30 Work and Income BoP has a contract with the Hospitality Association of New Zealand to deliver a programme called Fast Forward. It will provide 40 job seekers with training to help them into employment in the hospitality and tourism industries. Courses were run in March and May 2004.

Transport

- 31 BoP Polytechnic has received a grant through the polytechnic regional development fund to undertake an investigative study towards the viability of developing training programmes for transport managers that will enhance the ability of the regional transport industry to recruit, train and qualify staff.
- 32 Work and Income BoP contracted Vertical Horizons to provide a 10-week heavy traffic driver's licence training programme early November 2003, for 12 job seekers in Rotorua. Over the March 2004 quarter, nine job seekers completed the programme and five secured full-time employment. The provider continues to work with the remaining job seekers.
- 33 Work and Income BoP has a contract with the National Road Carriers to provide training and placement into the transport industry. This initiative is available for 30 job seekers throughout the BoP region. The start date and duration of the training is dependent on the needs of the job seekers. The provider has four full-time taxi driving vacancies in Tauranga and potentially another four vacancies elsewhere. The National Road Carriers are expected to place all participants into full-time employment.

Construction

- 34 New Zealand Trade and Enterprise, the Tertiary Education Commission, Engineers Union and industry in the Eastern BoP region are working to establish a National Specialist Centre for Maintenance Engineering. The training centre seeks to meet both a national need and provide options for young people in the region.
- 35 Work and Income BoP is working with the Tertiary Education Commission (TEC), and Opotiki Trade Training to provide a training programme in roading for 12 participants. Work and Income is funding the costs of licences for machinery. The training started in February 2004 and finishes in February 2005. It is expected that all participants will move into full-time work on completion of the programme.

- 36 Thirteen job seekers participated in a 12-week basic construction skills programme, delivered by Work and Income BoP and Waiariki Polytechnic. The programme finished in December 2003. Over the March 2004 quarter, seven job seekers moved into full-time employment. The provider continues to work with the remaining participants.
- 37 Another programme started in Rotorua in February 2004, for 14 job seekers. Over the March 2004 quarter, one job seeker found employment. Another programme started in Tokoroa in April 2004. It is expected that all participants will move into employment on completion of the course.

Manufacturing Industries: Meat Processing

- 38 Work and Income BoP contracted a six-week meat processing skills programme through Advanced Skill Limited for 20 job seekers. Over the March 2004 quarter, nineteen job seekers found employment in Bennydale.

Vocational education and training responses in the Bay of Plenty Region

Bay of Plenty Industry Trainees as at 31 March 2004³

Agriculture	518
Building	488
Forestry	3460
Horticulture	170
Hospitality standards	420
Retail Training	117
All other industry trainees	3886
Bay of Plenty total	9,059

Bay of Plenty Modern Apprenticeships as at 31 March 2004

Agriculture	26
Building & Construction	112
Forestry	79
Horticulture	50
Hospitality	14
Retail	6
All other modern apprenticeships	387
Bay of Plenty Total	674

³ Totals include Modern Apprenticeships.

Gateway

Gateway integrates schools-based learning with structured workplace learning for senior students (Years 11-13) at decile 1-5 state high schools. Students achieve credits in the workplace, which contribute to qualifications on the National Qualifications Framework. From 2005, Gateway opportunities will be expanded to decile 6 schools. Gateway opportunities will be available to all decile 1-6 schools in 2008. In 2004, the Tertiary Education Commission (TEC) has provided funding for 470 Gateway students in 10 schools in the BoP region.

Youth training, training opportunities, skill enhancement

Youth Training provides a bridge for school leavers who lack foundation skills towards further education or training, and employment. Training Opportunities provides education and training for adults who lack foundation skills towards employment, further education and training. Skill Enhancement provides vocational education and training for young Māori and Pacific people. The TEC purchases training places with a range of providers for these programmes in the BoP region.

Youth training, training opportunities, skill enhancement students in the Bay of Plenty region as at 1 April 2004

Programme	Current Trainees as at 1 April 2004
Youth Training	506
Training Opportunities	713
Skill Enhancement	73

Moving forward – where to from here?

- 39 At present, there are a significant number of initiatives underway to address skill and labour shortages in the BoP. Government agencies are working with stakeholders to respond to skill shortages in a number of labour market sectors.
- 40 Looking forward, there is awareness in the region that skill and labour shortages exist in some key areas and will need to be managed into the future. For example, new developments such as increased planting of kiwifruit and avocado will increase labour requirements in this area, and although the forestry sector is in a downturn at present, skilled workers will be required in this sector in the future. Strong growth in the Western BoP is leading to skill shortages in the construction sector, which will need to be managed into the future.
- 41 A number of projects underway are looking at the skill needs of the BoP now and into the future, and developing initiatives to help meet these skill needs. The Rotorua Employment Skills Strategy is gathering information from employers on job vacancies and skills needed now and in the future, and is developing action plans to resolve sector-specific skill shortages. Priority One has recently completed an analysis of labour and skill needs in the Western BoP.

- 42 Agencies in the Western BoP have undertaken a major project, the Smart Growth Strategy. This project arose because of the sustained population growth occurring (mainly due to internal migration) in the BoP region and consequential issues such as infrastructure provision, pressure on roads, environmental and economic development concerns. While the region is growing in population, growth in jobs in the region tends to be in low income, low skill occupations. The region is interested in developing more high skill high income jobs. New Zealand Trade and Enterprise has contributed funding to look at economic development issues for the region.
- 43 Feedback from the BoP Skills and Employment forum held in December 2003 is being worked through. Key issues raised at the forum were around the need for industry to take a proactive part in solving skills issues, the need for formalised partnerships and collaboration between all the stakeholders in the region and the need to ensure that youth in the region have a good level of basic skills. The Work and Income Regional Commissioner is working with key BoP industry leaders and other stakeholders in the region to develop solutions to the issues raised feed into a regional action plan.