

REGIONAL SKILLS ISSUES - A FOCUS ON TARANAKI

- 1 This focus report provides a more in-depth overview of skills initiatives underway in the Taranaki¹ region. The report contains a brief summary of the Taranaki labour market and skills issues in the Taranaki region, and provides an overview of responses, initiatives and areas where agencies are working together to address skills issues in Taranaki.
- 2 It should be noted 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 Taranaki, including the Ministry of Social Development's Meeting Skill Needs: A Work and Income Response report and the Skills Action Plan: Update of Initiatives appendix.

Executive summary

- 3 Key industries in terms of employment in the Taranaki region include:
 - a primary industries
 - b manufacturing (including Engineering)
 - c tourism and hospitality
 - d health and education.
- 4 Job growth in the Taranaki region has been strong in construction, trade and hospitality, and other service sectors (including health), and skill shortage pressures have been concentrated in these sectors. Looking toward the future, it is likely that there will be skill pressures in the engineering sector which will need to be managed, and a report by Venture Taranaki also suggests possible shortages of electricians, mechanics, carpenters, accountants, registered nurses and caregivers
- 5 Government agencies are working with each other and with a variety of local stakeholders in the region to assist in reducing skill shortages and promoting economic growth in the Taranaki region. Government agencies are involved in a number of local fora including Regional Intersectoral Fora, the Taranaki Local Employment Co-ordination group, and local Mayoral forums, and maintain links with local economic development organisations including Venture Taranaki Trust and Enterprise Wanganui. In addition, Taranaki Work and Income maintains a variety of industry-based partnerships with industry associations and corporate bodies across key Taranaki labour market sectors.

¹ For the purposes of this report, our definition of Taranaki will cover the Taranaki region, Wanganui and the King Country. This is because a considerable quantity of information given on the Taranaki region covers these three areas – the Department of Labour's regional report for the area is on the three areas together and Work and Income's Taranaki region also covers Wanganui and the King Country.

- 6 A number of projects are underway in key Taranaki industry sectors to ensure that skill and labour shortages are minimised.
- a *Engineering and Construction:* The Western Institute of Technology Taranaki (WITT) has received \$300,000 from the Polytechnic Regional Development Fund to set up a Centre of Excellence in Applied Engineering for engineering research and practice. This funding will be used to upgrade premises and programmes and to recruit world class educators. In its first year the project will train 30 prospective apprentices through its pre-apprenticeship course, supplemented with the help of Major Regional Initiative funds which purchased machinery for the apprenticeship training. WITT will also take a more active role in marketing engineering as a desirable career option through secondary schools.
 - b *Transport:* A roading skills training programme has been developed for 12 Job Seekers in New Plymouth. Local industry contractors have been involved with the Road Contracting Industry Training Organisation in developing this programme. Eight employers will initially provide 10 positions for job seekers.
 - c *Health:* A shortage of health workers in the Taranaki region is being addressed through a variety of courses including training opportunities programmes, and nursing courses at WITT and the Universal College of Learning.
 - d *Primary Industries:* Work and Income Taranaki provided a 'berry bus' for Job Seekers travelling to and from Wanganui each day of the berry picking season. Due to high demand for Job Seekers at this time of year this transport initiative will run again next season.
- 7 Looking forward, there are a number of skills and development issues that will be addressed in Taranaki over the coming year. In particular, a significant number of developments are occurring in the engineering sector, and development of this sector will need to be carefully managed alongside skills initiatives such as the Centre for Excellence in Applied Engineering.
- 8 The Taranaki Skills and Employment forum held on 26 November also raised a number of issues and solutions that will be followed up over the coming year. A meeting of key stakeholders will be held in March 2004 to follow up issues arising from the forum and begin development of an ongoing skills action plan for the Taranaki region. There are already initiatives being developed from this forum, including a partnership initiative between local stakeholders including Government agencies that focuses on supporting small businesses to employ young people and acquire the necessary skills for business development.

Overview of the Taranaki region

Key Industries

- 9 The main sectors in terms of employment in this region are the primary sector, manufacturing, retail trade, health and education. The main primary industries are dairy, pastoral farming and forestry. Dairy is common throughout the

Taranaki region, though particularly concentrated in the South Taranaki, New Plymouth and Stratford districts. Sheep and beef farming are prevalent in the areas of Ruapehu, Wanganui and Rangitikei. Planted production forests are another major use of land in the Taranaki region.

- 10 Manufacturing is also a significant employer in Taranaki, accounting for around 14 percent of the local workforce. This includes the processing of the region's primary products – especially dairy and wood – as well as non-primary processing manufacturing such as metal products, machinery and equipment, and petroleum and chemicals. Other important employers in the region are health, education, and retail trade.
- 11 Mining and energy make up only a small percentage of the local workforce so are not large employers, but this percentage is high compared to the national average. In addition, they contribute a lot to the region's economic activity through oil and gas exploration, mining, and manufacturing, so are key sectors for the Taranaki region because of this high value-added output.

Employment in the region

- 12 Taranaki employment has expanded at a fast rate since falling slightly in 2000, with 11.5 percent job growth over the last two years, easily the strongest of any region. The neighbouring regions of Manawatu-Wanganui and Waikato have also enjoyed high job growth. The last year's increase in employment seems to have been concentrated in construction, trade & hospitality and other services, which offset declines in primary and manufacturing employment. Weaker job growth is expected because of only moderate growth in the economy, and there are indications that future employment growth will also soften.
- 13 The weakness of the external sector is clearly evident with employment falling slightly in agriculture, forestry and fishing and in manufacturing in the year to September 2003 in Taranaki-Manawatu-Wanganui. However, more than offsetting the fall in export sector employment has been the domestic sectors of construction and services. First and foremost, trade and hospitality seems to have driven employment growth in the year to September 2003, up by 5,000 people in Taranaki-Manawatu-Wanganui. The other sectors to have large increases in employment during the last year were other services (including health and education) and construction.
- 14 The drivers of the strong growth in domestic employment have been many, including population growth, strong job growth, previously high export incomes, relatively low interest rates, optimism among consumers and the filming of *The Last Samurai* in the region. These factors, and the growing influence of tourism to the region, buoyed activity considerably in Taranaki's construction, retail trade, hospitality and health industries.

Outlook for 2004

- 15 The outlook is for economic and employment growth in the Taranaki economy to remain only moderate over the next year. The strong rise in the New Zealand dollar over the last year and the fall in world commodity prices in 2002 may lower exporter's incomes in the year ahead, and affect consumer spending in the local

economy. However, there are several positives that will keep growth moderate, including continued robust population growth, the recent strength of the labour market, and a gradual improvement in the export sector's prospects (rising world prices and demand).

- 16 In the short-term, further weakness in the primary and manufacturing sectors is likely, with the forestry sector expected to be the most severely affected. Thus the domestic sectors of construction, trade and hospitality, and other services are expected to drive moderate employment growth in Taranaki in the year ahead. There are several factors that will continue to buoy the local domestic economy, from confident consumers to a strong labour market to robust real estate and building
- 17 This short-term outlook is broadly supported by firms' employment intentions. In the September 2003 quarter, a net 5.9 percent of Taranaki firms expected to increase employment in the coming year. This is indicative of moderate employment growth, as intentions have fallen sharply from an average net 15.3 percent in 2002 and are below the national average.
- 18 Other longer-term positives for employment in the region may be a recovery in the export sector led by renewed strength in the world economy in 2004/05, spin-offs from the recent world release of the film *The Last Samurai* (possible spin-offs include tourism and further development of film and television in the region), and large-scale investment in energy (to offset the decline in Maui gas production and related effects such as reduced methanol production).

Skill and Labour Shortages

- 19 Areas of strong labour market growth in the Taranaki region indicate that there may be skill and labour pressure in domestic sectors including construction, trade and hospitality, and other services (including health and education). The Tertiary Education Commission report on skill shortages suggests that there are shortages of builders, other skilled and semi-skilled manual workers and health workers in the Taranaki area, and notes that there is a strong potential for skill shortages to exist in the engineering industry in the future.
- 20 The 'Facing the Challenge: Skill shortages in Taranaki' report, produced by Venture Taranaki together with Government agencies notes that historically, skill shortages have typically been in engineering areas, and in specific occupations experiencing strong demand include electricians, mechanics, qualified drivers, builders and registered nurses. The document also suggests a number of areas likely to suffer from skill shortages in the future, including production engineers, production technologists, electricians, mechanics, carpenters, accountants, registered nurses and caregivers.

How are Government and other stakeholders working together to address skills issues in Taranaki?

Taranaki Region Skills and Employment forum

- 21 The first employment and skills forum was held in New Plymouth on 26 November 2003 and was well attended by employers, training providers and Crown agencies. Work and Income Taranaki are planning to send out information packs, including notes from the workshop and the 'Facing the Challenge: Skill and Labour Shortages in Taranaki' report, presented at the forum, to all those who participated, or indicated an interest. As a result of the forum, a partnership has been established between the Taranaki Electricity Trust and Work and Income Taranaki, to provide employment and training for young people in the region.

Regional Partnerships/Strategic Partnerships

- 22 There are a number of networks and associations in Taranaki that Government agencies are contributing to/working with including the:
- a Wanganui and Taranaki Regional Intersectoral Fora, 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 The Taranaki Local Employment Co-ordination Group brings together a number of key stakeholders in the Taranaki region, including a number of Government agencies, representatives from the business sector, training providers and other organisations with an employment mandate.
 - c Taranaki Advisory Group.
 - d Local Mayoral forums.
 - e Links with Economic Development/Enterprise organisations, including Enterprise Wanganui and the Venture Taranaki Trust.
- 23 In addition, Taranaki MSD maintains a variety of industry based partnerships. Through working with industry associations and corporate bodies that represent major sectors of the labour market, Work and Income can form collaborative partnerships that have impacts on both a network of multiple employment and sectoral employment across the region. This approach will also assist with predicting future skill shortages in the regional labour market. By discerning the skill and attributes required by the industry sector, Work and Income can establish potential trainees. By utilising industry-approved training providers, Work and Income can supply appropriately skilled job seekers to the workforce.

Initiatives to address skill shortages in key industries

Engineering and Construction

Regional Engineering Strategy

- 24 The Regional Engineering Strategy focuses on meeting the skill needs of various engineering sectors in Taranaki, by providing industry based training and nationally recognised qualifications. This initiative is being developed by the Western Institute of Technology, the Tertiary Education Commission, Venture Taranaki and the New Plymouth District Council in consultation with the Work and Income Taranaki Regional Commissioner.

Major Regional Initiative

- 25 The Taranaki region will receive \$2 million over 2004-06 from New Zealand Trade and Enterprise to fund the Taranaki Major Regional Initiative (MRI), to turn Taranaki into New Zealand's premier engineering sector through building on the region's historic expertise. The total cost of the project over 3 years is \$4.2 million.
- 26 MRI funds will be managed by Venture Taranaki Trust (VTT), the economic development agency for the Taranaki region. A governance group comprising the TEC regional manager, industry experts, VTT, NZ Trade and Enterprise, and WITT has been established to ensure that this initiative meets the demands of the engineering and petrochemical industries. The MRI is still in the initial set-up stage.
- 27 The project is established to strengthen the engineering apprenticeship training in Taranaki, and to strengthen the Engineering Consortium in its bids for overseas contracts and export orders.

Centre of Excellence in Applied Engineering

- 28 One outcome of the Regional Engineering strategy mentioned above is a Centre of Excellence in Applied Engineering for engineering research and practice being established at the Western Institute of Technology Taranaki. WITT has received \$300,000 from the Polytechnic Regional Development Fund to set up the Centre of Excellence. This funding will be used to upgrade premises and programmes and to recruit world class educators. In its first year the project will train 30 prospective apprentices through its pre-apprenticeship course, supplemented with the help of MRI funds which purchased machinery for the apprenticeship training. WITT will also take a more active role in marketing engineering as a desirable career option through secondary schools.
- 29 The primary strategies which will be pursued by the centre are
- a filling the skill gaps in the engineering industry
 - b growing sales revenue by pursuing new opportunities
 - c enhancing industry competitiveness and efficiency

- d new product development
- e creating a regional brand that identified Taranaki as a Centre of Applied Engineering.

Scaffolding Training Programme

- 30 A scaffolding training programme has started in New Plymouth for 10 Job Seekers. The course is due to end in June 2004, and aims to get 80% of participants into employment in the engineering/petrochemical industry or related industries.

Building and Construction

- 31 The Tertiary Education Commission are working with the Building and Construction ITO in the Taranaki Region to get more information to employers regarding industry training.

Tourism

- 32 The Pouakai circuit track in Egmont National Park was developed through a partnership between Work and Income, the Department of Conservation, Venture Taranaki and the TSB Community Trust. The project not only created employment opportunities for 16 Work and Income clients, but the track itself is expected to boost regional tourism. The Department of Conservation is expecting considerable developments in the next few years, particularly in walking track construction, so there will be further work opportunities available for the 16 workers to capitalise on.

Transport

- 33 Work and Income Taranaki has held forums with transport operators in New Plymouth, Wanganui and the King Country to get industry support for transport training and to identify ways to deliver this training.
- 34 A result from the forum is the development of a roading skills training programme for 12 Job Seekers in New Plymouth. The course started in January 2004 and will run for three months. Local industry contractors have been involved with the Road Contracting Industry Training Organisation in developing this programme. There are eight employers involved who will initially provide 10 positions.

Primary sector/agriculture

Berry Bus

- 35 Work and Income Taranaki has provided a 'berry bus' for Job Seekers travelling to and from Wanganui each day of the berry picking season. Due to high demand for Job Seekers at this time of year, Work and Income Taranaki plans to run this transport initiative again next season.

Health

- 36 A Care of the Elderly training course in Wanganui and Marton will start this year. The training covers New Zealand Qualifications Authority Unit Standards for 12 Job Seekers in each town, and aims to get 80% of the participants into employment in the care giving industry.
- 37 A shortage of health workers in the Taranaki region is being addressed through a variety of courses including training opportunities programmes, and nursing courses at WITT and the Universal College of Learning.

Initiatives for Youth

Career Start Cadetships with New Plymouth District Council

- 38 In 2003, the New Plymouth District Council took on 14 long-term unemployed youth as cadets (with 12 cadets being Maori) and provided them with a year of on-the-job training and assistance to cope with the transition into the workforce. The scheme started with a six-week training course, followed by work placements within different areas of the Council. The scheme has been developed and funded in partnership between the District Council, Work and Income, the Tertiary Education Commission, Te Puni Kokiri and a local iwi. This first intake of cadets graduated on 29 January, with 10 cadets achieving employment outcomes, and two enrolling in university.

Vocational Education and Training in the Taranaki Region

- 39 The Tertiary Education Commission (TEC) purchases a range of education and training provision for the Taranaki region. This includes Modern Apprenticeships, Industry Training, Gateway, Youth Training, Skill Enhancement and Training Opportunities. These programmes are delivered by a wide range of providers, using both on-job and off-job training methods.
- 40 Industry training is a partnership between industry, government and employees to provide and enhance skills for New Zealand's sustainable development. As at 31 December 2003, there were 3,805 industry trainees in the Taranaki region².
- 41 Modern Apprenticeships provide opportunities for young people to access high quality, supported, work-based education. As at 31 December 2003, there were 210 Modern Apprentices in the Taranaki region.
- 42 Youth Training provides a bridge for school leavers who lack foundation skills towards further education or training, and employment. Skill Enhancement provides vocational education for young Māori and Pacific learners. Training Opportunities provides education and training for adults who lack foundation skills to prepare them for further education and training, and employment. There were 1,012 training opportunities place, 603 youth training places and 81 skill enhancement places funded in the Taranaki region in 2003.

² For the TEC data provided, the Taranaki region is defined by Local Authority districts of New Plymouth, South Taranaki and Stratford.

- 43 Gateway offers opportunities for young people to access quality structured workplace learning that is integrated with school-based learning. In 2003, the TEC provided funding for 173 placements for the Gateway programme in the Taranaki region. Three schools were involved. The TEC is currently negotiating with schools and intends to expand the Gateway programme to six decile 1-5 schools in the Taranaki region for the 2004 calendar year.

Moving forward - where to from here?

- 44 As noted above, there are a significant number of initiatives underway to address skill and labour shortages in the Taranaki region. Government agencies are working proactively with local stakeholders to address development and skills issues in a number of key labour market sectors.
- 45 Looking forward, there are a number of issues that will be addressed over the coming year. A significant number of developments are occurring in the engineering sector in Taranaki, and development in this sector will need to be carefully managed alongside skills initiatives. Development of the WITT Centre of Excellence in Applied Engineering will complement developments being done under the Major Regional Initiative, and will help to ensure that future skill shortages are reduced or eliminated.
- 46 NZTE will be providing an after-care role for the Engineering Consortium MRI, and in its close association with Venture Taranaki, looking towards the development of the next MRI for the region.
- 47 There will be a number of follow-ups on issues arising from the Taranaki Region Skills and Employment forum held in October 2003. A meeting of key stakeholders responsible for setting up the forum will occur in March 2004, and Government stakeholders, together with district council mayors and other key stakeholders will follow up issues arising from the forum and begin development of an ongoing skills action plan for the Taranaki region.
- 48 A number of initiatives were proposed at the forum and are beginning to get underway. An initiative has been proposed that brings together Work and Income, the Tertiary Education Commission, Venture Taranaki Trust, New Plymouth and Stratford District Councils, to focus on supporting small businesses to employ young people and acquire the necessary skills for the business to develop. As part of this, a partnership has been established between the Taranaki Electricity Trust and Work and Income Taranaki, to provide employment and training for young people in the region. In addition, the Taranaki region is also looking at holding future skills forums, such as a forum focusing particularly on the Wanganui area.