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Committee Wellington Regional Strategy
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Labour Market Activities Update

1. Purpose

To update the Committee on the labour market activities undertaken by the Wellington Regional Strategy (WRS) Office and how they relate to further actions, including those by Grow Wellington and councils.

2. Background

Following the employment “Call to Action” event last April under the umbrella of the WRS, there has been a number of follow-up initiatives by the WRS Office. At the WRS Committee meeting on 5 June 2013 there was also additional discussion on several areas of interest including immigration (in relation to the labour market). The office has responded to this.

An update of subsequent initiatives was provided at the last committee meeting on 18 September 2013. Items covered included immigration, the skills survey project with Victoria University and a review of skills matching services. This report provides further information on progress and how these activities will link to future work aligned to workforce development and talent attraction objectives in the WRS.

A recent business survey on the Wellington labour market has highlighted skills shortages as one of the top barriers to doing business in the Wellington region. Thirty five percent of knowledge-based businesses report they can only hire staff to a very limited degree or not at all from the Wellington region. Thus attracting and retaining skills and labour will be an on-going component of a workforce supply for many Wellington businesses, particularly where they are on a growth path.

3. Comment

The WRS Office has led three research projects designed to support evidence-based activities on skills attraction, development and retention. Projects are:

- immigration as a skills supply,
- understanding current and future skill needs by business, and
- reviewing how skills supply and demand matching services currently operate across the region.

3.1 Immigration

A report by Berl that reviewed immigration policy and migrant related issues for the region was presented at the last committee meeting. It was indicated that further work would be conducted on migrant settlement and employment outcomes. This was intended to support proposed changes by Government on regional arrangements to migrant related activities.

During 2013 the Office of the Audit General (OAG) undertook a performance review of Immigration NZ (INZ) and migrant settlement services. Their report, *Supporting new migrants to settle and work*, (www.wrs.govt.nz/assets/WRS/Publications/Immigration-Policy-Framework-4-October-2013.pdf) was released last December. The thrust of the recommendations were for Immigration NZ to work with other government agencies to rationalise and better target services, especially to achieve economic outcomes. Specific reference is made to improving the governance structure and approach across agencies, and with other parties.

Concurrently, Immigration NZ contracted MartinJenkins to review the Auckland and Wellington Settlement Strategies. This was to provide a fresh perspective and future focus on settlement activities. The review findings and recommendations were presented to the Wellington Migrant Leadership Group (chaired by Hutt City) in October. Findings and recommendations were consistent with those in the OAG report.

The MartinJenkins and OAG reports will form the basis of changes to government migrant settlement activities, and the delivery arrangements at a regional level. Such changes will first occur in Auckland and Wellington where there are existing Settlement Strategies and programmes. New arrangements are proposed to be implemented by 1 July 2014.

Regional Partnership Agreements will represent a change in the nature of Immigration NZ's existing relationship with the regions in terms of migrant related activities and governance.

The Regional Partnership Agreements will have streamlined ownership and leadership. It would be designed to support a more dynamic and regionally-responsive approach, based on an agreement that can be easily and frequently updated. The features of the Regional Partnership Agreements include:

- Jointly negotiated, owned and led by two partners – one at the national level (INZ) and one at the regional level.
- Each agreement will negotiate the following:
 - the respective roles and responsibilities of INZ and the regional partner
 - the settlement-related scope and emphasis of the agreement
 - a monitoring and evaluation framework
 - governance arrangements
- Partners will be responsible for coordinating relationships – INZ will coordinate central government relationships and actions, and the regional partner will coordinate regional relationships and actions (including local government, NGOs and private sector representatives).

The Chief Executives Group has agreed that the WRS Committee be the regional signatory to a Partnership Agreement with Government, and that the contents of that agreement would be developed through the current Leadership Group. That group will be expanded to have greater business and migrant representation.

A work programme aligned to the Partnership Agreement will be assisted by an analysis of migrants in the region by source country, qualifications, work status and migration patterns using 2013 Census data. Initial indications are that there has been a net gain of approximately 14,000 migrant between the last two census periods (2006 – 2013). The majority of this gain is the result of internal migration.

3.2 Skills project with Victoria University

During September 2013, face-to-face interviews were conducted with 113 knowledge-based businesses by Year 3 business management students at Victoria University. Interviewees were predominantly at a CEO or owner level. Over a third of the sample each had total sales in excess of \$50 million and 100 plus staff.

Survey questions related to reasons for being located in Wellington, what barriers to growth are and skill needs. A qualitative report on results was circulated to Councils in November. A full report with more qualitative material from the interview transcripts and some case studies is currently being completed by Victoria University.

It is proposed to conduct a similar exercise with Victory University this year although the survey would have a priority sector focus. It is also intended to have a more formal arrangement between the business sector and the university as a basis for on-going input into skills supply.

3.3 Skills Matching Services

A scoping study on matching services was completed in October and presented to the councils' senior officers team (SORT) for consideration. While there were excellent examples of intern programmes, this study demonstrated the numerous matching type services that were disconnected from any strategic

approach to regional business needs. This applied both to poor co-ordination within some of the larger training institutions on their engagement with business and how business sectors approached skills attraction.

Grow Wellington has been reviewing findings and considering appropriate actions as part of its workforce development work programme.

3.4 Summary

The table below summarises the various labour market activities, what the information will inform in relation to future activities and what WRS outcomes they are designed to progress.

Project	Summary of Activities	Informing What Work	WRS Objectives
Skilled Migrants	<p>Berl report on Immigration policy and migrant issues release in October. Full report available on WRS website.</p> <p>Changes to regional arrangements for migrant settlement activities to include greater focus on economic outcomes.</p> <p>Analysis of 2013 census data to better understand current labour market situation for resident migrants.</p>	Regional Partnership with Government on Migrant work programme	<p>Increase in talent</p> <p>Skills retention</p> <p>Improved integration between business and tertiary sector</p>
Victoria University	Survey of 113 businesses on skills and barriers to growth by students.	<p>Talent attraction</p> <p>Skills development</p>	
Matching Services (Interns)	Scoping study of skills supply-demand matching services completed. Being reviewed by Grow Wellington.	Grow Wellington workforce development	

4. Communication

Communication on matters relating to the workstreams occurs as relevant information is identified.

5. **The decision-making process and significance**

No decision is being sought in this report. Information can be used by the Committee to advise on future activities.

6. **Recommendations**

That the Wellington Regional Strategy Committee:

1. ***Receives** the report.*
2. ***Notes** the content of the report.*

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