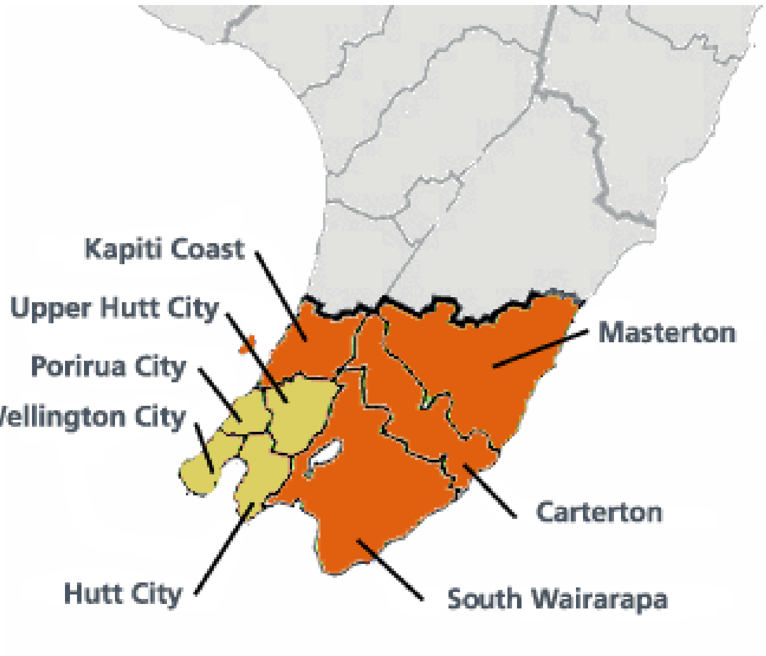
The Future Demand for Tertiary Education Services in the Wellington Region 2009 to 2011

Update June 2008



June 2008 Update of

Regional Facilitation Report prepared by Whitireia Community Polytechnic and Wellington Institute of Technology, August 2007

Regional Facilitation

The Tertiary Education reforms are seeking to develop a responsive tertiary education system in which tertiary education providers:

- have a better understanding of the tertiary education needs expressed by key stakeholders, and
- are able to respond more effectively to meet those needs.

"Regional Facilitation" is the process by which Institutes of Technology and Polytechnics (ITPs) facilitate development of a shared understanding of the education and training needs in the region. The process acknowledges that stakeholders' needs do not emerge in tidy ways once every three years, and as a result, Regional Facilitation will need to be a dynamic process.

The key objectives of Regional Facilitation in relation to tertiary education are to:

- build a shared understanding of regional needs, gaps and priorities;
- develop capability at the regional level through collaborative relationships between providers;
- deliver better outcomes for learners and other stakeholders; and
- offer efficiency benefits for stakeholders and providers alike.

About this report

This report updates the Regional Facilitation Report prepared in 2007 by Whitireia Community Polytechnic (Whitireia) and Wellington Institute of Technology (WelTec). The 2007 Regional Facilitation Report sought to identify the needs of the Wellington Region for tertiary education services based on information from a number of sources including stakeholder views.

Executive Summary

This report updates the 2007 Regional Facilitation Report prepared by Whitireia Community Polytechnic and Wellington Institute of Technology for the Wellington Regional including South Wairarapa, Carterton, Masterton, Upper Hutt, Lower Hutt, Kapiti Coast, Porirua and Wellington City.

The Wellington Region

The report recognises that Wellington has many similarities and some differences to New Zealand as a whole. It also recognises that New Zealand is part of a global economy with a number of global forces impacting on it. These include:

- Advances in technology and changing markets;
- Transformation of the nature of work;
- Demographic change;
- Industry and occupational restructuring;
- More demanding and discerning customers and clients; and
- Societal structural changes.

Significant features of the Wellington region are that:

- The population is growing but at a slower rate than New Zealand as a whole
- It is ethnically diverse and will continue to be so.
- The population is mobile and aging. Approximately 40% of the population living in Wellington in 2006 were living somewhere else in New Zealand or overseas in 2001.
- Regional economic growth is slow and there is a strong focus on service industries. Other significant industries for employment are government administration and defence, property and business services retail trade, finance and insurance, construction, education, and health.
- Employment growth is stronger than the New Zealand average but there are some pockets of higher than average unemployment in Porirua, Hutt Valley and Wairarapa.
- It has a strong cultural industry.

The Wellington Regional Strategy

Wellington’s Regional Strategy has six strategic areas of focus:

1. develop the image nationally and internationally of the Wellington Region as a premier work destination in New Zealand
2. improve productivity levels of the regional labour force and the work place.
3. increase participation rates and opportunities for youth, Māori, Pacific peoples, older people, migrants and people with disabilities.
4. match and develop current and future Work place skills needs with educational, training and careers programmes
5. encourage private sector employment growth through the provision of support services for SMEs.
6. diversify labour market opportunities in the region and support export led growth.

Needs, Gaps and Priorities for Education Services

Research and consultation with stakeholder groups has identified a number of needs, gaps and priorities for tertiary education services over the next three years. These needs, gaps and priorities have been organised under five major themes:

1. A flexible, responsive tertiary education sector

2. Personal development throughout adult life
3. Vocational education, productivity and organisational capability development
4. Support for new and emerging industries
5. Healthy communities

1. A Flexible, Responsive Tertiary Education Sector

There is a demand for:

a. Relevant qualifications and learning pathways including:
    - Stronger links with business, industry and organisation needs
    - Redevelopment of national qualifications
    - Developing broad-based qualifications that prepare people for future work
    - Better pathways from school to tertiary (secondary schooling to tertiary education)
    - On-going professional development and skill enhancement programmes
b. Flexible relevant delivery including:
    - Part time courses and programmes that enable people to combine work and study.
    - Short, focussed, just-in-time education/training opportunities
    - More practical, business focussed training
    - On-the-job learning and/or practical on-site work experience.
c. Greater collaboration between providers.
d. Better links with schools.

2. Personal development throughout adult life

Education provision must be able to prepare individuals for the present and the future. This includes providing education, and information and advice to support decision making, to meet the needs of:

a. Young people
b. Older workers including those with "portfolio careers"
c. New settlers
d. Marginalised communities

3. Vocational education, productivity and organisational capability development

There is a demand for:

a. Education for organisations, particularly:
    - Change management and workplace culture change
    - Business capability development through management training
    - Educating employers on working with ethnically diverse employees (including migrants, people with disabilities and older people) and teams
    - Communication and interpersonal skills including time and process management
    - Soft skills, including "people skills"
    - Management skills including soft and technical skills for levels of supervisor and upwards
b. Generic skills – literacy, numeracy, computer literacy, work readiness skills, general science, maths, customer relations, engagement, team skills and adaptive skills.
c. Tertiary education and training that addresses skills shortages and gaps

4. Supporting new and emerging industries

There is demand for

a. Education aligned with Wellingtons Regional Strategy including the Centres of Excellence identified.
b. Support for research and development including applied research, product development and commercialisation.
c. Support for areas where Wellington is seeking to be at the "cutting edge".

5. Building healthy communities

There is demand for:

a. Education to support migrants and migrant communities
b. Education to support the unemployed into work
c. Education and training to support Māori community development
d. Adult and Community Education.
e. Health and wellbeing including health education, nutrition, fitness and wellbing.
f. Care for the elderly and for people in home care

Priorities identified include:

- Easily accessible and free literacy and numeracy including computing and IT skills even if students have NCEA 1 and 2
- Entrepreneurship and enterprise
- Business/computing /Office skills
- On-the-job training/cadetships
- Educating the general population about good career advice and guidance
- Providing information and for multiple career pathways and options
- Developing a range of tertiary qualifications in community services that incorporate a range of skills to provide life-long learning and career choices
- Education to support the health and fitness sector
- Sport and recreation/community recreation development
- Training for Pasifika groups in the community
- Ability for providers to offer short courses and be funded for them

Consultation and research has also identified that active engagement of government is required to ensure needs are met through appropriate funding and policy instruments.

Contents

The Future Demand for Tertiary Education Services in the Wellington Region 2008 to 2010

Introduction

The purpose of this report is to outline, at a high level, the needs for tertiary education services within the Wellington Region. This is a difficult task as we are faced with constant change occurring at regional, national and global levels and predicting the impact of labour, economic, cultural, societal and market forces on the demands for tertiary education provision can be likened to gazing into a crystal ball.

To date the emphasis of the discussion around the role of the tertiary education sector has been on its contribution to enhancing productivity through the provision of the skills and knowledge to support people into work. Tertiary education has a much broader role to play than this. Tertiary education can support community development, cultural wellbeing and environmental sustainability. It can encourage the development of personal and community responsibility and global citizenship. These all add to the development of strong and healthy communities. It has been suggested that adopting a community development framework for analysing tertiary education contributions would enable the broad role tertiary education can play to be recognised.

Having said that, it is apparent that the tertiary education sector has a very important role to play in preparing people for work and the changes they will encounter over their working lives. In considering how it can support these needs, we must take into account the reality that New Zealand operates in an increasingly global market where a skilled workforce is in strong demand and very mobile. The global demand for skilled workers is being driven by a number of factors including:

- Advances in technology and changing markets driven by the convergence of information and communications technologies, the demand for global connectedness, the impact of changing global manufacturing, trade, and competition and the need to address problems of scale and distance. The internet and mobile phone technology are now core features of how we do business and manage our lives.

- Shift in the nature of work. The nature of the employment contract has changed radically in the last 20 years. A significant proportion of the workforce is now employed part-time, on fixed term contract and/or on a casual basis. Many people now have “portfolio” careers where they share their skills with a number of employers rather than working for only one. New working practices have been adopted in many high performance organisations in which individuals have increased responsibility for both their own performance at work and for the performance of the workplace as a whole. At the same time, work is becoming increasingly complex with new types of businesses and higher employer expectations of their employees.

- Demographic change. The population is rapidly aging, both in New Zealand and other Organisation for Economic Cooperation and Development (OECD) countries. People are living longer and healthier lives and an increasing number are remaining in the workforce longer with the removal of compulsory retirement.

The corollary is that young people present a shrinking proportion of the population. In the future, employers will not be able to count on meeting their skills requirements through the recruitment of younger workers; they will have to re-train their existing and older workers and employ new migrants and migrant workers to generate the new skills they need. This will lead to an increasingly diverse work force with higher proportions of women, Māori, Pacific Peoples and people from Asian cultures, This creates a need for more flexible work place practices along with changes to employer and generational attitudes and greater cultural awareness. Already evident are strong competition for jobs and/or employees within a bullish economy and global market. There is an on-going drift of rural populations to urban centres and, in New Zealand, a drift from South Island to North Island.

- Industry and occupational restructuring. A relative decline in global economic measures for New Zealand compared with some OECD nations alongside the decline in employment in large-scale manufacturing, has been accompanied by a rise in the importance of service industries. Industries are evolving, for example the printing industry has shifted from a manufacturing to a service industry. At the same time, the occupational structure of the workforce has changed, emphasising the importance of more highly skilled jobs at one end of the labour market and less skilled jobs at the other with a fairly static and changing picture for intermediate skills.

- Customers are becoming more demanding and discerning. They want lower costs, higher quality, and faster response times. Awareness of environmental impacts – carbon release, waste management, resource use and triple bottom line responsibilities are putting increasing pressure on companies to be environmentally aware and sustainable.

- Drive towards greater productivity and efficiency within organisation. There is increasing pressure on organisations to be more productive and cost effective and this is driving the greater use of contracted services for non-core activities.

These factors impact on both the New Zealand workforce and the tertiary education system. The lag-time of the tertiary education system in responding to the demands for increased skills or skilled workers also means that often by the time the education/training is provided to meet specific identified needs the skilled workers are no longer required, the need having been filled by other means. It is also important to recognise that many gaps in the labour market cannot be addressed through education and training alone. Retention of staff, full utilisation of their skills and ensuring their on-going development are workplace issues that must be addressed alongside education and training. Some of these issues can be addressed by further developing the management and leadership skills of our business (including small and medium enterprises (SMEs) and organisation leaders. While education and training can assist this, other initiatives are also important. This has been recognised by the development of New Zealands Unified Skills Strategy (see www.skillsstrategy.govt.nz for more information).

This report presents the results of the desk research and consultation processes undertaken in 2007 and 2008. It is set out in three parts:

Part I of this report draws together information on the social, demographic and economic makeup of the Wellington region.

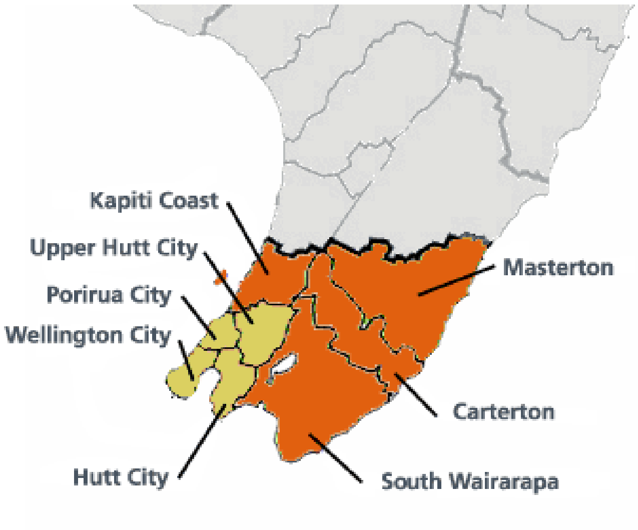
Part II summarises Wellington's projected future development as modelled by Business and Economic Research Ltd (BERL) and the response to this set out in the Wellington Regional Strategy.

Finally, Part III of the report uses the information from Parts I and II along with input from a range of stakeholders to identify the potential needs, gaps, and priorities in relation to tertiary education services.

The Appendices provide more detailed information for those seeking greater detail.

Part I – The Wellington Region Today

The Greater Wellington Region is made up of 8 territorial local authorities (TLAs): South Wairarapa, Carterton, Masterton, Upper Hutt, Lower Hutt, Kapiti Coast, Porirua and Wellington City.



In socio-economic, demographic and cultural terms, these sub-regions tend are diverse and have different needs and priorities. For example, currently in both Poriura and Lower Hutt there are higher levels of unemployment than in the rest of the Wellington Region. School leavers in Porirua tend to have lower qualifications when they leave school, both factors suggesting that these sub-regions may have different tertiary education needs.

Similarly, in the Wairarapa sub-regions there is a different mix of industries than seen in the urban centres with horticulture, agriculture and fishing having significant numbers of employees.

These variations between regions need to be taken into account when identifying and responding to needs.

1.1 Regional demographics

Based on 2006 census data, key demographic facts about the Wellington region include:

- The population of the Wellington Region is growing (0.9% between June2006 and June2007), but more slowly than the New Zealand average (1.0% for the same period). The greatest proportion of people live in Wellington City followed by Lower Hutt.
- The population is projected to continue to grow at a slower rate (20%) than the rest of New Zealand (60%) for the period 2006 to 2031
- The sub-regions exhibiting the greatest population growth in the period will be Kapiti Coast and Wellington City. Growth in the Hutt Valley will be flat while it is predicted that the population of the Wairarapa may decline.
- Greater Wellington's population is mobile and aging. In 2006 over 25% of the population were living somewhere else in New Zealand in 2001 and nearly 13% were living overseas.
- Most people commute to work with the majority working in Wellington and Lower Hutt cities.
- Greater Wellington is ethnically diverse, with variation in ethnic makeup between TLAs

- Most Māori live in Wellington City and Lower Hutt as do migrants. A significant number of Pacific Peoples live in Porirua City and Lower Hutt.
- On average, the Wellington working age population has higher level qualifications than New Zealand as a whole
- In December 2007. workforce participation was consistently higher than the national average while unemployment was lower
- The unemployed group of approximately 5000+ is concentrated in Porirua and Lower Hutt, and there is a high proportion of young (<25) Māori within the group.

For more detailed information about the Wellington region's demographic make-up see Appendix 1.

1.2 Economic performance

Key facts about the economic performance of the Wellington region based on 2006 performance include:

- Regional economic growth was slow and there was a strong focus on service industries
- Top contributors to employment are business services (18.1%) and government administration and defence (10.4%)
- Other significant industries include retail trade, finance and insurance, and construction.
- Wellington has a higher than average number of businesses (63%) with more than 50 employees
- 16% of Wellington businesses have less than 10 employees
- Strong business growth between 2001 and 2006 was seen in the property, business services, construction and cultural and recreational services. Over the same period, the number of finance and insurance business units fell.
- The sectors showing greatest growth in employment between 2001 and 2006 were government administration, defence, health and community services and construction.
- Manufacturing lost the most employees between 1996 and 2006.
- The top ten largest employment industries in the Wellington region in 2006 were:

RANK BY FTE SIZE	INDUSTRY	EMPLOYMENT (FTES) 2006	% OF TOTAL
1	Business Services	34,887	16.2
2	Government Administration	20,297	9.4
3	Education	13,400	6.2
4	Health Services	12,607	5.9
5	Construction Trade Services	10,023	4.7
6	Personal and Household Good Retailing	9,656	4.5
7	Accommodation, Cafés and Restaurants	9,243	4.3
8	Food Retailing	7,722	3.6
9	Other Services	7,157	3.3
10	Finance	7,145	3.3

Source: BERL Regional Database, Statistics NZ

- The industries with the fastest employment growth were:

RANK BY FTE GROWTH	INDUSTRY	EMPLOYMENT (FTES) 2005	2006	% GROWTH
1	Defence	1,730	2,091	20.9
2	Government Administration	17,143	20,297	18.4
3	Finance	6,103	7,145	17.1
4	Other Manufacturing	1,154	1,290	11.8
5	Libraries, Museums and the Arts	2,267	2,532	11.7
6	Accommodation, Cafés and Restaurants	8,391	9,243	10.2
7	Basic Material Wholesaling	2,949	3,236	9.7
8	Construction Trade Services	9,134	10,023	9.7
9	General Construction	5,541	6,043	9.1
10	Motion Picture, Radio and Television Services	1,551	1,685	8.7

Source: BERL Regional Database, Statistics NZ

There are significant sub-regional variation in industry employment, for example, agriculture, forestry and fishing are centred in the Wairarapa and Kapiti Coast and government administration and defence have a large concentration in Wellington City.

Business confidence is down in the April 2008 Chamber of Commerce Quarterly Survey reflecting significant increases in food and oil prices, a weakening property market and stubbornly high interest rates. Unsurprisingly, businesses are saying that economic conditions are a lot worse than they were 6 months ago (78% net). When asked about the next six months, things are also pretty grim with a net 52% of businesses expecting a deterioration in terms of the outlook (67% expect it to get worse and 15% better).

For more information about the economic make up and performance of the wellington region, see Appendix 2.

1.3 Wellington social and cultural development

A significant part of the national cultural infrastructure, measured in national arts organisations, is based in the Wellington region, These include:

- The National Library
- National Archives
- National Portrait Gallery
- National Art Gallery
- National Film Archives & Library
- Royal New Zealand Ballet
- New Zealand School of Dance
- National Opera
- New Zealand Symphony Orchestra
- New Zealand School of Drama
- New Zealand School of Music
- Museum of New Zealand Te Papa Tongarewa
- National Cricket Museum
- National War Memorial

The cultural industries also participate in the regional economy and development of SMEs through cultural events such as the World Of Wearable Arts, New Zealand Festival of the Arts and the New Zealand Fringe Festival. These feed regional festivals throughout New Zealand, supplying cultural resources and products as well as supporting local TLA's event programmes.

There are also a diverse range and significant number of cultural organisations under the wings of local authorities including:

- The New Dowse (Art Museum) in Lower Hutt;
- St James Theatre, Wellington;
- Michael Fowler Centre, Wellington;
- Wellington Arts Centre;
- City Gallery Wellington
- Pātaka Museum and Gallery in Porirua;
- Martinborough Wine and Food Festival; and
- Expressions Arts and Entertainment Centre in Upper Hutt.

Commercial activities include music recording labels, dealer art galleries, professional art and culture services, publishing, cultural performing groups, television production houses and studios, film and digital production studios and supporting agencies, 60 small performance venues and three professional theatres, which offer audiences a range from alternative to Pacific Island, New Zealand or international productions. The three professional theatres are:

- Circa
- Downstage
- Bats

Alongside these throughout the region there are a range of repertory and artistic groups.

1.4 Tertiary provision

The Wellington region is well served by tertiary education organisations with:

- Two universities Victoria University of Wellington and Massey University (Otago University also has a medical campus based in Wellington)
- Three wananga one of which, Te Wananga – Raukawa is based in the region while the other two Te Wananga o Aotearoa and Te Wananga o Awanuiarangi are national providers.
- Four institutes of technology/polytechnics (ITPs) – Wellington Institute of Technology, Whitireia Community Polytechnic and Universal College of Learning Wairarapa are regional ITPs while Open Polytechnic of New Zealand is a national specialist provider of distance education programmes.
- One government training establishment (GTE), the New Zealand Police College
- Six other tertiary education providers (OTEPS) including Literacy Aotearoa and the New Zealand School of Dance;
- More than 60 private training providers (PTEs), some of whom operate nationally; and
- Forty nine secondary schools, 28 of which offer Gateway programmes.

Wellington is also home to 25 industry training organisations (ITOs) and four Crown Research Institutes (CRIs) – NIWA, IRL, ESR and GNS.

These tertiary education organisations provide a range of tertiary education services including:

- Programmes, courses and qualifications
- Export education and education for international students
- Short courses
- Adult and Community Education (ACE)
- Learning opportunities for migrants
- Education based on te Ao Māori including marae-based education, rangitahi mia and wananga
- Education appropriate to Pacific Peoples cultures
- Industry training
- Secondary Tertiary Alignment Resources (STAR) for secondary school students
- Modern Apprenticeships
- Industry-based training for secondary students (Gateway)
- Second chance learning opportunities for unemployed (TOPS and YTS)
- Adult literacy programmes including literacy, numeracy, English for Second Language Speakers (ESOL) and computer literacy
- Research and development including applied research and technology transfer
- Assessment services including recognition of prior learning/current competency (RPL/RCC)
- Professional development programmes to support on-going competency
- Workplace up-skilling
- Organisational capability development

Part II – The Wellington Region Tomorrow

2.1 Future growth scenarios

In 2007 as part of the development of the Wellington Regional Strategy, Business and Economic Research Ltd (BERL) developed two scenarios to model the possible future development of the Wellington region. These two scenarios use BERL's computable general equilibrium (CGE) model to generate a projection for the national economy for 2021 based on the performance of 49 different industries. This projection has then been translated to a picture for the Wellington region[1].

Key assumptions driving the national employment projection are:

- resident population growth of 1.0%pa;
- annual net migration averages 13,000;
- productivity growth across the 49 industries is assumed to continue at recent historical averages, implying average labour productivity growth of 0.9%pa;
- world GDP growth averages 3.0%pa, with relatively faster expansion in services and a relatively slower rate in commodities.

The resulting scenario for New Zealand predicts Gross Domestic Product (GDP) growth averaging 2.9%pa and employment expanding by an average 45,500 Full Time Equivalent (FTE) positions per year. Within this context, BERL presents two comparative scenarios for employment and economic activity in the Wellington region over the 2006 to 2021 period. One scenario is labelled a 'business as usual' (BAU) picture. The other scenario is referred to as a 'modified growth story' (MGS).

Under the BAU model Wellington business and economic activity is assumed to continue to follow the projected national pattern of growth adjusted to take into account the particular composition of the region's economy. BERL's analysis is that over the 15-year horizon, this scenario would see Wellington region employment reach just under 264,000 FTEs. This represents an average expansion of 3,250 FTE positions each year.

Employment growth under this scenario is concentrated in the government administration, property and business services, health, construction and retail trade industries.

[1] Source, Wellington Regional Outlook May 2007

ANZSIC INDUSTRY	EMPLOYMENT (FTES) 2006	2006 TO 2021 CHANGE %PA	2006 TO 2021 CHANGE NUMBER PA	2021	GDP GROWTH 2006 TO 2021 %PA
Agriculture, Forestry, Fishing and Mining	4,655	0.1	6	4,747	2.1
Manufacturing	17,547	0.3	51	18,307	1.1
Electricity, Gas and Water Supply	1,122	1.3	16	1,364	2.4
Construction	16,066	2.4	461	22,986	3.1
Wholesale Trade	11,495	-0.9	-99	10,013	-0.1
Retail Trade	21,935	1.4	333	26,927	2.2
Accommodation, Cafés and Restaurants	9,243	1.7	176	11,879	2.5
Transport and Storage	6,802	0.2	13	6,996	1.1
Communication Services	5,670	2.0	133	7,671	3.7
Finance and Insurance	11,344	0.4	46	12,038	0.9
Property and Business Services	38,929	1.7	735	49,953	1.9
Government Administration and Defence	22,389	2.3	598	31,352	3.0
Education	13,400	0.3	42	14,036	1.0
Health and Community Services	17,432	2.4	502	24,964	3.1
Cultural and Recreational Services	6,847	1.4	110	8,490	2.3
Personal and Other Services	10,279	1.1	128	12,202	2.0
TOTAL FTES WELLINGTON REGION	**215,154**	**1.4**	**3,251**	**263,923**	**2.0**

Under the Modified Growth Story (MGS) scenario i employment in the region is predicted to grow moderately faster than the BAU scenario - i.e. 3,700 compared to 3,250 additional FTEs per year.

ANZSIC INDUSTRY	EMPLOYMENT (FTES) 2006	2006 TO 2021 CHANGE %PA	2006 TO 2021 CHANGE NUMBER PA	2021	GDP GROWTH 2006 TO 2021 %PA
Agriculture Forestry, Fishing and Mining	4,655	0.0	3	4,700	2.1
Manufacturing	17,547	0.2	42	18,181	1.1
Electricity, Gas and Water Supply	1,122	1.2	14	1,338	2.4
Construction	16,066	2.3	428	22,482	3.0
Wholesale Trade	11,495	2.0	272	15,570	3.0
Retail Trade	21,935	2.0	518	29,712	3.0
Accommodation, Cafés and Restaurants	9,243	1.9	201	12,252	2.8
Transport and Storage	6,802	0.3	19	7,085	1.3
Communication Services	5,670	1.8	119	7,456	3.6
Finance and Insurance	11,344	2.1	281	15,559	2.8
Property and Business Services	38,929	1.6	696	49,368	1.9
Government Administration and Defence	22,389	1.9	476	29,526	2.6
Education	13,400	0.3	36	13,944	0.9
Health and Community Services	17,432	2.0	405	23,505	2.7
Cultural and Recreational Services	6,847	1.4	103	8,396	2.3
Personal and Other Services	10,279	1.1	118	12,047	1.9
TOTAL FTES WELLINGTON REGION	**215,154**	**1.6**	**3,731**	**271,121**	**2.3**

Underpinning the MGS scenario are assumptions of lower growth in government sector and faster expansion of tourism and the finance sectors over the projection period.

- Lower government sector growth could be consistent with lower population growth (compared to the BAU scenario). Or, it could be supported by an assumption that the employment expansion over recent years is sufficient to provide the required level of services.
- Faster expansion of tourism activity could be seen as resulting from an even greater shift in world demand towards service-oriented consumer spending. Or, it could be consistent with increased marketing (and/or the establishment of new markets) for New Zealand tourism activities. Another factor would be the additional infrastructure developments over recent years coming 'on stream' and, so, relaxing capacity restrictions. The region could also be seen as taking a larger share of the New Zealand tourism industry due to the presence of region-specific marketing and infrastructure developments bearing fruit.
- A halting of the net flow abroad of head-office functions could motivate modified assumptions for the finance sector.

The MGS scenario assumes that the Wellington region takes a proportionate share of a revitalised (compared to BAU) New Zealand finance sector. It is clear from these results that the region is significantly less dependent on government for employment and GDP expansion in this scenario. Nevertheless, government remains a large component of the region's growth. This underlines the influence that government has on the economic activity of the region.

2.2 The Wellington Regional Strategy

Wellington has developed a regional strategy for sustainable growth based on the scenarios prepared by BERL. This centres around three areas of focus:

- Leadership and partnerships—bringing together the key players that can deliver on the region's sustainable growth objectives.
- Grow the region's economy, especially its exports—the region is too reliant on the rest of New Zealand for its growth.
- Good regional form—the physical arrangement of urban and rural communities and how they link together.

The Wellington Regional Strategy is underpinned by a number of strategies including the Wellington Regional Labour Market Strategy (WRLMS) whose objectives are to:

1. improve productivity levels of the regional labour force and the work place.
2. increase participation rates and opportunities for youth, Māori, Pacific peoples, older people, migrants and people with disabilities.
3. increase job attraction and retention rates in key regional sectors.
4. meet future labour and skills needs as required.
5. diversify labour market opportunities in the region and support export led growth.
6. encourage sustainable business growth in the region.

Six strategies have been developed to achieve these objectives with the goals (amongst others) of increasing productivity and reducing unemployment. These are:

1. Promotion and Leadership – key agencies and organisations work collaboratively and individually to help advance the labour market strategy.

2. Productivity – address regional constraints to raising labour market productivity levels across all sectors.

3. Participation – support the movement of those sectors of the community with lower labour market participation rates into productive employment opportunities and higher skill levels.

4. Skills Development – match and develop current and future work place skills needs with educational, training and careers programmes.

5. Business and Regional Capability – encourage private sector employment growth through the provision of support services for SMEs.

6. Sector Diversification – attract and promote a greater diversity and higher value of business activity and employment opportunities to increase export growth and reduce the regional reliance on service sectors and increase the provision of a wider and deeper range of skills.

Both the Wellington Regional Strategy and the Wellington Regional Labour Market Strategy identify the important role that tertiary education plays in achieving these goals.

The Wellington Regional Strategy also aims to develop three internationally recognised Centre of Excellence in the Wellington region. The aim is to develop these over a 20 to 30 year timeframe and the four discipline areas currently being targeted for development are:

- Biotechnology with a focus on a "one stop shop" for bio discovery to clinical trialing
- Screen and digital contentment technologies
- Sustainable energy with a particular focus on demand side management, distributed generation and ocean energies; and
- Natural hazards preparedness.

Grow Wellington, the name given to the Wellington Regional Economic Development Agency, also recognise the importance of the tertiary education sector to the Wellington economy. With the wide range of tertiary education providers in the region, many people come to Wellington to study. This role as an education study destination is being further expanded to maximise the opportunities created by the export education industry. Developing the international market for education services is a key goal of Grow Wellington. Many of the tertiary providers in Wellington either cater for international students exclusively, for example Capital Language Academy and Classic English Language School, or have significant international students. All the universities and ITPs have links to international providers.

Part III The Future Needs of the Wellington Region

Research and consultation with stakeholder groups in the first iteration of this report completed in 2007 and expanded through stakeholder engagement in 2008 has identified a number of needs, gaps and priorities for tertiary education services over the next three years. These needs, gaps and priorities have been organised under five major themes:

1. A flexible, responsive tertiary education sector
2. Personal development throughout adult life
3. Vocational education, productivity and organisational capability development
4. Support for new and emerging industries
5. Healthy communities

Consultation and research has also identified that active engagement with government and government agencies is required to ensure needs are met through appropriate funding and policy instruments.

3.1 A flexible, responsive tertiary education sector

Stakeholders are looking for a tertiary education system that works collaboratively, and that recognises and responds to the diversity of needs of the Wellington population in ways that are culturally appropriate and that address real and potential barriers to tertiary education engagement. Barriers identified include:

- Access to 21st century vocational guidance to provide people with the information and advice that they need to make decisions in relation to education and use of their skills
- Funding issues
  - Migrants do not always have funding available – this needs to be addressed
  - Self-paced learning as opposed to meeting TEC funding requirements for qualification completion
  - Eligibility criteria for funding and entry into education programmes
  - Providers working collaboratively not being supported by the current funding system
  - Funding systems do not support organisational as distinct from individual learning
- Compliance and regulation
  - TEC's influence on which tertiary education organisations communities can work with, for example, in the Wairarapa.
  - Current rules are creating huge barriers to participation in education particularly for people doing short courses, work-based training or specific upskilling. An example is funding for people wanting to study just Unit Standard 4098.
  - Currently funding for providers is based on programmes and providers are not able to get government funding to deliver individual units.
- Regional versus national provision

Currently some providers are restricted to operating regionally while others are given a national mandate. It is unclear how these different operational realms will work in the future to address regionally specific needs, gaps and priorities.
Specialist provision

- In some industries there are only very small numbers of employees requiring education and training which creates issues in terms of programme viability and therefore availability

3.1.1 Relevant qualifications and learning pathways

Stakeholders are seeking stronger linkages of tertiary education providers with secondary schools along with more meaningful and useful qualifications. In particular, the identified needs, gaps and priorities are for:

- Redevelopment of existing national qualifications to ensure they are relevant, practical, related to real world experience and provide useful learning pathways for students
- Developing programmes that are as broad as possible to suit a wide diversity of needs. Many current programmes are too narrowly focused and produce graduates who do not have broad enough skills to be able to change and adapt to altering workplace demands
- Closer links between industry needs and curriculum and programme development to provide learning packages and/or qualifications relevant to their needs. Information Technology qualifications were an example identified by stakeholders.
- Programmes that provide on-going professional development.
- The development of regional qualifications to meet local needs

There is a priority to ensure parity of esteem between practical and academic programmes.

3.1.2 Flexible delivery

Organisations throughout the region are demanding a tertiary education system that is flexible and relevant, that is, a system that recognises that their needs for tertiary education services are changing and is responsive to these.

Specifically, organisations, business and industry are seeking as their top priorities:

- **Part time courses and programmes** that enable people to combine work and study.
- **Short, intensive, focussed**, **just-in-time** education/training opportunities to equip workers with the skills needed to meet advances in knowledge and technology, and to effectively manage compliance changes.
- **More practical, relevant, focussed** training using case study and work experience.
- A **move away from a focus on higher academic qualifications** to education that develops the attributes employers are looking for including a “can do” attitude, self management, interpersonal skills, a commitment to lifelong learning, a better understanding of oneself and the ability to adapt and be flexible.

In addition to these, people providing input into this statement requested:

- Recognition of product/vendor training in a more formal way

- More flexible delivery including e-learning, distance delivery, mentoring systems and flexible providers
- Programme design and delivery that supports on-the-job learning and/or enables practical on-site work experience.
- One standard of delivery and practice nationally for national programmes
- The use of common assessment tools to be used for national qualifications

3.1.3 Collaboration between providers

Both business and the community organisations are seeking greater collaboration between tertiary education organisations—providers, ITOs, Careers Services—that result in real benefits for students, for example, development of transparent learning pathways that provide pathways from entry levels to higher qualifications and that enable people to progress through articulations, cross credits, and learning recognition.

In addition business is seeking a tertiary education system that works in partnership with business or community organisations and has collaborative cross provider centres of specialisation that enable highly specialised skills needs to be met.

The need to develop true partnership approaches to programme delivery has been identified as a priority, where TEOs specialising in specific discipline areas or modes of delivery can deliver conjoint programmes, for example, an ITO working with ITP. New models of working need to be supported by policy and funding mechanisms.

A further priority is to develop high trust relationships between providers.

3.1. 4 Links to schools

Secondary school students have the opportunity to gain school based qualifications such as NCEA and, in some schools, international awards. An increasing number of secondary students are earning vocational credits through MoE and TEC funded programmes (STAR and Gateway). The student transition from secondary to tertiary study and to the world of work is important, and tertiary providers need to have processes that recognise the skills and knowledge already gained when placing students on a tertiary pathway.

The introduction of government policy to see all people under 18 engaged in either education or work means that identifying and encouraging collaborative relationships and creating new educational entities and effective learning pathways between the compulsory and tertiary education systems is a priority. Schools Plus is about tertiary education organisations partnering with schools to provide a wider range of learning opportunities for students. Once implemented Schools Plus will:

- Ensure school leavers aged under 18 are connected to high-quality, relevant tertiary training or education. Schools will need to ensure young people get monitoring and support as needed.
- Enable senior secondary students to take part in tertiary training or education along with school courses.
- Require tertiary education organisations to work with schools and with iwi and communities to ensure they are offering high-quality, relevant education and training that meets the needs of their student base and their community.

- Require tertiary education organisations to partner with schools to help senior students take up a wider range of learning opportunities and transition smoothly into further education and training.

For those choosing to enter work, secondary schools and tertiary organisations will need to work with organisations and employers to ensure:

- Young employees are supported to engage in new learning opportunities through work, which will benefit employers by developing the capabilities of young employees.
- Young employees, under 18, are able to access ongoing education, skills, or structured learning - through on-the-job learning or through flexible work hours that allow the employee to attend offsite learning opportunities.
- Employers are supported to continue investing in their young employees through existing programmes like Modern Apprenticeships, cadetships, and industry training.

Alongside this, organisations and business want a stronger focus on entrepreneurship in the interface between school and tertiary education. These outcomes could be achieved through strengthening the role of Career Services and focussed transition type programmes that focus on developing enterprise and entrepreneurship.

In addition to this, the tertiary education system needs to accommodate students that have not succeeded in the school system. Stakeholders have clearly told us they are looking for stronger and more effective interfaces between schools and tertiary education providers. This includes supporting school students into apprenticeships through mechanisms including Youth Apprenticeships and Gateway.

There is a significant gap in relation to the potential to use school holidays for activities such as work experience, bridging courses, and obtaining career advice. There are issues around how some of these activities could be funded and supported.

In developing the Schools Plus policies, care needs to be taken to ensure that all parties are supported to work together and that Schools Plus doesn't create barriers rather than opportunities.

3.2 Personal development throughout adult life

The population of the Wellington region is aging and the tertiary education system needs to provide for the requirements of all post-compulsory learners including the youth and older workers. Taking care to ensure the needs of older workers and people already in the workforce are met is particularly important in light of the aging workforce.

The future scenarios proposed by BERL demonstrate the importance of developing and maintaining a flexible and adaptable workforce with high level cognitive skills and knowledge. Also required is appropriate infrastructure to enable ideas to be turned into products that can be effectively marketed on world and domestic stages for competitive advantage.

Specifically industry organisations are seeking education to support the development of a knowledge economy, to grow centres of excellence and to increase skills to meet knowledge and technological advances along with compliance changes in their industry.

Education provision must be able to meet individual learners on their own terms, that is education that goes out to them and is culturally relevant and that takes into account their particular needs and circumstances. Specific needs for individuals skills development identified include the need for:

- Entrepreneurship skills – how to develop business skills particularly in Pacific Communities
- Socialisation skills and citizenship skills for all people. This includes developing people's ability to take personal responsibility including for their learning
- Computing and management courses for community organisations
- Literacy, numeracy and language and ESOL courses delivered to Pasifika in their own communities and paced at "learning needs" of the learner not to meet deadlines imposed by TEC
- Training that has flexible hours for the learners, especially those provided for in the community, for example, computer courses for dependent Pasifika women – given at a pace suit learning ability
- Life-long vocational guidance for all people in the community not just the young
- Education and training that addresses the expectations of employers with respect to "work readiness".

There is a large gap currently in the career guidance and information available for all people. Current provision focuses on school leavers but older workers need assistance to understand how the knowledge and skills they have developed through their working life can be used in their future working life. There is also a component of RPL/RCC in this and providing access to services to enable people to have their skills and knowledge recognised is a gap in the tertiary services provided. This is an area that is not funded through the government's funding systems.

Sound, reliable information (comparable, clean data) is required by all tertiary education organisations and stakeholders to support effective decision-making. Inter -sector sharing of information requires hard data and good provision of information from the tertiary sector.

3.2.1 Young people

Young people under the age of 25 need to develop their skills to support entry into the workforce and participation in community life. They need both a broad education base and specific vocational skills. Other identified needs include:

- Communication and other foundation skills such as life skills and productivity skills such as problem solving, teamwork and an understanding of continuous improvement. Once youth have got into the workforce with low language, literacy and numeracy, they are a "hostage" in the workforce.
- Engagement skills (connecting with, respecting and learning from others) are also vitally important
- A genuine learning pathway that fills all language, literacy and numeracy gaps. Literacy must be viewed in the broadest sense and include language,

communication that is two way, literacy, numeracy/maths and IT literacy and training must be available in the workplace

- Lifelong learning skills to enable them to continue learning throughout their lives
- Good pastoral care including help designing and implementing their pathway to learning, providing access to childcare, and assistance with transport, location issues and family circumstances which are also potential barriers to employment
- Good work ethic and attitude to work

3.2.2 Older workers

To enhance productivity, enterprises must value their older workers and harness this pool of skills. The aging workforce also means that there is a need to take into account their lifelong learning needs particularly in light of changing workforce dynamics and job types. Learning needs to be life-long and not just for people under 25.
Specific needs, gaps in provision and priorities for older workers include:

- Assisting people to understand how to manage their unique "parcel" of skills and knowledge, and how to manage a "portfolio" career based around these
- There is also a need to develop people's skills to support self-employment options. This includes entrepreneurship skills
- Knowledge that people will probably have 6/7 different jobs in their lifetime and an understanding of how to educate and develop for this
- Knowledge of "life-long learning" especially those whose children have grown up and who are seeking to re-enter the workforce.

3.2.3 Marginalised communities

There is a need for ongoing support, including training, for marginalised individuals and their employers. This includes new settlers and migrant communities who have a need to be assisted into work through mechanisms such as internships and work placements. Providing some level of New Zealand relevant work experience reduces employer's concerns and fears associated with employing what they potentially see as an unknown quantity.

Wellington has a large number of recent migrants and this is likely to be an on-going feature of the region. These people need support and education to enable them to integrate into the community. Particular needs are for ESOL and for programmes to enable them to transfer their qualifications and skills to the New Zealand workforce.

Support for less-abled people is also needed, particularly for those unemployed including developing:

- work readiness skills,
- commitment to work,
- opportunities for further development
- support for work including transportation

Providing mentoring programmes for these people is seen as one way of encouraging participation and achievement.

3.3 Vocational education, productivity and organisational capability development

Recently the Skill New Zealand working group developed the Unified New Zealand Skills Strategy. This has identified that raising the productivity of New Zealand business organisations is vital to securing our future. Key to this will be the ability of managers and industry leaders to find and use the resources available to them – equipment, technology, better work processes and the skills of their workers. Skills development must be focused on the needs of industry and the economy and formal qualifications should reflect the skills required in the jobs for which they are designed. At the same time, managers must support workers to work to the best of their ability and potential in order to retain them in the workplace.

Eighty percent of our current workforce will still be in the workforce in 2020 and the Skills Strategy identifies the importance of making better use of the current workforce by raising people's skills and increasing the value of the work they do. It proposes four key priorities and a range of actions.

1. Priority One – Literacy, Language and Numeracy Skills
   - Action 1 – increasing literacy, language and numeracy learning opportunities, and their quality and relevance of those learning opportunities.
   - Action 2 – Increasing workforce and employer awareness of the benefits of improved literacy, language and numeracy programme participation
2. Priority Two – Capability of Firms
   - Action 3 – use public-private partnerships to enhance management capability
   - Action 4 – streamline government form capability programmes and improve links with the private sector
3. Priority Three – Supply and Demand of Skills, and Measurement of Skills Acquisition and Retention
   - Action 5 – develop industry-specific skills action plans
   - Action 6 – improve access to careers and labour market information and advice for adults in the workforce
   - Action 8 – research to understand the Trans-Tasman labour market
   - Action 9 – develop and disseminate integrated skills information and create a shared language on skills
4. Priority Four – Young People in Work
   - Action 10 – provide advice and support for employer and tertiary/training providers on how they can best support young people currently in work
   - Action 11 – improve the provision of information, access to careers advice and life-long learning advice for young people currently in the workforce and their parents.

While education has a role to play in assisting meet the skills needs of industry and business it is also important to recognise that workforce retention is more over a matter of maintaining attractive employment opportunities through appropriate salary and employment packages.

Employers need graduates from the tertiary education system who are work ready. To assist this, there needs to be better engagement between employers and providers so that needs are met. Developing productive enterprises also requires the recognition and valuing of all people – not just those under 25 starting out in employment.

Having said that, there is an important opportunity available for tertiary education organisations and their funders to fundamentally rethink the delivery of skills training. The need is not for more education programmes but rather for better linking education to business advice and framing skills in the context of individual organisation needs and goals.

In addition to this, many perceive there is a need to move away from a focus on the gaining of higher academic qualifications to education that develops the attributes employers are looking for including a "can do" attitude, self management, interpersonal skills, a commitment to lifelong learning, a better understanding of oneself and the ability to adapt and be flexible.

Much of the current education funding is directed towards what can be easily measured, hence the focus on course, programme and qualification completion and progression to higher level qualifications provided in the current tertiary education environment. Measurement of educational achievements should ideally be aligned with the desired outcomes of the education process. For example, if increased productivity were aligned to education and training, there should be a correlating raise in productivity with the increase in tertiary participation, which is clearly not the case. What is needed is a measurement system that focuses on the efficiency of skills gain rather than one that measures time in training or the collection of qualifications.

3.3.1 Education for organisations

While education for individuals aims to develop the skilled workers required to meet Wellington's future economic direction, there is also a need to develop the capacity of organisations to cope with change and to embed learning and development within them.

Programmes to build the skills of organisations and workplaces, in addition to, or separate from the education and skills of people working in them are required although there are issues around how these can be funded under current models.

The high levels of employment means employers lack the skills and skilled staff to enhance productivity and need on-the-job training for both themselves and their employees. Education to support enhanced productivity will require:

- In-work support for new employees/employers
- Employer investment in employee development
- In-work delivery of literacy development in the broadest sense. Literacy here refers to language, literacy, numeracy and maths development
- Training to address employers attitudes towards migrants
- Short courses enabling people to upskill in specific areas and to be flexible in their learning

There is a need to develop the skills of managers and middle mangers, particularly their leadership skills. There is also the need to develop enterprise and organisational skills further

Stakeholder discussions have indicated in particular that business and industry seeks education services to support:

- Change management and workplace culture change
- Business capability development through management training
- Educating employers on working with ethnically diverse employees (including migrants, people with disabilities and older people) and teams
- Providing mentoring and support for employees particularly those from disadvantaged groups
- Communication and interpersonal skills including time and process management
- Soft skills including “people skills”
- Management skills including soft and technical skills for levels of supervisor and upwards
- The ability of employers, students and the general public to understand transferable skills and apply this knowledge to a range of education and employment options
- Consistent availability of in-work training

To support organisational development, employers are looking for:
- Business capability development using embedded tutors
- Training the trainers programmes to support workplace training
- Re-training and further education opportunities that are delivered around the needs of working people
- Providing incentives to train through tax rebates and/or training funds

According to the submission from Careerforce[2], supporting workplaces to embed learning and development requires there components:

1. Workplace culture:
    - Embedding learning and development practices, employment conditions, policies, procedures, induction etc. into everyday workplace activity
    - Introducing verifier process and training to enable the capture of naturally occurring evidence
    - Embedding workplace assessment and moderation

2. Trainee motivation
    - Encouraged by a variety of workplace training approaches
    - Encouraged by embedding a learning culture in HR practices and employment agreements

3. Learning and assessment support resources
    - Learning support e.g. role of educator/mentor/coach, support workbooks
    - Assessment support resources e.g. trainee assessments, marking schedules and model answers to assessors, workplace assessor training
    - Benchmarking provider evidence against unit standard competencies
    - Moderation – quality and consistent assessment.

3.3.2 Generic skills

While highly skilled individuals and organisations are required to meet the Region’s future needs, there is also a requirement to ensure that people entering the workforce

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[2] Carrerforce (2008), TEC Regional Facilitation Process: Careerforce Input into the Wellington Regional Statement

possess work readiness, “generic skills” such as communication, teamwork, problem solving, work ethic etc. Stakeholders have emphasised the significance of work ethic and timeliness and stress that these should not be underemphasised.

Consequently there is a need to focus on generic skills at all levels, including foundation level education, preparation of work ready graduates at all levels, management skills for supervisors and middle managers and skills to meet specialist needs in emerging industries.

In addition to this, there is a priority requirement to improve workplace literacy and numeracy of those already in the workforce and those returning to or seeking to enter the workforce. Stakeholders consulted noted the need to develop the full spectrum of literacy, from understanding and communicating in English to the ability to be a flexible, adaptable learner, able to work in a changing and highly computerised workplace. Management literacy includes the ability to prepare reports, seen by the stakeholder group as a very important component of this.

There is an important gap to be addressed in developing the skills to support managing learning pathways for the future.

In tight labour markets, addressing these needs is particularly important as increasing effectiveness, productivity, capacity and capability must be achieved with a minimal labour increase.

Other general education needs required to prepare people for work include:

- general science
- maths
- internet search skills
- problem solving skills
- customer relations; and
- soft or adaptive skills for changing workplaces.

3.3.3 Skills shortages and gaps

A skills shortage is a mismatch between the supply of people with particular skills and the demand for people with those skills. While education and training are important in addressing skills shortages, it is important to remember that they are a normal feature of an economy that is changing. They also exist for a range of reasons including low wages and salaries in some industries, lack or promotion and advertising of an occupation or industry and perceived lack of a career path or opportunities to develop skills further.

The Skills Strategy proposes three main ways to address skills shortages:

- Increasing the level, quality and adaptability of New Zealander’s skills;
- Increasing the supply of skilled labour through immigration; and
- Improving the use of skills in the workplace.

Significant amounts of training will be required to address current skill shortages and anticipated infrastructure development. While the BERL scenarios suggest that future areas of high employment growth are likely to be construction, wholesale trade, retail trade, hospitality, communication services, finance and insurance, government administration and defence, and health and community services, the Job Vacancy Monitor (JVM) reports[3] from December 2006 and 2007 suggest that the top 10 high vacancy occupations are:

December 2006	December 2007
Sales assistants	Sales assistants
Policy analysts	Secretaries
Secretaries	Chefs
Waiters	Information clerks and other receptionists
General clerks	Waiters
Information clerks and other receptionists	Administration managers
Chef	Policy analysts
Administration manager	General clerks
Registered nurse	Cleaners
Care giver	Catering Counter Assistants

For the same periods, the top 10 numeric growth occupations are:

December 2006	December 2007
Draughting technicians	Real Estate Agents/ Property Consultants
Cleaners	Light Truck or Van Drivers
Demonstrators	Chefs
Care givers	Secretaries
Carpenter and/or joiners	Roading and/or Paving Machine Operators
Policy analysts	Security Officers
Builders labourers	Early Childhood Teachers
Electricians	Architects
Builder (including contractor)s	Painters, Decorators and/or paperhangers
Child care workers	Other Civil Engineers

These surveys suggest that the region has need for more:

[3] The number of vacancies is measured as the total number of vacancies advertised in the twelve months to December 2006. The growth in vacancies compares the number of advertised vacancies in the 12 months to December 2006 with the previous 12 months. Percentage growth figures are only included if at least 24 vacancies occurred in the year to December 2005.

- Trained tradesmen especially building, carpentry, joinery, electricians and plumbers
- People able to fill highly skilled administrative roles, for example, within central and local government
- Policy analysts and planners
- Public sector managers
- Middle level managers
- Administrators, secretaries and receptionists
- Hospitality works including chefs, and waiting staff
- Care workers including care of the elderly and early childhood education teachers
- Retail and wholesale staff
- Nurses and health care workers

In addition to these skills gaps, industry and business are asking for:

- Staff for the Information Communications Technology sector
- High quality professionals and technicians for administrative and technical roles
- Scientists with general science background able to act as laboratory/science technicians
- Technicians to assist in manufacturing and product development especially:
    - engineering,
    - information technology
    - electrical engineering
    - laboratory technicians
- Infrastructure designers, developers
- Generic management skills
- Trade training at all levels including advanced trades levels, technicians and supervisors

In some areas there is the need to develop very industry specific programmes, for example:

- animation/digital content type courses
- education to meet the needs of the health workforce
- culturally specific programmes such as Pacific training in the health, sports fitness and recreation sectors
- level 2 national qualifications or entry level qualifications, delivered in the workplace, for workers in office jobs aimed at supporting access to the workforce and facilitating progression to clerical or call centre work, particularly for those with low language, literacy and numeracy
- occupational health and safety training

Government programmes could have a significant effect on future needs. Growth in funding of the health sector along with the need to prove continuing competence under the Health Practitioners Competence Assurance Act will have an impact on tertiary education, as will government's environmental sustainability strategies. Other new government programmes announced in the 2007 budget that may impact on tertiary education needs include border security, aid work, mental health, tourism marketing, and climate research.

Other areas of need identified include:

- Induction training for public service workers

- Health and safety training
- HSNO and environmental safety
- Consumer law and sales
- Biosecurity
- Resource management

There is a priority need for road/rail construction workers to assist Wellington with major infrastructure projects coming on-line in the near future, and for health caregivers. Professional development programmes to support nurses practice certificates and all levels of training are also a priority to enable the workforce to be maintained.

3.4 Support for new and emerging industries

Key areas of emerging importance for New Zealand and the Wellington region are in "green" technologies and environmental impact assessment and management.

3.4.1 Alignment with Wellington's Regional Strategy

The Wellington Regional Strategy identifies potential economic growth areas and areas of advantage along with links within the community (that may already exist or not). So far four potential Centres have been identified and while all of these are likely to be strong regional industries, the aim of the Strategy is to develop over the next 20 to 30 years, three world-class Centres of Excellence. The four regionally emerging industries are:

- Biotechnology
- Screen and digital content technologies
- Natural Hazards
- Sustainable energy (wind and sea)

In order to succeed in developing three world-class Centres of Excellence, tertiary education services will need to be aligned to the needs of the greater Wellington Region as expressed in the Wellington Regional Strategy and the resulting Centres of Excellence, along with the needs of emerging industries.

Other emerging industries in the Wellington region are:

- The fitness industry which is a growth industry with more gyms available and the consequent need for more fitness trainers and personal trainers
- Care for the elderly particularly providing care and support for the elderly in the home
- Developing skills to handle complex care in the home. This should be at a minimum of level 3 with specialised skills up to level 5/6 – working with health professionals in a supporting role

3.4.2 Supporting research and development

In addition to the tertiary education providers active in research, the Wellington region is home to four Crown Research Institutes, and a strong creative industry sector. Many Wellington based manufacturers are active and successful in developing products for commercialisation.

The creative and manufacturing industries are seeking to build on this activity and are looking to the tertiary education sector for support in product development and commercialisation skills for

- Research and development
- Product development
- Marketing
- International marketing

Business and industry are seeking a tertiary education sector responsive to their needs for applied research and technology development activities.

In addition to this, they recognise that they need skilled workers who will be able to fill future jobs perhaps not yet invented.

There is a priority to develop workers able to provide leadership in developing new ways of working and changes to business approaches, structures and processes.

3.4.3 Areas where Wellington is seeking to be at the "cutting edge"

Servicing central government will continue to be a unique requirement of the Wellington workforce. Recognising this, Wellington is seeking to become a global and national hub for policy and action on social and environmental sustainability. This will require the development of strong policy analysts, able to work in the emerging milieu that blends economic, environmental, social, and cultural responsibility with government policy. Specific skills gaps identified include:

- Treaty and cultural awareness in terms of policy and public sector accountability
- Public sector policy and law

In addition, there is a need for skilled administrators to work with central and local government to develop legislation and support its implementation. At a local government level, there is an opportunity for the tertiary education system to provide support to local government for implementation of central government legislative changes, for example, skills and knowledge to support the new building legislation.

Other areas where Wellington is seeking to be at the cutting edge and requires technical and professional personnel are:

- Laser maintenance and optics
- Earthquake and natural hazard management
- Sustainability—building an understanding of the shift in human approach to ecology and sustainability and the new job pathways resulting from this shift
- Creative technology/manufacturing
- Performing arts, entertainment and culture

Early childhood education and health industry organisations did not participate in the stakeholder process and further work is required to establish needs, gaps and cutting edge activities.

3.5 Healthy communities

Developing strong, healthy communities is underpinned by economic growth, education to nourish cultural, social and environmental development and support for specific cultures. Education provision to support the health sector will be increasingly important as it seeks to cater for the needs of aging and less healthy populations.

While providing specific learning opportunities is important, for example in providing culturally relevant health, fitness and nutritional programmes, it is also important to continue to foster learning for learning sake because it raises the levels of education and creates aspiration goals amongst the community.

There is also a need to consider the needs of community groups and not-for profit organisations which are job-rich industries in the Wellington region. The health and disability sector is currently undergoing significant review and evolution on many fronts including the dynamics and relationships between the regulated and non-regulated workforces. The need to build a learning and career pathway which connects the two is a clear message from stakeholders.

Community development within the region also requires support from the tertiary education sector. Particular needs identified to date include:

- ESOL support for new migrants and refugees especially professionals who need assistance entering the workforce in New Zealand
- Supporting Pacific peoples achievment through tertiary education particularly the needs of recent Pacific migrants
- Community health sector, a wider range of training is required. Current training is only up to Level 3 and this needs to be expanded
- The needs of international students also must be taken into account
- Community-based programmes that support the development and delivery of healthy exercise programmes linked to the health sector where diabetes, obesity, heart disease are issues
- Provision in Wairarapa has some issues – unable to access providers of choice

3.5.1 Migrant communities

Twenty two percent of people in the Wellington Region were born overseas (a similar proportion to the national average) and of the population living in the Wellington region in 2006, approximately 13% were living in another country in 2001 suggesting that many of the migrant community are recent migrants. With the aging population trends, there will be an ongoing requirement to support migrant communities as it is likely that this will be an important source of skills.

The tertiary education system can provide support for these people through:

- Induction programmes that prepare migrants for NZ workplaces
- Facilitating work placements and internships to give relevant work experience
- Workplace education for immigrants
- incentives for employers to offer internships that are supported by specialists in intercultural communication
- Intercultural progammes that facilitate New Zealanders to make explicit to themselves their own identity and develop competencies in communicating across cultures.

Having said that, other support and funding is needed to enable migrants and refugees to become fully integrated into the community and to gain employment.

3.5.2 The unemployed

Currently the Wellington Region unemployment rate is approximately the same as the New Zealand average (just under 4%).

These unemployed require:

- Training and education for employment
- Lifelong learning skills
- Foundation skills (includes but goes beyond literacy/and numeracy)
- Work readiness skills
- Access to employment/preparation for work
- Skills in developing learning pathways for the future.

3.5.3 The needs of the Māori community

Additional investigation is currently being undertaken to better understand the education and training required to support Māori communities. Te Puni Kokiri's submission to the Wellington Regional Strategy (B James 2005) notes differences between "the Māori economy" and the regional economy.

One area of need identified so far in the consultation process has been for Māori youth marae-based trade training delivered in consultation with iwi.

3.5.4 Adult and Community Education

Adult and Community Education (ACE) is an agent of social cohesion and community participation. The five priorities in the ACE sector are:

1. Programmes for priority learner groups whose initial learning was not successful.
2. Raising Foundation Skills.
3. Encouraging Life Long Learning.
4. Strengthening communities by meeting identified community learning needs.
5. Strengthening Social Cohesion.

A wide range of needs can be met through the ACE provider network including the need for:

- Support for new migrants
- Parenting skills development
- Community development programmes; and
- General education programmes

3.5.5 Health and wellbeing

The health and wellbeing of individuals and of whole communities is becoming increasingly important. There is a need to provide both education for individuals and to train and educate the caring and health and fitness workforce to be able to meet the needs of the aging population and to address specific and emerging health needs including those requiring care in their own homes.

There is a need to work towards having a more representative health workforce. Health disparities and New Zealand's changing ethnic make-up highlight the need to actively grow a health workforce that will more closely match the future cultural mix of our communities. Although progress has been made, the regulated health workforce does not reflect proportional participation of Māori and Pacific peoples across key health practitioner occupational groups. For example, Māori practitioners make up only 2.7% of the medical workforce and 7% of the nursing workforce compared to being 15% of the population. Similarly, for Pacific peoples the figures are 1.1% and 3% for medicine and nursing respectively (currently Pacific peoples are 6.5% of the population). There is also a need for workforce participation to respond to New Zealand's increasingly Asian population.

Specific needs identified are for:

- Midwives
- Dental therapists; and
- Medical practitioners.

Health practitioners need access to relevant, timely and cost effective up-skilling and professional development programmes to enable them to meet registration requirements and to stay abreast of emerging issues in public health.

The health sector including the health and disability and fitness industries are growing with every indication of on-going and significant demands for workers given current workforce shortages (particularly in the health and disability workforce) and predicted demographic changes. Practitioners are required who are able to give advice and support to individuals to enable them to improve their health status. This requires experienced practitioners able to provide advice and support for:

- Nutrition and healthy eating
- Weight management
- Smoking cessation
- Alcohol and drug addiction;
- Home-based care; and
- Fitness management

Information and education programmes are also required to support community groups and individuals to take charge of their own wellbeing.

3.5.6 Care for the elderly

The population in the Wellington region is rapidly aging and there is a need to train people to work in the aged care workforce providing services for those elderly people requiring support in their own homes and for those who are based in aged-care institutions. This includes practitioners operating in the regulated, non-regulated and voluntary sectors.

Alongside this, there is a need to provide a broad range of education programmes for the elderly to enable them to remain fit and healthy and actively engaged in community activities for as long as possible.

3.6 Priorities

Identified priorities for the tertiary education sector include:

- Easily accessible and free literacy and numeracy including computing and IT skills even if students have NCEA 1 and 2
- Entrepreneurship and enterprise
- Business/computing /Office skills
- On-the-job training/cadetships
- Educating the general population about good career advice and guidance
- Providing information and for multiple career pathways and options
- Developing a range of tertiary qualifications in community services that incorporate a range of skills to provide life-long learning and career choices
- Education to support the health and fitness sector
- Sport and recreation/community recreation development
- Training for Pasifika groups in the community
- Ability for providers to offer short courses and be funded for them

3.7 Government's role in supporting change

While the tertiary education sector can do much to support the Wellington Region to achieve its strategic goals, the support of government through the implementation of enabling policy and funding instruments is essential. Of particular importance are the means to address issues such as:

- Active labour market policies to address skills gaps and labour shortages
- Funding issues, for example, caps and lack of funding for short , just-in-time training
- Supporting Māori and Pasific peoples to engage with tertiary education at higher awards
- Compliance costs, particularly with respect to short courses
- Balancing the tension between skilling the individual and skilling the organisation, participants, entities, groups
- The development of collaborative not competitive models
- Support and incentives to breakdown silos between tertiary education organisations
- Managing the perceived oversupply of graduates in some areas for example, designers, lawyers and accountants.

There is a priority need to explore new approaches, for example, Scandinavia's approach to leading tertiary training for sectors with needs.

3.8 The Process moving forward

As stated at the beginning of this document, this report represents our understanding of tertiary education needs, gained as a result of the consultation processes used to date. Secondary data sources analyse historic trends, while visions and forecasts seek to match developmental programmes within an environment where labour, economic and population forces are dynamic and increasingly global. These analyses are shaping regional planning initiatives, the outcome of which will require new and perhaps as yet unimagined skills. Engagement between the tertiary sector, industry and regional planners is an important step in charting future gaps.

Tertiary needs and gaps for the Wellington region do mirror national trends, with a tight labour market and the opportunity to increase skills in the lower skilled / higher unemployment sub-regions. Considering the aims of the Unified Skills Strategy and the development of contemporary workplaces that support knowledge workers, new approaches to training and knowledge growth are important levers.

WelTec and Whitireia see the Regional Facilitation process as on-going and development and refinement of this report will continue. Further investigation of the needs of the Māori community is underway and will be completed in 2008 while further investigation of the needs of Pacific peoples will be undertaken in 2009.

Ongoing Regional Facilitation processes we will use to continually update this Report include:

- A website where people can gain information and engage in discussion on points raised; http://wellingtoneducationneeds.wikispaces.com/
- On-going consultation with stakeholder groups;
- Active engagement with ITOs in their industry leadership role;
- Review of international trends; and
- Review of commissioned research.

If you would like to participate in these processes you can contact Neville Weal (neville.weal@weltec.ac.nz), Amanda Torr (amanda.torr@weltec.ac.nz) or Tim Renner (tim.renner@whitireia.ac.nz).

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Labour market situation - March 2007 http://www.careers.govt.nz/default.aspx?id0=29906
Trends of work http://www.careers.govt.nz/default.aspx?id0=39906

Department of Labour Annual In-Depth Regional Report 2007

TEC Website on Regional Facilitation
http://www.tec.govt.nz/templates/standard.aspx?id=483

Unified Skills Strategy

Schools Plus Consultation Document

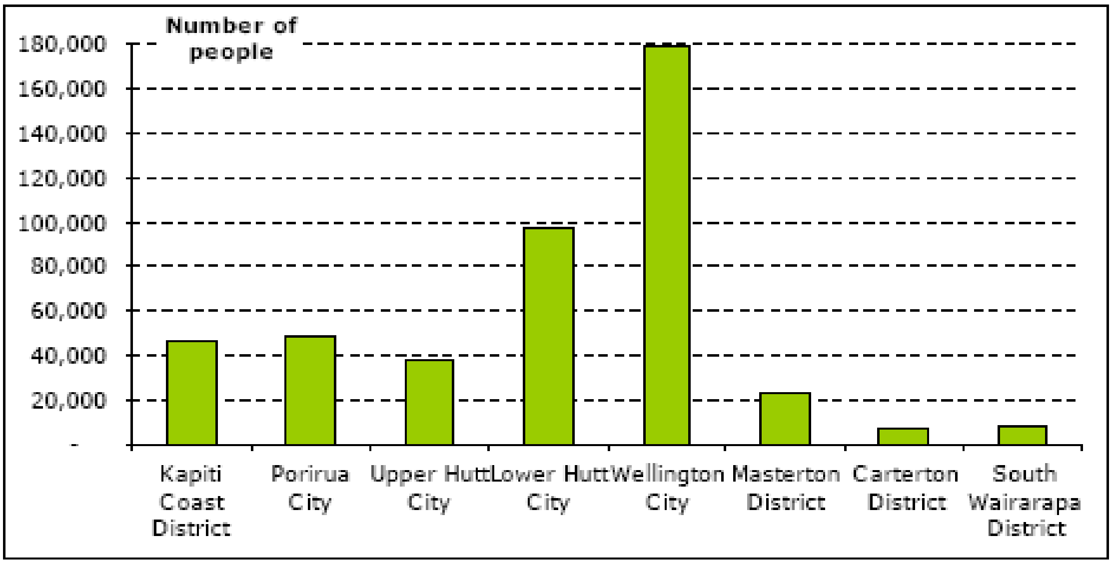
Strategic Training Plans from ETITO, Careerforce, Agriculture ITO, Printing ITO and Sports Turf ITO.

Appendix 1 – Wellington Demographic make up

Wellington differs from the rest of New Zealand in a number of ways:

- *The population of the Wellington Region is growing, but slowly*
  The Wellington region's population has been expanding over the last decade (growth was 6% or 25,000 people between 2001 and 2006) although growth was less than for New Zealand as a whole (national average growth over this period was 8%). Wellington City has the largest population followed by Lower Hutt City.

: **Population in Wellington Territorial Authorities in 2006**



Source: Census 2006, Statistics New Zealand

The largest growth in the period 2001 to 2006 has been in Wellington City, followed by Kapiti Coast and Upper Hutt City. Wellington and its constituent districts are projected to continue to grow strongly in the period to 2026.

Population trends 1991 to 2026

	Growth rates				Share of population[5]	
	1991–96	1996–01	2001–06	2001–26	2006	2026
New Zealand	7%	3%	8%	27%		
Wellington Region	3%	2%	6%	15%	11%	10%
Kapiti Coast District	10%	10%	9%	37%	10%	12%
Porirua City	0%	2%	2%	9%	11%	11%
Upper Hutt City	0%	-1%	6%	-4%	9%	7%
Lower Hutt City	1%	0%	2%	6%	22%	21%
Wellington City	6%	4%	10%	25%	40%	42%
Masterton District	1%	-1%	0%	-3%	5%	5%
Carterton District	-1%	0%	4%	6%	2%	1%
South Wairarapa District	-2%	-2%	2%	-4%	2%	2%

Source: Census 1991, 1996, 2001 and 2006 and population estimates and projections

Note: Statistics New Zealand releases three population projection series (low, medium and high) incorporating different fertility, mortality and migration assumptions. Table 1 uses the medium population projection assumption. At present, Statistics New Zealand considers the medium projection series the most suitable for assessing future population changes. Revised projections including 2006 Census results will be released later in 2007.

- *Greater Wellington's population is mobile and aging*
  Compared to the national average in 2006, there were a higher proportion of people between the ages of 20 to 44 and a lower proportion of people aged 45 years and above in the Wellington region. There was also a lower proportion of people younger than 15 years of age.

  Across the region in 2006, there was a younger age profile in Wellington City, Lower Hutt City, Upper Hutt City and Porirua. There was a larger proportion of people aged 65+ years in Kapiti Coast, Masterton district, Caterton district and South Wairarapa.

  Kapiti Coast, Masterton, Caterton and South Wairarapa are projected to retain the highest concentration of older residents looking out to 2026.

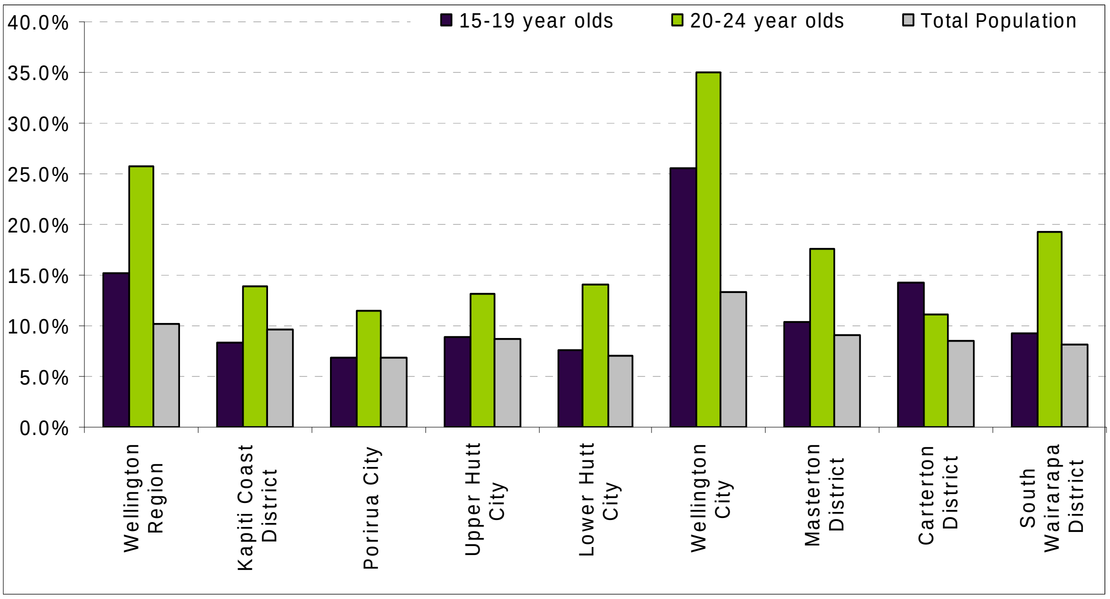
Population by age in 2006 and 2026

	Population composition (%) in 2006				Population composition (%) in 2026			
	0–14	15–39	40–64	65+	0–14	15–39	40–	65+
New Zealand	22%	35%	32%	12%	17%	31%	32%	20%
Wellington Region	21%	37%	31%	11%	16%	32%	33%	19%
Kapiti Coast District	19%	24%	33%	23%	16%	23%	33%	29%
Porirua City	26%	35%	30%	8%	20%	32%	32%	16%
Upper Hutt City	22%	33%	32%	13%	17%	28%	30%	24%
Lower Hutt City	23%	35%	31%	11%	18%	31%	32%	19%
Wellington City	18%	44%	29%	8%	14%	38%	34%	14%
Masterton District	21%	28%	34%	17%	16%	23%	31%	30%
Carterton District	21%	27%	37%	15%	18%	22%	32%	29%
South Wairarapa District	21%	25%	38%	16%	15%	21%	32%	31%

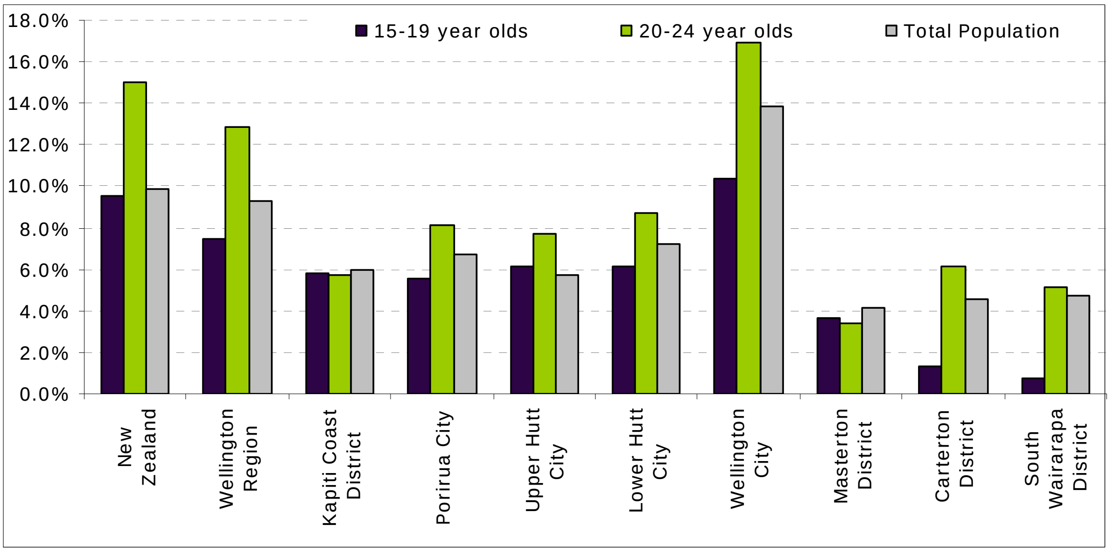
Source: Census 1996, 2001 and 2006 and Statistics New Zealand population estimates and projections

Note: Statistics New Zealand releases three population projection series (low, medium and high) incorporating different fertility, mortality and migration assumptions. Table 2 uses the medium population projection assumption. At present, Statistics New Zealand considers the medium projection series the most suitable for assessing future population changes.

A large percentage of the population are also recent residents in the Wellington region with approximately 25% of the population in 2006 having been living in another region of New Zealand in 2001.

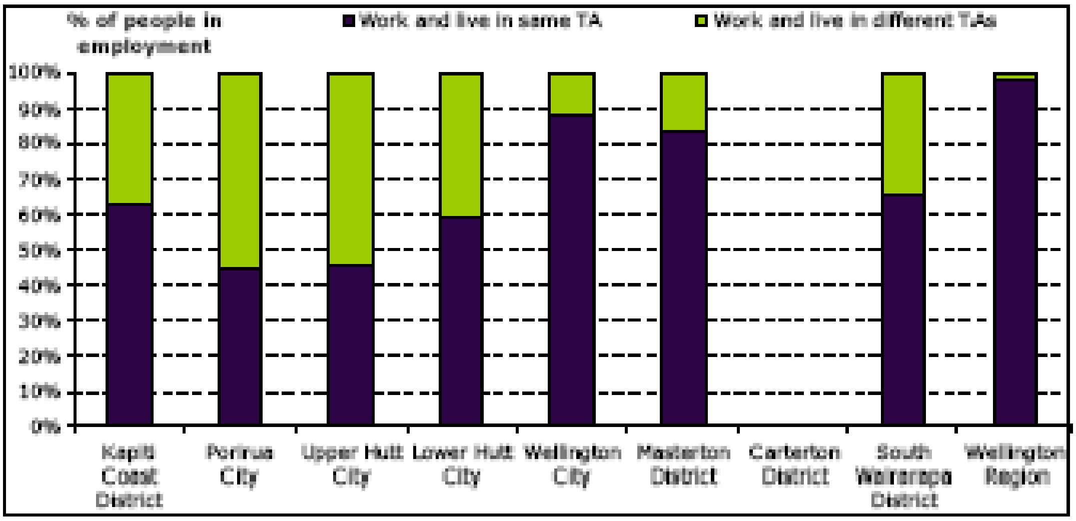


A further 13% of the 2006 population were living overseas in 2001.



Many people in the Wellington region commute to work. In 2006, more than half the people in Porirua City commuted to wellington to work and more than half the people in Upper Hutt City commuted to Lower Hutt or Wellington City for work.

: Commuting pattern of the working population in 2006



Source: Census 2006, Statistics New Zealand

- *Greater Wellington is ethnically diverse, with variation in ethnic makeup between TLAs*
  In terms of absolute numbers, most Māori reside in Wellington City and Lower Hutt City. However compared to the national average, Māori make up a larger proportion of the population in Porirua City, Lower Hutt City and Masterton District.

  A significant proportion of Pacific peoples in the region reside in Porirua City and Lower Hutt City. In Porirua City Pacific people make up 25% of the population.

  People of Asian origin are concentrated in Wellington City (13% of the total population).

  Ethnic diversity is projected to continue to be a significant feature of the Wellington region.

: **Population by ethnicity in 2006**

	Population composition (%) in 2006					
	European Ethnic Groups	Maori Ethnic Group	New Zealander	Asian Ethnic Groups	Pacific Peoples Ethnic Groups	Other Ethnic Groups
New Zealand	65%	14%	11%	9%	7%	5%
Wellington Region	67%	12%	11%	8%	8%	5%
Kapiti Coast District	77%	12%	13%	2%	2%	4%
Porirua City	54%	20%	8%	4%	25%	6%
Upper Hutt City	74%	14%	12%	4%	4%	3%
Lower Hutt City	63%	17%	10%	9%	10%	3%
Wellington City	68%	7%	10%	13%	5%	6%
Masterton District	76%	16%	12%	2%	3%	3%
Carterton District	80%	10%	12%	1%	2%	4%
South Wairarapa District	78%	12%	12%	2%	2%	4%

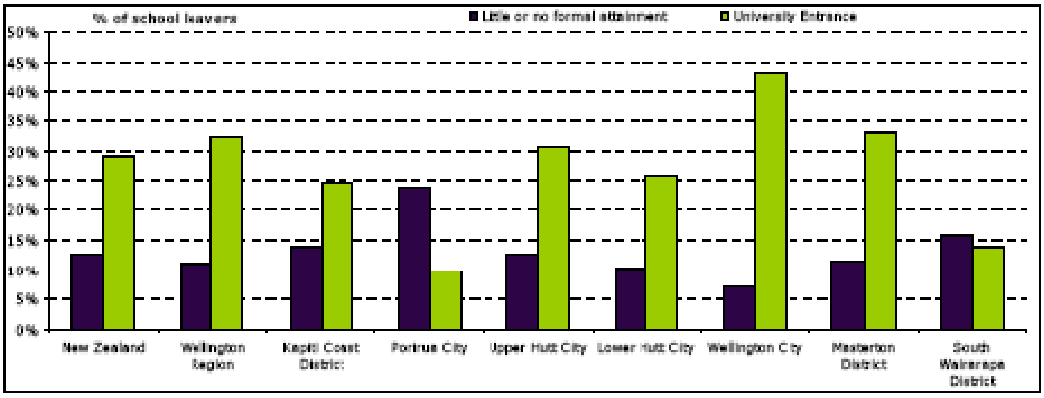
Source: Census 2006, Statistics New Zealand

Note: This profile is based on people's own perceptions of their ethnicity. A number of people identify themselves as having multiple ethnicities, therefore the percentages sum to more than 100%.

In the Wellington region in 2006, 22% of the total population was born overseas – the same share as the national average. Most migrants are concentrated in Wellington City, where nearly half of all regionally based migrants live. Migrants make up 27% of the Wellington City population. A large number of migrants also live in Lower Hutt City where they accounted for 21% of the total population.

- *On average the Wellington working age population has higher level qualifications than New Zealand*
  The proportion of school leavers from wellington City, Masterton District and Upper Hutt City with university entrance qualifications was higher than the national average, while there were fewer people leaving school with no qualification. In contrast, in Porirua City, Lower Hutt City, Kapiti Coast and South Wairarapa there was a greater share of school leavers with no qualifications and a smaller share of people with university entrance.

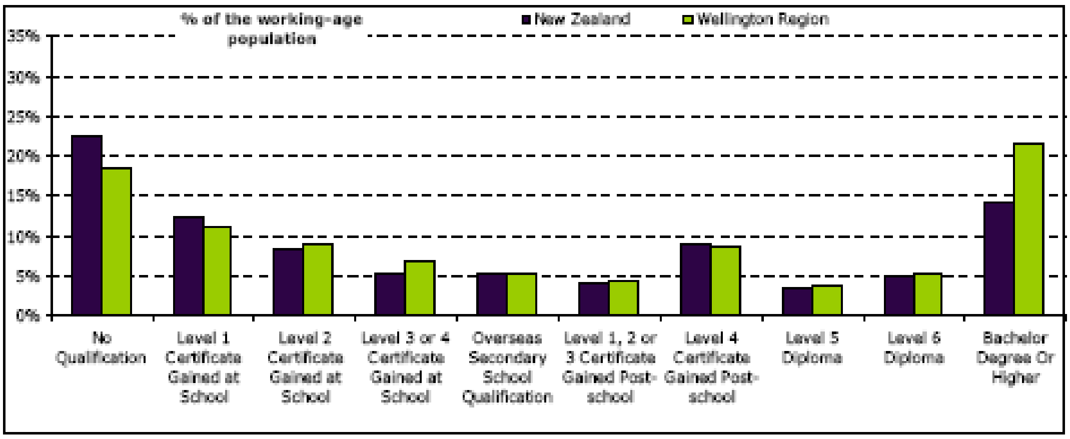
: School leaver attainment in 2005



Source: Ministry of Education

On average in the Wellington region, the qualification level of the working age population is rising.

Highest qualification of the working-age population 1996 and 2006



Source: Census 2006, Statistics New Zealand

For many TLAs in the region, the largest increase is for the working age population with level 4 to 6 qualifications that are frequently linked to industry specific training.

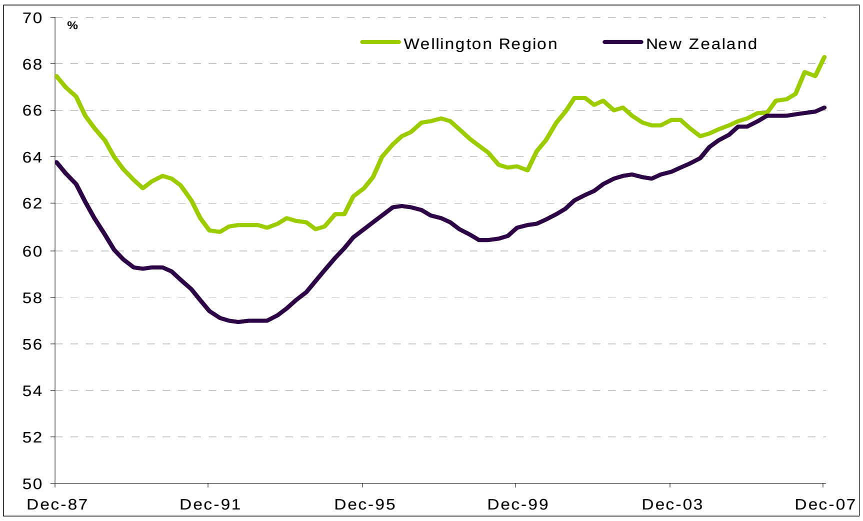
Change in the share of highest qualification of the working-age population 2001 to 2006

	Change in Share of Highest Qualification 2001 to 2006				
	No Qualification	School Based Qualifications	Level 1, 2 or 3 Certificate Gained Post-school	Level 4 Certificate Gained Post-school or Level 5 or 6 Diploma	Bachelor degree or higher
New Zealand	-1%	-3%	0%	4%	4%
Wellington Region	-1%	-3%	0%	3%	5%
Kapiti Coast District	-1%	-4%	1%	5%	3%
Porirua City	-2%	-4%	1%	3%	4%
Upper Hutt City	-1%	-4%	0%	4%	3%
Lower Hutt City	-1%	-3%	1%	3%	4%
Wellington City	-1%	-4%	0%	1%	6%
Masterton District	0%	-3%	1%	4%	3%
Carterton District	-1%	-2%	0%	5%	3%
South Wairarapa District	-3%	-2%	0%	4%	4%

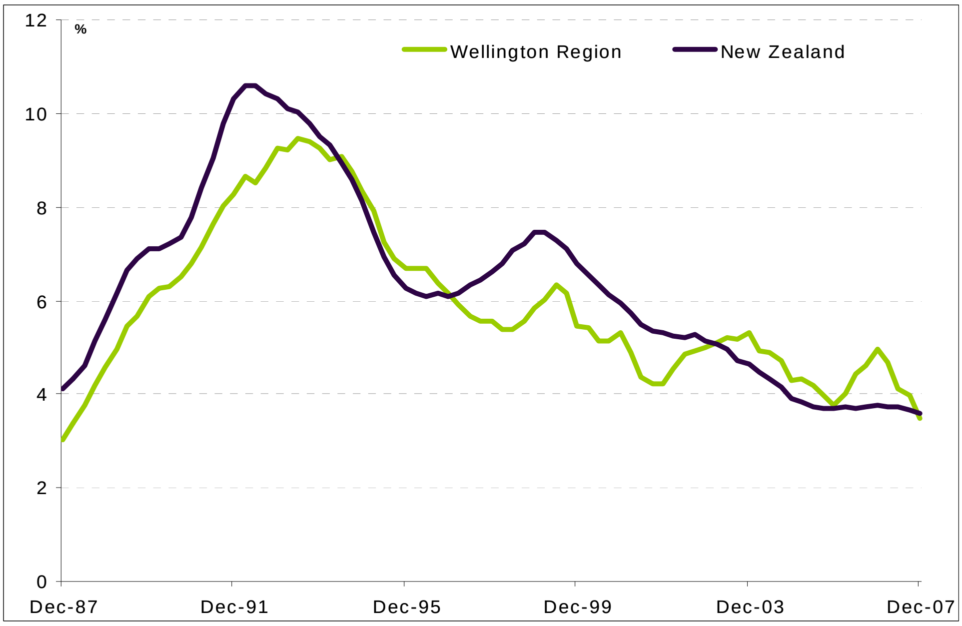
Source: Census 1996 and 2006, Statistics New Zealand

Note: Highest qualification levels in this table differ to highest qualification levels in Chart 5. The qualifications in this table have been aggregated to increase comparability between 2001 and 2006 Census data. The 2006 Census had a different classification system to the 2001 Census. As a result of the classification changes, some 2001 qualifications were not coded the same way in 2006. The changes primarily affect Level 4 Certificate Gained Post-school, Level 5 Diploma and Level 6 Diploma.

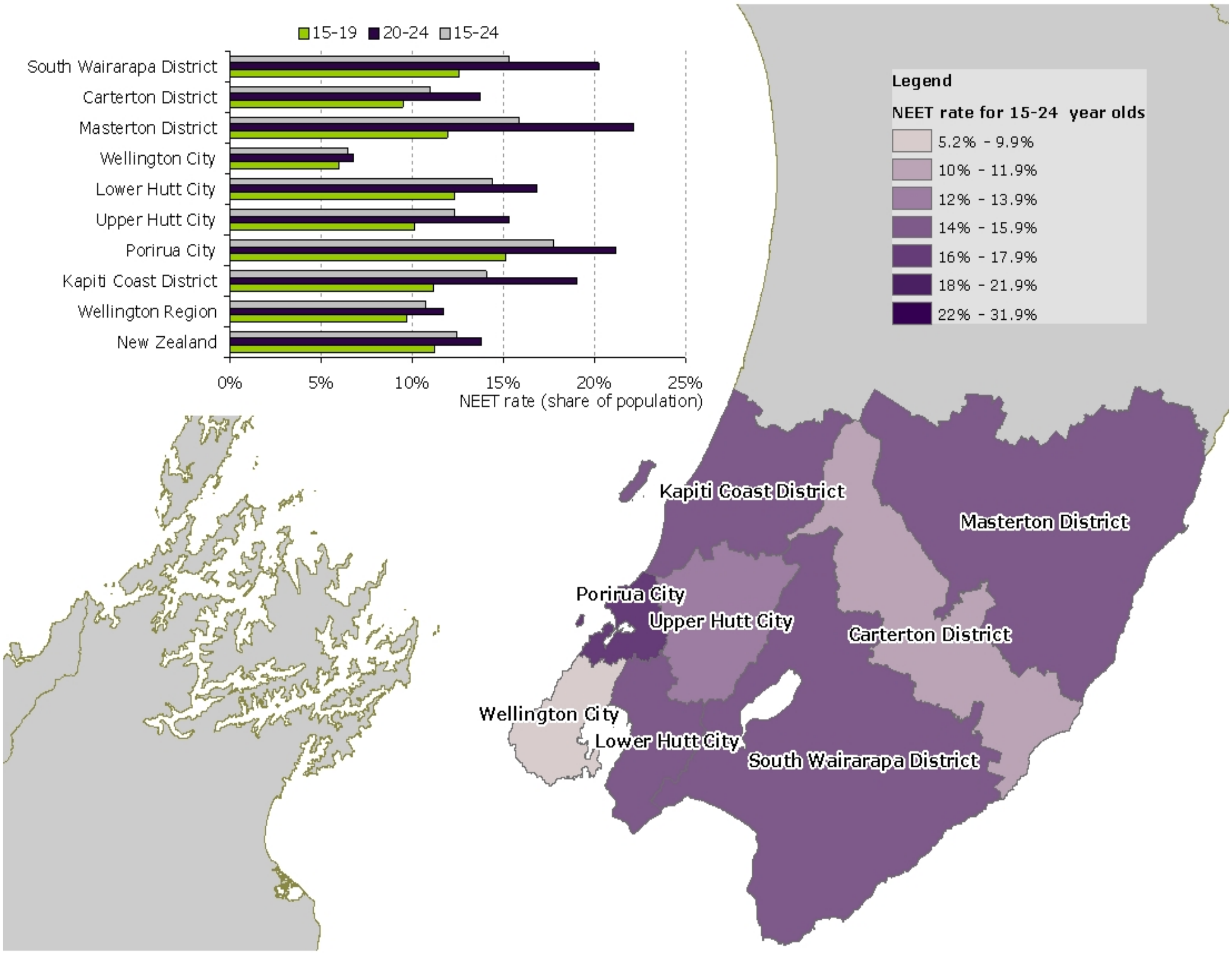
- *Workforce participation was consistently higher than the national average* Between 1998 and 2006 the regional labour force participation rate was consistently above the national average between 1998 and 2006. The rise in labour force participation was most notable is South Wiararapa. For all TLAs, growth in the working-age population and the participation rate led to a marked increase in the size of the labour force.



- *Unemployment* from 1998 to 2007 (12-month moving average) is shown below.



- *Youth and unemployment*
  There is significant variations across the region of youth not engaged in education or work with the largest concentration in Porirua and the lowest concentration in Wellington City.


15-19
20-24
15-24
South Wairarapa District
Carterton District
Masterton District
Wellington City
Lower Hutt City
Upper Hutt City
Porirua City
Kapiti Coast District
Wellington Region
New Zealand
0%
5%
10%
15%
20%
25%
NEET rate (share of population)
Legend
NEET rate for 15-24 year olds
5.2% - 9.9%
10% - 11.9%
12% - 13.9%
14% - 15.9%
16% - 17.9%
18% - 21.9%
22% - 31.9%
Kapiti Coast District
Masterton District
Porirua City
Upper Hutt City
Carterton District
Wellington City
Lower Hutt City
South Wairarapa District

Appendix 2 – Economic data and trends

Regional economic growth is slow and there is a strong focus on service industries.

The Wellington region has a very diverse economy from a sub-regional perspective. It is growing but at half the rate of the rest of New Zealand.

Between 2001 and 2005, regional GDP grew at 2% pa compared to a national average of 4.7%4, however, in the 2006 year Wellington performed well with GDP growth of 1.7% compared to 1.2% for the country as a whole.

Between 2003 and 2005, employment growth averaged 3% per annum compared to 4.6% nationally5. Again for the Wellington region, the 2006 year shows a positive change with employment growth of 4.4% compared to the national average of 3.3%.

	%PA FOR 2006 YEAR	
INDICATOR	WELLINGTON REGION	NEW ZEALAND
Resident population growth	**0.9**	1.0
Real Value Added (GDP) growth	**2.7**	2.2
GDP per capita growth	**1.7**	1.2
Employment growth	**4.4**	3.3
Productivity growth	**-0.8**	-1.0
Business units growth	**3.0**	2.5
Business size growth	**1.4**	0.8

Source: BERL Regional Database, Statistics NZ

	%PA FOR 1996-2006	
INDICATOR	WELLINGTON REGION	NEW ZEALAND
Resident population growth	**0.8**	1.1
Real Value Added (GDP) growth	**2.6**	3.1
GDP per capita growth	**1.8**	2.0
Employment growth	**1.4**	2.0
Productivity growth	**1.4**	1.3
Business units growth	**2.9**	3.4
Business size growth	**-1.4**	-1.3

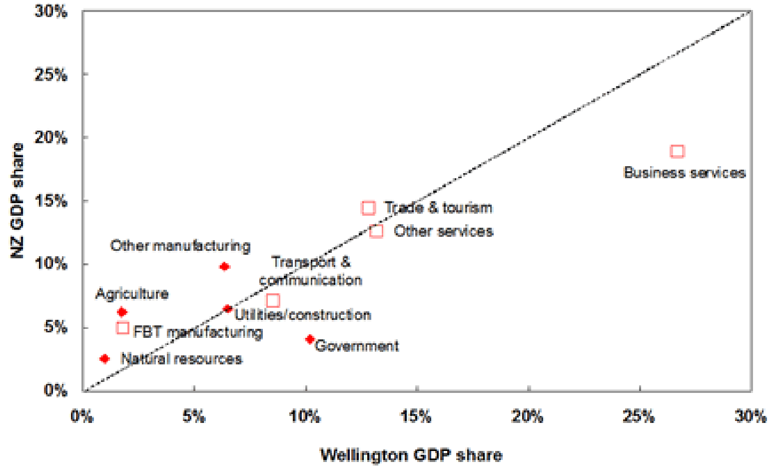
Source: BERL Regional Database, Statistics NZ

The region accounts for 11.3% of NZ employment with the top contributors being business services and government administration. In general, 'regional form' in the WRS notes that the Wairarapa has a more diverse economy and provides greater opportunities as a goods supplier to the rest of the region.

The Hutt Valley has strong research and manufacturing capability that provides opportunities for export growth from the region. The northern corridor (Porirua to Kapiti) has distribution and service centre strengths, tourism, culture and manufacturing potential.

[4] Wellington Regional Strategy 2006 ex Wellington Regional economic Snapshot for Provider regional facilitation meeting
[5] Infometrics 2006 ex Wellington Regional economic Snapshot for Provider regional facilitation meeting

The chart below compares Wellington's regional economic structure to that of the New Zealand economy.



Shares of nominal national GDP (y-axis) and regional GDP (x-axis), averaged across March years 2000-2004
Source: NZIER

Any scatter plot to the left of the 45 degree dashed line (for example, agriculture) indicates that the industry accounts for a smaller proportion of Wellington's GDP than it does at a national level. Conversely, any plot to the right of the dashed line (such as government) indicates that an industry is more "important" to the Wellington region than it is to the New Zealand economy as a whole.

The square scatter plots are industries that are fast-growing at a national level.6 The black diamond scatter plots are industries that are slow-growing at a national level. Fast-growing regions tend to have a high proportion of their regional economies focused on fast-growing sectors.

There is a mixture of large, medium and small businesses in the Wellington Region. Of particular note employment wise are:

- Central government which is a large employer
- The three District Health Boards, who are large employers
- The higher than average number of businesses (63% or approximately 150,000) that have over 50 employees
- The significant numbers of small (16% or 35,400 have less than 10 employees) and medium sized businesses (21% or 44,700 have between 10 and 50 employees).

Business units and GDP
In the Wellington region in 2006, property and business services was the biggest contributor to employment, GDP and number of business units, accounting for 18.1%, 19.8% and 34.8% of these three indicators respectively.

Government administration and defence was the next biggest industry in terms of employment, with almost 22,400 FTEs, or 10.4% of all FTEs in the region. This industry also supplied the second biggest portion of GDP, at $2.56 billion, through just 354 business units.

[6] http://www.med.govt.nz/templates/P751_110681

Other significant industries include retail trade (3rd most FTEs), finance and insurance (3rd largest GDP), and construction (2nd most business units).

SECTORS (2006)	FTES	%	GDP (06$M)	%	BUSINESS UNITS	%
Primary	4,977	2.3	420	2.1	2,856	6.4
Manufacturing	17,547	8.1	1,566	7.9	1,906	4.3
Electricity, Gas and Water Supply	1,122	0.5	516	2.6	51	0.1
Construction	16,066	7.5	888	4.5	4,942	11.1
Wholesale Trade	11,495	5.3	1,309	6.6	1,845	4.2
Retail Trade	21,935	10.2	1,068	5.4	4,509	10.2
Accommodation, Cafés and Restaurants	9,243	4.3	288	1.5	1,313	3.0
Transport and Storage	6,802	3.2	796	4.0	1,425	3.2
Communication Services	5,670	2.6	1,812	9.1	400	0.9
Finance and Insurance	11,344	5.3	2,222	11.2	2,074	4.7
Property and Business Services	38,929	18.1	3,914	19.8	15,435	34.8
Cultural and Recreational Services	6,847	3.2	465	2.3	2,157	4.9
Personal Services	10,279	4.8	291	1.5	2,187	4.9
Government Administration and Defence	22,389	10.4	2,560	12.9	354	0.8
Education	13,400	6.2	692	3.5	995	2.2
Health and Community Services	17,432	8.1	1,006	5.1	1,925	4.3
Totals	**215,477**	**100.0%**	**19,813**	**100.0%**	**44,374**	**100.0%**

Source: BERL Regional Database, Statistics NZ

The Wellington region achieved an increase of 1,278 business units in the 2006 year, which equates to a rise of 3.0%, well above the national average of 2.5%. Over the longer term, the growth rate has been 2.9%pa, versus 3.4%pa nationally.

The property and business services industry performed strongly in 2006, adding 714 units, an increase of 4.9% on the year before. This continues a growth trend that has seen of 5.9%pa over the last 10 year. Construction added 179 units, up 3.8% over 2005, while cultural and recreational services added 122 units, up 6.0%.

Strong growth in business units was also achieved in cultural and recreational services, adding almost 1,000 units at 6.3%pa, and in health and community services, which added 829 units at 5.8%pa.

The biggest fall in business units over the long term occurred in finance and insurance, which decreased by 281 units over ten years, although in percentage terms this was better than the performance of the communication services industry, which reduced by 1.9%pa, losing 87 units. Manufacturing also struggled, shedding 114 units between 1996 and 2006, at 0.6% pa.

INDUSTRY	BUSINESS UNITS (NUMBER) 1996	2004	2005	2006	%PA CHANGE 2005	2006	1996 TO 2006
Primary	2,453	2,950	2,938	2,856	-0.4	-2.8	1.5
Manufacturing	2,020	1,926	1,917	1,906	-0.5	-0.6	-0.6
Electricity, Gas and Water Supply	54	55	52	51	-5.5	-1.9	-0.6
Construction	3,575	4,525	4,763	4,942	5.3	3.8	3.3
Wholesale Trade	1,883	1,827	1,831	1,845	0.2	0.8	-0.2
Retail Trade	4,154	4,277	4,375	4,509	2.3	3.1	0.8
Accommodation, Cafés and Restaurants	895	1,219	1,277	1,313	4.8	2.8	3.9
Transport and Storage	1,353	1,362	1,402	1,425	2.9	1.6	0.5
Communication Services	487	410	412	400	0.5	-2.9	-1.9
Finance and Insurance	2,355	2,059	2,052	2,074	-0.3	1.1	-1.3
Property and Business Services	8,737	14,242	14,721	15,435	3.4	4.9	5.9
Cultural and Recreational Services	1,171	1,975	2,035	2,157	3.0	6.0	6.3
Personal Services	1,724	2,049	2,099	2,187	2.4	4.2	2.4
Government Administration & Defence	398	373	373	354	0.0	-5.1	-1.2
Education	861	962	969	995	0.7	2.7	1.5
Health and Community Services	1,096	1,844	1,880	1,925	2.0	2.4	5.8
Wellington Region	**33,217**	**42,055**	**43,096**	**44,374**	**2.5**	**3.0**	**2.9**
New Zealand	**318,029**	**421,468**	**432,613**	**443,369**	**2.6**	**2.5**	**3.4**

Source: BERL Regional Database, Statistics NZ

Employment

In 2006, the region achieved growth of 4.4% in employment, compared to the national average of 3.3%. Between 1996 and 2006, employment in the region rose 1.4%pa, compared to a national average of 2.0%pa.

INDUSTRY	EMPLOYMENT NUMBER FTES 1996	2004	2005	2006	%PA CHANGE 2005	2006	1996 TO 2006
Primary	5,352	5,114	4,856	4,977	-5.0	2.5	-0.7
Manufacturing	22,627	17,192	17,762	17,547	3.3	-1.2	-2.5
Electricity, Gas and Water Supply	1,612	1,318	1,202	1,122	-8.8	-6.6	-3.6
Construction	10,457	13,259	14,675	16,066	10.7	9.5	4.4
Wholesale Trade	12,347	9,669	11,053	11,495	14.3	4.0	-0.7
Retail Trade	19,083	20,447	20,743	21,935	1.4	5.7	1.4
Accommodation, Cafés and Restaurants	7,059	8,791	8,391	9,243	-4.5	10.2	2.7
Transport and Storage	7,749	6,519	6,910	6,802	6.0	-1.6	-1.3
Communication Services	4,382	5,519	5,558	5,670	0.7	2.0	2.6
Finance and Insurance	13,677	10,522	10,213	11,344	-2.9	11.1	-1.9
Property and Business Services	26,910	36,126	39,134	38,929	8.3	-0.5	3.8
Cultural and Recreational Services	4,988	5,926	6,421	6,847	8.4	6.6	3.2
Personal Services	8,033	8,952	9,539	10,279	6.6	7.8	2.5
Government Administration & Defence	18,057	17,960	18,873	22,389	5.1	18.6	2.2
Education	13,716	13,140	13,394	13,400	1.9	0.0	-0.2
Health and Community Services	10,614	16,625	17,722	17,432	6.6	-1.6	5.1
Wellington Region	**186,664**	**197,078**	**206,446**	**215,477**	**4.8**	**4.4**	**1.4**
New Zealand	**1,484,116**	**1,690,949**	**1,751,699**	**1,809,041**	**3.6**	**3.3**	**2.0**

Source: BERL Regional Database, Statistics NZ

Over the last year, government administration and defence industry recorded 18.6% growth. Within this industry, employment in the government administration sub-industry grew by 3,154 FTEs in the year to March 2006. The largest area of growth was in central government administration, which increased by 2,479 FTEs. Local government administration grew by 146 FTEs.

The health and community services industry has managed 5.1%pa growth in employment between 1996 and 2006 (+6,800 FTEs), the fastest growth of all industries in the region.
Construction also grew strongly over the ten years, at 4.4%pa (+5,600 FTEs) although this rate was far lower than the 10.7% and 9.5% recorded in the last two years.

The greatest loss of FTEs was in manufacturing, which shed 5,080 FTEs between 1996 and 2006, an average loss of 2.5%pa.