

Economy



Sections

- Economic Indicators of Community Wellbeing
- Waitakere's Economic Health
- Workforce Characteristics

Introduction

The economic wellbeing of Waitakere residents is critical to their overall wellbeing. People who are gainfully employed and earn a reasonable income can meet their own needs for goods and services. There is a strong relationship between income and standard of living - including outcomes in health, housing and education.

This is true for communities as well as for individuals. Communities with high levels of unemployment and poverty often have high levels of crime, poor health, low educational achievement and sub-standard housing. Wealthier communities with high employment levels tend to fare much better on these measures. Ethnicity and cultural background are important defining features of any community, and there are links between culture and socio-economic status. The link between low income and poor standard of living can be reduced by giving everyone access to basics – such as affordable housing, transport and health services. But as well as these safety net measures it is important to directly address the factors that will increase employment and wealth for a community.

There are two main ways in which economic wellbeing of Waitakere residents can be improved:

- Improving the health of the local and regional economy to create more jobs. (As well as creating jobs, a strong innovative and sustainable economy can help boost the City's image and identity).
- Matching people's skills with local industry needs - through education and training.



Strategies for making these improvements need to take into consideration what will work best for a specific community. For example, many Maori organisations take the approach of 'by Maori, for Maori' in relation to economic, social or cultural development. Te Whanau o Waipareira Trust have adopted a 'by Maori, for all' approach to service delivery.

Major Policy Influences and Directions

- In 2001, the government announced its Growth and Innovation Framework (GIF), which aims to accelerate New Zealand's economic growth rate. GIF is about developing industry clusters, exporting, and promoting a culture of innovation and enterprise.
- The Sustainable Development Programme of Action was released by Government in early 2003. GIF sits within the Programme of Action, which is intended to ensure that the country's developmental path is a sustainable one.
- The Auckland Regional Economic Development Strategy (AREDS) is based on a wide-spread partnership across the region's communities in order to define a clear economic direction for the region's future.
- Funding from Government is also available for Major Regional Initiatives (MRIs). Three MRIs have been funded in the Auckland Region to date (2004) – covering food and beverages; tourism; and technology.
- Waitakere City Council now has now adopted an Economic Development Strategy designed to carve out the City's niche in the regional economy. A key part of the Strategy is to build on the highly innovative Waitakere Employment Skills Project (WESP) refer to page 48.

Key Issues

Economic priorities for Waitakere City include:

- Reducing poverty and socio-deprivation. Although Waitakere is a "middle income city", it still has a relatively high proportion of areas with high levels of poverty, sub-standard housing and limited educational achievements.
- Addressing long-term unemployment and the unemployment of migrants.
- Increasing the number of jobs based in Waitakere City. Currently Waitakere City has 15% of the Region's residents and only 8% of the Region's jobs.
- Increasing the portion of the local work force who work locally. Currently 57% of the workforce still commutes out of Waitakere City each day.
- Ensuring future development areas (such as the north-western sector of the city) have job growth as well as residential growth.
- Support for small and medium size business.
- "There are very few middle and top management jobs available in Waitakere. We have to create an environment where the entrepreneurs will want to live as well as start a business. We have to openly debate issues such as attitudes to work, work/life balance etc".¹

¹ Councillors Wellbeing discussion 15 March 2004.

Some Highlights

- Waitakere's low unemployment rate is very encouraging. The official unemployment rate at September 2003 was 2.6% compared with a regional average of 3.7%. This is the lowest rate for a number of years.
- Initiatives such as Gateway, helping school students to combine work-place learning with their school studies; and Youthworks, a programme targeting at "at risk" students, are practical examples of how the employment opportunities of young people can be improved.
- Although local job growth has not been a major factor in reduced unemployment there have been some notable growth areas.

The burgeoning film industry is a good example. Local productions include Xena: Warrior Princess; Shortland St; The Lion, the Witch and the Wardrobe; and New Zealand Idol. There are three major film studios operating in the City – Henderson Valley Studios, South Pacific Pictures, and Studio West.

- Enterprise Waitakere is one of New Zealand's longest established economic development agencies. As well as supporting film, marine and other clusters it runs the WestSmart Business Incubator, which aims to grow and support new businesses. It has been highly successful in attracting national funding for many of its programmes.
- Localised economic development initiatives have begun to focus on the linkages between economic, environmental and social factors e.g. the Ranui Action Project.²

Economic Indicators of Community Wellbeing

Personal Income

- The median personal income of Waitakere City residents in 2001 was \$20,785, an increase of 15% since 1996³. This is a little less than the regional median of \$21,117.
- Lower incomes in Waitakere City tend to be within population groups such as:
 - Those aged 15-24 years
 - Those aged 65 years or older
 - Women
 - Those of non-European origin.
- Younger people, older people and women are less likely to be in the workforce. These groups are also more likely to be employed part-time. In addition, younger people and those of non-European ethnicity are more likely to be unemployed.

² Councillors Wellbeing discussion 15 March 2004.

³ Median personal income has risen faster than the consumer price index (CPI) which increased by 7.5% over this period.

Personal Income of Waitakere residents, 2001

Population Group	Median Personal Income
Female (aged over 15)	\$16,100
Male (aged over 15)	\$26,700
European	\$27,414
Maori	\$22,219
Pacific Island	\$18,824
Asian	\$16,910
Other	\$17,713
15-19 years	\$2,607
20-24 years	\$17,659
25-64 years	\$26,161
65 years & over (This is about what a single person earns on Super).	\$12,430

Source: Statistics New Zealand, Census 2001.

Employment status of Waitakere Usually Resident Workforce, 2001

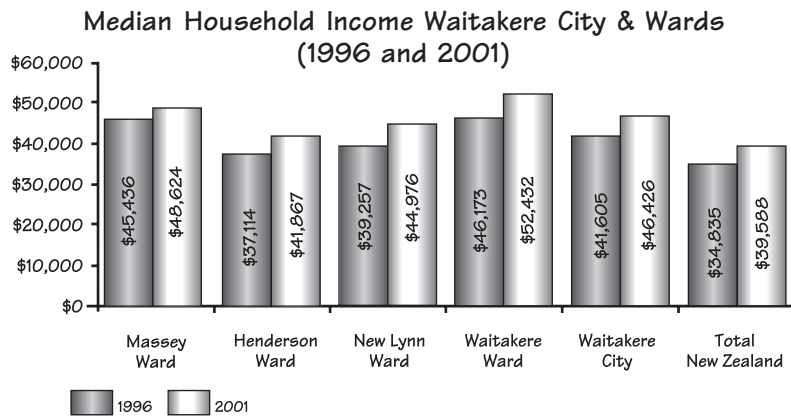
Population Group	Full Time	Part Time	Unemployed
Female (aged over 15)	63%	28%	9%
Male (aged over 15)	82%	10%	8%
European	75%	19%	6%
Maori	69%	16%	15%
Pacific Island	69%	16%	15%
Asian	68%	19%	13%
Other	57%	23%	20%
15-19 years	34%	42%	24%
20-24 years	70%	17%	13%
25-64 years	78%	16%	6%
65 years & over	45%	53%	2%

Source: Statistics New Zealand, Census 2001.

Household Income

Household income is a key indicator of individual, family and community wellbeing. Income influences the ability of people to purchase goods and services, including food, housing, health, education, leisure and transport.

- Waitakere City is a middle-income city with a median household income of \$46,426.
- Household income is increasing and is higher than the national median (\$39,588). However, the cost of living in the Auckland region is also higher.
- Household income was still lower than in other larger cities in the Auckland region.



Source: Statistics New Zealand Census, 1996 and 2001

- Some areas within Waitakere City have seen higher increases in household income than others.

- Residents in the Waitakere Ward have had the highest increases and continue to have the highest median household income in Waitakere City of \$52,432.

Socio-Economic Deprivation

Median household income does not provide a picture of those at either end of the income scale. Although Waitakere does not have the extremes of poverty and wealth that some cities have, poverty and inequality do exist and appear to be growing.

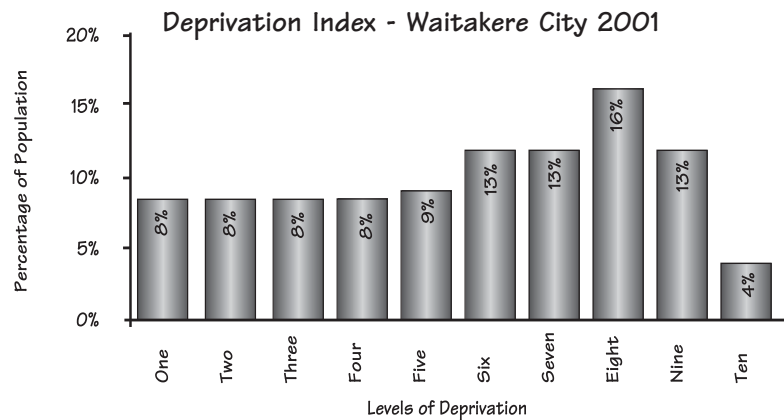
One measure of this is provided by the “deprivation index”. This is a research tool that calculates the socio-economic index rating for different geographic areas. It brings together a range of economic and social factors including income, employment, communication, transport, support, qualifications, home ownership and living space.

The index provides a rating for each area⁴ from one (being least deprived) to 10 (being most deprived).

- The majority of the population in Waitakere City (59%) lives in lower decile areas (6-10). However not all people living in low decile areas are deprived and not all socio-economically deprived people are located in low decile areas.

⁴ This analysis is at meshblock level. A mesh block is a small geographic area usually covering about 100 households. A deprivation rating is calculated for each mesh block, using a formula which combines measures for a wide range of social and economic indicators. These measures are weighted – ie some are judged to be more important than others in calculating the deprivation rating.
Source: University of Otago, Wellington School of Medicine and Health Sciences, 2001. See the Quality of Life Report 2003.

- While the factors influencing shifts in the deprivation index are still not fully understood, they may include a recent influx of lower income residents because of greater availability of affordable housing (compared to the rest of the region), new migrants settling into the area, and upward shifts in housing prices.⁵



Source: Quality of Life Report 2003

“Council and the community need to advocate for and work proactively on areas identified as deprived.” Ray Clarke, Coordinator, Waitakere City Effective Practice (Strengthening Families)

Unemployment and Job Seekers

Waitakere has a relatively young population and a high workforce participation rate.

- Of the 127,000 residents 15 years or older, 66% (84,000) are in the workforce – working part-time, full-time or unemployed.⁶

Employment has a strong influence on wellbeing, for financial and other reasons such as self-esteem.

- The official unemployment rate is currently the lowest Waitakere City has seen in several years - 2.6% in the September 2003 quarter. This is lower than the Auckland Regional rate (3.7%).⁷
- Population groups in Waitakere City that are more likely to be unemployed are those of Asian and “other ethnicities” and those aged 15-24 years.⁸
- At December 2003, Waitakere City had 5725 registered job seekers.⁹ Alongside falling unemployment, the number of job seekers also fell by over 3500 between March 2000 and December 2003.

“Work and Income has been focusing on bringing unemployment down and has partners such as Enterprise Waitakere, Massey University, Te Whanau o Waipareira Trust, New Zealand Trade and Enterprise, Tertiary Education Commission and of course the Council. Programmes like the Industry partnerships programme, industry internships, and the Waitakere Employment and Skills Strategy have all contributed.” (Barry Fisk, ex-Regional Commissioner, Work and Income New Zealand.)

⁵ Ministry of Social Development, Submission on Future Use of Whenuapai Airbase, 2003.

⁶ Statistics New Zealand, Census, 2001.

⁷ As measured by the Household Labour Force Survey, Statistics New Zealand. The Waitakere unemployment rate is for September 2003 and the Auckland Regional Rate for the June and September quarters combined.

⁸ As measured by Work and Income New Zealand, Ministry of Social Development, 2003.

⁹ As measured by Work and Income New Zealand, Ministry of Social Development, 2003.

Ethnicity of Waitakere Resident Job Seekers June 2003

Ethnicity	Number of Job Seekers	Ethnic group as percent of Job Seekers	Ethnic Group as Percent of Labour Force
NZ European/ Pakeha	2575	41.0	70.1
Maori	1678	26.7	9.7
Pacific Islands	865	13.8	10.2
Other	1096	17.5	8.2
Not stated	58	0.9	1
Total	6272	100	100

Source: Work and Income New Zealand, Ministry of Social Development 2003

- Maori and "other" (primarily Asian) ethnic origins are more likely to be job seekers than Pakeha. For example "other" ethnic groups make up 8.2 percent of the labour force but account for 17.5 of all registered job seekers.

"Unemployment is at a 16 year low. This means that the people who are left on the register are generally presenting with more barriers to transition. There is a misconception that if someone is out of work they are unemployable. That is not the case." (Adrian Roberts, Managing Director, Inwork New Zealand.)

"Migrants need assistance with employment – doing CVs, knowing how to present themselves in interviews, knowing the interview process (that

there is often a panel). We need to help those who can't get jobs and can't get the dole either – people don't want to go on the dole but don't know where to go when they can't get jobs in their field – they start getting depressed, self esteem drops, they feel they don't have any choices to move forward." Praveen Chandra, President Waitakere Ethnic Board

Income Support and Accommodation Supplement

- Approximately 16,000 working age Waitakere residents receive income support. This includes all means-tested benefits such as unemployment, invalids, sickness and domestic purposes. Income support payments in the year July 2002 to June 2003 totalled \$586 million.¹⁰
- At August 2003:
 - over 6000 sole parents received the Domestic Purposes or Widows benefits, and
 - over 5000 received sickness or invalids benefits.
 - Unemployment benefits are the next biggest category.
- Falling unemployment (and fewer sole parents receiving the DPB) has seen the number of people receiving income support fall by more than 2000 since 1996. However, the percentage of people receiving income support (9.7% of the population) is still high, compared with the North Shore (4.3%).
- In 2002, nearly 15,000 residents (8.2%) were receiving an accommodation supplement. This percentage was highest equal with

¹⁰ Ministry of Social Development 2003.

Manukau of the four cities in the Auckland region.¹¹ The supplement is available to low income earners (including those receiving income support), who are spending a high percentage of their income on rent or mortgage payments¹².

Household Expenditure

In 2001, Waitakere residents on average spent nearly 28% of their total household expenditure on housing. This includes expenditure on rent, rates, mortgage payments, household maintenance etc. Waitakere’s average is higher than the regional average of 25% and higher than the national average of nearly 22%.

Other categories of expenditure are:

- 17% on services such as medical, educational, entertainment etc
- 16% on transportation
- 16% on food
- 11% on household operations – power, appliances etc
- 10% on other goods including books, CDs, apparel etc. This was significantly less than the national average of 14.5%.¹³

Local Employment of Local Residents

Waitakere City has promoted local employment for more than a decade. Key factors for encouraging the call to “work locally” include that local employment reduces travelling costs, helps those with limited access to transport, reduces congestion on roads and motorways and promotes a vibrant, and sustainable local economy.

The percentage of Waitakere people working locally is still well under 50%. Despite an improvement in 1991, the level dropped back in 1996 to 42.2% and remained almost constant in 2001.

Percentage of Waitakere City Resident Workforce Working in Waitakere City.

Year	Percentage of resident workforce working in Waitakere City
1986	41.2
1991	44.3
1996	42.2
2001	42.5

Source: Statistics New Zealand, Census 1986, 1991, 1996, 2001

Waitakere’s Economic Health

A strong, robust and sustainable economy can contribute to the economic and social wellbeing of the local community in many ways including:

- By providing employment opportunities for residents
- By enabling more residents to work locally
- By contributing to a positive city image
- By contributing to growth in the city’s rating base

¹¹ Source: Quality of Life Report 2003.

¹² Defined as over 25% of income spent on rent or over 30% of income on mortgage repayments.

¹³ Source: Quality of Life Report 2003.

Business and Employment Trends

There were 11,470 businesses based in Waitakere City in 2003. These make up about 10% of the businesses in the Auckland region.¹⁴

The majority of local businesses are SMEs – small to medium size enterprises. 88% of businesses employ less than five people and 93% employ less than ten people. Only 1% of businesses employ more than 50 but these businesses account for 25% of jobs.

Waitakere has 15% of this region’s residents, provides nearly 8% of gross regional product¹⁵, and provides 8% of the region’s jobs. In other words Waitakere’s share of employment is quite low for a city its size.

Waitakere has had strong employment growth of 4% in 2003, however employment growth in 2002 was much weaker (1%) and the economy suffered a 4% loss of jobs in 2001. This was for several reasons, including Hobsonville Airbase closing and job losses in the wine industry.

FTE¹⁶ Percentage employment change, 1998 – 2003 by Territorial Authority

	1998	1998	2000	2001	2002	2003
Rodney District	7	1	8	0	2	7
North Shore City	6	3	7	2	3	6
Waitakere City	4	1	5	-4	1	4
Auckland City	2	1	4	2	3	5
Manukau City	4	1	5	-4	1	4

FTE¹⁶ Percentage employment change, 1998 – 2003 by Territorial Authority continued

	1998	1998	2000	2001	2002	2003
Papakura City	8	1	0	1	5	4
Franklin District	4	2	4	1	3	2

Source: Source: Statistics New Zealand, Quarterly Employment Survey

“A key for further development is to increase employment opportunities in Waitakere City.” Ray Clarke, Coordinator, Waitakere City Effective Practice (Strengthening Families)

“More attention needs to be paid to the development of employment opportunities. We need to focus on creating an environment attractive to business, particularly those outside of the city.” Allan McGregor, Urban Partnerships

“I have spoken to business people thinking of relocating and most won’t consider Waitakere because of the image. Up until now, based on our experience it is a dormitory suburb. But Henderson Hub, the stadium, Unitec lifting its presence – i.e. the upgrading of infrastructure – will attract business.” Adrian Roberts, Managing Director, Inwork New Zealand.

¹⁴ Source: Statistics New Zealand, Business Demography survey.

¹⁵ GDP is a national measure, estimated only for regions and sub-regions. Gross Regional Product (GRP) is therefore an estimate of the region’s contribution to GDP. The value of using GDP as a measure of wealth is a highly debated topic. A growing economy means more jobs, and the focus in this report is on jobs rather than on GDP.

¹⁶ FTE means “full time equivalent”.

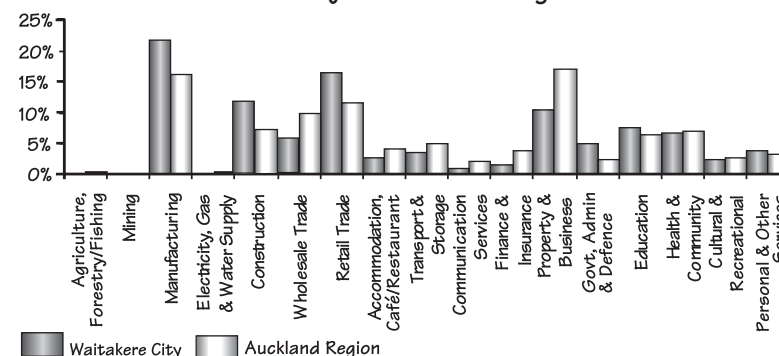
Employment Structure

Waitakere City has a strong manufacturing base, providing more than one fifth of total employment (although it makes up only 10% of the total number of businesses in the city).

Construction, retail trade and the "property and business" services are all large employment sectors.

Waitakere City has a strength in manufacturing, retail and construction compared to the rest of the region. It also has a strength in some smaller sectors such as education.

Employment Numbers (FTE's) by Industry
Waitakere City & Auckland Region 2003



Number of FTEs and business units per sector, Feb. 2002 and Feb. 2003.

Source: Statistics New Zealand, Quarterly Employment Survey 2003

Sector	2002		2003	
	Business Units	FTEs	Business Units	FTEs
A: Agriculture, Forestry and Fishing	58	110	59	100
B: Mining	4	25	4	20
C: Manufacturing	1,075	8870	1,090	9,090
D: Electricity, Gas and Water Supply	6	30	7	25
E: Construction	2,225	4930	2,277	5,110
F: Wholesale Trade	662	2450	685	2,590
G: Retail Trade	1,501	6690	1,619	6,990
H: Accommodation, Cafes and Restaurants	178	1140	197	1,100
I: Transport and Storage	503	1330	495	1,500
J: Communication Services	181	390	168	370

Number of FTEs and business units per sector, Feb. 2002 and Feb. 2003 continued

Sector	2002		2003	
	Business Units	FTEs	Business Units	FTEs
K: Finance and Insurance	213	640	237	670
L: Property and Business Services	2,853	4,190	3,064	4,430
M: Government Administration and Defence	31	2,000	41	2,130
N: Education	237	3,090	254	3,240
O: Health and Community Services	437	2,790	464	2,900
P: Cultural and Recreational Services	343	960	355	1,000
Q: Personal and other Services	455	1,580	454	1,600
TOTAL	10,962	41,215	11,470	42,865

Source: Statistics New Zealand, Quarterly Employment Survey

In Waitakere there has been a recent small resurgence in the manufacturing sector, with a growth in manufacturing employment of 2.5% between 2002 and 2003. This is encouraging given that the government is strongly promoting the importance of "value added" manufacturing to the New Zealand economy.

The top four growth industries in Waitakere within manufacturing were in food, wood products, paper products and motor vehicle body manufacturing.

Waitakere also has several well developed and specialised business clusters. These include film, boat building and organics. Supporting the

growth and development of these clusters is an important part of the City's Economic Development Strategy.

"Nationally and regionally, the development of strong sectors is closely linked with promoting exports, and developing overseas markets for our exports. Film and marine, and potentially organics, are strong export earners. It is important that Waitakere has the opportunity to benefit from these initiatives." (Waitakere Economic Development Strategy, 2004).

"We are growing all the time. We are just starting to put together some new deals in Australia. I consider myself to be very fortunate to do

business in Waitakere City. We have fantastic business support. We have an excellent networking system. Everyone gets to know everything. I wouldn't go anywhere else." (Phillipa Ivory, Managing Director, Eager Beaver Toys).

Work Force Characteristics and Skills

Job growth is a key to improving the economic wellbeing of Waitakere residents. However, job growth cannot be sustained unless the workforce has the skills to meet industry needs.

Approximately one third of Waitakere residents in the workforce are professional or technical workers, one third clerical and sales, and one third primary, trade or elementary workers.¹⁸

Most of Waitakere City's residents who work, are working as employees in paid employment:

- 81% are paid employees
- 5% are employers
- 12% are self employed
- 1% are unpaid family members

Men are twice as likely as women to be self-employed (16% and 8% respectively).

Objective 4 of the City Economic Development Strategy is,

"Waitakere's current and future workforce has the skills and the capacity to participate in, and to meet the needs of a dynamic and innovative economy."

WESP (Waitakere Employment and Skills Project) is a key tool to achieve this. It aims to identify skill demands in key Waitakere industries and match labour supply with demand. It also aims to ensure that every student leaves school with a plan for their future.

Skill Demands and Gaps

There is little data available about local skill shortages, however, nationally there are major skill shortages. Research completed by NZIER in June 2002 found:

- 39% of businesses were finding it hard to recruit skilled labour.
- 19% were finding it hard to recruit unskilled labour.
- 12% identified labour shortages as a constraint to growth.

Two preliminary studies have been undertaken for Waitakere. The first (completed by Massey University in 2002) found local businesses were having difficulty in recruiting both skilled and unskilled labour. A shortage of technical staff in the 25-35 year age bracket was identified as a particular issue.¹⁹

The second was a pilot study of 60 employers in nine industries (undertaken by Massey University in 2003). Given the small sample size the findings should be treated with caution, but include:

- 33% of employers reported at least one current vacancy
- The biggest category of "hard to fill" vacancies was in service and sales, followed by trades, and then administrator/manager.

¹⁸ Statistics New Zealand, Census 2001.

¹⁹ Waitakere Skills and Employment Project, December 2003 report.

- Skills that were identified as hardest to obtain by employers were technical/practical, problem solving, and oral communication.
- Qualities that were hardest to find in employees were good attitude, interpersonal skills and work ethic.

As the Skills Demand Research Programme continues, much better information will be available to compare industry needs with available skills.

“There is a problem associated with tradesmen-based industries – in bad times they don’t enter the profession, therefore in good times there is no staff. There are not enough people embracing the apprenticeship system – we need them to continuously come through the system so we have a constant supply of appropriately trained staff.” (Survey respondent from marine and boat building industry).

“There is a major mismatch between students’ aspirations and the actual jobs available. We are not meeting skill shortages directly.” Man Alive.

“The Waitakere Skills and Employment Project is demand driven, beginning with the needs of employers and working to assist people to meet those needs. A business skill need represents an opportunity.” (John Wadsworth, Enterprise Waitakere).

“21 percent of unemployed migrants have tertiary qualifications.” (Waitakere Skills and Employment Project, December 2003 Report).

“Our difference as a company is in supporting the person after they have started the job. In any one day we look after approximately 350 Waitakere clients placed by WINZ.” (Adrian Roberts, Managing Director,

Inwork New Zealand.”

Entrepreneurship

Entrepreneurship involves turning innovative ideas into commercial success. Entrepreneurs play a vital role in economic development and job creation. The 2002 Global Entrepreneurship Monitor confirmed that Waitakere has plenty of entrepreneurial talent.²⁰

Overall “Total Entrepreneurial Activity” (TEA) for New Zealand was calculated as 14%. TEA measures business start-ups within the previous 42 months, where the person starting up the business expects to share ownership of the business. New Zealand had one of the highest TEA scores – higher than the UK, US, Australia and Canada.

Waitakere City was found to have a TEA of 14.6%, Manukau 14.8% and North Shore 13.5%.²¹

Waitakere entrepreneurs were:

- More likely to have a tertiary qualification. (73% compared with an average of 63% of the other 4 regions in the study.)²²
- More likely to have an export focus. (One quarter of Waitakere entrepreneurs compared with 14% for New Zealand as a whole.)

²⁰ The New Zealand component of this study is carried out by Unitec on an annual basis. The 2002 monitor included a regional perspective with Waitakere, North Shore, and Manukau Cities all part of the study.

²¹ However the regional differences were all within the margin of error.

²² There were five regions in total – the fifth was Taranaki Province.

- More likely to be supplying a produce or service that was new or unfamiliar. (39% of Waitakere entrepreneurs) compared with 34% for New Zealand as a whole.)
- Less likely to be making use of new technology. (10% were making use of a new technology compared with 22% in Manukau City and 15% for New Zealand as a whole.)

“We have a vibrant group of entrepreneurial people. Look at what is happening in the film industry. Waitakere is a real incubator for talent both in terms of small business and resources. I am excited to be a new resident and a business resident in Waitakere.” Adrian Roberts, Managing Director, Inwork New Zealand.

Questions arising from the community

How are women’s choices’ compromised by their ability to earn?

Are we economically profiting from the lack of employment choices for new migrants?

Why are men twice as likely to be self employed?

How do you increase the overall wellbeing of our citizens unless there is an improvement and/or opportunities to increase income (standard of living)?

Is the gap between rich and poor in Waitakere City increasing? If so how do we narrow this gap?

How do we make sure that migrants and refugees are able to get work

that reflects their skill, capabilities and qualifications?

Who are living in poverty in Waitakere City? How can we make sure that services are being directed to those most in need? How can we best advocate for those living in areas with high levels of deprivation?

How can we make sure that every student in Waitakere leaving school is able to maximise his or her potential e.g that they have a plan for work or further training?

How can we make sure that Waitakere’s current and future workforce have the skills they need to get work?

How do we challenge ageism and discrimination and recognise the contribution of the elderly to the community, the workforce and the economy? Is there a way of recognising the potential status of elders as mentors?