

Strategy for the sustainable economic development of Northland

**“Kokiri ngatahi Taitokerau
Northland forward together “**

Update 2007 – 2011

**Strategy for the sustainable economic development of Northland
“Northland forward together / Kokiri ngatahi Taitokerau”
Update 2006 – 2010**

Foreword

Vern Dark/Kevin Prime/Mike Simm

Endorsements

NRC, KDC, WDC, FNDC (Mayors), NIF, Iwi CE forum

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“Northland forward together / Kokiri ngatahi Taitokerau” 2007 - 2011

1.0 Introduction

During 2001/02 a wide-ranging consultation process was undertaken to develop an economic strategy for the Northland Region - Northland Forward Together – Kōkiri Ngātahi Taitokerau.

In 2006 a rigorous review and update process has been undertaken to ascertain progress in key areas and to refocus on new emerging themes. This review acknowledges and builds on the 2001/02 work, and has used reference groups and stakeholder entities for the consultation process that also builds on the previous work.

Progress on 2002 key themes

- Significant improvement in agency (central and local government) coordination, collective understanding and collaborative intent.
- Significant drop in unemployment levels throughout Northland. Increases in average household income and GDP
- Establishment of an effective Regional Development Agency providing an appropriate conduit for business to central agencies, and facilitating a collective focus at agency, sector and service provider levels
- Focused industry activity, through sector development groups, in key sectors, including the successful implementation of a Major Regional Initiative in the Tourism sector
- Progress for Maori through strengthening Iwi infrastructure and partnerships / claim settlements progress.
- Active marketing of the region (for “live, work, invest”) has been limited - requires a cohesive strategy and significant funding streams.
- Northland remains poorly performing in terms of school leaving and higher qualifications. Skills gaps exist throughout. Lifting the base in the local population is a long term task related to aspiration etc.
- To date the focus from the original strategy has been on achieving gains from the local base.

2.0 Going forward

The 2007 – 11 plan has been developed building on the strong platform established by the first plan. A set of benchmark indicators has been identified, against which future progress will be measured.

This plan will be implemented through the efforts of numerous agencies, industry activities, and community and individual efforts. Its implementation will be facilitated by Enterprise Northland and Enterprise Northland will coordinate annual reporting and provide the governance oversight (through the NRCCT Board).

The plan overview

Development priority	Strategy	Actions
1. Creating an effective growth platform	1.1 Delivering secure infrastructure to Northland	<ul style="list-style-type: none"> 1. Develop integrated/aligned Northland infrastructure plan with funding model 2. Focus on priorities from Oct 2006 review 3. Establish NRC/TLA CE forum to drive operational comparability 4. Establish TLA case management process
	1.2 Position Northland for investment and growth	<ul style="list-style-type: none"> 1. Develop cohesive approach to positioning Northland for visit/live/work/invest 2. Develop communications plan to increase public understanding of impacts of economic activity
	1.3 Establish regional process for developing Northland leaders	<ul style="list-style-type: none"> 1. Extend KDC leadership programme to all Northland 2. Investigate graduate programme in Maori leadership
	1.4 Realign NIF focus on priority capability development	<ul style="list-style-type: none"> 1. Update Northland social development strategy 2. Develop cohesive NIF approach with focus on enabling education to improve outcomes 3. Drive “outcomes” based planning in NIF agencies
2. Raising capability	2.1 Deliver improved education/skills outcomes	<ul style="list-style-type: none"> 1. Review strategy of Northland Skills Forum 2. Develop labour force market plan and process 3. Review current programmes for efficacy and reach 4. Identify and adopt “best practice” programmes from other regions
	2.2 Instil an enterprise focus in youth prior to leaving school	<ul style="list-style-type: none"> 1. Expand Enterprise Education (YES,NET) 2. Enhance links between schools and businesses – WBH model
	2.3 Enhance communities ability to capitalise on development opportunities	<ul style="list-style-type: none"> 1. Establish region-wide community economic development function to facilitate scale projects 2. Develop programmes to activate business associations and support local economic activity
	2.4 Establish integrated “single entry” business growth and support process	<ul style="list-style-type: none"> 1. Develop/implement single “virtual” organisation providing comprehensive business support. 2. Ensure that both promotion and delivery methods are

		appropriate for, and facilitate engagement with Maori with business interests.
	2.5 Increase governance skills throughout business sector and communities	1.Deliver targeted Institute of Directors/Maori governance courses 2.Develop a Northland Directors/Trustees register
3. Changing Northland's economic profile	3.1 Intensify sector strategic activity	1.Review/update key sector analysis 2.Investigate "centres of excellence" potential in marine, engineering, aquaculture and tourism 3.Implement cluster model to give scale and increase sustainability 4.Develop funding mechanism for "pan industry" activity
	3.2 Encourage and increase inward investment in Northland	1.Develop cohesive Northland investment strategy 2.Investigate Northland venture capital fund 3.Coordinate "angel"/investment specialist network 4.Develop succession model to combat aging business/farm ownership 5. Develop TLA investment advice groups 6.Instigate collaborative research/business case development into value add opportunities
	3.3 Instigate effective positioning of Northland for live, work, invest	1.Develop regional positioning and communications plan 2.Allocate funding and support plan 3.Develop public communications process to highlight and celebrate business success at all levels

3.0 Delivering economic development in Northland

The government's three guiding priorities are; economic transformation, strong families and national identity.

In his paper outlining the economic transformation priorities "Securing New Zealand's future economic prosperity" Nov 2006, Minister Mallard outlined a "bold and aspirational view of what we want for a future high-income, knowledge based New Zealand".

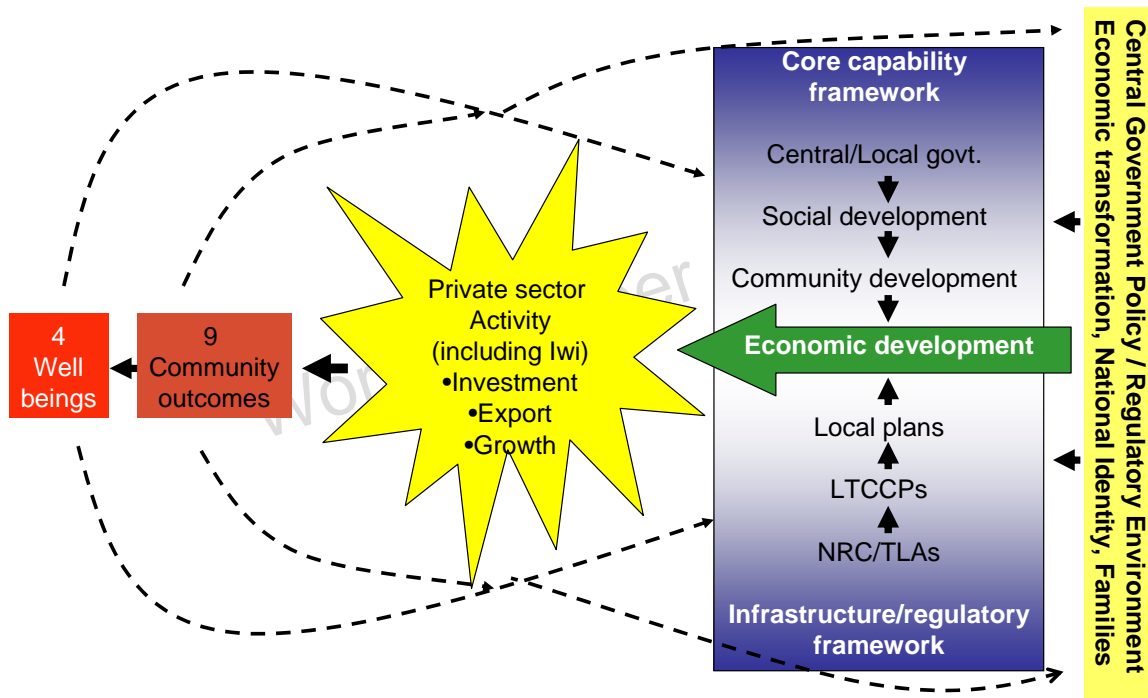
The paper identifies five key areas to focus on:

- Globally competitive firms – to be able to respond effectively to competitive pressure or the threat of competition, whether domestic or international, firms require skilled people, capital, finance, technology, ideas, entrepreneurship and aspiration.
- World class infrastructure – to be successful, New Zealand's globally competitive firms will need certainty of access to effective and efficient infrastructure, including transport, energy, ICT, and water and waste.
- Innovative and productive workplaces – raising productivity requires firms to develop innovative and productive workplaces ... skills and training issues are critically constraining the productivity growth of NZ firms and industries Foundation skills, literacy and numeracy need to be addressed alongside top-end skills. We need to develop, attract and retain highly skilled technical and creative people.
- Environmental sustainability – New Zealand's environment underpins much of its economic and export activity. The environment can be seen as providing the platform for the economy, now and into the future
- Auckland – an internationally competitive city – as our leading city, Auckland needs to be better connected to other centres. Through this all regions will benefit from a well-functioning Auckland and in turn can help drive Auckland's economic transformation.

Northland, and its economic transformation needs mirrors the above national priorities.

The model for enhancing economic growth in Northland describes a strong partnership between the private sector, Iwi, and central and local government, with an acknowledgement that the government's role is to provide the platform on, and in which individuals and communities can undertake sustainable economic activity. It is this sustainable economic activity – at all scales – from which derives mutual and individual wellbeing.

Figure. 1 The Northland Economic Development Model



4.0 Community outcomes/Well beings

Northland’s Regional Community Outcomes are part of the LTCCP process and describe what Northlanders value and what they would like the region to be like in the future.

Though not binding, these outcomes are intended to guide the planning processes of Northland’s local authorities and other organisations.

Northland’s Regional Community Outcomes are that:

- Northland residents are safe and healthy
- The region’s infrastructure is developed in a sustainable way
- Northland’s natural environment is sustainably managed
- The region is prosperous
- Our residents are educated and skilled
- We have cohesive communities
- Northland retains and enhances its regional identity
- The region’s residents have access to recreational and leisure opportunities

5.0 Northland Intersectoral forum

The Northland Intersectoral forum brings together local and central government interests in Northland to focus on aspects of overarching need. This forum has been active for three years and strongly underpins the current Ministry of Economic Development's "whole of government" approach. NIF is closely involved with, and in, the Strategy for the sustainable economic development of Northland, as a shaper of strategy, at a governance level, and as a key integrator of action.

6.0 Northland going forward

6.1 Northland's vision:

A vibrant economy that creates wealth and jobs, and provides choices and opportunities for people to live, work and invest in Northland, whilst recognising the value of its unique environment for present and future generations.

Mission:

Local Government, Central Government agencies, Iwi and key private sector stakeholders will collectively lead Northland to a position of vibrant prosperity. We will use this strategy to focus and shape collaborative and unified actions that drive us towards our agreed vision and outcomes.

We will achieve our vision by implementing interventions that address our major issues and develop our emerging opportunities.

6.2 Background economic position ¹

Today, Northland has a population base of more than 155,000, spread through urban and rural communities on a land area of 13,800 sq km. About 66,000 employees work for over 11,000 businesses, predominantly low skill/low wage. Major sectors contributing to the regional economy are pastoral, forestry, tourism, and building and construction. Horticulture and specialist engineering – for example, marine related, are also increasingly significant contributors.

The Northland economy accounted for 2.9% of total economic activity in New Zealand in the year to March 2004. Northland's regional GDP in the same year was \$4.0 billion. To March 2005 the figures were 2.8% and \$3.6 billion. Northland's **economic growth** is very variable; for example, between March 2000 and 2004 it averaged only 1.2% (over the same period the national economy grew at an average of 3.5%), whereas between 2002 and 2005 Northland's growth averaged 4.4%.

Northland's **per capita nominal GDP** was \$26,600 in the year to March **2003**, compared to a national figure of \$32,100. Northland has the lowest per capita GDP of the twelve regions covered by NZIER's regional economic dataset. In **2005** Northland's **per capita nominal GDP** had increased to \$28,720, with the national figure at \$36,253.

¹ This passage contains material extracted from a number of reports and reviews of Northland's position including: Statistics New Zealand; NZIER – New Zealand's Regional Economic performance; NZIER – Northland's Economic Profile; APR – State of the Economy; BERL – Regional Performance Indicators; LGNZ/Deloitte Survey of Economic Development Activity; and, internal and public reports from DOL, MSD, NZ Police, DOC, MoE. Additional material is appended.

Per capita real GDP grew at an average of 2.0% between March 1998 and 2003, below the New Zealand growth rate of 2.3%. However between 2002 and 2005 per capita real GDP lifted to an average of 3.7%.

Northland's **unemployment rate** averaged 6.0% in the year to June 2004 and 5.2 % for 2005 - the highest regional unemployment rate in New Zealand.

Labour force participation has increased significantly in recent years, from 59.9% in 2002 to 65,5 % in 2006.

Labour productivity growth (real GDP per employee) in Northland averaged 0.7% during 2000 – 2005. Nationwide, labour productivity growth has averaged 0.9% per year over this period. Northland's low rate reflects the sharp increase in the participation rate, and the low level of investment in leveraging technology.

Northland spends a below-average amount on **economic development** relative to its GDP (\$890 per \$million of GDP), compared to New Zealand as a whole (\$1,100 per \$million of GDP). This may partly explain why Northland's enterprise creation rate is not high.

Northland is not a significant destination for **overseas (or NZ) investment**, accounting for just 0.9% of total overseas investment in New Zealand between 1999 and 2003. This is far lower than its share of New Zealand's GDP.

6.3 Major regional issues and opportunities

6.3.1 Issues and challenges

1. Shape/scale of the commercial sector – of Northland's approximately 11,000 businesses, the majority are small (less than five employees), part time (e.g. B&Bs in the tourism sector), or "lifestyle (and hence growth resistant) businesses. Hence the potential for significantly impacting Northland's prosperity, currently sits with a very limited population of competent, profitable, growth capable businesses.

- **Lack of vibrant export/investment - ready SMEs** – Currently only ten "corporates" are operating in Northland. In addition, there are twenty to thirty significant businesses (excluding pastoral businesses). However, there are very few growth-ready SMEs with product, distribution and competent growth management in place.
- **Low level of investment in value adding technologies** – investment in high end products and services is needed to raise the quality of employment in Northland.
- **Vulnerability of/to major sectors** – Northland's prosperity is tenuously tied to tourism, pastoral farming, forestry, and, building and property development. There is an absolute need to broaden the base of industry.

2. Low base and momentum – economic development activity to date has focused on growing local assets – increasing the local skill base and growing local companies.

There is now a realisation that this strategy alone will not achieve transformational growth in Northland, due to the low starting base. Transformational change will require new skills, new thinking, new paradigms and particularly new companies and people in Northland. Currently there is a lack of significant large scale investment that will attract these people.

3. Skills and education – grow local, attract new. The review has identified gaps in Northland’s human capital in all of the three core learning areas;

- Core education – literacy and numeracy
- Life skills – motivation, work ethic, accountability, money management, and
- Work skills – specific vocational learning

It has also identified a rapidly aging skills pool. Whilst growing our local skills is vital, so is attracting in both core and new skills.

4. Infrastructural and socioeconomic weaknesses

- **Isolated businesses and communities** require innovative support mechanisms and new methods of partnership based assistance.
- **Aging ownership of farms and businesses** – new mechanisms are needed to achieve workable succession both to reinvigorate and to realise asset values.
- **Land use/planning issues** – there are issues impacting specific industries that are impeding investment and development flows. Constructing workable solutions will require collective will and strong collaborative effort. Two examples are:
 - **Aquaculture** – the expansion of aquaculture (both mollusc and fin fish) requires interested parties (Iwi and other) to overcome significant regulatory barriers, and to develop workable partnerships.
 - **Pastoral farming** – land use re-designations have impacted on farm ability to aggregate to gain competitive scale (reductions in minimum block size raise land price and increase intensification of ownership, whilst decreasing core productive land use. This creases the cost of amassing scale blocks, oand farming disaggregated blocks). Whilst diversification of land use has been seen as positive, maintenance of sector scale is critical to the current Northland economy.
- **Security of core infrastructure** – power, transport, broadband. Northland has universal weaknesses in core infrastructure. Achieving secure infrastructure with acceptable technology levels is key to future investment and the regions sustainability. A focus on those projects identified as high priority in the “Regional Capability: Infrastructure for Northland Region” Oct 2006 report will deliver a more robust infrastructural platform for economic development.
- **Visionary leadership** and **spend on economic development** are also key issues

5. Raising potential for Maori assets – optimal use of Maori land, labour and capital is critical to Northland’s economic performance. Stronger partnerships between Maori/private sector/EDA/local/central government are needed to hasten progress towards sustainable commercial outcomes.

6. Improving, but suboptimal, delivery of assistance - current provision of business capability development services to Northland businesses is optimal neither in terms of reach nor efficacy.

- No individual/entity holds a complete picture of business activity in Northland and the collective picture is vague
- Numerous entities are competently delivering aspects of business capability development at the micro/small SME level
- Funding for such delivery is diverse and the expectations of the funding agencies are variable. There are limits to the delivery, and there are gaps in the delivery. Northland is not accessing “its share” of available central government assistance.
- There is limited coordination between agencies/providers with respect to individual (or groups of) businesses.

Northland needs a collective and cohesive delivery of a comprehensive suite of enterprise capability enhancement mechanisms that will deliver to the identified needs of the full range of Northland businesses. There is a need to ensure that the future arrangement makes optimal use of the full range of funding options available, and staircases businesses through assistance programmes to ensure commercial competency and economic sustainability.

7. Focus on sustainable business practices - sustainability and sustainable business practices are beginning to be embedded in Northland, and this signals a strong commitment to the principles of sustainability based in the four well beings; social, economic, environmental, and cultural.

Continuing emphasis on such principles will drive; reduced costs – less waste and improved efficiencies; increased market potential and differentiation; genuine ethical marketing; an improved environment from reduction in waste, water and energy; and, improved community partnerships

6.3.2 Opportunities

Northland’s comparative advantages relate to its topography – tourism landscapes, its climate – year round grass growth, its geology – sands, clays, aggregates etc, and its people – unique Maori and European settler history. Additional opportunities arise from Northland’s proximity to Auckland.

1. Opportunities from aspects of comparative advantage

- **vertical/horizontal integration in land/sea based sectors**
 - aquaculture and derivatives

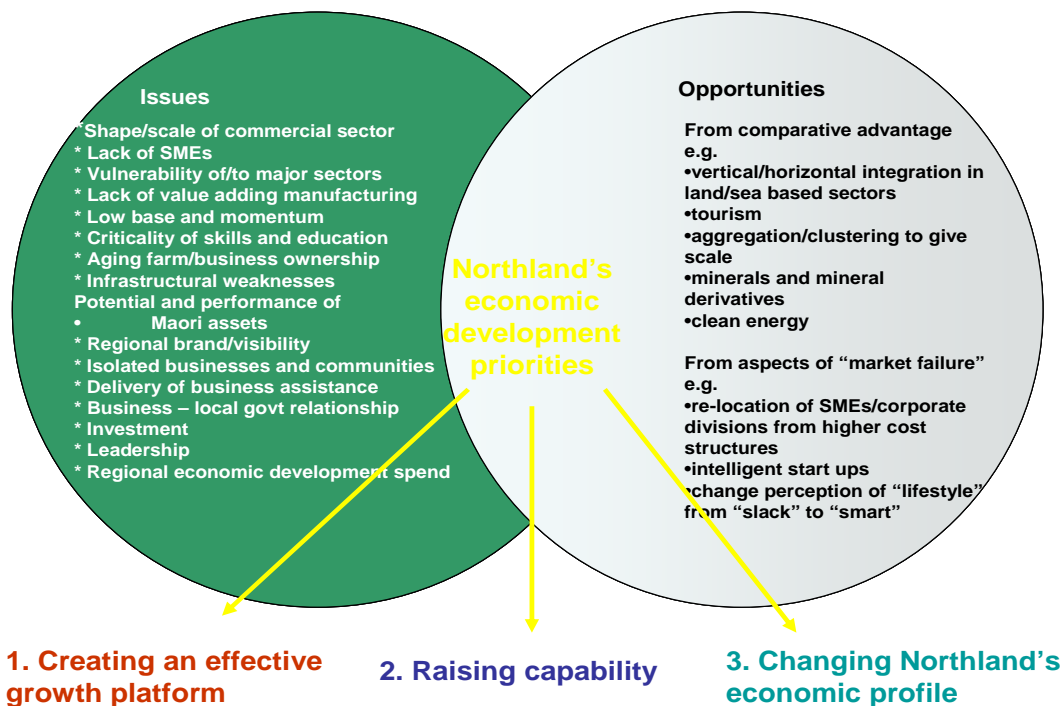
- food and food derivatives
- value added manufacturing e.g. marine and forestry related
- **tourism**
 - Maori culture, Maori and settler history
 - high end products/services based on “pure” or “clever natural”
 - active/experiential
- **minerals and mineral derivatives**
- **clean energy**
- **proximity of Auckland**

2. Opportunities from aspects of “market failure”

- re-location of SMEs/corporate divisions from higher cost structures
- intelligent start ups
- change image of “lifestyle” from “slack” to “smart”

7.0 Emerging development priorities

These issues and opportunities together define Northland’s economic development priorities



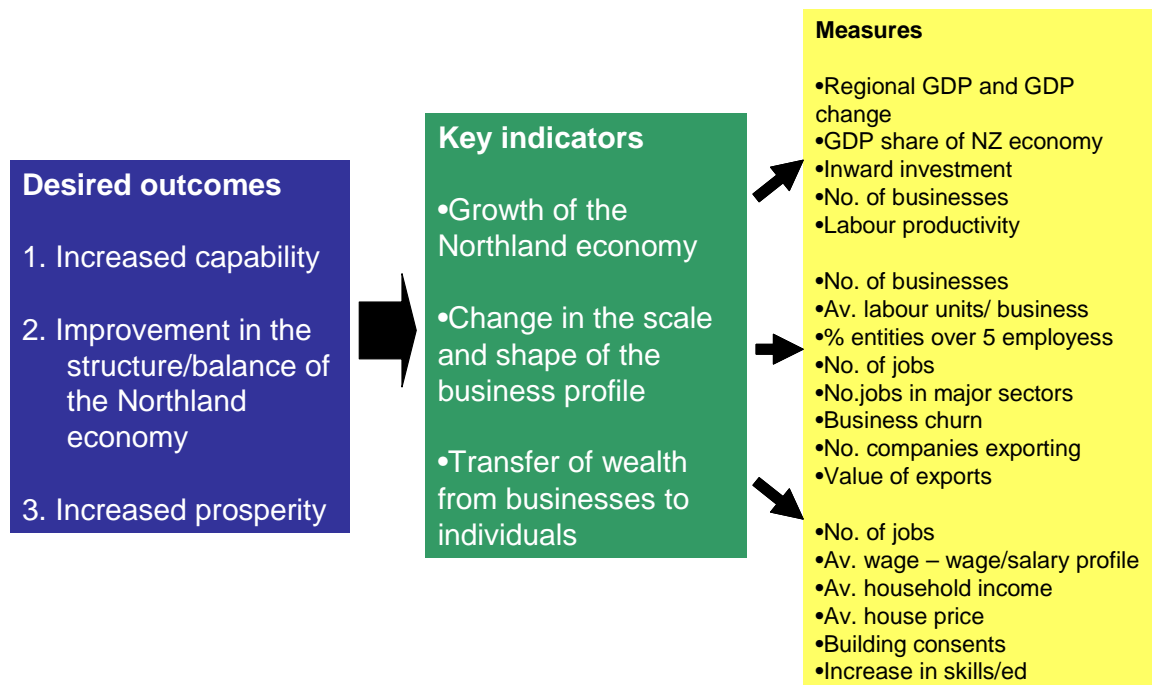
8.0 Our goals

We will achieve our vision through interventions that:

- increase capability throughout our region at child, adult, community/marae and business /Hapu /Iwi levels
- improve the structure and balance of the Northland economic profile, and
- increase overall prosperity

9.0 Measuring our progress

We will track our progress towards our vision through the impact of our interventions on key indicators. The outputs of our intervention actions influence a set of defined measures we will monitor, where possible, at both region and district levels



10.0 Economic development for Maori

The ongoing, and indeed increasing, role of Maori in the Northland economy is well acknowledged in this strategic process.

Economic development for Maori has been defined as not only the expansion in the outputs of goods and services, but also ownership of the means of production, and increase in the ability to exercise control over production throughout the value chain.

Two paths have been identified that delineate the diverse impact of Maori assets and activities going forward. One path parallels commercial activity by Maori individuals and groups, with similar activity in the broader community. All activities that derive from the

strategy will be focused on ensuring inclusion in, and delivery of benefits to Maori business.

The other path acknowledges the unique relationships amongst and between Maori, the broader community and the Crown at Iwi and Hapu level. At this level there is a growing acknowledgement that economic development for Maori will be best led through Iwi/Runanga channels. A focus on activities that strengthen capability and facilitate scale and cohesion has emerged.

The Iwi Chief Executives Consortium has developed commentary for the plan as follows:

“Maori feature strongly in the Northland Regional economic development landscape. They participate in and contribute to the economic development of the region at various levels, operating as tribal bodies that choose to enter into particular industry sectors, Maori collectives such as land incorporations, forestry trusts and the like, pan Maori organisations such as service providers and Maori in standard private enterprise i.e. entrepreneurs, SME’s, companies etc.

Enterprise Northland and other economic development agencies could and should continue to support the economic development of Maori in any way that continues to be useful to both Maori and the Northland economy. In general, the strategies contained in this document have a generic application to any business and will stand to benefit Maori and non-Maori alike.

It should be acknowledged however that the function of economic development from a Maori world-view may well differ from that of non-Maori, in as much as the key drivers for economic development for Maori tend ultimately towards holistic wellbeing of individuals, whanau, hapu and Iwi. For many Maori the *opportunities* and *impediments* to economic development rest concurrently within Treaty Settlement processes and multiply owned Maori land, both aspects unique to Maori. Maori worldview will also intrinsically develop the quadruple sustainability outcomes over Social, Cultural, Environmental and Economic outcomes.

The role of leading Economic Development for Maori in Taitokerau must rest with Maori themselves. There is still a level of development and understanding required of what best defines economic development for Maori, however this understanding is entering a new hiatus from a tribal perspective. Within Taitokerau, the tribes are beginning to find some composure amongst themselves, and are in the early stages of developing their own strategies to direct their future. Each might have taken the same journey to the same destination via a different route, but by working closer together at the strategic level such as they are, each destination might be reached a bit earlier.”

11.0 Social development in Northland

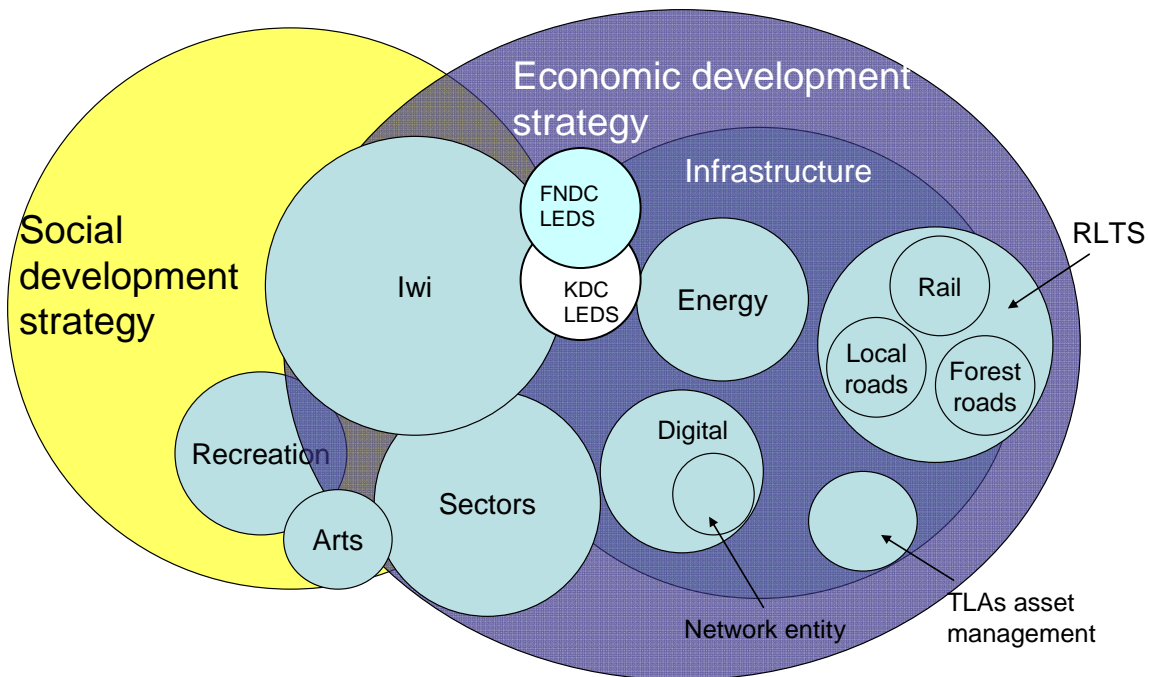
There is a general acknowledgement that economic development and social development are intrinsically linked. Through the central and local govt. agencies, individually, the NIF, collectively, and the (Mayoral Forum driven) Northland Social development strategy, aspects of core social capacity are already being addressed. This strategy assumes the activity is ongoing, and seeks to leverage the resulting gains into more structured economic growth.

12.0 Current strategic interventions

There are currently a number of key strategic activities (many arising as activities from the 2001/02 plan) that are already working, either to address the issues and opportunities identified, or directly targeting our goals.

1. Northland Regional Community Outcomes – community owned outcomes intended to influence and guide the planning processes of Northland Councils and other organisations
2. Regional and Territorial Local Authority Long Term Council Community Plans (LTCCPs).
3. The Northland Intersectoral Forum (NIF) – a forum that brings central and local government agencies together to align focus on areas of regional need.
4. The Northland Regional Skills and Training Strategy - 51 actions focused on addressing imbalance in the regional labour market.
5. The Iwi Chief Executive Forum – working towards a cohesive Maori world view
6. Sector development groups – assessing needs and developing strategy at industry level

There are numerous/assorted subset strategies in Northland, focusing on specific developmental activity.



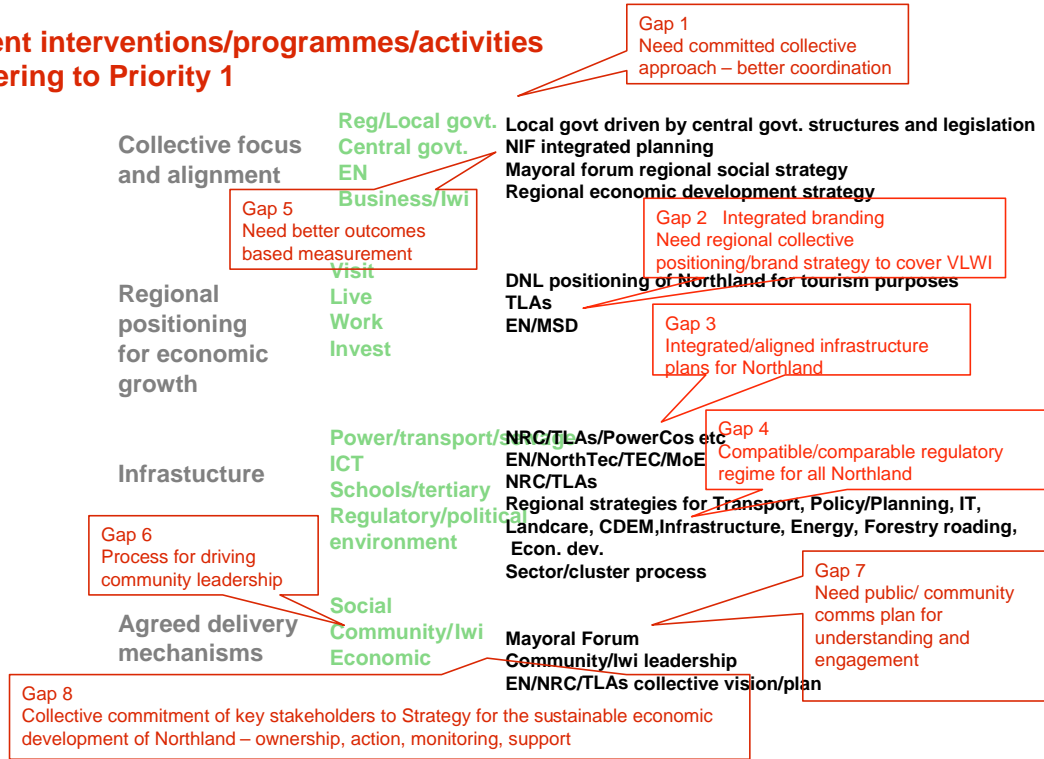
Economic development focused activities and their accompanying funding flows are identified in black in Tables 1 2 and 3

13.0 Gap Analysis

The gap analysis focuses on the three regional economic development priorities, and together with the above analysis of current interventions has identified the following gaps:

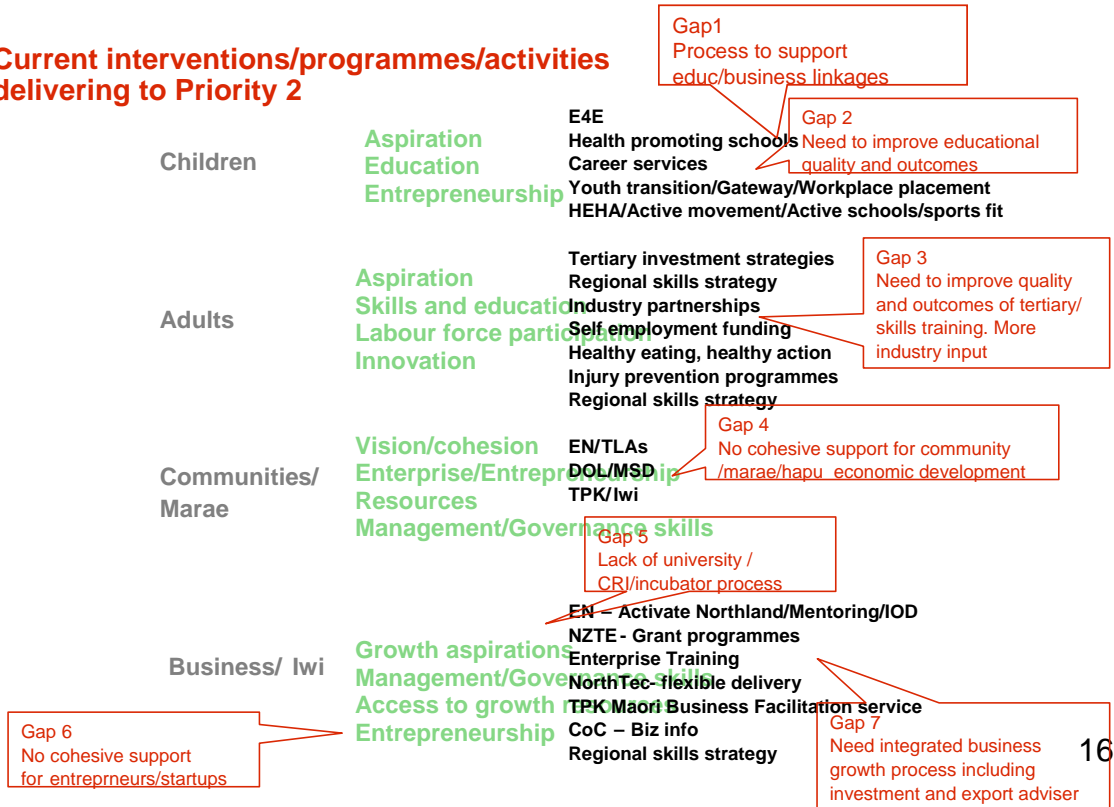
Economic development priority 1 – An effective growth platform

Current interventions/programmes/activities delivering to Priority 1



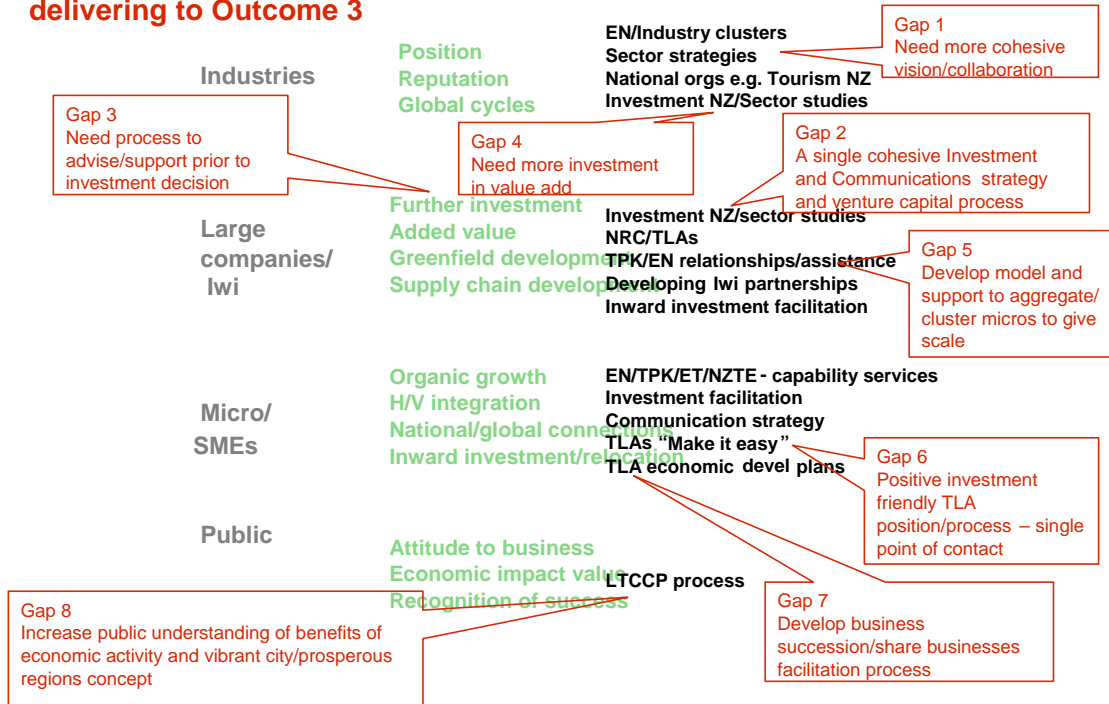
Economic development priority 2 – Raising capability

Current interventions/programmes/activities delivering to Priority 2



Economic development priority 3 – Changing the economic profile

Current interventions/programmes/activities delivering to Outcome 3



14.0 The Plan

Strategy for the sustainable economic development of Northland “Northland forward together / Kokiri ngatahi Taitokerau” 2007 - 2011

The gap analysis has driven the focus of the strategy update and the framing of the new (or reprioritised) core strategies.

The following pages set out the three development priorities and the core strategies, both ongoing and new, that have been identified as key to delivering sustainable economic growth to the Northland economy.

Development priority 1 - Creating an effective growth platform.

5 year outcome = Improved economic stability and prosperity

Contributing outcomes

NRC/TLAs – economic development in Northland is not impeded by core infrastructure

TLAs – commercial activity thrives in a positive local govt. environment

Businesses/Iwi - Northland is seen as a positive and supportive place, with appropriate infrastructure, to do business

Infrastructure Coys – have broad investments in innovative technologies

Strategy 1.1: Delivering secure infrastructure to Northland

Security of core infrastructure is a key to Northland’s future prosperity. Northland’s topography and demographics – a long thin area with relatively scattered population – is a challenge to those looking to ensure provision of services across all infrastructure areas.

Coordinating infrastructure planning, decision-making and investment is key. Taking a collaborative approach will provide a clear and comprehensive picture of the required investments and ensure a robust and sustainable planning, prioritisation and delivery process occurs

Action 1 - Development of integrated/aligned Northland Infrastructure plans with funding mechanism, including:

- Digital strategy/Network entity/Fibre optic back bone
- Energy
- Regional Land Transport – local roads, forest roads, rail
- TLAs asset management plans

Action 2 – Focus on high priority projects identified in the Oct 2006 Regional Capability: Infrastructure for Northland Region report

Action 3 – Establish an NRC/TLA CE forum to drive operational comparability

Action 4 – Ensure TLAs have a well functioning case management process/resource to assist businesses to meet Council requirements and work through consent processes. Promote this well so that businesses/developers engage with Council prior to making decisions.

Strategy 1.2: Positioning Northland for investment and growth

A region-wide approach to development and development pressures will ensure compatible and sustainable development outcomes

Action 1 – Develop a cohesive EN/local govt./agency approach to positioning/promotion of Northland for visit/work/live/invest, including:

- Compatible district plans and regulatory regimes across TLAs
- Productive vs lifestyle land planning parameters
- Ensuring Whangarei has sufficient appropriate zoning for development needs
- “How can we help” approach to new investment in Northland

Action 2 - Develop and undertake a communication plan to increase the Northland public’s understanding of economic activity and its impacts.

Strategy 1.3: Establish a regionally supported process for identifying/developing Northland leaders

Northland’s economic transformation needs strong regional governance, cohesive leadership and a high level of collaboration between the public and private sectors. There is a reluctance to step forward at all levels – community, business/sector, and civic.

Action 1 – investigate extending the KDC’s Leadership programme to the rest of Northland

Action 2 – Investigate Unitec graduate programme in Maori leadership, and other similar options.

Strategy 1.4: Realign NIF focus on priority social capability development.

Education at three levels; core literacy and numeracy; life skills; and, vocational skills are a priority in Northland, and impact on central agencies ability to significantly enhance well being, as well as on businesses ability to succeed.

In addition, the ability to measure the efficacy of central agency programmes and funding flows needs improving, in order for us to make sound decisions about priority interventions

Action 1 - Update the Northland Social development strategy

Action 2 – Develop a cohesive and aligned approach by NIF – with a core focus on enabling education

Action 3 - Drive “outcomes based” planning and measurement in the central/local government agencies in Northland

Development priority 2. Raising capability.

5 year outcome is increased capability throughout the economic profile

Contributing outcomes

Children – confident to stay and contribute to the Northland economy

Adults – are educated and motivated to contribute to economic activity and self support

Communities/Hapu – actively promote, support and enhance a vibrant local economy

Businesses/Iwi – thrive and grow in a diverse and sustainable Northland economy

Strategy 2.1: Deliver improved educational/skills outcomes that lift Northland’s productivity and prosperity

As stated previously, education at three levels; core literacy and numeracy; life skills; and, vocational skills is a priority in Northland. Improving equality, decreasing deprivation and increasing participation in the economy are all reliant on raising base capability. Promoting productive workplace cultures and identifying best practice will also aid in lifting Northland’s labour productivity.

Action 1 - Northland skills forum – review strategy and refocus on core education achievement, optimising youth transition, upgrading core skills delivery and labour market development.

Action 2 – Develop Labour force market management plan and process

Action 3 – Review current programme provision for student/family engagement, youth transition and adult literacy/work place learning to determine relevance, reach and efficacy.

Action 4 - Identify “best practice” programmes from other regions that have proven impact.

Strategy 2.2: Instil an enterprise focus in youth prior to transition from school to the workplace

Northland needs to optimise the input of its youth to the regional economy. Young Maori will make up an increasing portion of the work force in the next decades and ensuring engagement is a priority. Leveraging successful models of engagement like Whangarei Boys High School’s work placement programme, Northland College’s Trades Centre and the Young Enterprise and Northland Enterprising Teacher models will increase engagement and success.

Action 1 - E4E – expansion and deepening through NET

All Northland Students will have the opportunity to engage and participate in planned Enterprise Education Programmes during their time in school and beyond. This will

assist students to develop the necessary skills and attitudes to enable them to become job creators and/or effective employees in Northland, and to further develop and promote Northland as the leading region for Enterprise Education in New Zealand

Action 2 - Develop stronger links between schools and businesses – e.g. Whangarei Boys High School model to ensure key issues between curriculum and needs of business are identified

Strategy 2.3 Enhance communities focus and ability to capitalise on development opportunities

Strong communities (and Marae) - with capacity to identify and support local opportunities and innovation - provide structure and sustainability for local and regional economies. Institutional strengthening at community level is a key investment for the region's future.

Action 1 - Establish a region-wide community economic development support function to facilitate scale projects and identify/develop supporting business opportunities.

Action 2 – Develop programmes to activate buss/community associations and support new economic activity

Strategy 2.4: Establish integrated “single entry” business growth and support process

Northland needs a collective and cohesive delivery of a comprehensive suite of enterprise capability enhancement mechanisms that will deliver to the identified needs of the full range of Northland businesses. There is a need to ensure that the future arrangement makes optimal use of the full range of funding options available, and staircases businesses through assistance programmes to ensure commercial competency and economic sustainability.

Action 1 – Develop and implement a business model for a “virtual organisation” providing (for example, but not limited to) the following:

- Entrepreneur/high growth potential start up support
- BizInfo
- Export/growth capital facilitation
- Targeted SME development
- Assistance to access grant funding
- Incubator/innovation cells
- Mentoring
- Enterprise training
- Maori business facilitation service
- Sustainable practices advice

Action 2 -Ensure that both promotion and delivery methods are appropriate for, and facilitate engagement with Maori with business interests.

Strategy 2.5: Increase governance skills and understanding throughout business and community

Action 1 – Facilitate targeted Institute of Directors/Maori governance programmes to enhance governance resources.

Action 2 – Develop a Northland “Directors/Trustees register

Strategy 2.5: Encourage research activity in Northland through increased presence and collaboration between NorthTec, Universities and Crown Research Institutes

Development of innovation, commercialisation of ideas, and investment in more sophisticated added-value manufacturing is the key to establishing high growth, export focused SMEs.

Action 1 – Expand recent initiatives to encourage CRI partnerships in Northland.

Action 2 – Investigate NorthTec/university partnerships to bring higher level courses, in targeted subject areas to Northland, and to support research into development opportunities.

Development priority 3. Changing Northland’s economic profile.

5 year outcome = improvement in the structure/balance of the Northland economy

Contributing outcomes

Industries – cohesive, well structured, vertically integrated sectors leveraging Northland’s comparative advantages

Large companies/lwi – Northland is a desirable place for new investment/continuing operations

Micro/SMEs – micros survive profitably, and significant numbers of successful SMEs are active in Northland

Public – participates knowledgably in planning for sustainable prosperity in Northland

Strategy 3.1: Intensify sector strategic activity – across all key sectors

Following the 2001/02 strategy process and the establishment of Enterprise Northland, a number of industry specific sector development groups were established. Significant impact has resulted from the collective thinking and the very large contribution that private sector individuals have made to these groups. Broadening this activity to include more sectors; deepening the analysis within each sector; and, encouraging inter-sector linkages will lift performance even further.

Currently Northland’s economy is based on a few key sectors. Understanding potential global/local impacts and planning for risk mitigation will dampen fluctuation impacts.

Action 1 – Revisit/review key sector analysis and strategic understanding, including profiling selected industries to ensure full understanding of upside/downside impacts on the regional economy.

Action 2 – Investigate the potential to establish “centres of excellence” based on established comparative advantages – e.g. specialist engineering (marine focused), aquaculture, and tourism/hospitality.

Action 3 - Develop/implement cluster model to give scale/increase viability

Action 4 - Ensure appropriate funding mechanism are available to address pan-industry issues e.g. Funding for Destination Northland and support for Aquaculture Management Area planning

Strategy 3.2: Implement a suite of activities to encourage and increase investment in Northland

Strategic activity to date has focused on raising Northland’s economic momentum from the low local base. Whilst this is a critical focus, this alone will not bring transformational economic growth to Northland. In addition we need to attract new skills, new people, new businesses, and new investment.

Action 1 - Develop a cohesive Northland investment strategy, focused on inward investment, relocating entities, attracting technology-rich SMEs, and targeted skills attraction

Action 2 – Investigate establishing a venture capital fund to support Northland innovation

Action 3 – Coalesce and coordinate an Angel/investment specialist network in Northland

Action 4 – Develop a succession model/partnering mechanism to combat aging business ownership and assist young people and Maori into business ownership

Action 5 - Develop TLA “investment touch points” – investment advice groups including realtors, developers, local govt. and EN.

Action 6 – Instigate collaborative research into value add opportunities – business case development for investment

Strategy 3.3: Take action to effectively position Northland as a desirable place to live, work and invest

Defining and communicating Northland’s uniqueness will provide the impetus and the focus for a number of activities related to Northland’s prosperity – attracting business, attracting investment and attracting skilled and committed people. Developing a consistent and compelling identity and story is a priority.

Action 1 - Develop regional positioning and communications plan, including; regional story, competitive advantage, and “single unifying idea” or differentiator

Action 2 – Allocate funding and support to plan

Action 3 – Instigate a business to public communications process to highlight and celebrate business success. Develop a communications strategy with key messages to ensure that the wider community understands the wider significance of economic development.

Action and implementation plan

The action plan tables also identify current/ongoing activities and funding streams; new funding requirements; lead agencies; the high level outcomes and key indicator measures that the individual interventions contribute to; and, the reporting framework.

Table 1
Development priority 1. Creating an effective growth platform.

Black = ongoing activity *Blue = new or reprioritised activity*

* notes potential funding from new MED/NZTE fund

Contributing outcomes

NRC/TLAs – economic development in Northland is not impeded by core infrastructure

TLAs – commercial activity thrives in a positive local govt. environment

Businesses/lwi - Northland is seen as a positive and supportive place, with appropriate infrastructure, to do business

Infrastructure Coys – have broad investments in innovative technologies

Outcomes and measures	Core strategy/priority activities	Current funding /source	New funding /source	Lead agency
Progress on major infrastructure projects.	<ul style="list-style-type: none"> • <i>Development of integrated/aligned Northland Infrastructure plans with funding mechanism, including:</i> <ul style="list-style-type: none"> – Digital strategy/Network entity – Energy • FNDC renewable energy investigation – Regional Land Transport – local roads, forest roads, rail – TLAs asset management plans – <i>Focus on high priority projects identified in the Oct 2006 Regional Capability: Infrastructure for Northland Region report.</i> • <i>A NRC/TLA CE forum to drive operational comparability</i> 	NRC	<i>NRC, Power Cos, Tel Cos, Toll, Transit, Central govt.</i> <i>NRC proposal to develop an external funding strategy</i>	NRC
Transfer of wealth from businesses to individuals <ul style="list-style-type: none"> • No. of jobs, Av. wage – wage/salary profile • Av. household income • Av. house price • Building consents • Increase in skills/ed 	<ul style="list-style-type: none"> • <i>Cohesive EN/local govt./agency approach to positioning Northland for work/live/invest, including:</i> <ul style="list-style-type: none"> – Northland intersectoral forum – Regional labour market development forum 	FNDC		TLAs
		TLAs		NRC
				NRC CEO
		Local govt. through LTCCPs MSD		EN TLAs/NRC

	<ul style="list-style-type: none"> - Investing in Northland Communities – funders forum - Seasonal work governance group - Industry partnerships (WI) - Assistance with recruitment and training (WI) - Skill investment subsidies (WI) - Rapid response team to address business closure and employee diversion (WI) - - <i>Parallel/compatible district plans and regulatory regimes across TLAs “One Plan Project”</i> - <i>Productive vs lifestyle land planning</i> - <i>Ensuring Whangarei has sufficient appropriate zoning for development needs</i> - <i>“How can we help” approach to new investment in Northland</i> <ul style="list-style-type: none"> • FNDC district website – live, work, invest • FNDC business navigator • Case management process for inward investors - <i>Comms plan to increase economic understanding in public</i> 	<p>WI WI WI WI TLAs WDC TLAs FNDC TLAs</p>	<p><i>NRC budget item</i></p> <p><i>\$30k *</i></p>	<p>EN</p>
	<ul style="list-style-type: none"> • Establish regionally supported process for identifying/developing Northland leaders - <i>Expand KDC leadership initiative</i> - Strengthening Maori leadership 	<p>TPK/Iwi</p>	<p><i>TLAs</i></p>	<p>TLAs/NIF</p>
	<ul style="list-style-type: none"> • Realign NIF focus on priority social capability development, including: <ul style="list-style-type: none"> - Updating the Northland Social development strategy • FNDC LTCCP <ul style="list-style-type: none"> - Driving “outcomes based” measurement 	<p>FNDC/MSD</p>		<p>NIF MSD NIF</p>

Table 2

Development priority 2. Raising capability. 5 year outcome is increased capability throughout the economic profile

Black = ongoing activity *Blue = new or reprioritised activity*

* notes potential funding from new MED/NZTE fund

Contributing outcomes

Children – confident to stay and contribute to the Northland economy

Adults – are educated and motivated to contribute to economic activity and self support

Communities/Hapu – actively promote, support and enhance a vibrant local economy

Businesses/Iwi – thrive and grow in a diverse and sustainable Northland economy

Outcomes and measures	Core strategy/priority activities	Current funding /source	Increase/new funding/source	Lead agency
<ul style="list-style-type: none"> Regional GDP and GDP change GDP share of NZ economy Business profitability/investment No. of businesses/ decrease in business churn (start ups – closures) Labour productivity Core educational achievement/ no. of apprentices /youth transition numbers Numeracy/literacy levels at NCEA1 	<ul style="list-style-type: none"> E4E – expansion and deepening through NET. More schools, more participants, extension through school levels <i>- Delivery through Iwi</i> <i>• Increase focus on new learning modes</i> <i>• Investigate school trust mentor process to improve governance</i> 	NZTE Lion/Trust	<i>MOE</i> <i>Iwi</i> <i>\$100k</i> <i>NIF/MOE</i>	EN NIF
	<ul style="list-style-type: none"> Northland skills forum – review strategy and refocus on core education achievement, optimising youth transition, upgrading core skills delivery – Te Kotahitanga – Student engagement initiative – Numeracy initiative – Literacy development initiative – Maori Youth initiatives <i>– Labour force market plan & management</i> – Regional cadetship programme Engage local govt., align with community outcomes Youth transitions service Family violence prevention and early 	MOE MSD TPK NorthTec MSD/DOL TPK DOL TLAs WI WI/FAC FAC		<i>DOL/NIF \$50k</i>

	<ul style="list-style-type: none"> intervention • SKIP – Strategies for Kids, Information for Parents • Family Start • Strengthening families • Well Child • Youth Offending Teams • Residential • Rehabilitation programmes • Mentoring and life skill programmes • Alcohol and drug therapy • Residential facilities • Away from home education programmes (i.e. boarding school) • Adoption services 	<ul style="list-style-type: none"> FAC FAC FAC CYF CYF CYF CYF CYF CYF CYF 		
	<ul style="list-style-type: none"> • <i>Establish nationwide community economic development support function to facilitate scale projects</i> – <i>Programmes to activate buss/community associations and support new economic activity</i> – <i>Increase community/marae interaction/liaison</i> – <i>Establish community mentor process</i> 		<p><i>MSD \$250k \$100k *</i></p>	<p>EN</p>
	<ul style="list-style-type: none"> • <i>Establish integrated “single entry” business growth and support process, including:</i> – <i>Entrepreneur/start up support/BizInfo (1 FTE)</i> – <i>Export/growth capital facilitation(1 FTE)</i> – District economic development officers (3FTEs) – <i>Incubator/innovation cells</i> – Mentoring – Enterprise training – Maori business facilitation service – Sustainable business practice <ul style="list-style-type: none"> o Continuation of current project o NRC scholarships and awards 	<ul style="list-style-type: none"> EN/TLAs NZTE \$500k TPK \$250k NRC 	<p><i>NZTE/TPK/EN \$150k *</i></p> <p><i>\$50k *</i></p> <p><i>MfE? DOC? \$120k</i></p>	<p>EN/TPK</p> <p><i>NorthTec/Ind/ EN</i></p> <p><i>EN/MfE</i></p>

	<ul style="list-style-type: none"> o School ed. programme - Enterprise education – Be Your Own Boss (9 to 10 courses per annum across the Region) - Enterprise allowance – Business start up costs - Employment preparation skills - Workforce development - vocational training courses - Skill investment subsidy 	<p>NRC WI WI WI WI WI</p>		
	<p>Existing programmes/funds available in and to Northlanders:</p> <ul style="list-style-type: none"> - Adult and Community Education - Gateway - Foundation Learning programmes - Youth Training and Training Opportunities - Skill Enhancement - Nga Kaiarataki Pathfinders - Student Component (delivered by PTEs, Polytechnics and Universities) - Industry Training and Modern Apprenticeships - Workplace Literacy - Scholarships - SAGES – Older people as mentors (FAC's) - Budgeting (FAC's) - Family violence prevention and early intervention (WI and FAC's) - Family Start (FAC's) - Strengthening Families (FAC's) - Family group conferences (CYF) - Parenting programmes (CYF) <p><i>Implement changes to tertiary education system designed to more strongly link education and</i></p>	<p>TEC/MOE/MSD</p> <p>TEC</p>		

	<i>training needs of the region's employers and communities with the tertiary education investment guidance and decisions.</i>			
	• Targeted IOD/Maori governance programmes to enhance governance resources	EN/TPK	<i>Expansion \$20k *</i>	EN/TPK

Table 3

Development priority 3. Changing Northland’s economic profile.

5 year outcome = improvement in the structure/balance of the Northland economy

Black = ongoing activity *Blue = new or reprioritised activity*

* notes potential funding from new MED/NZTE fund

Contributing outcomes

Industries – cohesive, well structured, vertically integrated sectors leveraging Northland’s comparative advantages

Large companies/lwi – Northland is a desirable place for new investment/continuing operations

Micro/SMEs – micros survive profitably, and significant numbers of successful SMEs are active in Northland

Public – participates knowledgably in planning for sustainable prosperity in Northland

Outcomes and measures	Core strategy/priority activities	Current funding source	<i>New funding /source</i>	Lead agency
Change in the scale and shape of the business profile • No. of businesses • Av. labour units/ business - % entities over 5 employees • No. of jobs/No. jobs in major sectors • Business churn • No. companies exporting • New startups • /businesses relocating/expanding to Northland	• Intensify sector strategic activity – across all key sectors – <i>Develop centres of excellence</i> – <i>Marine, aquaculture, tourism,</i> – <i>Matauranga Maori</i>		* <i>IND \$100k</i> <i>TPK \$100k</i>	EN/TPK/ NorthTec
	• <i>Develop/implement cluster model to give scale/increase viability</i> • <i>Deliver appropriate funding for “pan industry structures of regional significance” e.g. DNL, Regional Aquaculture Plan etc</i>	TLAs/IND/EN/NRC	\$100k * \$300k *	EN/TPK
	• <i>Develop cohesive Northland investment strategy, including;</i> – <i>Inward investment, relocating entities, attracting technology –rich SMEs, targeted skills attraction</i> – <i>Venture capital fund to support Northland innovation and cohesive Angel/investment specialist network</i> – <i>Succession model/partnering mechanism</i> – <i>TLA investment touch points – investment advice group including Realtors</i>		\$150k *	EN/TLAs

	<ul style="list-style-type: none"> – <i>Collaborative research into value add opportunities – business case development for investment</i> • FNDC incentives policy investigation – Enterprising communities grant – Workforce development – Rapid response team to address business closure and employee diversion – Rapid response team to attract inward investment (workforce perspective) – Employer engagement 	<p>FNDC WI WI</p> <p>WI</p> <p>WI WI</p>	<p>\$140k *</p>	<p>EN</p>
	<ul style="list-style-type: none"> • <i>Develop regional positioning and communications plan, including;</i> – <i>Regional story, competitive advantage – “single unifying idea” or differentiator</i> – <i>Positioning support to reinforce story</i> – <i>Business to public communications process</i> – <i>Additional mechanisms for celebrating success (individual and community)</i> 		<p>\$150k *</p>	<p>EN/TLAs</p> <p>EN/TLAs EN/TLAs</p>

Appendix 1 Economic Background Notes

The Northland economy accounted for 2.9% of total economic activity in New Zealand in the year to March 2004. Northland's regional GDP in the same year was \$4.0 billion. To March 2005 the figures were 2.8% and \$3.6 billion.

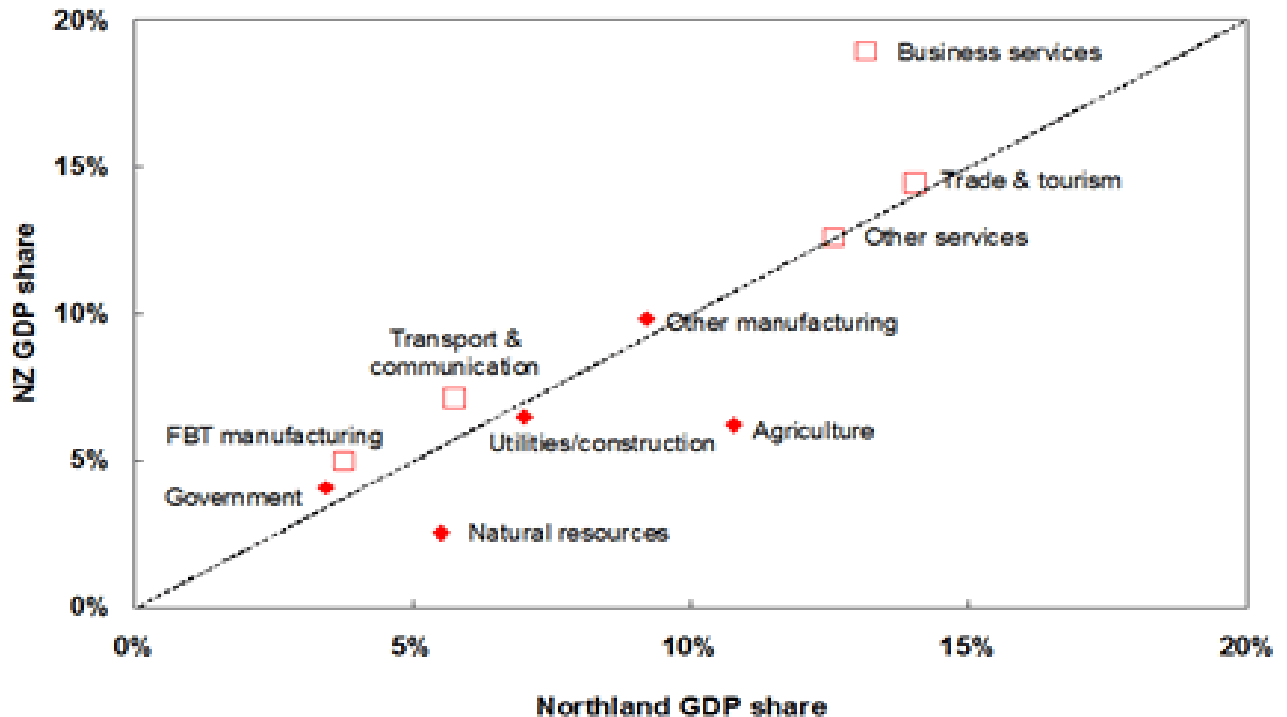
Northland's **per capita nominal GDP** was \$26,600 in the year to March **2003**, compared to a national figure of \$32,100. Northland has the lowest per capita GDP of the twelve regions covered by NZIER's regional economic dataset. In **2005** Northland's **per capita nominal GDP** had increased to \$28,720, with the national figure at \$36,253

Northland's **economic growth** between March 2000 and 2004 averaged 1.2%. Over the same period the national economy grew at an average of 3.5%. Between 2002 and 2005 growth averaged 4.4%.

Northland's per capita real GDP grew at an average of 2.0% between March 1998 and 2003, below the New Zealand growth rate of 2.3%. However between 2002 and 2005 per capita real GDP lifted to an average of 3.7%.

Current situation - Northland's industry profile – 2004

Northland's regional economic structure compared to that of the New Zealand economy.

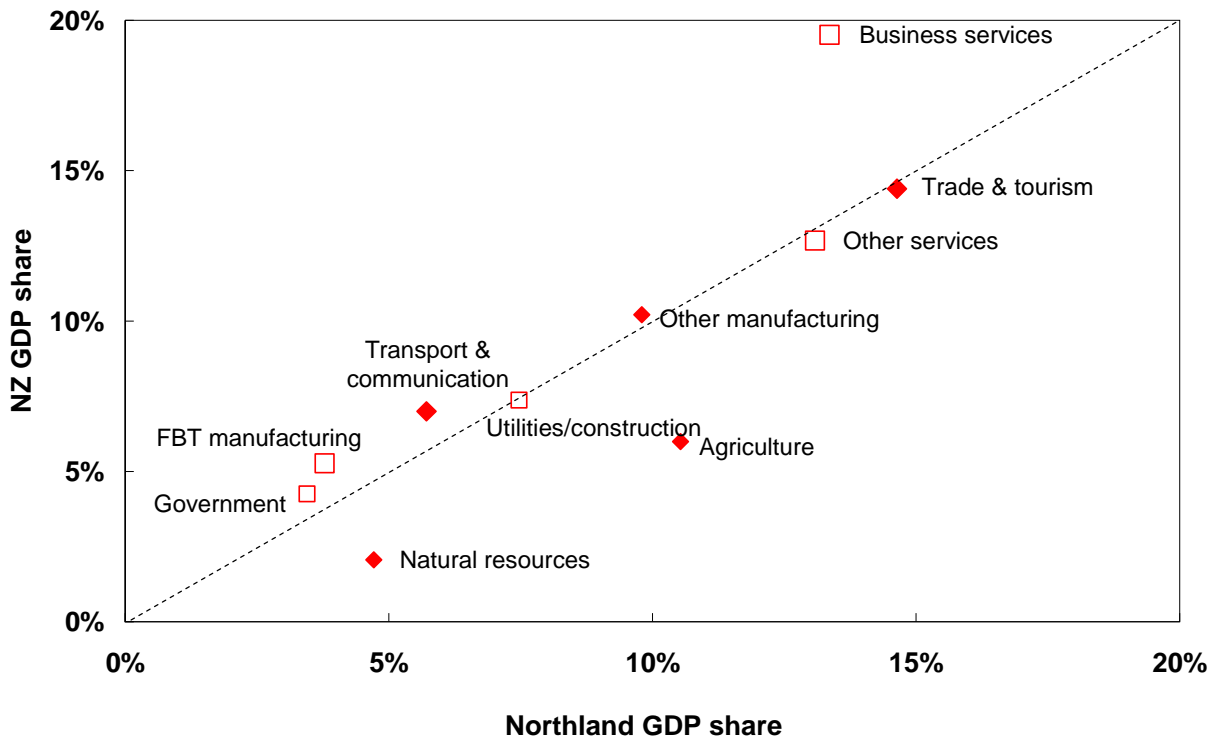


Shares of nominal national GDP (y-axis) and regional GDP (x-axis), averaged across March years 2000-2004
 Source: NZIER

- Any scatter plot to the left of the 45 degree dashed line (for example, business services) indicates that the industry accounts for a smaller proportion of Northland's GDP than it does at a national level. Conversely, any plot to the right of the dashed line (such as agriculture) indicates that an industry is more "important" to the Northland 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. The diamond scatter plots are industries that are slow-growing at a national level.

Current situation - Northland's industry profile – 2005

Northland's regional economic structure compared to that of the New Zealand economy.



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"important" to the Northland 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. The diamond scatter plots are industries that are slow-growing at a national level.
Source: NZIER

Northland's **unemployment rate** averaged 6.0% in the year to June 2004 and 5.2 % for 2005 - the highest regional unemployment rate in New Zealand. This, combined with a very low **labour force participation** rate, suggests that Northland has adequate labour resources, but that they may not be suitably skilled for the region's industrial structure.

Labour productivity (real GDP per employee) in Northland did not grow between 2000 and 2004. Nationwide, labour productivity growth has averaged 0.9% per year over this period. For 2000 – 2005 the average had dropped to 0.7%

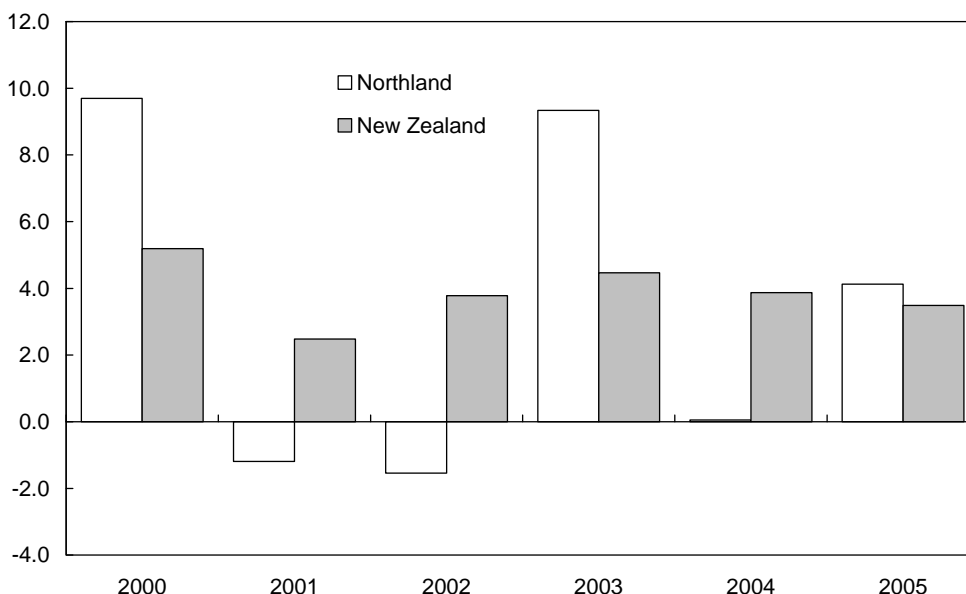
Northland spends a below-average amount on **economic development** relative to its GDP (\$890 per \$million of GDP), compared to New Zealand as a whole (\$1,100 per \$million of GDP). This may partly explain why Northland's enterprise creation rate is not high.

Northland is not a significant destination for **overseas (or NZ) investment**, accounting for just 0.9% of total overseas investment in New Zealand between 1999 and 2003. This is far lower than its share of New Zealand's GDP.

Northland real GDP growth

Average annual percent change

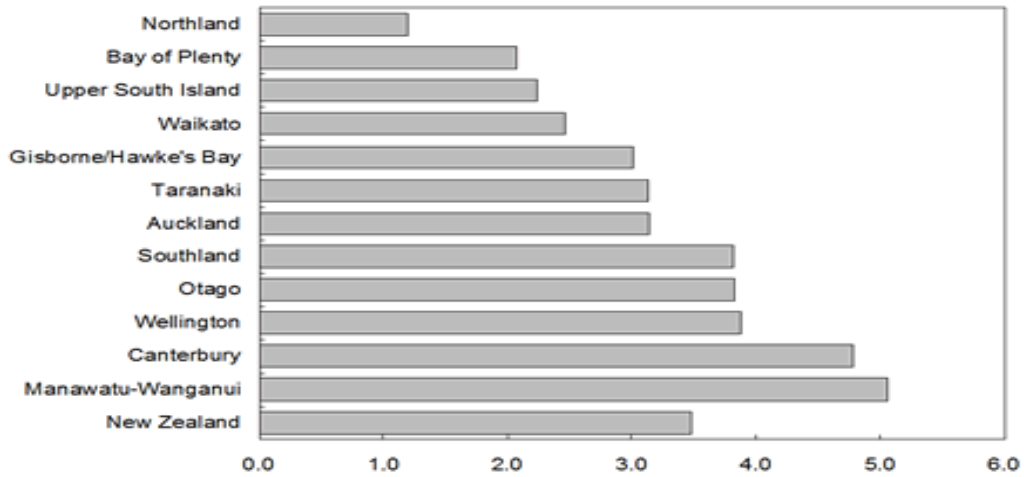
Source: NZIER



2000 2004 macro trends - GDP (NZIER)

Nominal GDP per capita (a measure of per person income) in 2003 was \$32,019 in New Zealand and \$26,000 In Northland

Regional Real GDP Growth 2000 – 04
(NZ average = 3.5%)

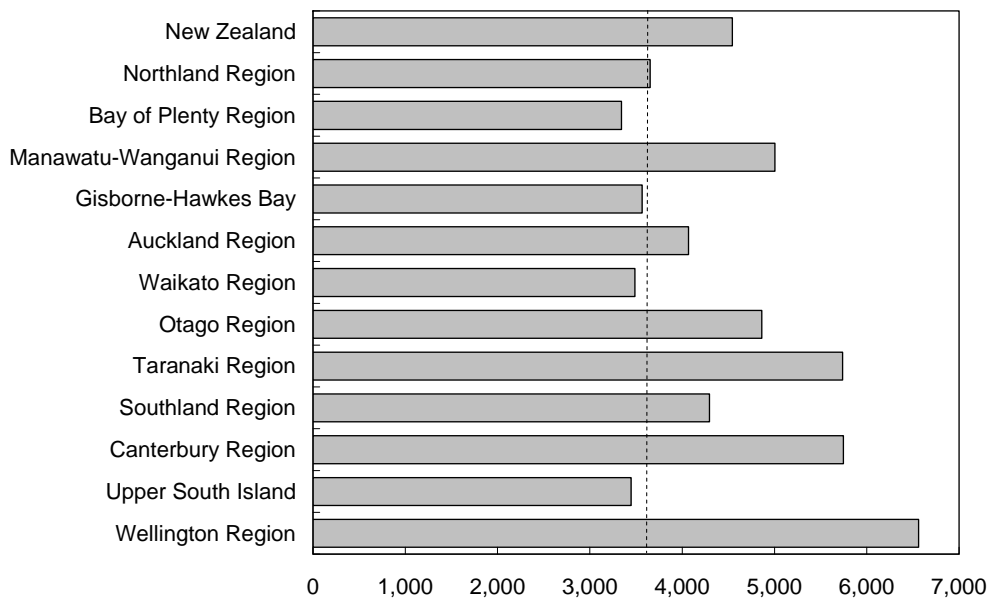


Average annual percent change, March years 2000-2004

Nominal GDP per capita

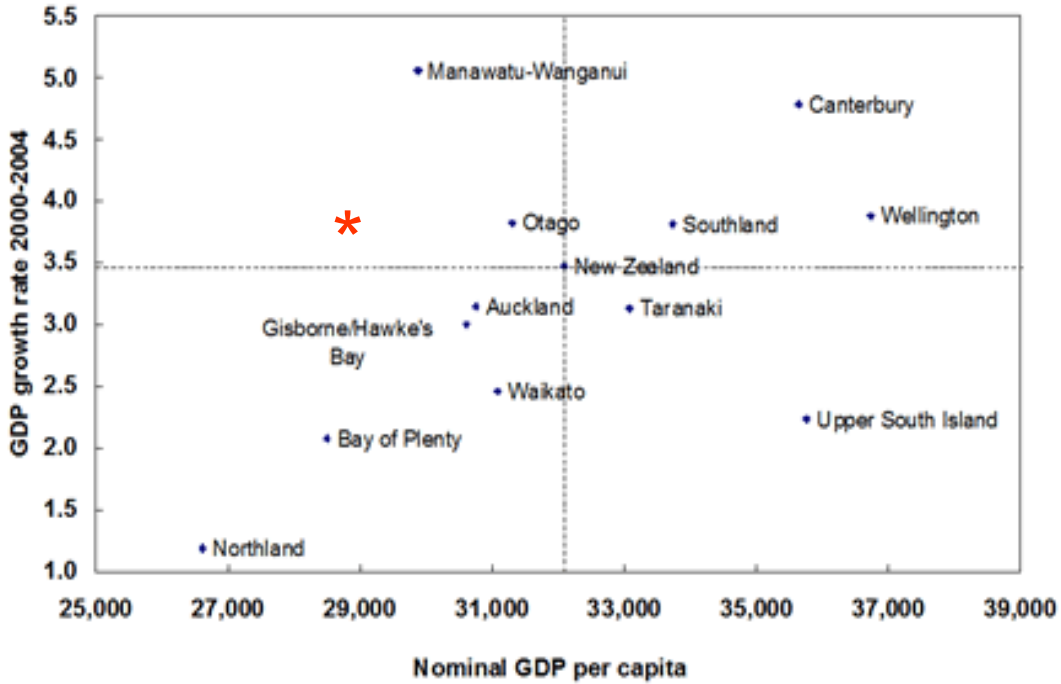
Dollars, Change between 2002 and 2005

Nominal GDP per capita (a measure of per person income) in 2005 was \$36,000 for New Zealand and \$28,000 for Northland



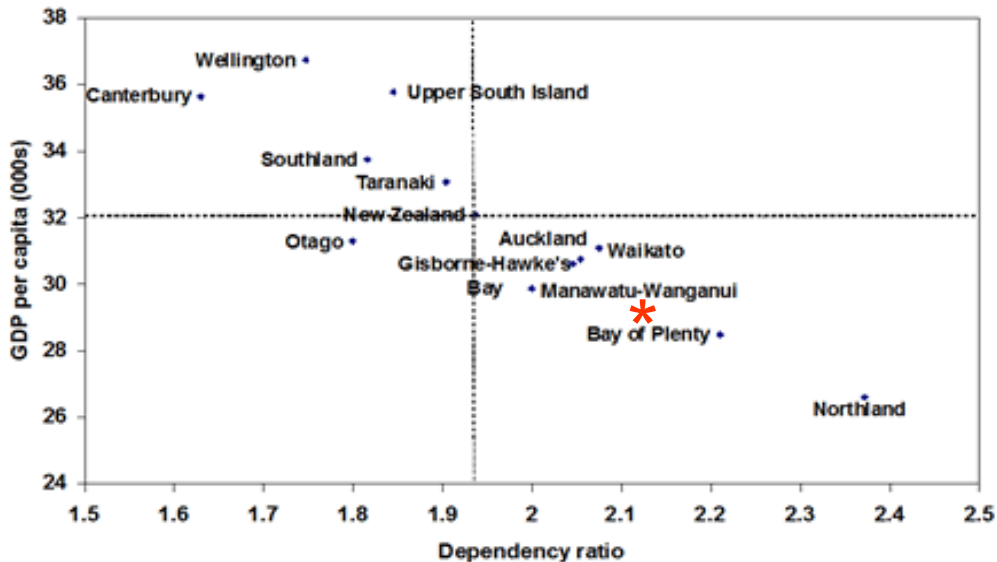
Northland – an outlier

Average real GDP growth 2000-2004, nominal GDP per capita 2003 (2005 position *) Source: NZIER



Dependency vs GDP

Regional Dependency Ratios and GDP per Capita - shows the ratio of each region's population to its labour force on the horizontal axis, plotted against regional GDP per capita on the vertical axis. Source NZIER



Base data 2003. * 2005 Northland position

Business and employment – Region

Source: Statistics NZ

	2002 Northland	NZ	2004 Northland	NZ	2006 (Mar) Northland	NZ
Employed	51,500	1,870,000	59,500	1,988,000	66,300	2,107,900
Labour force participation rate %	59.9	67.1	59.3	66.8	66.5	68.8
Unemployment rate %	10.5	5.6	4.2	4.5	5.2	4.3

Business and employment - District

Source: Statistics NZ

	2000 Far North	Whangarei	Kaipara	2005 Far North	Whangarei	Kaipara
No. businesses (excl farms)	3848	5140	1272	4719	6273	1632
Employees (excl farms)	12434	20354	3032	15792	26566	3912
Av. Employees/BU	3.2	4.0	2.4	3.4	4.2	2.4
Total unemployment % Maori	4,080 62%	3,350 45%	500 42%	1,519 73%	1,308 55%	242 52%