

MAKING CONNECTIONS LOCAL/REGIONAL/CENTRAL

Some Lessons From
Overseas Experience

Presentation to NZ Department of Labour
2003

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What This Presentation Will Cover

- Context - why we need to improve the performance of regional labour markets.
- Overseas – specifically England and Wales – experience of community-based strategic planning including similarities with and differences from the New Zealand approach.
- Lessons for New Zealand in working through community outcomes, LTCCPs and the Central/regional/local relationship with its public, private and voluntary and community sector dimensions.

Context

- Department of Labour's National Strategy.
- Some Economic Realities.

National strategic context

Outcome: High-quality employment in productive and innovative industries, regions and businesses, that drives sustainable economic growth and opportunities for all.

Goal 1: High levels of participation in high quality, well paid and diversified employment.

Goal 2: A diverse, adaptable, and highly skilled workforce.

Goal 3: High quality and productive workplaces, within an effective regulatory environment.

Goal 4 High performing sector and regional labour markets.

Some Economic Realities

- Employment: 73.5% of our 15 – 64 year olds. The OECD average is 65.3%.
- Participation: 76.6% compared with the OECD average of 70.1%.
- Unemployment: 3.6% currently – about half the OECD average.
- Hours worked: at 1826 per person the sixth highest in the OECD.
- A lot of effort for a low return!

A Cross-National Country Comparison

GDP per capita on a purchasing power parity basis

Country	GDP per capita (in US dollars)	% of NZ GDP per capita
United States	37,600	162
Ireland	33,200	143
Canada	30,500	131
Australia	30,100	130
United Kingdom	29,800	128

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A Regional Snapshot: BoP As % of NZ average

Year to June	Average hourly earnings Tauranga		Average hourly earnings WBoPDC	
	Male	Female	Male	Female
2003	86.9%	86.4%	73.7%	81.1%
2004	85.8%	84.6%	80.3%	78.6%
2005	85%	85.2%	78.8%	73.9%

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England And Wales: Local Government Act 2000

- Power to promote economic, social and environmental well-being.
- Obligation to prepare a community strategy.
- Requirement to comply with any guidance issued by the Secretary to State.
- Inclusive approach signalled. Local Strategic Partnerships suggested as the best means for developing community strategies.

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Some Basic Principles

- A community strategy will only lead to effective action to improve the well-being of an area if it involves all the statutory, non-statutory and voluntary organisations that provide services, or whose actions affect local quality of life.
- While it is local authorities which are legally required to prepare community strategies and which may thus have the greatest incentive to initiate the process and involve other appropriate bodies, they should recognise the operational autonomy of their partners. Only in this way will the partnership develop the trust and responsiveness that is essential to gain real commitment from the participants.
- Business must be fully involved in the community planning process. The private sector is a significant user and supplier of local services as well as a key provider of local employment. Business activity contributes both directly and indirectly to the quality of life of local communities.

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New Zealand: Local Government Act 2002

- Statutory obligation to “promote the social, economic, environmental, and cultural well-being of communities...”
- Each local authority to decide for itself “the process that it is to use to facilitate the identification of community outcomes”.
- The LA must take steps to identify and if practicable secure the agreement of other organisations and groups to the proposed process.
- No government guidance or statement of principles.

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LSP Current Status

- Now established in virtually all local authority districts.
- Strong government commitment: “ LSPs play a significant role in the delivery of many of our objectives – providing an opportunity to define and deliver local priorities across the area rather than work been confined to separate agencies. LSPs in areas of high deprivation have a key role in tackling entrenched disadvantage and all LSPs will play a vital role in agreeing and delivering Local Area Agreements”.

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LSP Successes

- Variable but
- Significant progress on the process issues especially LSPs where there is a strong partner commitment
- Measurable output/outcomes in core areas – typically where these are the responsibility of already strong partners

LSP Challenges

- Different boundaries /mandates of central government agencies.
- Inflexible budgets.
- Inconsistent or inappropriate representation.
- Securing engagement of community partners, especially the voluntary and community sector, and business.
- Adequate resourcing.

Boundaries/Mandates

- Lack of consistency in boundaries of key partners, especially central government agencies has created major problems for collaboration.
- Mandate confusion has become a real issue, especially for strong agencies with single purpose objectives.

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Inflexible Budgets

- Working in a partnership mode often requires a reallocation of financial resources.
- Agencies and regional offices accountable to central government ministries have frequently found it difficult or been unwilling to make the necessary commitments.

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Inconsistent Or Inappropriate Representation

- Effective partnerships are built on trust, relationships and an ability to commit.
- Sending different people each time, or people without the authority to commit to decisions on matters being handled by the LSP can seriously undermine partnership working.

Securing Engagement of Community Partners(1)

- The voluntary and community sector is stretched and under resourced. There is a tension between the policy objective of working through LSPs in an inclusive way and the additional burden this creates.
- Engagement with the business community has been very patchy. Specifically, obtaining commitment of individual firms has proved very difficult.
- Mainstream service providers and local community/voluntary sector groups that tend to dominate LSP boards are detached from economic development agencies and agendas.

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Securing Engagement of Community Partners(2)

- Although there are examples of strong business commitment, the overarching impression is that business does not yet see the value in engaging with convoluted and transaction cost intensive public sector processes.
- There is a strong lesson for New Zealand to draw from this. DoL they want to engage with the business sector to develop long-term strategies for skilled development but what is the payback for business – in terms that business understands?

Adequate Resourcing

- A major difficulty for community partners is the cost of participation - in financial and human terms.
- For the voluntary and community sector it comes through as a simple lack of resource unless they are adequately funded to participate. For the business sector it is the same question for business associations. For individual firms it is the standard return on investment conundrum.
- There is no settled view on whether the public sector should meet a contribute to the participation costs of the voluntary and community or business sectors

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Questions to Consider

- Who are DoL's "must have" partners in its regional labour market role?
- What is the compelling case, from the perspective of those partners, for engagement with DoL?
- Where does this fit in the typical community outcomes/LTCCP process?