Notice is hereby given that a Meeting of the Community and Strategy Committee will be held on:

Date:	**Tuesday, 3 December 2019**
Time:	**1pm**
Meeting Room:	**Council Chamber**
Venue:	**15 Forth Street, Invercargill**

Community and Strategy Committee Agenda
OPEN

MEMBERSHIP

Chairperson	Julie Keast
	Mayor Gary Tong
Councillors	Don Byars
	John Douglas
	Paul Duffy
	Bruce Ford
	Darren Frazer
	George Harpur
	Ebel Kremer
	Christine Menzies
	Karyn Owen
	Margie Ruddenklau
	Rob Scott

IN ATTENDANCE

Group Manager - Community and Futures	Rex Capil
Committee Advisor	Alyson Hamilton

Contact Telephone: 0800 732 732
Postal Address: PO Box 903, Invercargill 9840
Email: emailsdc@southlanddc.govt.nz
Website: www.southlanddc.govt.nz

Full agendas are available on Council's Website
www.southlanddc.govt.nz

Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.

Terms of Reference – Community and Strategy Committee

TYPE OF COMMITTEE	Council committee
RESPONSIBLE TO	Council
SUBCOMMITTEES	None
LEGISLATIVE BASIS	Committee constituted by Council as per schedule 7, clause 30 (1)(a), LGA 2002. Committee delegated powers by Council as per schedule 7, clause 32, LGA 2002.
MEMBERSHIP	The Community and Strategy Committee is a committee of the whole Council. The mayor and all councillors will be members of the Community and Strategy Committee.
FREQUENCY OF MEETINGS	Six weekly or as required
QUORUM	Seven
SCOPE OF ACTIVITIES	The Community and Strategy Committee is responsible for: • providing advice to Council on the approaches that it should take to promote the social, economic, environmental and cultural well-being of the District and its communities and in so-doing contribute to the realisation of Council's vision of one District offering endless opportunities • to provide leadership to District communities on the strategic issues and opportunities that they face • to develop relationships and communicate with stakeholders including community organisations, special interest groups and businesses that are of importance to the District as a whole. • assessing and providing advice to Council on: - key strategic issues affecting the District and Council - community development issues affecting the District and Council - the service needs of the District's communities and how these needs might best be met - resource allocation and prioritisation processes and decisions. • developing and recommending strategies, plans and policies to the Council that advance Council's vision and goals, and comply with the purpose of local government as specified in the Local Government Act 2002 • monitoring the implementation and effectiveness of strategies, plans and policies • developing and approving submissions to government, local authorities and other organisations • advocating Council's position on particular policy issues to other organisations, as appropriate

	• considering recommendations from community boards and Council committees and make decisions where it has authority from Council to do so, or recommendations to Council where a Council decision is required. It is also responsible for community partnerships and engagement. This includes: • monitoring the progress, implementation and effectiveness of the work undertaken by Great South in line with the Joint Shareholders Agreement and Constitution. • allocations of grants, loans, scholarships and bursaries in accordance with Council policy • international relations • developing and overseeing the implementation of Council's community engagement and consultation policies and processes. The Community and Strategy Committee is responsible for overseeing the following Council activities: • community services • district leadership.
DELEGATIONS	**Power to Act** The Community and Strategy Committee shall have the following delegated powers and be accountable to Council for the exercising of these powers: a) approve submissions made by Council to other councils, central government and other bodies b) approve scholarships, bursaries, grants and loans within Council policy and annual budgets c) approve and/or assign all contracts for work, services or supplies where those contracts relate to work within approved estimates. d) monitor the performance of Great South.. **Power to Recommend** The Community and Strategy Committee«name of entity» has authority to consider and make recommendations to Council regarding strategies, policies and plans.
FINANCIAL DELEGATIONS	Council authorises the following delegated authority of financial powers to Council committees in regard to matters within each committee's jurisdiction. **Contract Acceptance:** • accept or decline any contract for the purchase of goods, services, capital works or other assets where the total value of the lump sum contract does not exceed the sum allocated in the Long Term Plan/Annual Plan and the contract relates to an activity that is within the scope of activities relating to the work of the Community and Strategy committee

	• accept or decline any contract for the disposal of goods, plant or other assets other than property or land subject to the disposal being provided for in the Long Term Plan **Budget Reallocation**. The committee is authorised to reallocate funds from one existing budget item to another. Reallocation of this kind must not impact on current or future levels of service and must be: • funded by way of savings on existing budget items • within the jurisdiction of the committee • consistent with the Revenue and Financing Policy
LIMITS TO DELEGATIONS	Matters that must be processed by way of recommendation to Council include: • amendment to fees and charges relating to all activities • powers that cannot be delegated to committees as per the Local Government Act 2002 and sections 2.4 and 2.5 of this manual. Delegated authority is within the financial limits in section 9 of this manual.
STAKEHOLDER RELATIONSHIPS	This committee will maintain and develop relationships with: • Community Boards • Great South • Milford Community Trust • Destination Fiordland. The committee will also hear and receive updates to Council from these organisations as required.
CONTACT WITH MEDIA	The committee chairperson is the authorised spokesperson for the committee in all matters where the committee has authority or a particular interest. Committee members do not have delegated authority to speak to the media and/or outside agencies on behalf of Council on matters outside of the board's delegations. The group manager, community and futures will manage the formal communications between the committee and the people of the Southland District and for the committee in the exercise of its business. Correspondence with central government, other local government agencies or official agencies will only take place through Council staff and will be undertaken under the name of Southland District Council.

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1 Apologies

At the close of the agenda no apologies had been received.

2 Leave of absence

At the close of the agenda no requests for leave of absence had been received.

3 Conflict of Interest

Committee Members are reminded of the need to be vigilant to stand aside from decision-making when a conflict arises between their role as a member and any private or other external interest they might have.

4 Public Forum

Notification to speak is required by 5pm at least two days before the meeting. Further information is available on www.southlanddc.govt.nz or phoning 0800 732 732.

5 Extraordinary/Urgent Items

To consider, and if thought fit, to pass a resolution to permit the committee to consider any further items which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded.

Such resolution is required to be made pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, and the Chairperson must advise:

(i) the reason why the item was not on the Agenda, and

(ii) the reason why the discussion of this item cannot be delayed until a subsequent meeting.

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

"Where an item is not on the agenda for a meeting,-

(a) that item may be discussed at that meeting if-

  (i) that item is a minor matter relating to the general business of the local authority; and

  (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but

(b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion."

6 Confirmation of Minutes

There are no minutes for confirmation.

Community Initiatives Fund application summary and financial report

Record No: R/19/11/26071
Author: Louise Pagan, Communications Manager
Approved by: Rex Capil, Group Manager Community and Futures

☒ Decision ☐ Recommendation ☐ Information

Purpose

1 The purpose of this report is to give the committee a summary of the applications received for the Community Initiatives Fund, and staff recommendations for the amounts to be given, based on the criteria and amount available to be granted. Decisions on these applications are sought from the committee.

Executive Summary

2 The Southland District Council Community Initiatives Fund is available to groups and organisations to assist with a broad range of projects and initiatives in Southland. Each year there are two grant rounds – one that closes on 30 September and one on 31 March.

3 Thirty-three applications have been received for the current funding round and funding available for distribution is $54,400. Staff have recommended amounts totalling $42,855.43 for 30 of the applications, and are asking for discussion on three applications.

4 A financial report to 30 September 2019 is also contained in the report for review and approval.

Southland District Council
Community Initiative Fund
As at 31 October 2019

Summary	Actual
Opening balance, 1 July 2019	237,785
Add:	
Rates Revenue	36,760
Reversal Prior Year Commitments	31,700
Interest 2018/2019*	-
Total	**306,245**
Less:	
Advertising	-
Prior year Commitments uplifted	17,500
Prior year Commitments outstanding	14,200
Current Commitments uplifted	-
Current Commitments outstanding	-
Refunds/Stale Cheques/Reversals	(2,070)
Total	**29,630**
Funds Held in Reserves	**276,615**
Less:	
Minimum Balance Required	200,000
Funds Available for General Distribution	**76,615**

* Interest earned for the period has not been included. The actual amount will not be known until the end of the financial year when interest is allocated across Council's investments (30 June 2020).

Prior Year Commitments	Committed	Uplifted	Balance
2016/2017 Fiordland Rowing Club Inc	2,000	-	2,000
2016/2017 Gorge Road Country Club	1,500	-	1,500
2018/2019 Athol CDA	2,500	-	2,500
South Catlins Charitable Trust	2,000	2,000	-
Wyndham Edendale Community Health Trust	1,200	-	1,200
Edendale Rugby Club	2,500	2,500	-
Lumsden Heritage Trust	5,000	5,000	-
Tokanui Golf Club	3,000	3,000	-
Tokanui Outdoor Bowls	3,000	-	3,000
Waikawa Museum	2,000		2,000
Seaward Downs Domain (Up to $2,000)	2,000	-	2,000
Woodlands Swimming Pool and Recreation Trust	5,000	5,000	-
	31,700	**17,500**	**14,200**

Current Year Commitments	Committed	Uplifted	Balance
	-	-	-

Refunds/Stale Cheques/Reversals			
Venture Southland - Kidzone Refund	(2,070)	(2,070)	-
	(2,070)	**(2,070)**	**-**

Community Initiatives Fund Application Summary

1 **Stewart Island Community Centre**

Request assistance towards costs associated with a suitable floor surface

Gymnastics class in the Community Hall every Saturday from 10-11am.

Need a suitable floor to practice on.

This will help the entire community all year round.

Developing a lifelong physical mental ability and strength for our young tamariki.

Total Project Cost	$5,042.61		
Amount Requested	**$2,522**	Recommendation	**$2,000**

2 **Roslyn Bush Playcentre**

Request assistance towards costs associated with constructing a bike park for our tamariki.

The bike park design will emulate a real road including a roundabout with road signal signs and traffic lights.

It will have a combination of flat and hilly surfaces (pump track), as well as a drag strip. The bike track will be centred around a town centre, with shops, a carwash and service station.

Roslyn Bush Playcentre runs four sessions per week from 9am to 12.30pm. It is also available to hire to members outside of these hours and the wider community, who can use the playground.

Roslyn Bush Playcentre is an asset to the community providing a sense of belonging, support and a place where parents can actively be involved in their children's learning and play. The bike park will help to further enhance the centre, benefiting the community.

Total Project Cost	$56,194.75		
Amount Requested	**$5,000**	Recommendation	**$4,000**

3 **Winton Central Bowling Club**

Request assistance towards costs associated with maintenance to the main building. This includes roof repairs to flashings, spoutings and leaks. With the help so far from our last grant we have completed a nice bright environment with a good paint and some repairs.

This would preserve the main pavilion due to the leakage from the roof flashings. The winter months are very busy indoors with a tournament lasting 23 weeks plus senior ladies groups and college students.

Total Project Cost	$2,500		
Amount Requested	**$2,500**	Recommendation	**$2,000**

4 **Wyndham Athletic Club**

Request assistance towards costs associated with replacing aging shot put and discus circles in order to meet current health and safety standards.

The shot put and discus circles will be of a better quality for the athletes and students to use.

This would help meet costs involved in constructing circles. (Labour and materials)

Wyndham athletics club - weekly during term 1 + term 4

Menzies College and Wyndham primary school term 1 + term 4

Combined schools athletics day term 1

Total Project Cost	$1,437.50		
Amount Requested	**$1,000**	Recommendation	**$1,000**

5 **Heritage South**

Request assistance towards costs to support Southland Oral History project volunteers with out of pocket expenses when they have to travel outside of their local area to record interviews or for training.

Supporting interviewer development and engagement with the project is a key element of SOHP strategic Plan. The majority of our current interviewers are Invercargill based, they come from all corners of Southland. Enabling the further flung volunteers to feel part of the project by, for instance, attending informal training and update programmes, is valuable. Equally we sometimes need an interview to be recorded at a considerable distance from any interviewer. The grant will enable this to happen without financial hardship to the volunteer.

Total Project Cost	$800		
Amount Requested	**$800**	Recommendation	**$800**

6 **Northern Southland Community Resource Centre Charitable Trust**

Request assistance towards costs associated with maintaining and progressing our community garden. We need annual seeds and plants and also some new equipment to get the most out of our fabulous community asset.

Fresh, nutritious produce and feed individuals and families, new skills for people to transfer into own life, stabilisation- meet new people and be part of a team.

Start date - October 2019 - Finish Date - Purchasing complete by summer 19/20.

Total Project Cost	$1,658		
Amount Requested	**$1,658**	Recommendation	**$1,000**

7 **Rakiura Heritage Trust**

Request assistance towards costs associated with the purchase of meeting room furniture as part of the fitting out the new interior of the new Rakiura Museum building.

Once furnished the meeting room space can be used for meetings of the Trust. It is intended to make this space available for public use thereby generating rental income to be used for operational costs to the museum.

Total Project Cost	$2,560.17		
Amount Requested	**$2,360.17**	Recommendation	**$1,500**

8 **Riverton Heritage and Tourist Centre Trust**

Request assistance towards costs associated with the organisation and provision of the Christmas twilight market by covering some of the expenses incurred. Previously all expenses have been covered by Postmasters Bakery but as the event grows, wider contributions are needed.

The event is expected to attract over 1500 people to Riverton and around 100 stallholders. Receiving the grant will assist with some of the cost to help make the event more attractive.

Total Project Cost	$8,815		
Amount Requested	**$4,000**	Recommendation	**$2,000**

9 **Winton Men's Friendship Club**

Request assistance towards costs associated with travel costs to hire a bus to travel to out of town venues. There are 20 members in the choir.

The club travels around the District to retirement homes for the entertainment of the residents. They also sing at their own venues and are very popular at the venues they attend.

Total Project Cost	$3,200		
Amount Requested	**$1,700**	Recommendation	**$1,700**

10 **Otahuti Tennis Club**

Request assistance towards costs associated with replacing an old junior grasshopper tennis coaching set that we have been using for the past seven years. Members of Otahuti Tennis Club provide coaching to primary school children at the local Waianiwa school on Thursday's in summer and wish to update the resources.

This coaching programme after school provides the opportunity for school children to learn about the game of tennis develop their hand eye coordination.

Total Project Cost	$456.93		
Amount Requested	**$456.93**	Recommendation	**$456.93**

11 **Fiordland Community Events Centre**

Request assistance towards costs associated with replacing the old carpet with new carpet in high usage areas which is the hall, foyer and one meeting room. The events centre has been open now for 14 years in its current form. We are working our way through our maintenance schedule and the carpet is up for renewal. It has been repaired numerous times.

The event centre provides for a large number of community clubs and organisations. Our goal has and is to provide a functional facility to be proud of at minimal cost to the user groups. We also cater to a number of outside user groups who are very impressed with the facilities that we provide a relatively small community.

Total Project Cost	$21,886.19		
Amount Requested	**$11,000**	Recommendation	**$2,000**

12 **Edendale Rugby Club**

Request assistance towards costs associated with upgrading the current cabling and metal box into the clubrooms.

Presently the current cabling and metal box struggles with the load required to keep the lights, clubroom kitchen and the vintage machinery clubrooms in power when all these are on. This happens during the winter months particularly.

The local and wider rugby community usage is two to three days a week from mid-January to August. The wider community for 12 months usage depends on bookings for birthdays, training sessions, organisation break ups, school activities etc.

Total Project Cost	$6,953.01		
Amount Requested	**$3,713.01**	Recommendation	**$2,000**

13 **Tuatapere Valley Scouts**

Request assistance towards costs associated for a scout leader to attend the 22nd Scout Jamboree at Mystery creek.

Total Project Cost	$2,287		
Amount Requested	**$1,000**	Recommendation	**$500**

14 **Balfour Home and School - Rock the Ridge Fundraiser**

Balfour Home and School are running a mountain bike/walk/run event to raise money for the school. Funding is requested to assist with the health and safety obligations required to meet to be able to run this event.

Rock the Ridge is designed to be very much a community event that will provide a chance for our community to come together, meet new people, encourage health and fitness and have fun.

Total Project Cost	$2,848.66		
Amount Requested	**$1,000**	Recommendation	**$1,000**

15 **Takitimu Swimming Club**

Request assistance towards costs associated with enabling rural children to have swimming lessons in an intensive swimming weekend with professional swim coach Graeme Lang from Matamata. These lessons build on our two local swim coaches swimming instruction due to short season of the pool.

Total Project Cost	$4,880		
Amount Requested	**$1,516**	Recommendation	**$1,516**

16 **Youth Development Southland Region Trust**

Request assistance towards costs associated with flights required to send two Kiwi Can leaders to Stewart Island every fortnight to deliver Kiwi Can skills and values to 35 students at Halfmoon Bay School. Kiwi Can is based around four key themes: resilience, respect, integrity, and positive relationships, and is linked to the NZ curriculum and its core competencies.

Total Project Cost	$11,751		
Amount Requested	**$6,087**	Recommendation	**Committee to discuss**

17 **Gorge Road and Districts Heritage Society**

Request assistance towards costs associated with the culmination of various projects being undertaken at the Gorge Road Domain ie. Memorial gates and pillars, huts and various signage. The projects are a combined effort of the Gorge Road CDA and the Gorge Road and Districts Heritage Society.

Total Project Cost	$48,150		
Amount Requested	**$17,000**	Recommendation	**$3,000**

18 **Otautau Golf Club**

Request assistance towards improvements at the Otautau Golf Club. This includes repainting the exterior of the clubhouse, installing a concrete pad for mowers, and trimming trees and hedges.

Total Project Cost	$24,262		
Amount Requested	**$2,000**	Recommendation	**$2,000**

19 **Fiordland Community Pool**

Request assistance towards costs associated with two committee members attending a pool water treatment course. At least one or two of our members need to be qualified in pool water treatment to ensure the quality and safety of our facility.

Total Project Cost	$977.50		
Amount Requested	**$402.50**	Recommendation	**$402.50**

20 **Manapouri Community Pool**

Request assistance towards costs associated for two of our committee members to attend a pool water treatment course.

It is vital that our committee has at least 1 or 2 members that are qualified in water treatment at our pool- ensuring a healthy safe water quality at our facility.

Total Project Cost	$977.50		
Amount Requested	**$402.50**	Recommendation	**$402.50**

21 **Otautau Community Pool**

Request assistance towards costs associated for one of our committee members attending a pool water treatment course.

It is vital that our committee has at least 1 or 2 members that are qualified in water treatment out our pool- ensuring a healthy safe water quality at our facility.

Total Project Cost	$488.75		
Amount Requested	**$201.25**	Recommendation	**$201.25**

22 **Waianawa School**

Request assistance towards costs associated for one of our board/committee members attending a pool water treatment course.

At least one or two members need to be qualified to maintain the water quality at our pool - to ensure the health and safety of those using the pool.

Total Project Cost	$425.00		
Amount Requested	**$175.00**	Recommendation	**$175.00**

23 **Balfour Home and School**

Request assistance towards costs associated with repairing the Balfour Community pool roof which is over 30 years old and showing various signs of degradation. The heating system is also old and not fit for purpose.

The pool operating at an acceptable level of comfort will allow all users the access and the use of safe environment to develop the increasing life skill of water safety and to enjoy water recreation in a safe environment.

Total Project Cost	$90,759		
Amount Requested	**$25,000**	Recommendation	**$3,000**

24 **Manapouri Community Swimming Pool**

Request assistance towards costs upgrading the solar heating system for heating the pool.

Total Project Cost	$28,450.53		
Amount Requested	**$5,000**	Recommendation	**$2,500**

25 **Takitimu District Pool**

Request assistance towards the cost of one of our committee members attending a water treatment course for community pools.

It is essential that at least one or two of our committee members are qualified in pool water treatment to ensure the quality and safety of our facility for users.

Total Project Cost	$488.75		
Amount Requested	**$201.25**	Recommendation	**$201.25**

26 **Te Anau Waitangi Day 2020**

Request assistance to help fund the 2020 family friendly, free to the public one day festival at the Lions Park and on Lake Te Anau commemorating Waitangi Day. Festivities include a concert, a traditional Hangi, culturally based interactive activities and the opportunity to have a go at paddling a waka on the lake.

It will bring the community together to celebrate Waitangi Day with quality entertainment across a variety of cultures and musical genres. There will be traditional food to enjoy and team building activities to participate in.

Total Project Cost	$4,508		
Amount Requested		Recommendation	**$1,000**

27 **Balfour Lions Club**

Request assistance towards costs associated to hold and host a controlled Guy Fawkes display for the Northern Southland Community.

Provides a platform for community groups to fundraise for their own needs by allowing/inviting them to run food and entertainment together during a year of challenges and when wellness concerns in the small rural communities are high.

Total Project Cost	$6,693.77		
Amount Requested	**$2,000**	Recommendation	**Nil (retrospective)**

28 **Edendale Bowling Club**

Request assistance towards costs associated with painting the interior of the clubrooms. The buildings have not been painted for at least 25 years.

We wish to have this painted before our Centenary in 2020.

Total Project Cost	$21,880		
Amount Requested	**$17,480**	Recommendation	**$2,000**

29 **CastleRock Mossburn Pony Club**

Our pony club historically has been held on private property. We are shifting to the Lumsden Recreational grounds and require funding to fence off an area designated to be the Pony Club grounds. This is a safety feature should any ponies get loose during pony club rally.

Total Project Cost	$4,473		
Amount Requested	**$3,000**	Recommendation	**$2,000**

30 **Fiordland Trails Trust**

Request assistance towards the costs associated with the design work required on a multi-use trail from Te Anau to Te Anau Downs. The design work is required prior to applying for consent and beginning the tendering process.

Total Project Cost	$2,500,000		
Amount Requested	**$10,000.00**	Recommendation	**Committee to Discuss**

31 **Fiordland Community Event Centre Trust and Fiordland Endurance and Adventure Racing Society**

Request assistance towards the cost to construct a top of the line recreational climbing facility in the existing Real Journeys Event Centre. The climbing facility will be the biggest in Otago/Southland and will cater to community groups, families, tourists, recreational climbers, and seasonal workers etc. It will be suitable for holding regional climbing competitions at both the secondary schools level and the national level, provide basic vertical rope-work education opportunities for LSAR groups, and offer a high level training environment for those aspiring to climb elsewhere in Fiordland.

Total Project Cost	$398,935		
Amount Requested	**$40,000**	Recommendation	**Committee to discuss**

32 **South Catlins Promotions**

Request assistance towards the cost to place a welcome to The Catlins sign at the top of Stirling Hill just before Fortrose. This sign will replace the original sign that was removed unlawfully from just outside Fortrose. The new sign will be opposite the information kiosk. We are proposing to have a pathway leading from the kiosk across the road to an area where visitors may view the amazing view over the estuary and ocean, take photos and have a rest.

Total Project Cost	$6,210		
Amount Requested	**$3,000**	Recommendation	**$2,000**

33 **Tuatapere Valley Scout**

Request assistance towards costs associated with purchasing tables so that kids can do crafts. 12 kids in the club. Two x weekly scouts, cubs and keas group.

Total Project Cost	$500.00		
Amount Requested	**$500.00**	Recommendation	**$500**

Recommendation

That the Community and Strategy Committee:

a) **Receives the report titled "Community Initiatives Fund application summary and financial report" dated 26 November 2019.**

b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**

c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**

d) **Approves the allocation of funds from the Community Initiatives Fund as follows:**

1	**Stewart Island Community Centre**	**$2,000**
2	**Roslyn Bush Playcentre**	**$4,000**
3	**Winton Central Bowling Club**	**$2,000**
4	**Wyndham Athletic Club**	**$1,000**
5	**Heritage South**	**$800**
6	**Northern Southland Community Resource Centre Charitable Trust**	**$1,000**
7	**Rakiura Heritage Trust**	**$1,500**
8	**Riverton Heritage and Tourist Centre Trust**	**$2,000**
9	**Winton Men's Friendship Club**	**$1,700**
10	**Otahuti Tennis Club**	**$456.93**
11	**Fiordland Community Events Centre**	**$2,000**
12	**Edendale Rugby Club**	**$2,000**
13	**Tuatapere Valley Scouts**	**$500**
14	**Balfour Home and School – Rock the Ridge Fundraiser**	**$1,000**
15	**Takitimu Swimming Club**	**$1,516**
16	**Youth Development Southland Region Trust**	**Committee to discuss – asking for $6,087**
17	**Gorge Road and Districts Heritage Society**	**$3,000**
18	**Otautau Golf Club**	**$2,000**
19	**Fiordland Community Pool**	**$402.50**

20	**Manapouri Community Pool**	**$402.50**
21	**Otautau Community Pool**	**$201.25**
22	**Waianawa School**	**$175**
23	**Balfour Home and School**	**$3,000**
24	**Manapouri Community Pool**	**$2,500**
25	**Takitimu District Pool**	**$201.25**
26	**Te Anau Waitangi Day 2020**	**$1,000**
27	**Balfour Lions Club**	**Nil -retrospective**
28	**Edendale Bowling Club**	**$2,000**
29	**Castlerock Mossburn Pony Club**	**$2,000**
30	**Fiordland Trails Trust**	**Committee to discuss – requested $10,000**
31	**Fiordland Community Event Centre Trust and Fiordland Endurance and Adventure Racing Society**	**Committee to discuss – requested $40,000**
32	**Southland Catlins Promotions**	**$2,000**
33	**Tuatapere Valley Scouts**	**$500**

e) Approves the financial report to 30 September 2019 for the Community Initiatives Fund.

Background

5 The Communities Initiatives Fund supports:

- the development of community facilities or amenities including community centres/halls, war memorials, local reserves and picnic areas, playgrounds, walkways and tracks, sports fields, swimming pools, changing room facilities,
- sport and recreational opportunities;
- community programmes, activities or events.

6 Assistance for other initiatives outside the above broad categories may be provided at the discretion of the committee.

7 The amount of funds available for distribution each year is $108,800.

Issues

8 All applicants have to meet the requirements of the fund criteria.

Factors to Consider

Legal and Statutory Requirements

9 The granting of this fund aligns with Council's Community Assistance Policy.

Community Views

10 The amount of the fund is decided during the Long Term Plan/Annual Plan process and the community is consulted on any change. Advertising of fund application deadlines is carried out well in advance of those dates to enable people to apply.

Costs and Funding

11 The fund comes from rates every year.

Policy Implications

12 The application criteria and recommendations to this committee meets the requirements of Council's Community Assistance Policy. This policy is due for review, which will happen in the next calendar year.

Analysis

Options Considered

13 The options are to either review and award grants to the applicants to assist with their various projects or to decline the applications.

Analysis of Options

Option 1 – Award grants

Advantages	*Disadvantages*
• this would fulfil Council's commitment to offer and award grants to groups and organisations to assist with various community projects and initiatives. • Council is enabling community-led development by helping community groups and organisations do their own projects, rather than Council doing it for them.	• Council will not fulfil its commitment to offer and award grants to eligible groups and organisations to assist with various community projects and initiatives.

Option 2 – Decline applications

Advantages	*Disadvantages*
• there will be more money in the Community Initiatives Fund.	• eligible groups and organisations may not be able to carry out their projects. • Council is not meeting its commitment to help fund community projects and initiatives.

Assessment of Significance

14 Under Council's Significance and Engagement Policy, this is not considered to be significant.

Recommended Option

15 Option 1 – to award grants to the applicants.

Next Steps

16 The applicants will be contacted to be advised of the outcome of their applications and payment of grants awarded will be arranged.

Attachments

There are no attachments for this report.

District Heritage Fund application summary and financial report

Record No: R/19/11/26073
Author: Louise Pagan, Communications Manager
Approved by: Rex Capil, Group Manager Community and Futures

☐ Decision ☒ Recommendation ☐ Information

Purpose

1 The purpose of this report is to give the committee a summary of the applications to the Southland District Council Heritage Fund from the September round. These applications seek grants to assist with the day-to-day running of local museums, heritage centres or similar type organisations within the Southland District Council boundaries.

Executive Summary

2 Eligible museums, groups and organisations can apply to the District Heritage Fund once a year for assistance with operational costs. There are two funding rounds – one in September and one in March. The recommended amount for distribution for this round is $37,800. The total amount for distribution for the year is $63,981.

3 Five applications have been received for the current funding round. They are:

1 Riverton Heritage and Tourist Centre Trust

Request assistance towards operational costs for the heritage centre.
Provides an all-weather tourism attraction to Western Southland.
Total Project $115,572

Amount Requested	$19,000	Recommendation	$18,300

2 Thornbury Vintage Tractor Club

Request assistance towards paying for insurance, rates and power.
Restoring heritage items for the public to view.

Total Project Cost	$4,000		
Amount Requested	$4,000	Recommendation	$3,000

3 Wyndham and Districts Historical Society

Request assistance towards operational grant for power, rent phone etc.

Provide a museum protecting our District heritage which is available to members of our community and visitors from New Zealand and tourists.

Total Project Cost	$15,636.21		
Amount Requested	$3,000.00	Recommendation	$2,000

4 Switzers Museum (Waikaia) Inc

Request assistance towards the day to day operational costs of our museum.

Allow the committee to focus on raising funds for the continued development of exhibitions at the museum.

Total Project Cost	$13,039		
Amount Requested	$7,500	Recommendation	$7,200

5 Waikawa District Museum Inc

Request assistance towards operational costs, power, insurance, merchant fees, Eftpos, rental costs, telephone, administration and internet.

Total Project Cost	$13,132		
Amount Requested	$13,132	Recommendation	$7,300

5 The financial report for the District Heritage Fund up to 30 September 2019 is as follows:

Southland District Council
District Heritage
As at 30 September 2019

Summary	Actual
Opening balance, 1 July 2019	23,758
Add:	
Rates Revenue	16,035
Interest 2019/2020*	-
Reversal Prior Year Commitments	-
Total	**39,794**
Less:	
Prior Year Commitments	-
Current Year Commitments	2,000
Advertising	-
Refunds	-
Total	**2,000**
Funds Available for General Distribution	**37,794**

* Interest earned for the period has not been included. The actual amount will not be known until the end of the financial year when interest is allocated across Council's investments (30 June 2020).

Prior Years Commitments	Committed	Uplifted	Balance
			-
	-	-	-

Current Year Commitments	Committed	Uplifted	Balance
Waikawa District Museum	2,000	2,000	-
	2,000	**2,000**	**-**

Recommendation

That the Community and Strategy Committee:

a) Receives the report titled "District Heritage Fund application summary and financial report" dated 26 November 2019.

b) Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.

c) Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.

d) Approves the allocation of funds from the District Heritage Fund as follows:

1	Riverton Heritage and Tourist Centre Trust	$18,300
2	Thornbury Vintage Tractor Club	$3,000
3	Wyndham and Districts Historical Society	$2,000
4	Switzers Museum (Waikaia) Inc	$7,200
5	Waikawa District Museum Inc	$7,300

e) Approves the financial summary for the District Heritage Fund to 30 September 2019.

Background

6 The District Heritage Fund was established in 2013 and collects about $60,000 a year via the district heritage rate to support the operational costs of District museums, heritage groups and organisations.

Issues

7 Applicants have all met the criteria of the fund.

8 Any funds that are not distributed in this funding round are retained in the District Heritage Fund reserves.

Factors to Consider

Legal and Statutory Requirements

9 This aligns with Council's Community Assistance Policy.

Community Views

10 Funding for this is through rates, and all stakeholders can make submissions on the suitability and amount of the fund during the Long Term Plan or Annual Plan process.

Costs and Funding

11 The fund is funded by the district heritage rate.

Policy Implications

12 The criteria and awarding of this fund meets Council's Community Assistance Policy.

Analysis

Options Considered

13 The options for consideration are either to awards the grants to the applicants or to decline the applications.

Analysis of Options

Option 1 – Award the grants

Advantages	*Disadvantages*
• Fulfil Southland District Council's commitment to offer and award grants to museums and heritage groups and organisations to assist with operational costs.	• Southland District Council would not fulfil its commitment of offer and award grants to District museums and heritage groups and organisations to assist with operational costs.

Option 2 – Decline the grants

Advantages	*Disadvantages*
• There is more money in the District Heritage Fund.	• Museums and heritage groups and organisations struggle to cover operational costs.

Assessment of Significance

14 Under Council's Significance and Engagement Policy, the awarding of this fund is not considered significant.

Recommended Option

15 Option 1 – award the grants.

Next Steps

16 Applicants will be advised of the outcome of their applications and payment of grants will be arranged.

Attachments

There are no attachments for this report.

Sport NZ Rural Travel Fund application summary and financial report

Record No: R/19/11/26451
Author: Louise Pagan, Communications Manager
Approved by: Rex Capil, Group Manager Community and Futures

☒ Decision ☐ Recommendation ☐ Information

Purpose

1 Southland District Council administers funding on behalf of the Sport New Zealand Rural Travel Fund. The purpose of this fund is to assist with transport expenses associated with participating in regular local competitions. Sports clubs and school-based clubs with young people between five and 19 years are eligible to apply.

Executive Summary

2 Two applications have been received for this round of funding, which closed on 30 September 2019. This is a much smaller number than usual and staff are unsure of the reasons for the lack of applications. The total amount for distribution for the 2019/20 year is $16,043 so the remainder will be carried forward to the March 2020 funding round.

3 A summary of the two with recommendations for funding are as follows:

1 Fiordland College

To help the cost of getting students to Invercargill and Gore to attend sporting activities.

Km travelled: 32,000 Recommendation as per travel formula $1,500

2 Netball Fiordland Club Inc

To assist in the cost of players getting to Winton to play netball for the season.

Km travelled 26,460 Recommendation as per travel formula $1,500

5 The financial report for the fund up to 30 September 2019 is as follows:

Southland District Council
Sport NZ
As at 30 September 2019

Summary

	Actual
Opening balance, 1 July 2019	2,717
Add:	
Grants Received*	13,326
Reversal Prior Year Commitments	-
Interest 2019/2020**	-
Total	**16,043**
Less:	
Current Year Commitments	-
Prior Year Commitments	-
Advertising	-
Grants not uplifted and cancelled/Refunds	-
Total	**-**
Funds Available for General Distribution	**16,043**

* Grants received includes all funding anticipated to be received during the financial year.
** Interest earned for the period has not been included. The actual amount will not be known until the end of the financial year when interest is allocated across Council's investments (30 June 2020).

Prior Year Commitments	Committed	Uplifted	Balance
2018/2019 Te Anau Rugby Club	1,000	1,000	-
	1,000	**1,000**	**-**

Current Year Commitments	Committed	Uplifted	Balance
	-	-	-

Refunds/Stale Cheques/Reversals			
	Reversals		
			-
	-	-	-

Recommendation

That the Community and Strategy Committee:

a) **Receives the report titled "Sport NZ Rural Travel Fund application summary and financial report" dated 21 November 2019.**

b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**

c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**

d) **Approves the allocation of funds for the Sport NZ Rural Travel Fund as follows:**

1	Fiordland College	$1,500
2	Netball Fiordland Club Inc	$1,500

e) **Approves the financial report up to 30 September 2019.**

Background

6 Southland District Council has administered the rural travel fund on behalf of Sport New Zealand since 2012. The fund was launched by Sport NZ in response to concerns raised by councils about the lack of participations in sport by young people living in rural communities.

Issues

7 The applicants have met the requirements of the fund.

8 A travel formula based on the number of kilometres travelled has been applied to the applications.

Factors to Consider

Legal and Statutory Requirements

9 The fund is administered in accordance with the Sport NZ/Southland District Council investment schedule, including terms and conditions, for 2019/2020.

Community Views

10 The fund subsidies are appreciated by sports and school-based clubs within the District.

Costs and Funding

11 Grants are covered by the funding provided by Sport NZ.

Policy Implications

12 The process meets Sport NZ requirements.

Analysis

Options Considered

13 The options for consideration are to either award grants to the applicants to assist with travel costs or decline the applications.

Analysis of Options

Option 1 – Award grants to applicants

Advantages	*Disadvantages*
• fulfil Southland District Council's agreement to administer the Sport NZ rural travel fund on behalf of Sport NZ.	• Southland District Council will not fulfil its obligation to administer the Sport NZ rural travel fund as per the investment schedule.

Option 2 – Not award grants to applicants

Advantages	*Disadvantages*
• There are no advantages.	• Southland District Council would not fulfil its obligation to administer the Sport NZ rural travel fund as per the investment schedule.

Assessment of Significance

14 Under Council's Significance and Engagement Policy, this is not considered to be significant.

Recommended Option

15 Option 1 – award grants to applicants.

Next Steps

16 Applicants will be advised of the outcome of their application and payment of grants arranged.

Attachments

There are no attachments for this report.

Creative New Zealand Communities Funding Scheme Summary of Grants Awarded

Record No: R/19/11/26072
Author: Louise Pagan, Communications Manager
Approved by: Rex Capil, Group Manager Community and Futures

☐ Decision ☐ Recommendation ☒ Information

Grants summary

1 Creative New Zealand allocates Council $33,840 a year to fund arts in the community, with the following criteria:

- broad community involvement – the project will create opportunities for communities to engage with and participate in arts activities
- diversity – the project will support the diverse arts and cultural traditions of communities and enrich and promote their uniqueness and cultural diversity
- young people – the project will enable and encourage young people to engage with and actively participate in the arts.

2 Creative New Zealand stipulates that community representatives are part of the decision-making committee and so last triennium Council set up a community committee made up of seven representatives from across Southland District, Cr Julie Keast, Ange Newell from Venture Southland and Council staff.

3 As it is a new triennium, advertising for members for this committee will be carried out, and those on the committee have been encouraged to apply again.

4 Under the Creative New Zealand criteria, the community committee makes the decisions on the grants and so the following is a summary of those decisions. The total amount being given out is $19,300, as $1000 is being returned from an earlier project which did not need all the funding.

1 Te Anau Waitangi Day

A family friendly, free to the public one day festival based on Maori performing art, craft and culture.

Total cost of project $45,058.00

Amount requested $33,558.00 Decision $2500

2 Shakespeare in the Park Charitable Trust

The annual production will take place in Queens Park. Professional actor Mike Edward will feature as Macbeth with a cast of locals

Total cost of project $46,260

Amount requested $500 Decision $500

3 Southern Districts Arts Trust

Dancing with the locals: Local people are learning the cha cha dance from dance teachers and then we have a competition night where the audience can view.

Total cost of project $5973.00

Amount requested $800.00 Decision $800

4 Stewart Island Promotion Association Inc

Island Inspirations 2020: The aim is to hold a number of multimedia type workshops over the course of a weekend, with a minimum of two events.

They will be two days - another two, maybe one or two days depending on tutor availability. It is planned to supplement the event programme with a guest speaker to support the Rakiura International Dark Sky Sanctuary public outreach programme. The event will be promoted as Island Inspirations 2020.

Total cost of project $8,850.00

Amount requested $2,350.00 Decision $2000

5 Little Green Man Productions

To bring the new 2020 glow in the dark (large scale) puppet show to Invercargill and the area of Southland District during Matariki 2020.

Total cost of project $10,155.00

Amount requested $3000.00 Decision $1500

6 Riversdale Arts Inc

Durning October and November 2019 we want to offer five classes of art based workshops to a maximum of 64 participants (minimum of 44 required for classes to be run) to be held at the Riversdale arts rooms.

Total cost of project $7,405.00

Amount requested $1,500.00 Decision $1500

/

7 Waiau Rivercare Group Inc

Maori art form retelling the Legend of Waiau River permanent instillation in Tuatapere

Total cost of project $9,500.00

Amount requested $9,500.00 Decision $2000

8 Elizabeth Mary Swann

A Hundred Words for Snow 2020 Tour- Southland -A regional tour of an existing production, bringing professional theatre to rural communities

Total cost of project $2,965.00

Amount requested $1,765.00 Decision $1500

9 NZ Music Managers Forum

Upskilling Seminar- How to Market and Promote Your Music- Seminar for Southland based musicians, songwriters and performers.

Total cost of project $6,530.00

Amount requested $2,530.00 Decision $1000

10 Riverton Community Arts Centre Charitable Trust

Twisted Christmas Community Art Exhibition -A twisted Christmas Art Exhibition invites Southland to think outside the box and express their creativity by looking at Christmas in a "dark" "deep" or "humorous" way. Art presented must follow the "twisted" theme but may incorporate many different artistic mediums including visual, sculpture, multimedia, costume cars, etc. This exhibition is designed to stimulate creativity and move away from traditional Christmas art.

Total cost of project $5,262.18

Amount requested $1,566.00 Decision $1500

11 Burning Horse Festival

Host a three day music and arts festival

Total cost of project $172,000

Amount requested $2,500.00 Decision $2500

12 Riverton Community Arts Centre Charitable Trust

Aparima College Senior Students Art Exhibition "The Shape Of Our Lives"

Designs that reflect the students' lives with influences from Richard Killen a New Zealand Artist. Maori and Polynesian imagery, NECA wok with a variety of themes chosen by the students using mixed media, paint and photography. This project gives the students a real taste of what it means to exhibit their works to the larger community with the addition of the banners show casting their works lining the streets of Riverton for the 2020 year. Entry into the gallery will be free which make this event accessible to a large part of the community.

Total cost of project $3,926.89

Amount requested $3,052.39 Decision $2000

Financial report

Summary	Actual
Opening balance, 1 July 2019	**830**
Add:	
Grants Received*	16,920
Reversal Prior Year Commitments	800
Interest 2019/2020**	
Total Funds	**18,550**
Less:	
Current Year Commitments	-
Prior Year Commitments	-
Refunds and Writeoffs	-
Advertising	-
Total	**-**
Funds Available for General Distribution	**18,550**

* Grants received includes the first payment received from Creative NZ for the year. An additional grant is anticipated to be received prior to the second allocation round.

** Interest earned for the period has not been included. The actual amount will not be known until the end of the financial year when interest is allocated across Council's investments (30 June 2020).

Prior Years Commitments	Committed	Uplifted	Balance
2018/2019 Riverton Community Arts Centre Charitable Trust	2,300	2,300	-
2018/2019 Southland Workers Education Assn	2,990	2,990	-
2018/2019 K McCully - up to $800	800	-	800
	6,090	**5,290**	**800**

Current Year Commitments	Committed	Uplifted	Balance
	-	-	-
			-
Total	**-**	**-**	**-**
Refunds			
			-
			-
Total Refunds	**0**	**0**	**-**

Recommendation

That the Community and Strategy Committee:

a) Receives the report titled "Creative New Zealand Communities Funding Scheme Summary of Grants Awarded" dated 14 November 2019.

Attachments

There are no attachments for this report.

Southern Field-days at Waimumu

Record No: R/19/11/26070
Author: Louise Pagan, Communications Manager
Approved by: Rex Capil, Group Manager Community and Futures

☐ Decision ☐ Recommendation ☒ Information

Purpose of Council attendance

1 The Southern Field-days at Waimumu, near Gore, is held every two years and is a key event for the rural community throughout Southland and Otago. The next event is from February 12 to 14 2020.

2 Southland District Council has been part of this event for more than 15 years because it is one of the many ways Council can reach stakeholders.

3 The purpose of Council's attendance is to inform, engage and build relationships with key stakeholders, rural residents, and attendees. It is about enabling people to talk to Council councillors and staff at their own event.

4 This year Southland District Council will be sharing its space with Environment Southland in a deliberate move to break down the confusion in the community around what each council does. The two councils will use this chance to work together to educate and grow awareness.

Plan for Council site

5 As with any large event site, a theme is necessary to make sure a cohesive story is being told There is a real opportunity with Council's LTP story "It's time Southland" to use that to create the story at Council and ES's site as both councils are at a crucial time in the management of their individual responsibilities, eg, infrastructure and community-led development for Council and changing legislation and climate change for ES.

6 The site will be interactive and allow visitors to ask and answer questions, while also being able to spend "SDC money"' on their priorities for Southland. The information gathered during this process and the broader conversations visitors have with staff and councillors in the site.

7 The Youth Council is also keen to take part and so a section of the tent will be a Youth Corner, where the young people can sit and talk about things and answer questions on iPads on issues relating to the youth.

8 There will be a roster of staff from various departments to look after the tent, barbecue and visitors for the three days. It is also hoped that councillors will attend and spend half a day at the site.

9 The first day is also Council day so attendance will need to be on Thursday or Friday. Tickets will be available for those who are available to spend a half a day on site.

What will success look like?

10 Success can be measured both qualitatively and quantitatively. In the case of engagement and relationship building, the measures are more often qualitative as there is subjectivity involved.

11 Success measures from Council being at the field-days will include a clear indication of priorities for Council from a rural-based perspective, an increase in visitors who stay longer than five minutes and feedback from a diversity of visitors.

Recommendation

That the Community and Strategy Committee:

a) Receives the report titled "Southern Field-days at Waimumu" dated 14 November 2019.

Attachments

There are no attachments for this report.

Community and Futures Research and Analysis Programme - Transition to Strategy Deficit and Development

Record No: R/19/11/26091
Author: Michelle Stevenson, Strategy and Policy Manager
Approved by: Rex Capil, Group Manager Community and Futures

☐ Decision ☐ Recommendation ☒ Information

Purpose

1 The purpose of this report is to provide the Community and Strategy Committee with an update on the Community and Futures Research and Analysis Work Programme.

2 The work programme is transitioning to address Council's strategy deficit, through big picture research and analysis work that will position Council to better understand the decisions it needs to make for the future of the district.

Executive Summary

3 This programme of work follows an approach mandated by Council for staff to undertake big picture research and analysis that will inform the future work and thinking of Council as part of the LTP 2031. The community futures research and analysis work programme is included in Council's executive leadership team business plan, and identified as one of six prioritised strategic projects.

4 The Community and Policy Committee at its 29 November 2018 and 10 July 2019 meetings further supported the advancement of this programme of work, and the overall monitoring of the work programme.

5 At its 5 September 2019 meeting, the Community and Policy Committee endorsed the continued progression of the overall programme of work, and to utilise and build on the work already undertaken to help determine a programme of works around Councils strategy deficit.

6 The community futures research and analysis work programme is being coordinated by strategy and policy and is a council wide initiative of key strategic projects and how they integrate into forming advice and understanding for Council decision-making.

7 The work undertaken to date in the community and futures research and analysis work programme has laid the foundations for strategy design and development. Council's transition to dealing with our strategy deficit will be at least a five year programme of work, and will require extensive community engagement and participation throughout over the up-coming years.

8 In January 2020 Councillors and Council's executive leadership team will have a one day workshop with Alicia McKay, a strategy, change and resilience expert, to discuss the big picture for Council, and encouraging critical thinking around the future that we want to achieve, and what we need to do to get to where we want to be.

9 Staff will continue to progress the framework development for addressing Council's strategy deficit, and will provide an update report to the Committee at its March 2020 meeting.

Recommendation

That the Community and Strategy Committee:

a) **Receives the report titled "Community and Futures Research and Analysis Programme - Transition to Strategy Deficit and Development " dated 20 November 2019.**

b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**

c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**

d) **Notes the Community and Futures Research and Analysis work programme is transitioning to investigate Council's strategy deficit and will develop a programme of work to progress this over the next five years.**

Background

10 Beginning 2017, the Council of the previous triennium identified the need to invest in planning for the future, and endorsed an approach to undertake big picture research and analytics work.

11 This resulted in the Community and Futures Research and Analysis programme of work, which included: demographic trends, central government influence, natural hazard risks, technological change, economic trends and affordability, environmental considerations and intergenerational shifts.

12 Throughout 2018 and 2019, the above programme of work was progressed and resulted in a number of work streams getting underway to assist Council in preparing for the future and beginning to gather the information needed to inform decision-making for the future of Southland. The status of the work streams is provided below:

Community partnership, assistance and funding alignment

13 The aim of the community grants and funding project was to develop a funding model that supports the future needs of communities and Council in relation to the activities and services provided by Council within the district, and which enabled community boards to allocate a portion of district funding to local communities.

14 Council considered the recommendations at its 24 July 2019 meeting and established a new community partnership fund with a review period of three years. This fund will have a portion of the funds being allocated for district related activity, and the remaining portion distributed to Council's nine community boards based on a formula of population and equal distribution.

Rating affordability modelling and implications

15 Work is progressing on modelling of rating affordability with the aim to produce a map based model to show the spread of rates affordability across the district. Unfortunately updated 2018 census data for household incomes is still not available. Statistics New Zealand have indicated that this information may not be available until mid-2020 due to the difficulty in assigning administrative data into census meshblock areas. In order to keep progressing with the project, staff will use 2013 census household income data adjusted for wage and salary inflation (using BERL data) and annual estimates of household income produced by the Ministry of Business and Innovation (MBIE) from the Household Labour Force Survey and Household Economic Survey.

16 As new census household income data becomes available, the rating affordability model will be able to be updated. In the meantime, staff are working on the model and are aiming to have an initial analysis completed for a workshop discussion with Council in December 2019. This discussion will then be used to inform work on the review of the Revenue and Financing Policy, rating review as well as any changes to the Rates Remission and Postponement Policy in 2020.

Service delivery framework – Level of Service

17 Council engaged consulting company Xyst to undertake community asset level of service work that looks across the Community Facilities portfolio. The objective of the project is to produce a standardised set of criteria for each asset area with regard to the minimum level of service Council will require or provide.

The final report has been received by staff and will provide the information and analysis to enable an informed discussion with elected members and communities early in 2020. Discussions will focus on setting a minimum level of service for all assets within the

community facilities portfolio for community housing, community centres, council offices and buildings, public toilets, parks and reserves (open spaces) and water structures, to help achieve a minimum level of consistency across the district.

Socio-demographic project

18 Information from the BERL socio-demographic project has been utilised to develop Councils draft assumptions for the LTP 2031, which have helped guide and inform activity managers as they plan for the development of their activities over the next 10 years and beyond.

19 The BERL project work will continue to be incorporated into Council's strategic development and planning processes, and will include greater analysis as we move towards developing short and long term strategies for the Southland district that align to Council's vision, community outcomes and strategic priorities.

Technological change impacts on communities and implications for SDC

20 The speed of technological change is likely to affect the way we travel, the way we work, and the way we live in our homes and communities, which creates uncertainty for long term infrastructure projects and service delivery approaches and how we determine appropriate levels of service for now and in the future.

21 This on-going work identifies the need for Council to understand the potential impacts that mega trends and technological change may have on communities, industries, work patterns, land use and lifestyle choices. This is integral to supporting the approach of the research and analysis work programme, particularly in relation to prioritisation and future service provision requirements, social cohesion and engagement.

22 A follow up report on the potential impacts of technological change on communities and the implications this may have for Southland District Council will be submitted by December 2020 to the Community and Strategy Committee.

Climate change

23 The Southland Climate Change Impacts Assessment was released to the four southland Councils in May and June 2019. The report identifies predictions for changes in temperature, rainfall, drought, and sea level-rise out to 2090.

24 The Zero Carbon Amendment Bill was supported unanimously at its last reading in Parliament and will be passed into law. This will have implications for Council as a business, as role model and advisors to community, and in policy development. The bill sets a target that as a nation we will be net carbon neutral by 2050.

25 The National Climate Change Risk Assessment is due mid-2020 and then it is expected a national adaptation plan will be prepared by the new Climate Change Committee (which was established under the Climate Amendment Bill). It is anticipated that there will be localised actions required by Local Government but at this stage it is too soon to tell what this will be.

26 At a Local Authority level, an internal working group has met three times to identify opportunities for responding to climate change. One of the key pieces of work identified is gaining an understanding of Councils current carbon footprint so that there is an awareness and a clear baseline which Council can work from.

27 Great South have established the Carbon Neutral Advantage Advisory Group and steering group to identify and establish how to transition to a low carbon economy. This advisory group is made

up of major businesses and industries (eg Fonterra, NZAS, Real Journeys, PowerNet, HW Richardson, EECA).

28 At its 21 August 2019 meeting Council approved its part of the LiDAR (Light Detection and Ranging) funding, and will be extremely valuable for spatial, land use and infrastructure planning, and civil defence/emergency management. It can help to better inform important future decisions, such as development of land in floodplains, and infrastructure spend in areas with high hazard exposure. The LiDAR tenders for the Southland project have closed and a preferred candidate has been identified. Final checks are being completed prior to awarding the contract.

Water and Land Plan implications

29 Regional Water and Land Plan Environment Court Appeal commenced in June 2019, with Southland District Council alongside Gore and Invercargill Councils giving evidence throughout.

30 Preparation is underway for stage two of the Water and Land Plan. The schedule set by the Environment court is anticipating a second hearing in mid-2020. This timeframe may be ambitious as there is still a significant amount of uncertainty in the higher order RMA documents (eg revised National Policy Statement and proposed National Environmental Standards) which will affect the setting of rules at a regional level.

Issues

31 The decision to invest in research and analytics is critical if Council wishes to plan for the future. Undertaking big picture research and analysis work will position Council to better understand the decisions it needs to make for the future of the district.

32 Council has a strategy deficit and we need to look at how we will deal with this. It was anticipated that the research and analysis work programme would evolve into developing the programme of work to consider the strategy deficits that staff have identified, and previous information from the programme of works will inform this next stage for Council research and analysis.

33 For a number of years Council has largely relied on its economic development arm to determine strategies for the region. This has meant that Council has not invested in any meaningful way in its own strategies as a district, and has been driven by regional strategies in some cases.

34 It will be of benefit to the communities of Southland to have clear Council strategies for the district that will align to and inform regional strategy work. It will also ensure that Council is better positioned to respond to national strategy development if we understand our own direction at a strategy level.

35 Council has a number of plans, however with limited strategies will be working backwards to operationalise district strategies into our everyday work. This will assist Council in the long term to be clear in who we are, what we want, where we are heading, and what we need to do to get there.

36 The work undertaken to date in the community and futures research and analysis work programme has laid the foundations for strategy design and development. Council's transition to dealing with our strategy deficit will be at least a five year programme of work, and will require extensive community engagement and participation throughout.

37 The continued investment in research and analysis for big picture planning is an important part of this, and will enable development of robust strategy to assist Council in future decision-making.

Factors to Consider

Legal and Statutory Requirements

38 There are no legal or statutory requirements to consider at this time.

39 However, it is important to acknowledge that Council has commissioned and completed work as part of the 2018-2028 Long Term Plan, and identifies further research and analysis work for future planning as a priority for the upcoming Long Term Plan 2021-2031, which is a statutory requirement for Council.

Community Views

40 No specific community views have been sought in relation to the development of a framework that assists Council in dealing with its strategy deficit.

41 As this work progresses over a number of years there will be significant community engagement and consultation in the preparation and finalisation of any strategic documents that Council determines appropriate.

Costs and Funding

42 The costs associated with the development of a framework to deal with Councils strategy deficit are met within existing budgets allocated through Council Long Term Plan 2018-2028.

Policy Implications

43 There are no policy implications identified in transitioning to look at Councils strategy deficit that will assist Council with the implementation of its strategic framework and organisational alignment to the activities Council delivers to its communities.

Analysis

Options Considered

44 There are no options for the Committee to consider. The transitioning of the work programme to address Council's strategy deficit is fundamental to the research and analysis work undertaken by Council, for future planning and to help inform Council decision-making.

Assessment of Significance

45 This programme of work is not considered significant in relation to Council's Significance and Engagement Policy.

Next Steps

46 In late November, staff from Strategy and Policy undertook preliminary discussions with consultants Rebecca McElrea and Sandra James to discuss Council's strategy deficit and begin work on a framework to move us forward over the next five years.

47 This workshop covered the context of why Council needs to address its strategy deficit, what we define as a strategy, how a framework will be developed, and the alignment to Councils activity development and delivery.

48 In January 2020 Councillors and Council's executive leadership team will have a one day workshop with Alicia McKay, a strategy, change and resilience expert. Alicia will spend the day discussing the big picture for Council, and evoking and encouraging critical thinking around the future that we want to achieve, and what we need to do to get to where we want to be.

49 Alicia will also prompt discussions around whether or not the big issues we're currently discussing as a Council are actually the 'big issues', or are there things as a Council we need to be thinking more about, and acting upon. Further information and an agenda will be provided in mid-late December to Councillors and the executive leadership team.

50 Staff will continue to progress the framework development of addressing Council's strategy deficit. An update report will be provided to the Committee at its March 2020 meeting.

Attachments

There are no attachments for this report.

Stewart Island/Rakiura Future Opportunities Project Update

Record No: R/19/11/26146
Author: Karen Purdue, Community Partnership Leader
Approved by: Rex Capil, Group Manager Community and Futures

☐ Decision ☐ Recommendation ☒ Information

Purpose

1 This is an update on the Rakiura Future Opportunities Project. A future focused strategic development and planning project for Stewart Island/Rakiura so that the island in partnership with local, regional and central government, iwi and other strategic partners, can proactively plan its future.

Executive Summary

2 A funding application was originally made to MBIE to engage a project manager to lead future focused strategic development and planning on Stewart Island/Rakiura.

3 The application was for $835,000 estimated total cost over a four year term, which included a project facilitator and governance group, branding and a website, and future Stewart Island/Rakiura strategy development and implementation. This in effect averaged out at just under $210,000 per annum.

4 MBIE offered a one off allocation of $100,000 with a requirement for co-funding by Council of 10% ($10,000) and a revised scope.

5 At the 6 March 2019 Council meeting, Council accepted the recommendation of the Stewart Island/Rakiura Community Board and the Community and Policy Committee to accept the $100,000 provided that a revised scope be submitted and accepted by MBIE.

6 MBIE accepted the revised scope and in June 2019 a development phase funding agreement was signed for $100,000, with co-funding from Southland District Council of $10,000.

7 In July 2019, terms of reference and a process for engaging a consultant was agreed with MBIE.

8 On 18 July 2019, Minister Shane Jones officially announced the funding for the project.

9 Southland District Council have engaged Sandra James (Connecting People Ltd) to deliver the outcomes as agreed with MBIE.

10 A community meeting was held on the island on the 11 September 2019 to launch the project. Several stakeholders (DOC, Great South, SDC, Stewart Island Promotions, Commerce South, Environment Southland and Predator Free Rakiura) presented on what they are doing on the island and what is planned in the future. The meeting, attended by over 70 residents gave an opportunity to ask questions, and give feedback.

11 The Future Leaders Development Program, facilitated by Commerce South, received 25 applications for the 16 available places.

The program is designed to build leadership capability on the island. Commerce South partnered with the Future Opportunities Stewart Island/Rakiura Project and customised the highly acclaimed leadership academy content.

Financial support was received from Community Trust South, Southland District Council and MBIE. This enabled the academy to be offered free of charge to the 16 participants on the island.

12 Following graduation, participants are invited to become a member of the Southland Leadership Academy Alumni, and will benefit from ongoing connections with the presenters, and other alumni. Commerce South will also provide additional learning opportunities to alumni to assist them in their journey of ongoing professional development.

13 A group has been formed to work with Sandra James to co-design the next steps of the Future Opportunities Stewart Island/Rakiura Project so that this can be community owned and driven with the support from a wide range of partnership organisations/agencies/groups in Invercargill and further afield. This will ensure that Stewart Islanders have the chance to work together to think and plan strategically for the future they want to see on the island.

14 The Stewart Island/Rakiura Community Board have been briefed on the suggested process for the development of the strategic plan. The community board is supportive of the process and is looking forward to participating, along with the wider community.

15 An interim report on progress is due on 7 February 2020 with the final Future Opportunities Plan submitted by 31 May 2020.

Recommendation

That the Community and Strategy Committee:

a) Receives the report titled "Stewart Island/Rakiura Future Opportunities Project Update" dated 26 November 2019.

b) Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.

c) Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.

Background

16 The Stewart Island/Rakiura Community Planning Report, completed by Sandra James in March 2018 identified four key priorities for the island: Sustainable affordable electricity, Predator Free Rakiura and wharves and strategic leadership. These priorities were discussed with the community, community board, jetties subcommittee, Predator Free Rakiura representatives and were endorsed by Council. Currently:

- a review is underway into SIESA and a sustainable long term provision of electricity
- Bridget Carter has been appointed as the Predator Free Rakiura coordinator, based on the island
- the Ulva Island and Golden Bay wharf redevelopments are in the planning stage
- a Future Leaders Development Program is being facilitated by Commerce South.

17 An application was made to Ministry of Business, Innovation and Employment (MBIE) to engage a project manager to lead future focused strategic development and planning for Stewart Island/Rakiura. The application was for $835,000. This was to cover the four years of the project.

18 In December 2018, MBIE advised that the original application had been unsuccessful, for the total funding applied for, however has approved a one off allocation of $100,000 with a requirement of co-funding by Council of $10,000 to progress the original project scope.

19 The amount of funding being offered required Council to review the scope of work and resourcing required.

20 The Stewart Island/Rakiura Community Board recommended to the Community and Policy Committee at the community board meeting on 11 February 2019 to accept the $100,000 and progress a future focused strategic development and planning exercise by building on the work already done by Sandra James.

21 The Community and Policy Committee agreed at their meeting on 13 February 2019 to recommend to Council to accept the $100,000 and to work with MBIE on a revised scope for the project.

22 At the 6 March 2019 Council meeting, Council accepted the recommendation of the Stewart Island/Rakiura Community Board and the Community and Policy Committee to accept the $100,000 provided that a revised scope be submitted and accepted by MBIE.

23 MBIE accepted the revised scope and in June 2019 a development phase funding agreement was signed for $100,000, with co-funding from Southland District Council of $10,000.

24 During July 2019, terms of reference and a process for engaging a consultant was agreed with MBIE.

25 On 18 July 2019, Minister Shane Jones officially announced the funding for the project.

26 Southland District Council have engaged Sandra James (Connecting People Ltd) to deliver the outcomes as agreed with MBIE.

27 A community meeting was held on the island on 11 September 2019 to launch the project. The meeting involved stakeholders (DOC, Great South, SDC, Stewart Island Promotions, Commerce South, Environment Southland and Predator Free Rakiura) giving an update on what they are doing on the island and what is planned in the future.

28 The meeting was attended by over 70 residents and they had an opportunity to ask questions. It was noted that the community were supportive and positive about the project.

29 The Future Leaders Development Program, facilitated by Commerce South, received twenty five applications for the sixteen available places.

30 The program is designed to build leadership capability on the island. Commerce South partnered with the Future Opportunities Stewart Island/Rakiura project and customised the highly acclaimed leadership academy content.

31 Financial support was received from Community Trust South, Southland District Council and MBIE. This enabled the academy to be offered free of charge to the 16 participants on the island.

32 The Future Leaders Program has completed six of the seven sessions and very positive feedback has been received.

33 Following graduation, participants are invited to become a member of the Southland Leadership Academy Alumni, and will benefit from ongoing connections with the presenters, and other alumni. Commerce South will also provide additional learning opportunities to alumni to assist them in their journey of ongoing professional development.

34 Eleven of the 16 participants have indicated that they would like to work with Sandra James to co-design the next steps of the Future Opportunities Stewart Island/Rakiura Project so that this can be community owned and driven with the support from a wide range of partnership organisations/agencies/groups in Invercargill and further afield.

35 Sandra James has briefed the Stewart/Rakiura Community Board on the suggested process for the development of the strategic plan. The community board is supportive of the process and is looking forward to participating in the process along with the wider community.

36 The development of the Stewart Island/Rakiura Community Board Plan will be completed prior to the development and final version of the strategic plan. At this stage it appears they are complementary to each other. Both will play an important part in the future of the island.

37 An interim report to MBIE, on progress is due on 7 February 2020 with the final Future Opportunities Plan submitted by the 31 May 2020.

Attachments

A Stewart Island Rakiura Future Opportunities Project Plan ⇩
B Leadership Academy Stewart Island Proposal ⇩

Stewart Island/Rakiura Future Opportunities Project

Working in partnership to plan for managed growth and a sutainable future

Project purpose

To faciliate future focused strategic development and planning for Stewart Island/Raikura, so that the Island, in partnership with local, regional and central government, iwi and other strategic partners, can proactively plan for managed growth and a sustainable future

Project Overview

In 2018 The Southland District Council and The Ministry of Business, Innovation and Employment (MBIE) joined forces to support a community consultation process to determine short, medium and long term visions that would identify opportunities for the sutainability and development of Stewart Island/Rakiura.This work builds on priorities identified through that process. They are:-

1. **Community leadership, capacity and cohesion**
2. **Environmental sustainability**
3. **Economic development**

Over arching across all of this work is strategic relationship building with external agencies and organisations to foster collaborative approaches to these priorities.

Project Outcomes

The following outcomes will be sought:-

1.Development of a Stewart Island/Rakiura Opportunities Plan, that will detail what the Stewart Island/Rakiura community wants for its future – and work in partnership with local, regional and national government and other key organisations to meet those aspirations and intentions.
2. Establishment of collaborative workstreams that develop strategic and implementation plans to address the communities aspirations in regard to:- • **Community leadership, capacity and cohesion** – focusing on planning for the future of Stewart Island/Rakiura • **Environmental sustainability** – preserving the natural environment and landscapes now and for future generations • **Economic development** – working proactively to manage Stewart Island/Rakiura's future so that growth is managed and sustainable
3. Strong, trusted and productive strategic relationships within the Stewart Ialand/Rakiura community and with local, regional and central government and organisations

4.Better awareness and communication of future focused planning on the Island and with and between key stakeholders
5.More people involved in future focused conversations and action on Stewart Island/Rakiura
6.Establishment of a future focused governance mechanism, based on the Island to lead this work post May 2020

Stakeholders

- Stewart Island/Rakiura Community
- Rakiura Maori Lands Trust
- Ngai Tahu
- Southland District Council
- Environment Southland
- Southland Chamber of Commerce
- Community Trust South
- Great South
- MBIE
- MPI
- DOC

Link to local, regional and national strategies

- Southland District Council Long Term Plan
- Destination Marketing Strategy
- Regional Marketing Plan
- Regional Events Strategy
- District Sustainability Review
- Southland Regional Development Strategy

Key deliverables

Task	Timeline
Project Scope/Plan - Project Plan - Comms and Enagement Plan	Completed 31 July 2019
Meet with Stewart island/Rakura Community Board to socialise plan and get feedback, and ongoing reporting throughout the project at each Community Board meeting (in person if on Island, otherwise written report)	August, October, December 2019 Feb, April 2020
Meet with key stakeholders to socialise plan and get their support for being involved in the planning process going forward (Environment Southland, DOC, Rakiura Maori Land Trust, Ngai Tahu, MPI, MBIE, new Venture org)	August 2019
Review key stakeholder strategic plans and documents to establish planned and future priorities for Stewart Island/Rakiura (Environment Southland, Southland District Council, DOC, Rakiura Maori Land Trust, Ngai Tahu, MPI, MBIE, New Venture org)	August 2019
Plan and organise Community public meeting to update on progress since last meeting and and introduce new planning process	September 2019
Establishment of 3 workstreams - Development of TOR - Membership Plan and faciliate meetings every 2 months (Sept, November, February, April). Provide secretariart support. Lead planning process	October 2019
Interim report for MBIE	7th February 2019
Support Planning process, project development and implementation and develop and maintain strategic relationships	October 2019 – April 2020
Development of Plan	31st May 2020
Final Community meeting to present results, along with strategic partners – (April)	May 2020

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STEWART ISLAND *RAKIURA* FUTURE OPPORTUNITIES
working together for managed growth and a sustainable future

Community Trust South
TE POU ARATAKI POUNAMU O MURIHIKU

Southland CHAMBER OF COMMERCE

LEADERSHIP ACADEMY

Developing Future **Southland** Leaders

Southland Chamber of Commer
48 Esk Street, SIT Arca
PO Box 856, Invercargill 984
T 03 218 7188 **E** office@commercesouth.cc

www.commercesouth.co


Leadership Academy
Developing future **Southland** leaders...
The purpose of this programme, which is completed over seven sessions, is to provide Stewart Islanders with the opportunity to build leaderships capabilities through their own development and by learning from the experience of others.
The Leadership Academy is for people looking at developing leadership experience and who have the passion to get involved in future focused planning on the Island.
The participant, at the completion of the experiential and reflective learning sessions, will be better equipped and have a good understanding of what is required to be a leader in their own organisation and/or in the wider community.
Each two-hour session is led by an experienced senior leader from a variety of Southland-Otago organisations or businesses. The participant will benefit from the opportunity to interact with the presenter and build an ongoing connection with them, and other participants.
At the end of the programme, participants will graduate and be invited to become a member of the Southland Leadership Academy Alumni.
For more information call Joanne O'Connor on 03 218 7188
email joanne.oconnor@commercesouth.com | www.commercesouth.com

Guest Speakers:

Dean Addie

Chief Executive

EIS

What is leadership anyway?

- How to be a leader in my community
- What makes a good leader?
- Why leadership is important?

Robyn Hickman

Chairperson

South Alive

Asset-based community development

- Understand the power of social capital to bring about positive economic, social and environment change
- How to draw on the unique wisdom, passions, skill and interest of residents to get people involved
- Explore a range of tools and methodologies that will inspire and empower people to believe, behave and act like citizens in control of their community and their destiny

Penny Simmonds

Chief Executive

Southern Institute of Technology

The power of collaboration and good relationships

- The value of strategic relationships
- What good collaboration looks like?
- Funding our 'united voice'
- How to develop good working relationships - local, national and international

Jason Tibble

Regional Commissioner

Ministry of Social Development

Future focused thinking

- Thinking strategically – where to start
- Understanding and prioritising future needs
- Embracing reality
- Creating clarity in the grey

Clare Hadley
Chief Executive
Invercargill City Council

Understanding Government - national, regional and local

- Central, regional and local government – roles and responsibilities
- The importance of regional development
- How a community can successfully interact with big structures
- Engagement with media

Errol Millar
Chairman/Director

Governance vs Management

- Defining governance and why its important
- How it is different from leadership or management
- The essential requirements for good governance
- The risks in being a director of an organisation or business
- Preparation required for a governance meeting

Amiee Kaio
Programme Manager
Tribal Economies - Tokona te Ao of Te Rūnanga o Ngai Tahu

Future focused planning

- Creating a vision, purpose and values
- Developing a plan for 2030 and beyond
- Embracing change
- Inspiring others
- The importance of clear communication
- Building strong working relationships in community's

Times and dates
Seven weeks, Tuesday evenings
8 October - 19 November 2019
7pm - 9.30pm

Venue
RSA Stewart Island/Rakiura

Group
Limited to a maximum of 14 participa
registrations

Schedule:

Date	Time	Topic	Speaker	Role
Tuesday 8 October	7pm - 9pm	The power of collaboration and good relationships	Penny Simmonds	Chief Executive Southern Institute of Technology
Tuesday 15 October	7pm - 9pm	What is leadership anyway?	Dean Addie	Chief Executive EIS
Tuesday 22 October	7pm - 9pm	Understanding Government - Central, regional and local	Clare Hadley	Chief Executive Invercargill City Council
Tuesday 29 October	7pm - 9pm	Asset-based community development	Robyn Hickman	Chairperson South Alive
Tuesday 5 November	7pm - 9pm	Future focused thinking	Jason Tibble	Regional Commissioner Ministry of Social Development
Tuesday 12 November	7pm - 9pm	Governance vs Management	Errol Millar	Chairman/Director
Tuesday 19 November	7pm - 9pm	Future focused planning	Amiee Kaio	Programme Manager Tribal Economies - Tokona te Ao of Te Rūnanga o Ngai Tahu
		Graduation		

Note. The order of sessions may change from the above, and further leaders may be invited to present to the Leadership Academy.

Community Board Plan Project Update

Record No: R/19/11/26319
Author: Kelly Tagg, Community Partnership Leader
Approved by: Rex Capil, Group Manager Community and Futures

☐ Decision ☐ Recommendation ☒ Information

Purpose

1 The purpose of this report is to provide an update on the community board plan project process.

Executive Summary

2 The community leadership team continues to work on the development and implementation of nine community board plans across Southland District. These plans are reflective of Council's new governance structure following the October local body elections.

3 The development of these plans involves community consultation through meetings, workshops, surveys and one-on-one interviews with key stakeholders in the community.

4 A series of eight externally facilitated workshops were held with the wider community in August/September in an effort to bring together people from the new community board areas to hear about the development of local community board plans and how they will be used in the future.

5 It is intended that the plans will be completed in early 2020 so as to provide guidance around the development of activity management plans and the Long Term Plan 2031.

Background

6 The community leadership team has been tasked with developing and implementing nine community board plans that reflect Council's new representation arrangements across the District.

7 These plans will draw on the priorities and preferences of the community and will form the outcomes of the board plans that will help inform other key processes in Council such as activity management plans and the Long Term Plan with the new community board plans taking effect from 1 July 2021.

8 It is important to note that the Stewart Island/Rakiura Community Board Plan will be completed alongside the Rakiura Future Opportunities Project that is currently being undertaken on the island by Sandra James.

9 The development and implementation of the new community board plans sits within the community leadership team who will have responsibility for drawing these plans together with the assistance of other Council staff and external consultants as and when required.

Broadly speaking the plans will include content such as;

- an introduction by the relevant board chairperson
- local maps of the community board area
- snap shots of historical information about the area

- demographic information
- how the plan development and engagement was undertaken, who was involved, outcomes, objectives etc with an alignment to Council's strategic framework
- vision
- key themes or outcomes to be delivered as part of the community board plan
- an action plan for how the outcomes will be achieved including who Council will partner with to deliver the outcomes – it is important to note that not all actions will be up to Council to deliver.

Process

10 During late June/early July the community leadership team held four cluster meetings for the then current elected members (councillors, community board and CDA members) around the District (eastern, central, northern and western) where attendees were asked three questions;

- what are the strengths of (or in) your community?
- what are you concerned about?
- what changes have you noticed?

11 Key themes around people, infrastructure, the environment, tourism, economic development and the voluntary sector emerged from these workshops.

12 Those in attendance at the elected member cluster meetings were also asked to identify key stakeholders in their respective communities that Council could also engage with as part of the information gathering aspect of this project. Schools, service groups and local and regional businesses were common responses to this question.

13 These groups, clubs and organisations were either invited to attend the community workshops in August and September or will be contacted as part of the current engagement that is taking place with the farming community and business owners.

14 The community leadership team also held a workshop with Council's youth councillor's where a series of questions specifically aimed at youth were developed. These questions related to issues such as climate change, the provision of mental health services and issues around diversity and inclusion in our communities and been included in a survey specifically aimed at youth.

15 A further community survey has also been developed and has been used on Council's new "make it stick" engagement platform.

16 The community leadership team engaged Rebecca McElrea as an independent facilitator to run the eight community workshops that were held in August and September around the District.

17 Sandra James is working with the Stewart Island/Rakiura community to develop their plan.

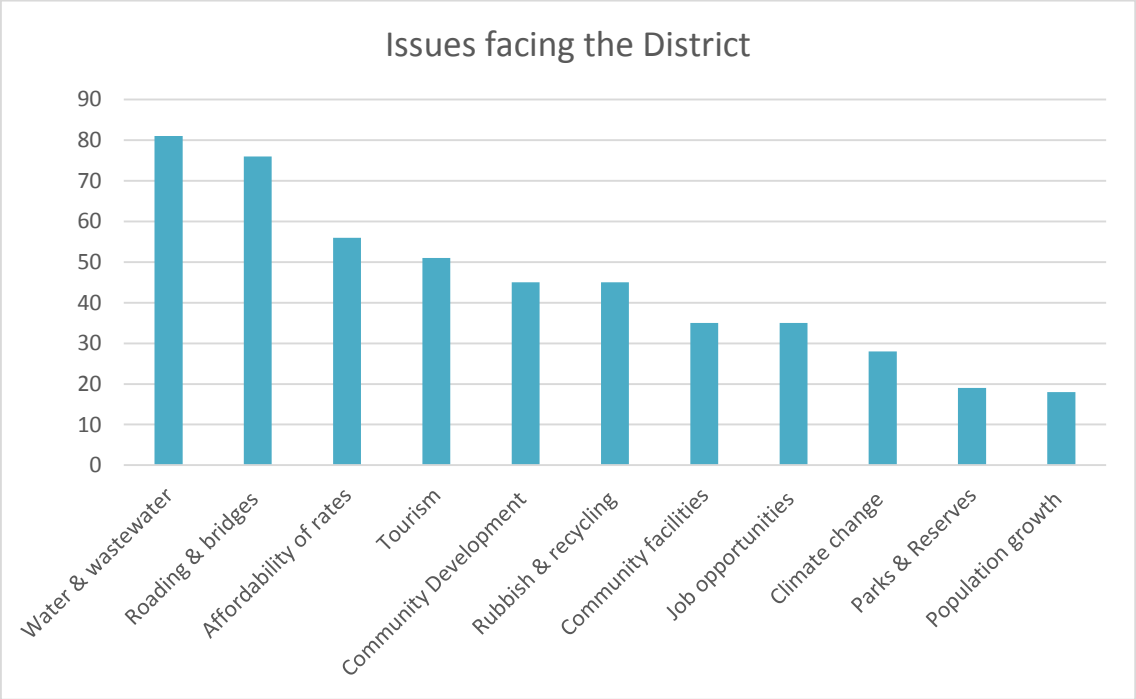
18 The dates and locations of the community workshops were as follows;

26 August	Riversdale
27 August	Lumsden
2 September	Winton
3 September	Edendale
9 September	Otautau
10 September	Riverton
16 September	Tuatapere
17 September	Te Anau

19 Attendance numbers steadily increased over the duration of the workshops with positive feedback being received from attendees.

20 The meetings followed a workshop format where attendees were asked to answer a series of questions relating to the community board area. They were asked what the strengths and weaknesses were of the area as well as opportunities and challenges/barriers and how to achieve or overcome them. They were then asked to develop a vision for the area and answer some questions about the whole of the District.

21 Another feature of the workshop was participants being asked to prioritise the top three issues facing the District over the coming years. The results from all the workshops combined were as follows;



22 Following the community workshops facilitated by Rebecca McElrea, the community leadership team received eight individual workshop summary reports which detailed information about the

evening, a draft vision and outcomes for each community board area and the strengths, weaknesses and challenges of the area as discussed and prioritised during the workshops.

23 Workshop participants that provided their email address have been sent a copy of the workshop summary document for the meeting they attended.

24 In addition, draft actions that reflect the draft outcomes have also been put together for further consideration by our community boards.

Next steps

25 Next steps for the community leadership team include holding workshops with the new community boards to discuss the survey results and draft vision, outcomes and actions for inclusion in the community board plans.

26 The community leadership team is also intending to do further engagement with the business and farming sectors to ensure input into the development of these plans has come from a wide cross-section of the population and reflect the cultural diversity of Southland District.

27 It is important to note that not all actions will be up to Council or the community boards to achieve, these plans will include an element of community-led actions as well and it is intended that the board will have a relational role with the community in order to achieve these actions.

28 It is intended that the workshops will take place over the next three months (early December, late January and early February) with the intention of having an agreed vision, outcomes and actions for each board by the end of March 2020.

29 These visions, outcomes and actions will be used to inform the development of the activity management plans and Council's Long Term Plan for 2021 – 2031.

30 Council's communications team will also provide support with regards to the design and layout of the plans.

31 It is intended that by agreeing outcomes and actions that the boards will have a greater sense of purpose in the new triennium and more clarity about their role within the community.

32 It is anticipated that the board's will be able to present these plans back to their communities and start working together to achieve the outcomes and actions.

33 It is also important that the community board outcomes reflect Council's proposed community outcomes for the 2021-2031 long term plan which are:

- environment – kaitiakitanga for future generations
- culture – inclusive, connected communities
- economic – a diverse economy creating healthy and affordable lifestyles
- social – empowered communities with the right tools to deliver the best outcomes.

34 These new community board plans will come into effect from 1 July 2021 and will be reviewed every three years in line with Council's long term plan processes. The community board plan actions will be monitored and reported against as part of the community leadership report which is part of the community board meeting order paper and agenda for the new triennium.

Recommendation

That the Community and Strategy Committee:

a) Receives the report titled "Community Board Plan Project Update" dated 19 November 2019.

Attachments

There are no attachments for this report.

Welcoming Communities

Record No: R/19/11/26377
Author: Megan Seator, Community Liaison Officer
Approved by: Rex Capil, Group Manager Community and Futures

☐ Decision ☐ Recommendation ☒ Information

Overview

1 Welcoming Communities is a programme led by Immigration New Zealand working in partnership with the Office of Ethnic Communities and the New Zealand Human Rights Commission.

2 It was developed in recognition that communities are healthier, happier and more productive when newcomers are welcomed, and participate fully in society and the local economy. Councils are seen as leaders to support their communities to advance inclusion. It is part of an international 'welcoming' movement. Similar initiatives operate in Australia, Canada, Europe and the United States.

3 The point of difference for this programme is that where previous settlement initiatives focused primarily on supporting newcomers, Welcoming Communities focuses on the receiving community to ensure they are well equipped and supported to welcome and interact with newcomers.

4 During 2017 to 2019, ten councils across five regions were a part of a Welcoming Communities two-year pilot working with their communities to implement the Welcoming Communities programme. The Southland region was selected as one of these pilot areas. Please note that while the national pilot programme officially ends at the end of 2019, Southland still has funding for the pilot until June 2020 due to delays in Southland joining the pilot.

5 Following the national success of the pilot programme, in October 2019 Immigration Minister Iain Lees-Galloway announced that the programme would become permanent. Funding of $6.6 million has been allocated over the next four years to fund the expansion of Welcoming Communities throughout the country.

Regional delivery

6 Great South (previously Venture Southland) has been delivering the Welcoming Communities programme in Southland under the guidance of the Southland Welcoming Communities Advisory Group. The Advisory Group consists of representatives from Invercargill City Council, Southland District Council, Gore District Council, Environment Southland, and iwi.

7 One of the key achievements to date has been the development and launch of the Southland Murihiku Welcoming Plan (attached).

8 The Southland Murihiku Welcoming Plan aims to develop a sense of belonging for newcomers through a range of activities and projects that celebrate diversity, and encourage social, cultural and economic participation.

9 The plan outlines and prioritises the actions and regional projects that will be carried out to help Southland become accredited as a "Welcoming Community" according to the National Welcoming Communities Standard.

10 Early discussions with Immigration NZ have indicated that Southland region has already achieved the baseline level of accreditation and Great South is currently in the process of formalising this. There are multiple levels of accreditation which are harder to achieve as the levels increase.

11 This accreditation means that Southland region will be validated and recognised as a welcoming place, and councils can use this to attract newcomers to their communities.

Southland District Council initiatives

12 Southland District Council is in the process of undertaking its own welcoming initiatives which align with the Welcoming Communities programme.

13 An internal working group has been formed with representatives from the strategy and policy, people and capability, communications, and community leadership teams. This internal working group is in the process of developing a plan for moving forward.

14 The priority for the working group at this stage is focussing on "our people". A set of key outcomes has been drafted which include (i) Southland District Council staff and elected members are aware of diversity, inclusion, and unconscious bias, (ii) they role model the concept of being welcoming both within Council and our communities, and (iii) that Southland District Council is known for having an organisational culture of being "welcoming". The working group is currently exploring initiatives and ways that will enable these outcomes.

15 In the near future, it is our intention to begin looking outwards introducing Welcoming Communities across the District. We hope to further connect our communities with the Welcoming Communities programme and support them to deliver welcoming initiatives in their areas.

Next steps

16 To continue to represent Southland District Council on the Southland Murihiku Welcoming Communities Advisory Group as well as continue the work and development of the Southland District Council internal working group.

Recommendation

That the Community and Strategy Committee:

a) Receives the report titled "Welcoming Communities" dated 26 November 2019.

Attachments

A Welcome Plan 2019 ⇩






Welcoming Communities
TE WAHAROA KI NGĀ HAPORI

Southland Murihiku Welcoming Plan

2019





GREAT SOUTH · New Zealand Government · Invercargill City Council · Southland District Council · Gore District Council · environment SOUTHLAND

2

Nau mai haere mai ki Murihiku, Welcome to Southland

Foreword From Our Regional Leaders

As leaders of this thriving and expansive region, we recognise that a regional approach to fostering diversity and inclusion will underpin the success of our future communities.

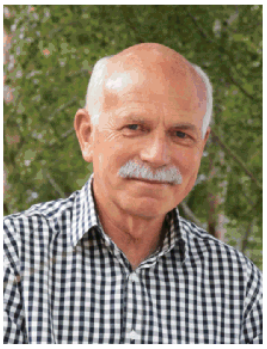
Southland has been selected as one of five pilot areas for the Immigration New Zealand Welcoming Communities programme, and as such becomes a forerunner of the Welcoming Movement operating across the world.

This movement encourages the development of a worldwide network where an inclusive approach is adopted to welcome new people to our communities.

To guide the implementation of this approach in Southland, and to encourage greater interaction between people, a Welcoming Plan has been developed for Southland/Murihiku.

We are proud to endorse this Welcoming Plan and know that Southland will rise to the occasion to build on the inclusive foundations already set in the region.

The challenge is now over to you to join us in embracing this welcoming approach, to get involved, and help make Southland the most welcoming place possible!



Sir Tim Shadbolt, KNZM
Invercargill City Council Mayor

Gary Tong
Southland District Council Mayor

Tracy Hicks
Gore District Council Mayor

Nicol Horrell
Environment Southland Chairman


BLUFF
NEW ZEALAND
AA
EQUATOR 5133 km
TOKYO 9567 km
18958 km
SOUTH POLE
HOBART
6 km DOG ISLAND
KUMAGAYA 9632 km
21 km RUAPUKE ISLAND
784 km

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Contents

Executive Summary

Ten councils across five regions, including Southland, are working to implement Welcoming Communities, a pilot programme led by Immigration New Zealand working in partnership with the Office of Ethnic Communities and the New Zealand Human Rights Commission.

The programme has been developed in recognition that communities are healthier, happier and more productive when newcomers are welcomed, and participate fully in society and the local economy.

Southland is unique in that it has four individual councils that work together for the benefit of the region. By participating in this initiative, Southland councils take a leadership role in encouraging their communities to be more welcoming, and in doing so support the region's growth and development.

The Southland/Murihiku Welcoming Plan has been developed through collaboration with councils, iwi and the wider community. A survey carried out as part of the pilot found that Southland is viewed as a welcoming region by newcomers, with a range of activities for new arrivals and local residents already on offer. Feedback from the survey provided direction on how we can raise awareness of these activities even more.

With strong foundations identified, the survey provided an opportunity for the Southland community to identify new welcoming practices, and offer suggestions on what is needed to make Southland an even more welcoming environment.

The Southland/Murihiku Welcoming Plan addresses the need identified to centralise welcoming information and to develop a deeper appreciation of the different cultures in Southland. To contribute to this and build a stronger and more diverse Southland region, the Southland/Murihiku Welcoming Plan has identified a range of activities and projects that will develop a sense of belonging for newcomers, celebrate diversity, and encourage social, cultural and economic participation.

It is through these projects and activities that Southland will become accredited as a 'Welcoming Community', according to the New Zealand Welcoming Communities standard.

The plan outlines who is responsible for specific actions and projects, the associated timeframes for completion with a four pronged implementation approach, and is aligned with the eight outcomes identified in the Welcoming Communities standard:

- Inclusive Leadership
- Welcoming Communications
- Equitable Access
- Connected and Inclusive Communities
- Economic Development, Business and Employment
- Civic Engagement and Participation
- Welcoming Public Spaces
- Culture and Identity

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Welcoming Communities Context

Welcoming Communities has been developed in recognition that communities are healthier, happier and more productive when newcomers are welcomed and participate fully in society and in their local economy.

Southland has been selected as one of five regions across New Zealand to participate in the pilot programme and work towards accreditation, alongside:

- Tauranga/Western Bay of Plenty (Tauranga City Council and Western Bay of Plenty District Council)
- Whanganui (Whanganui District Council)
- Palmerston North (Palmerston North City Council)
- Canterbury (represented by the Ashburton and Selwyn District Councils)

At the heart of the pilot programme is the Welcoming Communities Standard which provides a benchmark for what a successful welcoming community looks like. Each of the regions involved with the pilot programme have developed a welcoming plan that aligns with the outcomes identified in the standard and guides their community towards accreditation.

Where previous settlement initiatives focused primarily on supporting newcomers, Welcoming Communities extends its approach to actively involve members of the receiving communities in welcoming activities. This new approach focuses on building strong connections between local residents and new arrivals.

The Welcoming Communities initiative is part of a global movement which aims to encourage local communities to pro-actively welcome new arrivals. Successful examples of programmes around the world include Cities of Migration in Canada, Welcoming America in the United States of America and Welcoming Cities in Australia. With involvement in this programme, Southland joins others as forerunners of this welcoming movement.

Why Southland

Southland/Murihiku is New Zealand's southernmost region. It consists mainly of the south-western portion of the South Island and Stewart Island/Rakiura. With over 3.1 million hectares and 12% New Zealand's total land area, Southland is New Zealand's second largest region and is bounded to the west, south and east by over 3,400 km of coastal stretch.

Southland is unique in that the territorial local authorities consists of four individual councils, Southland District, Invercargill City, Gore District and Environment Southland, that work together for the benefit of the region. This successful example of council collaboration makes Southland an ideal region to pilot the Welcoming Communities programme.

Southland, like other regions, is facing a workforce shortage due to an ageing population. It is recognised that by developing a welcoming environment will help attract more people to the region, retain those already here, and counter the projected workforce shortage.

The Southland/Murihiku Welcoming Plan will provide a framework to assist with attracting and retaining people, helping to make sure newcomers that come, stay.

10.2%

of people currently living in Southland were born overseas

Data from 2013 Census

Southland's Major Ethnicities

89%	13%	2.1%	3.2%	0.4%
European	Maori	Pacific Peoples	Asian	Middle Eastern, Latin American, African

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Welcoming Plan Development

The Southland/Murihiku Welcoming Plan has been created through extensive consultation and collaboration.

Embracing the importance of this initiative, Southland's four governing territorial councils – Southland District, Invercargill City, Gore District and Environment Southland – have been proactive in analysing their services through a cultural lens.

The information gained from this exercise has played an important role in accessing the welcoming environment Southland offers and the welcoming processes of our councils will continue to be reviewed as the plan is rolled out.

Also significant to the development of the plan was the information gathered through community workshops and surveys that focused on asking Southlanders how Southland could become a more welcoming place.

To oversee the implementation of the Welcoming Plan, the Southland Welcoming Communities Advisory group was formed. The group consists of council and iwi representatives and is supported by the Office of Ethnic Communities, Immigration New Zealand and Great South.

Given Southland's regional approach to the pilot programme, a number of regional projects have been identified to contribute to Southland becoming accredited according to the national standard.

To encourage successful accreditation, Immigration New Zealand has provided advice, assistance and support throughout the plan development and will continue to support actions and projects outlined with the programme.

Southland/Murihiku Welcoming Plan Outcomes and Actions

The Southland/Murihiku Welcoming Plan is guided by the New Zealand Welcoming Communities Standard that is made up of eight key outcomes. The actions and regional projects identified by the Southland community are aligned with these outcomes.

1 Inclusive Leadership

Local government, tangata whenua and other community leaders work together to create, advocate for and continue to foster a welcoming and inclusive community. They lead a shared plan to increase connections between newcomers and existing residents.

2 Welcoming Communications

People of all cultures and backgrounds feel included, listened to and well informed through a range of ways that take into account their different communication needs.

3 Equitable Access

Opportunities to access services and activities and to participate in the community are available to all.

4 Connected and Inclusive Communities

People feel safe in their identity and are connected with, and belong in, the community. There are high levels of trust and understanding between members of the receiving community and newcomers.

5 Economic Development, Business and Employment

Communities maximise and harness the economic development opportunities that newcomers can offer. Councils work with business associations to promote the contribution that newcomer business owners and skilled migrants make to the region's economy.

6 Civic Engagement and Participation

Newcomers feel welcome to fully participate in the community. Newcomers are active in forms of civil participation.

7 Welcoming Public Spaces

Newcomers and receiving communities feel welcome in and comfortable using public spaces.

8 Culture and Identity

There is a shared sense of pride in being part of a culturally rich and vibrant community. People feel their culture is respected and valued by members of the community. There are opportunities to learn about each other's cultures.

Each outcome has a table in the following pages dedicated to outlining its objectives and actions, when they will take place and who is involved.

These outcomes and actions will ensure we achieve our goal of becoming Welcoming Communities accredited.

Key

These terms are used throughout the eight outcome tables in the following pages:

All Councils	Invercargill City Council, Southland District Council, Gore District Council, & Environment Southland
GS	Great South
WCAG	Welcoming Communities Advisory Group

1. Inclusive Leadership

Local government, tangata whenua and other community leaders work together to create, advocate for and continue to foster a welcoming and inclusive community. They lead a shared plan to increase connections between newcomers and existing residents.

Number	Action	Timeframe	Who Is Involved
1.1	**As the indigenous people of New Zealand, Māori – represented by tangata whenua, mana whenua, iwi and hapu and/or other hapori Māori – have a prominent role in Welcoming Plan activities.**		
1.1.1	Consult and partner with tangata whenua to develop and implement a suitable welcome protocol for Southland newcomers to be used in all regional welcoming activities and initiatives.	Year 1	All councils, tangata whenua and GS
1.1.2	Enhance partnerships between councils, tangata whenua and community leaders through the implementation and monitoring of the Southland/Murihiku Welcoming Plan.	Ongoing	All councils, tangata whenua, GS and community leaders
1.1.3	Explore the potential to work with tangata whenua throughout the programme to align aspirations, and represent these in the development and implementation of welcoming activities.	Ongoing	Tangata whenua, GS and WCAG
1.1.4	Ensure active participation from tangata whenua, mana whenua, iwi and hapu and/or other hapori Māori through representation or inclusion on the Welcoming Communities Advisory Group.	Ongoing	Tangata whenua, GS and WCAG
1.2	**Leaders – both designated and unofficial – reflect the diversity in the local community.**		
1.2.1	Councils to engage with multicultural communities to promote leadership opportunities in local government.	Year 1	All councils, GS and WCAG

1.3	**Leaders model the principle of inclusiveness, openness, tolerance, respect and acceptance of all cultures in the community.**		
1.3.1	Continue the leadership and participation of all councils in citizenship ceremonies and cultural celebration events.	Ongoing	All councils
1.3.2	Engage with and continue to support and build community groups who are providing opportunities, including leadership opportunities for newcomers.	Ongoing	All councils
1.3.3	Continue to build awareness of and champion welcoming and inclusive practices among local cultural groups, organisations, groups, agencies and businesses.	Ongoing	All councils and GS
1.4	**There are clear roles, responsibilities and ownership within council and in the wider community for the Welcoming Communities programme.**		
1.4.1	Further develop the advisory group and establish appropriate resources to monitor the implementation of the Southland/Murihiku Welcoming Plan.	Ongoing	All councils, GS and WCAG
1.4.2	Build and maintain mutually beneficial Welcoming Communities relationships locally, regionally and nationally.	Ongoing	All councils, GS and WCAG
1.5	**The internal and external policies, services, programmes and activities of councils recognise and address cultural diversity.**		
1.5.1	As council policies, services, programmes and activities reach renewal, review and update where appropriate.	Year 1 - Ongoing	All councils
1.6	**A range of leadership opportunities in the councils and wider community are available to and taken up by newcomers.**		
1.6.1	Promote leadership opportunities for newcomers such as mentoring and internships within the councils, businesses and the wider community.	Year 1	All councils and the community
1.6.2	Councils, youth and agencies involved in youth development promote opportunities for youth leadership to eligible newcomers.	Year 1	All councils, Southland District Youth Council, Invercargill City Youth Council and Gore District Youth Council

2. Welcoming Communications

People of all cultures and backgrounds feel included, listened to and well informed through a range of ways that take into account their different communication needs.

Number	Action	Timeframe	Who Is Involved
2.1	**The community is well informed about the local benefits of immigration and the Welcoming Communities programme, including success stories.**		
2.1.1	Conduct an ongoing informative communications campaign to promote the principles of the programme to the receiving community.	Year 1	All councils, GS and WCAG
2.1.2	Develop and implement a comprehensive regional approach to providing timely and useful information to newcomers.	Year 1	GS and WCAG
2.1.3	Utilise community and information hubs as central welcoming points and places for both the local community and newcomers to access welcoming information.	Year 1	All councils and GS
2.1.4	Investigate how to consistently brand and label 'Welcoming Communities' initiatives in Southland.	Year 1	All councils and WCAG
2.1.5	Increase the cultural diversity of material, language and imagery used in council communications.	Ongoing	All councils and GS
2.2	**The councils are well informed about newcomers to their region and pro-actively seek data about newcomers from relevant sources.**		
2.2.1	Use available data sources such as Statistics New Zealand and Immigration New Zealand to better understand the demographics of the Southland community and share this information within the councils and the wider community.	Ongoing	All councils
2.2.2	Develop and maintain a database of newcomer 'touch points' and 'welcome hosts/champions'* to enable ongoing communication, support and education of the touch point organisations.	Ongoing	GS and Citzens Advice Bureau

** Touch points and welcome hosts/champions include: The Local Settlement Network, supermarkets, medical centres, hospitals, libraries and council offices etc.*

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2.3	**The councils engagement with all residents is two-way, culturally appropriate and fit for purpose.**		
2.3.1	Develop a cultural intelligence training component focused at all customer focused staff.	Year 1	All councils and GS
2.3.2	Ensure existing promotional materials used in social media, tourism brochures, welcoming banners and city signage reflects the cultural diversity in the Southland region.	Ongoing	All councils and GS
2.3.3	Design support documentation on best practice techniques when employing or engaging with newcomers.	Year 1	GS
2.4	**Council communication materials and messages are inclusive and reflect the diversity of the local community. Councils encourage other agencies, businesses and organisations to follow this model.**		
2.4.1	Develop a library of culturally appropriate images for use in publications and other media communications.	Year 1	All councils, GS, WCAG and Southland Multicultural Council
2.4.2	Partner with local emergency services to develop specific emergency visual language presentations/information sheets for newcomers.	Year 1	All councils, Emergency Management Southland and Road Safety Southland
2.4.3	Establish regular positive profiles in local media to highlight individuals, organisations and initiatives, new and existing, showcasing positive newcomer stories and relevant information.	Ongoing	All councils and GS

3. Equitable Access

Opportunities to access services and activities and to participate in the community are available to all.

Number	Action	Timeframe	Who Is Involved
3.1	**Councils partner with local businesses, organisations and sector to identify and address barriers for newcomers to accessing services and participating in the community.**		
3.1.1	Ensure all welcoming communications, content and messaging are consistent, inclusive and welcoming.	Ongoing	All councils and GS
3.1.2	Investigate ways to make the regional welcoming portal more accessible to local communities and newcomers.	Year 1	GS and WCAG
3.2	**Councils and other organisations in the community research, design and deliver services that take account of the different circumstances (for example, rural/urban) and cultural backgrounds of all service users, including newcomers.**		
3.2.1	Understand barriers for newcomers accessing various services, activities and events and refer where appropriate.	Year 1	All councils and GS
3.2.2	Promote free WiFi at council libraries.	Year 1	All councils
3.2.3	Consider how people will travel to events when planning events particularly in rural areas.	Ongoing	All councils, GS and the community
3.2.4	Continue to grow and promote the Southland Local Settlement Network.	Ongoing	GS
3.3	**All community members are well informed about the services available in the community. Newcomers are made aware of, and are using, the services.**		
3.3.1	Partner with providers of existing community databases to assist with updating and extending where necessary to develop a resource of local social, recreational, sporting, arts and other groups.	Year 1	GS and Citizens Advice Bureau

4. Connected and Inclusive Communities

People feel safe in their identity and that they are connected with and belong in the community. There are high levels of trust and understanding between members of the receiving community and newcomers.

Number	Action	Timeframe	Who Is Involved
4.1	**Coordinated, comprehensive and appropriate initial welcoming support services are available from councils, other agencies and community organisations.**		
4.1.1	Develop a comprehensive 'Welcome to Southland' pack.	Year 1	All councils and GS
4.1.2	Create and regularly update a 'Welcome to Southland' page on the SouthlandNZ website which links to council and organisation pages, known as the 'Welcome Portal.'	Year 1	All councils and GS
4.1.3	Support and promote organisations which are welcoming 'touch points' or 'welcome hosts/champions' for newcomers (see 2.2.2).	Ongoing	All councils and GS
4.2	**The receiving community is well equipped and supported to welcome and interact with newcomers.**		
4.2.1	Support providers of locally-led initiatives by supporting those who deliver them and build the capability and capacity in the local and regional communities.	Ongoing	All councils
4.2.2	Ask locals for their ideas on how to be more involved in welcoming activities.	Year 1	All councils
4.2.3	Investigate the suitability of a community-led buddy system or welcoming network for newcomers and implement if viable.	Year 1	All councils
4.3	**Members of the receiving community and newcomers build relationships and are at ease with connecting and learning about and from each other.**		
4.3.1	Explore long term funding options for sustainable, innovative and welcoming initiatives in rural Southland with local community workers.	Ongoing	Southland District Council, Gore District Council and GS
4.3.2	Encourage community service clubs to grow membership by looking at opportunities for newcomer participation.	Ongoing	GS
4.3.3	Help facilitate the local community, iwi and the Department of Conservation (DOC) to educate newcomers about the value of the local environment, as well as Southland's identity and history.	Ongoing	Iwi, Department of Conservation and GS
4.4	**Different cultures are celebrated and people are supported to express their cultural beliefs and customs, including language and religious practices.**		
4.4.1	Identify key events (including exploring new event opportunities) which reflect the principles of the Welcoming Communities programme and encourage participation for all, as well as providing support for organisers where possible.	Year 1	All councils and GS
4.4.2	Ensure information about events is easily accessible to newcomers by ensuring alignment of event calendars to the Welcome Portal.	Year 1	All councils and GS

5. Economic Development, Business and Employment

Communities maximise and harness the economic development opportunities that newcomers can offer. Councils work with business associations to promote the contribution that newcomer business owners and skilled migrants make to the region's economy.

Number	Action	Timeframe	Who Is Involved
5.1	**Newcomers, including international students, are supported to access local employment information, services and networks.**		
5.1.1	Support international student networks through the coordination and promotion of existing events.	Year 1/ Ongoing	Southern Institute of Technology (SIT) and local schools
5.1.2	Increase the number of internship and/or work experience opportunities for newcomers.	Year 1/ Ongoing	SIT, tertiary training providers, Chamber of Commerce and local businesses
5.1.3	Ensure awareness of the Southland "Jobs Portal/Pop Up Job Shop" events and online services and promote through all mediums and 'touch points'	Year 1	GS
5.1.4	Establish events to connect international students, services and networks.	Year 1	GS, SIT, tertiary training providers, Chamber of Commerce and service clubs
5.2	**Newcomers, including international students, are supported with the local knowledge and skills to ensure they can operate successfully in the New Zealand work environment, either as a business owner or an employee.**		
5.2.1	Promote existing resources, events, activities and business support initiatives such as business mentoring to newcomers and the wider community.	Year 1	All councils, GS and Citizens Advice Bureau
5.3	**The receiving community recognises the value of diversity in the workplace, of newcomers' contribution to the region's growth and of the resulting wider economic benefits.**		
5.3.1	Design supporting material for local organisations, businesses and individuals on best practice techniques when engaging with newcomers; eg Welcome Cue Cards.	Year 1	GS
5.4	**Local employers and workforces develop their intercultural competency.**		
5.4.1	Develop a cultural understanding education programme and resources for interested businesses and organisations (see 2.3.1); eg Employers Toolbox.	Year 1	All councils and GS
5.5	**Mutually beneficial connections and initiatives are set up with migrant business people by local business community and professional networks.**		
5.5.1	Formally recognise organisations which are more culturally diverse and inclusive for example; through local business awards.	Year 1	All councils, GS and Chamber of Commerce


Immigration Law Advice NZ Li

6. Civic Engagement and Participation

Newcomers feel welcome to fully participate in the community. Newcomers are active in all forms of civil participation.

Number	Action	Timeframe	Who Is Involved
6.1	**Council's elected members and staff effectively communicate with newcomers to promote their engagement in local government processes.**		
6.1.1	Facilitate opportunities for the local community and newcomers to meet local government leaders.	Year 1	All councils
6.2	**Newcomers are encouraged and enabled to get involved in local government and civil society.**		
6.2.1	Provide seminars where students propose solutions to issues in their communities to increase the practice of civic values.	Year 1	GS
6.2.2	Encourage participation by newcomers into the central and local body election campaigns, voting processes, and national census.	Year 1	All councils
6.3	**Newcomers' efforts and achievements in civic participation and community life are acknowledged and celebrated.**		
6.3.1	Recognise the contribution and achievements made by newcomer individuals or organisations (see 5.5.1 and 2.4.3).	Year 1/ Ongoing	Chamber of Commerce and Southland Multicultural Council

7. Welcoming Public Spaces

Newcomers and receiving communities feel welcome and comfortable using public spaces.

Number	Action	Timeframe	Who Is Involved
7.1	**The design and operation of public spaces and facilities are culturally appropriate and reflect the diversity of the community.**		
7.1.1	Incorporate inclusiveness and interaction in the wider community when planning new projects e.g. 'placemaking' initiatives.	Year 1/ Ongoing	All councils, GS and the community
7.1.2	Promote the accessibility of public spaces to newcomers and encourage their use.	Year 1	All councils and GS
7.2	**Welcoming public spaces provide opportunities to build trust and relationships between newcomers.**		
7.2.1	When redevelopments are planned ensure they encourage interaction, engagement and enjoyment of public spaces for the diverse community.	Year 1/ Ongoing	All councils and GS
7.2.2	Support new and existing artistic initiatives and events that encourage inclusiveness and diversity.	Year 1	All councils and GS
7.3	**Public spaces and buildings create a sense of community ownership and inclusion for all, including newcomers.**		
7.3.1	Investigate options for community-led initiatives to occur in public spaces to create a sense of community ownership.	Year 1	All councils and GS

8. Culture and Identity

There is a shared sense of pride in being part of a culturally rich and vibrant community. People feel their culture is respected and valued by members of the community. There are opportunities to learn about each other's cultures.

Number	Action	Timeframe	Who Is Involved
8.1	**Receiving communities and newcomers share and celebrate their cultures with each other, facilitated by the councils and others in the community.**		
8.1.1	Develop an ongoing 'Welcome to Southland' seminar on the Southland culture.	Year 1	All councils and GS
8.1.2	Encourage newcomers and existing residents of all cultures to celebrate significant cultural occasions.	Year 1/ Ongoing	All councils and GS
8.2	**Newcomers and the receiving community understand what values they each hold dear.**		
8.2.1	Develop, promote and celebrate the Southland story with newcomers and locals alike.	Year 1	All councils and GS
8.2.2	Work with the ethnic and cultural groups of Southland to increase awareness and understanding of the various cultures that exist in the region to local residents.	Year 1	GS

Implementation

Implementation of the Southland/Murihiku Welcoming Plan, and the accreditation of Southland as a 'Welcoming Community' according to the New Zealand Standard, will be achieved by prioritising activities into the following areas:

- Developing regional projects
- Encouraging council planning
- Partnering with tangata whenua
- Fostering community partnership and support

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Developing Regional Projects

Southland's geographic size and large number of diverse communities is a considerable challenge for the region. To address this challenge, several regional projects have been identified that will contribute to Southland being seen as a welcoming and inclusive environment. The projects will encourage local communities, businesses, councils and other touch point organisations to adopt a consistent approach in welcoming newcomers to the region.

The projects will be further scoped, defined and prioritised by the Southland/Murihiku Welcoming Communities Advisory Group and Great South. Implementation will be in year one.

The regional projects are designed to:

- Improve and centralise welcoming information and activities
- Establish a regional hub and framework
- Provide a simple 'one stop welcoming shop' for newcomers
- Promote Welcoming Communities initiatives to newcomers

Project	Description	Linked Standard
Southland Welcome Portal	Investigate existing digital and online portals which currently target newcomers (southlandnz.com) with a view to developing and promoting a single regional portal which would become a 'one stop welcoming shop' for newcomers.	2.1.2 3.1.2 4.1.2 4.4.2 5.1.3
Southland Newcomers 'Welcome Packs'	Partner with organisations which are 'touch points' or 'welcome hosts/champions' and local communities to collate welcoming information into digital "Welcome Packs" for new arrivals to the region.	2.1.2 2.1.3 2.2.2 2.3.3 2.4.2 4.1.1
Southland Community Welcome Resources	Design resources to inform local organisations, businesses and individuals on best practice techniques when engaging with newcomers.	1.1.3 2.1.2 5.3.1 5.4.1
Southland Welcome Video	Investigate creating a welcome video (or series of videos) which would showcase Southland hospitality with local Mayors, tangata whenua and local communities. The video would be used as a promotion tool for attracting people to Southland.	2.1.2
Southland Cultural Intelligence Training	Develop a seminar that provides cultural competency training to foster cultural knowledge between newcomers and local businesses, council staff, touch point organisations and the local community.	2.3.1 5.4.2 8.1.1 8.2.1
'Welcome to Southland' Seminar	Ensure alignment with a key regional project identified in the region's development plan (and supported by MBIE) called the "Southland Story". This will seek to redefine what it is to be a Southlander as well as how this can be shared with new arrivals and visitors, international students etc.	8.2.1
Welcoming Protocols	Consult and partner with tangata whenua to develop and implement a suitable welcome protocol for Southland newcomers to be used in all regional welcoming activities and initiatives.	1.1.1
Communication Campaign	Promote the benefits of diverse communities and the Welcoming Communities initiatives across the region.	1.3.3 2.1.1 2.4.3 3.1.1 4.4.1 8.2.2
Council Template Southland	Develop a council focussed checklist that reinforces NZ Standard elements to help support regional accreditation goals.	Majority of standards

Encouraging Council Planning

The Southland/Murihiku Welcoming Plan provides councils with knowledge of the Welcoming Communities Standard, and the regional approach of the programme. While councils are committed to implementing regional projects and supporting community initiatives, the next step is for individual councils to develop their own welcoming plans. These plans will elaborate on the key projects identified in the Southland/ Murihiku Welcoming Plan and align with other council aspirations, projects and processes.

Partnering With Tangata Whenua

Southland aims to become accredited by partnering with tangata whenua during the creation and implementation of the Southland/Murihiku Welcoming Plan, and development of regional projects.

Fostering Community Partnership and Support

The Welcoming Plan implementation requires establishing supportive partnerships with the local community.

These partnerships will build upon the capacity and capability of Southland communities through increased awareness and interaction between the host community and those new to the region.

Community support is essential for implementation of the Southland/Murihiku Welcoming Plan and will be achieved through:

Communications Campaigns	Promote the benefits of diverse communities and the Welcoming Communities initiatives across the region.	1.3.3 2.1.1 2.4.3 3.1.1 4.4.1
Welcoming Touch-Points	Partner with 'welcoming touch-point organisations' (ie LSN, supermarkets, medical centres, hospitals, real estate agents, council offices and other settlement services) to identify newcomers and enable faster referrals to welcoming information. This will include supporting and educating these organisations on welcoming practices.	2.1.2 2.1.3 2.2.2 2.3.3 2.4.2
Events	Identify key events, and explore new event opportunities, which reflect the principles of the Welcoming Communities programme and encourage participation for all.	4.4.1 4.4.2

Please Note: There are overlapping areas with the council approach and planning. This is why all initiatives will be coordinated through the Southland Welcoming Communities Advisory Group and Great South.

Conclusion

Welcoming Communities has been developed in recognition that communities are healthier, happier and more productive when newcomers are welcomed and participate fully in society and in the local economy.

Southland was selected as one of five regions across New Zealand to participate in the pilot programme and has, as a result developed this Southland/ Murihiku Welcoming Plan.

This plan will assist in creating a welcoming environment for those new to the Southland region and help to develop a sense of belonging through a range of activities that celebrate diversity and encourage social, cultural and economic participation.

A number of actions and projects have been identified in this plan that will encourage Southland to become accredited according to the New Zealand Welcoming Communities Standard.

These projects will be developed and lead to accreditation by encouraging council planning, partnering with tangata whenua and fostering community partnerships.

With community support, this plan will lay the foundation for inclusion and diversity across the region. It will ensure that newcomers feel welcome and contribute to attracting more people to Southland.

Welcoming Communities is about every member of the community having the opportunity to shape and participate in welcoming activities. The projects, initiatives and activities identified in this plan will create a stronger and more prosperous Southland region.

We are grateful for the feedback that helped shape this plan and look forward to growing Southland's culturally diverse and welcoming culture.

Present members of the Welcoming Communities Advisory Group

Acknowledgements

Thank you to Invercargill City Council, Southland District Council, Gore District Council, Environment Southland and Immigration New Zealand for their support during the development of the Southland/ Murihiku Welcoming Plan.

A special thank you to the members of the Welcoming Communities Advisory Group that drove this programme from concept to implementation. Present members: Bobbi Brown, Cr Bronwyn Reid, Cr Julie Keast, Cr Rebecca Amundsen, Cyril Gilroy, Fi McKay, Karen Purdue, Lyndal Ludlow, Mary Napper, Mihaela Erdelyi, Shane Whitfield, and Sue Morrison-Bailey. Past members: Ailene Stehlin, Alistair Adam, Bernadette Hunt, Deborah Lam, Kirsten Diack, Lia Stiles, Megan Seator, and Trudie Hurst.

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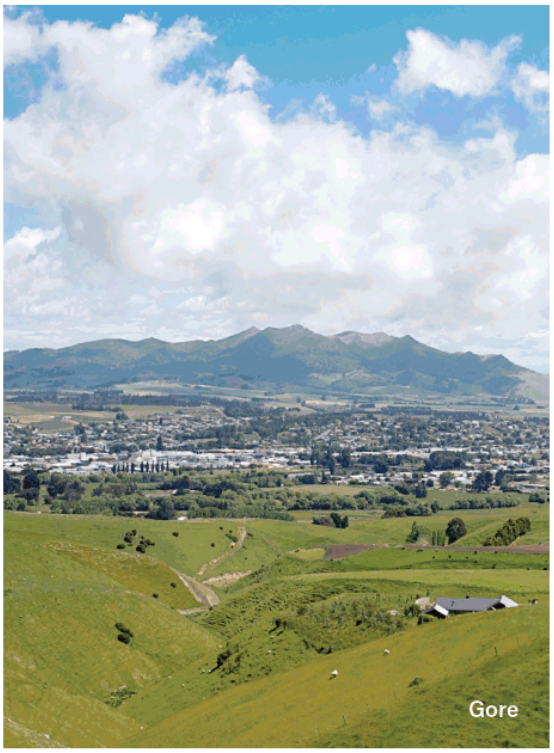
Southland


Gore


Invercargill

Customer Satisfaction Survey Report August - October 2019

Record No: R/19/11/26844
Author: Jodi Findlay, Customer Contact Centre Manager
Approved by: Trudie Hurst, Group Manager Customer Delivery

☐ Decision ☐ Recommendation ☒ Information

Purpose

1 To provide the Community and Strategy Committee with the results of the Customer Satisfaction Survey and Net Promoter Score (NSP) for August-October 2019.

Executive Summary

2 As part of the 2018-28 Long Term Plan, it was identified by staff that there was the opportunity to have an independent research company complete the Request for Service (RFS) customer satisfaction and NPS surveys.

Recommendation

That the Community and Strategy Committee:

a) Receives the report titled "Customer Satisfaction Survey Report August - October 2019" dated 26 November 2019.

Analysis

Findings and opportunities

3 Over the course of the three months, we have achieved a positive NPS score of 51, this is up from a baseline score of 34 from the previous year.

4 Customers' satisfaction with the first point of contact sits at 83% satisfaction for the three month period. This continues to remain at a high level and reflects the results staff see with internal quality assurance training in the contact centre.

5 With the data collected over the last 16 months, trends are coming to light. For example, the NPS is lower in a month where there is a payment due for rates – this correlates to an increase in rate enquiry calls during this time period. The same effect is noted at dog registration time.

6 Customer support will continue to monitor the feedback from the report and engage with activity managers to recognise excellence and improve where necessary.

Attachments

A SDC Customer Satisfaction Survey Report August - October 2019 ⇩

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Southland District Council

Customer Satisfaction Survey Report
August 2019 – October 2019

Photo credit: SDC - Facebook

Customer Satisfaction Survey

Overview

PublicVoice has been contracted by Southland District Council (SDC) to carry out a customer satisfaction survey for the SDC call centre. The research findings will enable SDC to deliver a positive and consistent service to its customers.

Methodology

Sampling

- A random stratified sampling of customers is used to select prospective customers.
- Stratification uses the 'Department' variable to ensure even representation across departments.
- Measures have been be put in place to ensure that a contact is only called once within a 12-month period.

Calls

- Telephone calls are conducted between the hours of 10:00am and 7:00pm.
- No messages are left. If the call goes unanswered two further attempts will be made to complete the survey.
- All calls are made from the PublicVoice office by trained PublicVoice staff.

Contact Requested

- Survey customers will be asked if they would like a follow up call from Council. Requests for follow up calls are directly emailed to SDC.

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Customer Satisfaction Survey

- **Start Date:** 1st August 2019
- **End Date:** 31st October 2019

Participants

Total number of customer responses: 98

Project Management

The survey has been managed by PublicVoice Ltd. Any queries regarding this report can be addressed to:

Jared Bothwell
PublicVoice
Account Director
04 589 5552
jared@publicvoice.co.nz

Response Overview

Department talked to	%	n
Transport	34%	33
Building Control	23%	23
Waste & Water Services	14%	14
Community Facilities	12%	12
Animal Control	6%	6
Resource Planning	3%	3
Finance	3%	3
Customer Service	2%	2
Projects Delivery	1%	1
Roading	1%	1
All Departments	100%	98

2

KEY FINDINGS

SOUTHLAND DISTRICT COUNCIL

RESEARCH OBJECTIVES	WHAT WE LEARNED	KEY INSIGHTS
1. Establish the level of satisfaction with the service customers received when they first called	83% of customers were satisfied with the **service** they received when they first called	Satisfaction with call handling was consistently high. The top-rated* Departments were: 1) Projects Delivery (5.0) 2) Roading (5.0) 3) Building Control (4.8)
2. Establish the level of satisfaction with the time it took to resolve the request	76% of customers were satisfied with the **time** it took to resolve their request	The top-rated* Departments were: 1) Community Facilities (4.9) 2) Finance (4.7) 3) Building Control (4.5)
3. Establish the level of satisfaction with the outcome of the request	83% of customers were satisfied with the **outcome** of their request	The top 3 rated* Departments were: 1) Community Facilities (5.0) 2) Projects Delivery (5.0) 3) Building Control (4.6)

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*Satisfied = 'Satisfied' + 'Very Satisfied' Average satisfaction score used for tracking graphs. 1 = Very Dissatisfied, 5 = Very Satisfied.

3

KEY FINDINGS

SOUTHLAND DISTRICT COUNCIL

RESEARCH OBJECTIVES	WHAT WE LEARNED	KEY INSIGHTS
4. Measure the Net Promoter Score (NPS)	**NPS Overall** **51**	The top 3 NPS scores by Department were: 1) Roading (100) 2) Waste & Water Services (73) 3) Community Facilities (70) The bottom 3 NPS scores by Department were: 1) Projects Delivery (-100) 2) Resource Planning (0) 3) Customer Service (0)
5. Explore changes that could help increase the Net Promoter Score	23 customers suggested improvements to the response time to remedy issues	The top 2 suggested improvements were*: 1) Improve response time to remedy issue (7) 2) Improve call back response time (3)
6. Explore any further comments made by customers	16 customers complimented the Council for the work they have done	25 customers were concerned about Council services. 5 customers provided neutral comments.

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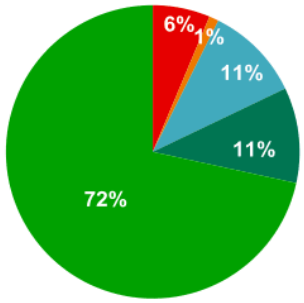
**Coded from open text responses. Numbers = frequency raised.*

4

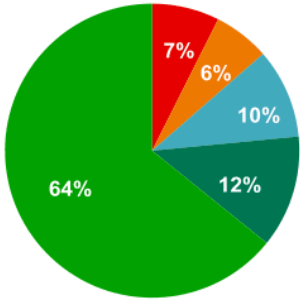
KEY FINDINGS

SOUTHLAND DISTRICT COUNCIL

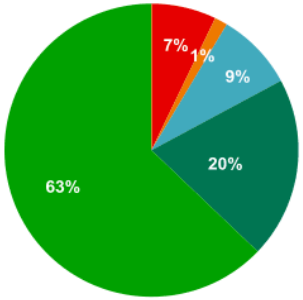
How satisfied were you with the service you received when you first called?



How satisfied were you with the time it took to resolve your request?

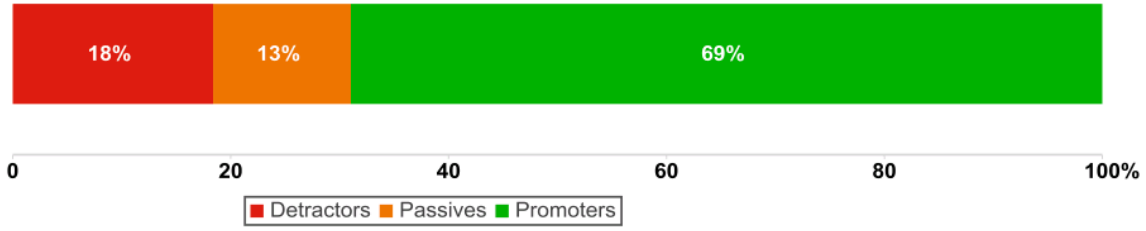


How satisfied were you with the outcome of your request?



Very satisfied | Somewhat satisfied | Neither satisfied or dissatisfied | Somewhat dissatisfied | Very dissatisfied

On a scale of 0 being not at all likely and 10 being extremely, how likely is it that you would recommend this service to a friend or colleague?



NPS Overall*

51

* Net Promoter Score (NPS) is a measure of how likely a person is to recommend your business or services. customers are classified based on their rating into 3 categories: detractors (0-6), passives (7-8) and promoters (9-10). The NPS is calculated by subtracting the percentage of those who are detractors from the percentage of those who are promoters. A positive NPS above 0 is considered good, a NPS of+50 is excellent and anything over +70 is considered exceptional.

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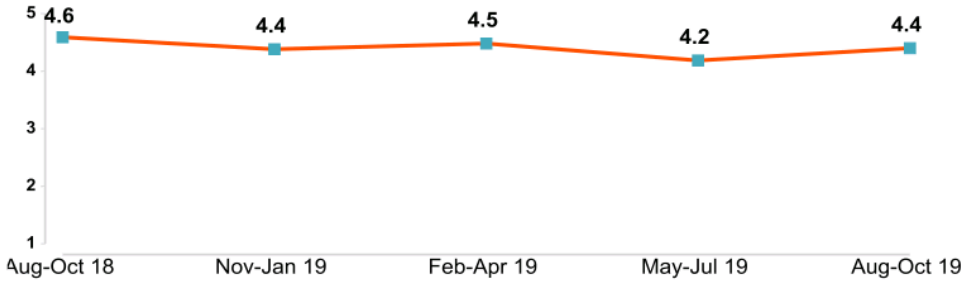
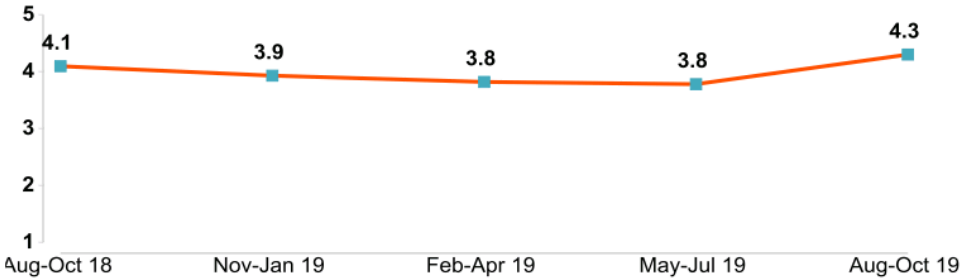
KEY FINDINGS

SOUTHLAND DISTRICT COUNCIL

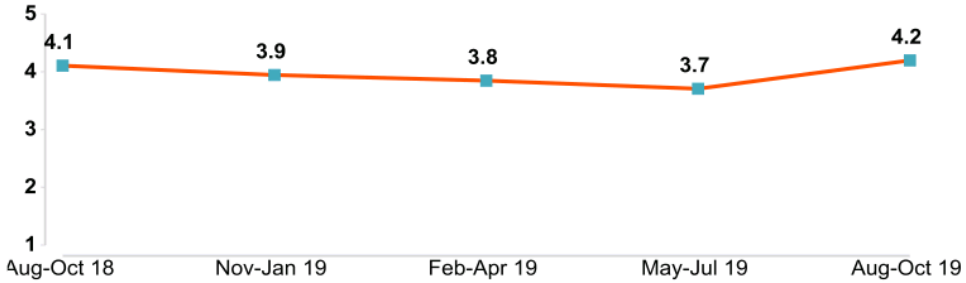
How satisfied were you with the service you received when you first called?



How satisfied were you with the time it took to resolve your request?



How satisfied were you with the outcome of your request?



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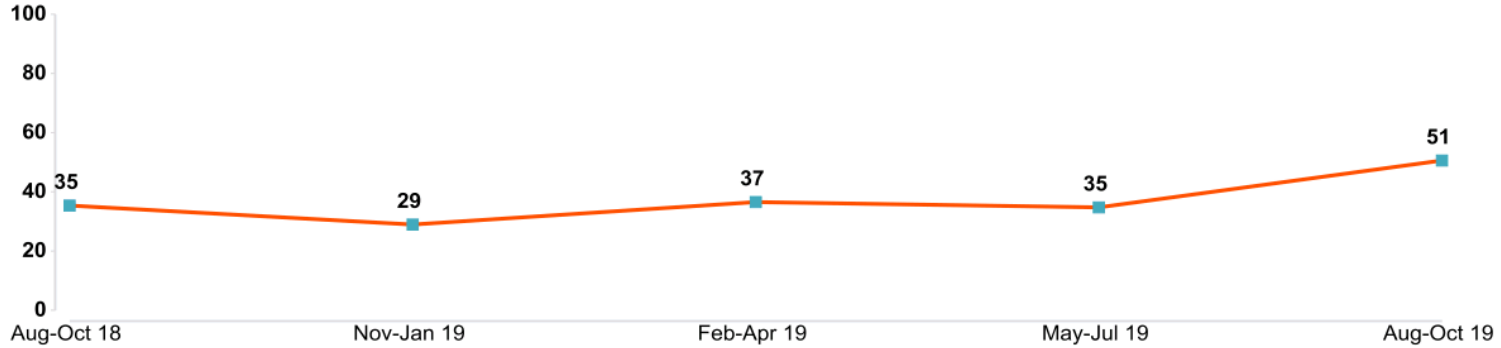
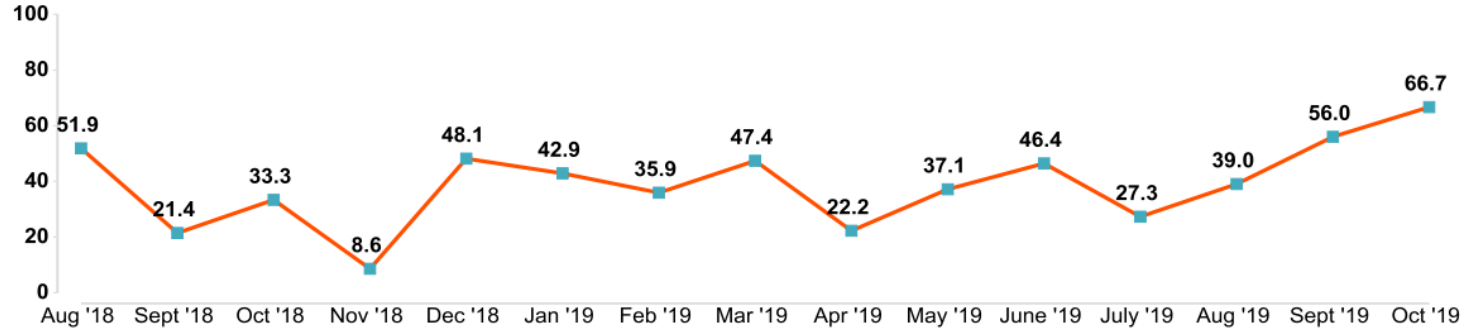
Average satisfaction score used for tracking graphs. 1 = Very Dissatisfied, 5 = Very Satisfied.

KEY FINDINGS

On a scale of 0 being not at all likely and 10 being extremely, how likely is it that you would recommend this service to a friend or colleague?





NPS Overall*

51

* Net Promoter Score (NPS) is a measure of how likely a person is to recommend your business or services. customers are classified based on their rating into 3 categories: detractors (0-6), passives (7-8) and promoters (9-10). The NPS is calculated by subtracting the percentage of those who are detractors from the percentage of those who are promoters. A positive NPS above 0 is considered good, a NPS of +50 is excellent and anything over +70 is considered exceptional.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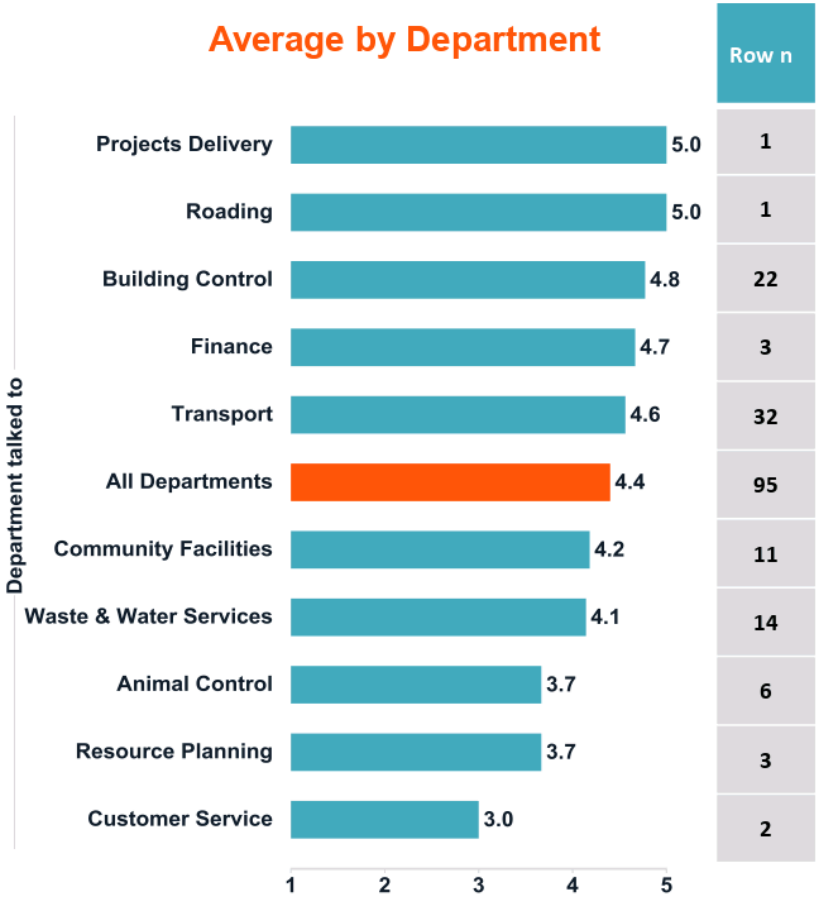
RESULTS
Photo credit: http://naylorlove.co.nz

How satisfied were you with the service you received when you first called?

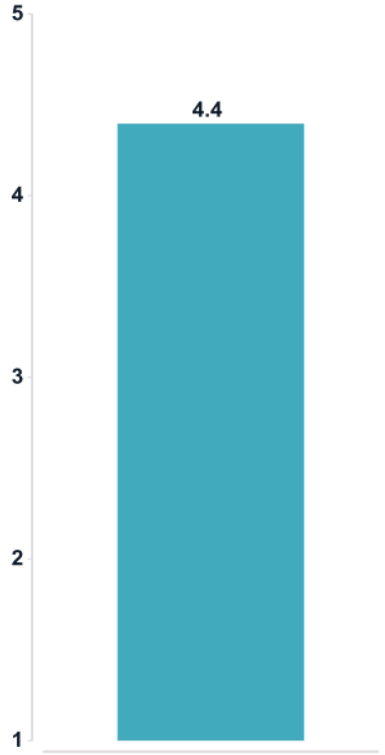
Average by Department



base n = 95; Some empty rows or columns have been removed

(1 = Very Dissatisfied 5 = Very Satisfied)

Average All Departments



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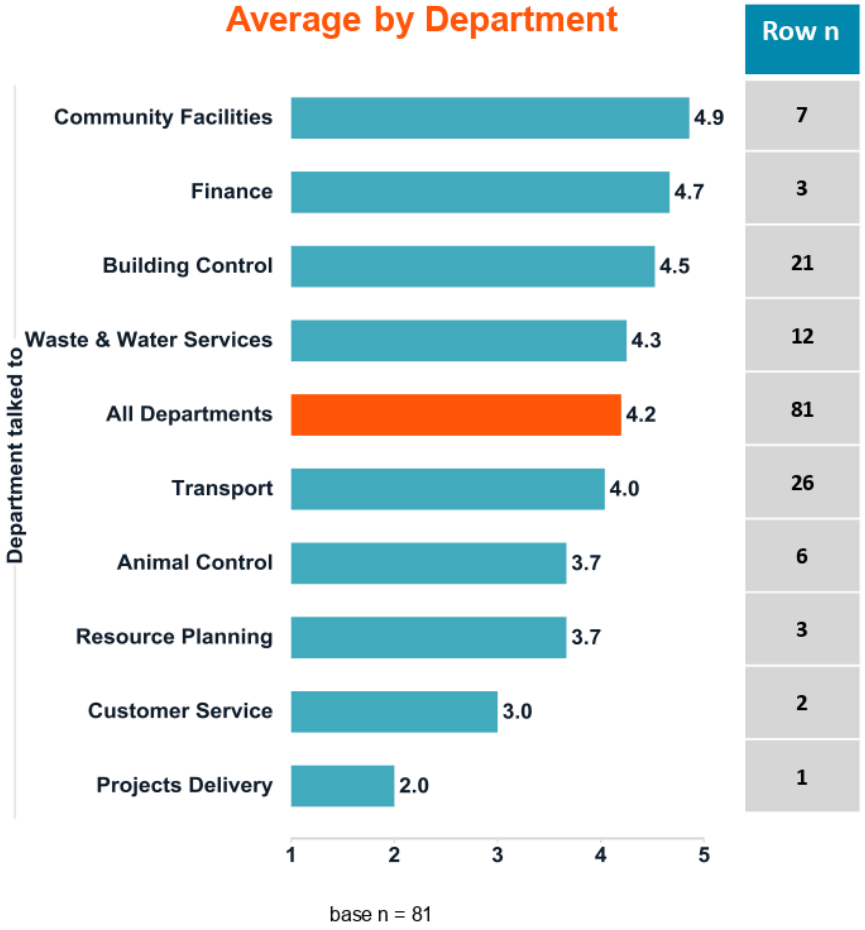
How satisfied were you with the time it took to resolve your request?

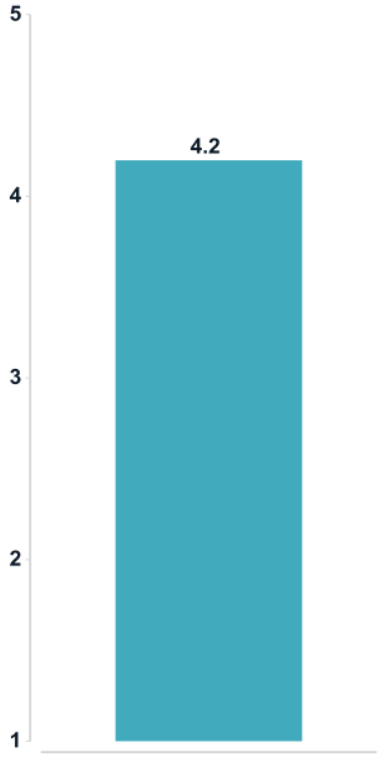
Average by Department



base n = 81

(1 = Very Dissatisfied, 5 = Very Satisfied)

Average All Departments



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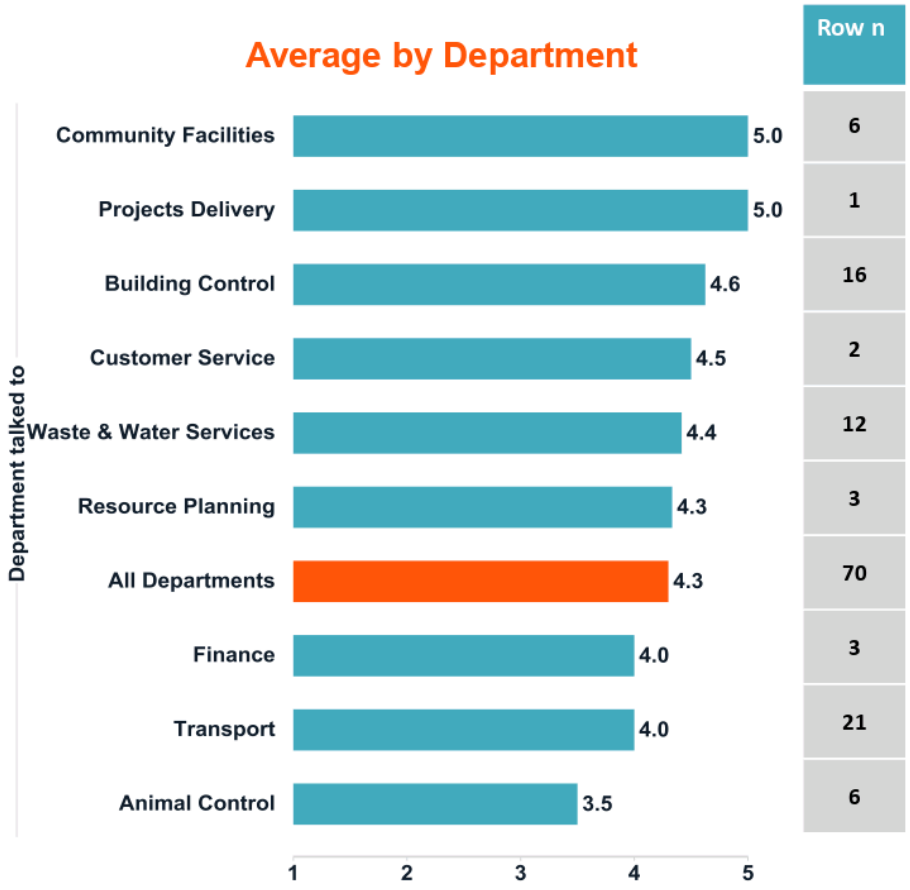
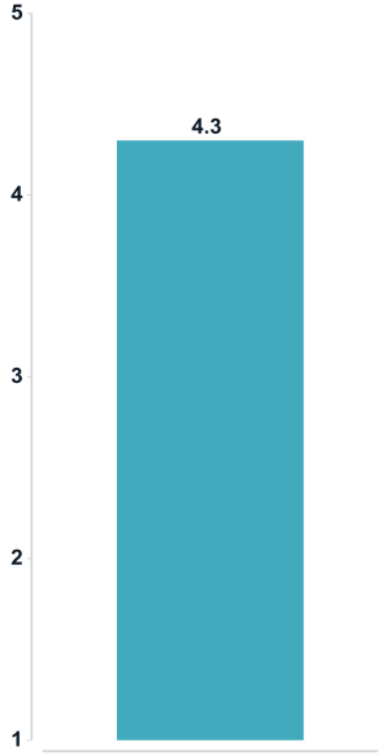
How satisfied were you with the outcome of your request?





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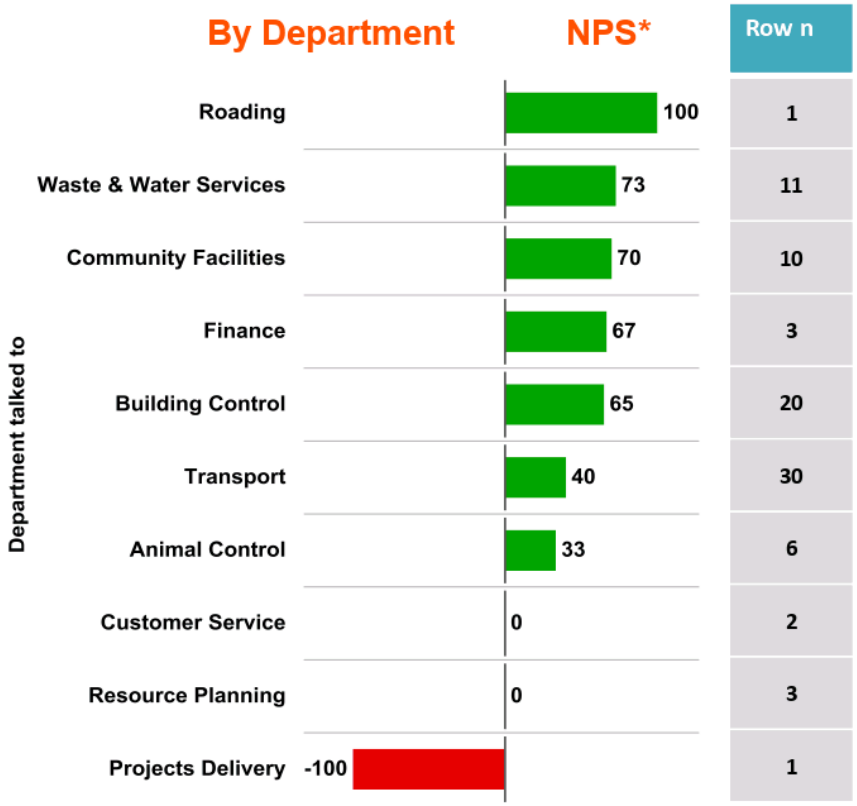
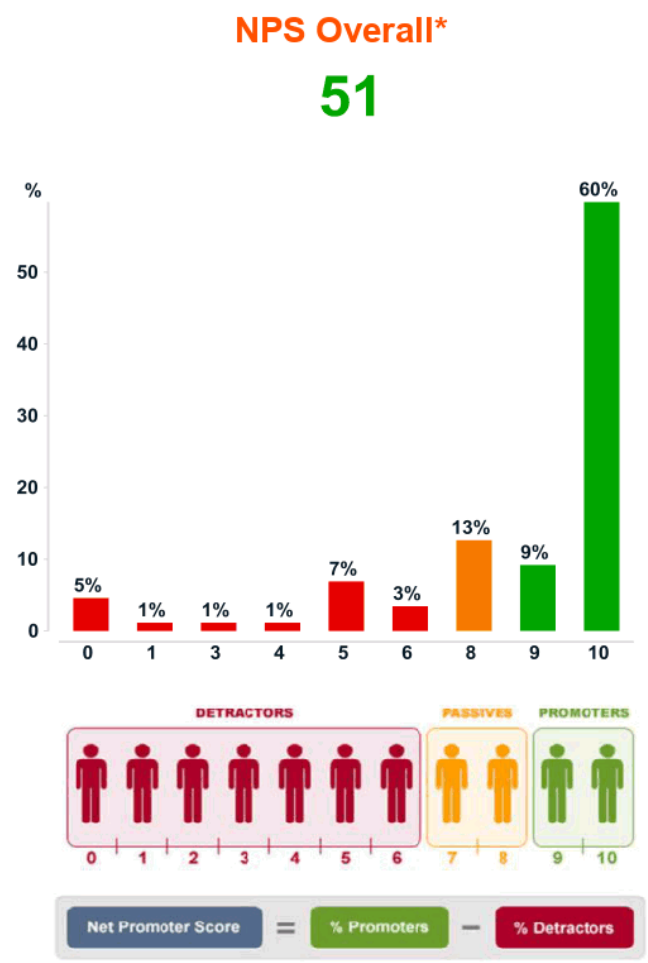
On a scale of 0 being not at all likely and 10 being extremely likely, how likely is it that you would recommend this service to a friend or colleague?

SOUTHLAND DISTRICT COUNCIL





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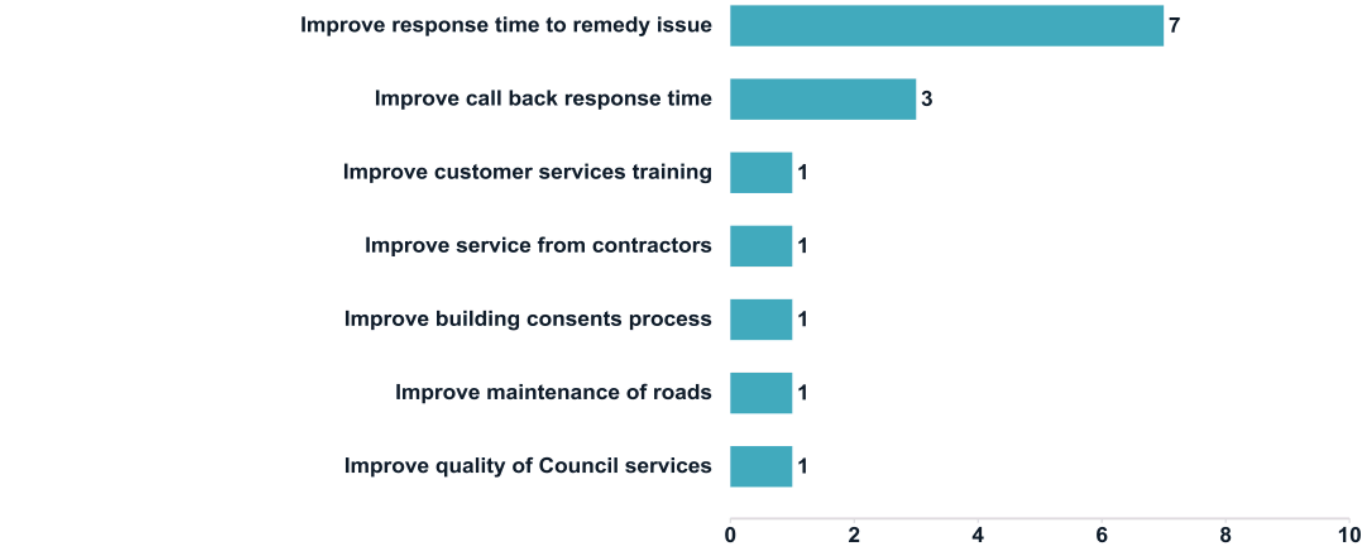
12

What changes would we have to make to give a higher rating?*



'Variance in work of contractors, with this particular issue needs specific things done but it hasn't happened'

'Improve response time. It took 3 weeks to hear back from someone.'

'Better response to the request, want to be kept updated with things.'

'Better training for the office staff so they put you through to the right person. Also, they don't ring back.'

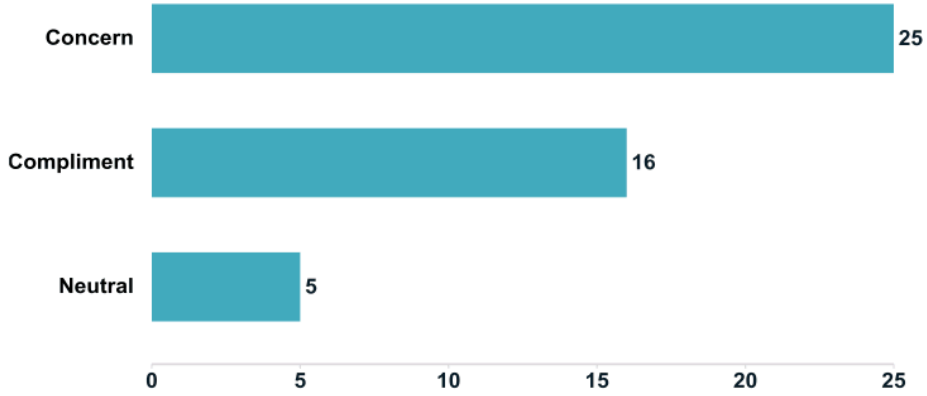
'People being more available. It was very hard to get hold of the people he needed to get in touch with.'

'No competition but things needs to be sped up'

*Coded from open text responses. Numbers = frequency raised.

13

Do you have any further comments?*



'Good as gold, issue sorted.'

'Council did a wonderful job in handling the request. Yet to inspect the works.'

'Work to their timeframes, pretty efficient, good communication. Service has improved markedly in the past 6 months. Booking system is sorting and very easy. Seems that everybody is a lot less stressed now.

'Understands things take time. Vegetation was cut of the nearby road but not on another. Certainly not as good as the old days.'

'Easy to book an inspection. Would have been good to have a consistent inspector because wasn't enough continuity e.g. asking the same questions. But both really good, not intimidating'

'Didn't expect such good communication.

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*Coded from open text responses. Numbers = frequency raised.

14


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Photo credit: http://naylorlove.co.nz

Chairperson's Report

Record No: R/19/11/26921
Author: Alyson Hamilton, Committee Advisor
Approved by: Rex Capil, Group Manager Community and Futures

☐ Decision ☐ Recommendation ☒ Information

Purpose of report

1 The purpose of the report is to provide an update to the Community and Strategy Committee on activities the chairperson has been involved since the establishment of the committee on 1 November 2019.

2 The report also provides the opportunity for the committee chairperson to present an overview of the issues she has been involved with.

3 Items of interest include the following:

- attendance at the Waihopai Toetoe community board Inaugural meeting
- attendance at Long Term Plan 2021/2031 launch event
- attendance at community board (and councillors) induction workshop
- attendance at Creative New Zealand community grants meeting
- attendance at Great South regional events strategy workshop
- attendance at the southland Murihiku destination management strategy launch
- attendance at Southland Murihiku Destination Strategy Workshop
- attendance at meeting of local promotion groups from around Southland District, with discussions including groups working together collaboratively on similar issues
- attendance at rural and provincial sector meeting in Wellington

  Some of the topics and presenters included:

  - Drinking water quality - David Prentice, chair Interim Climate Change Committee
  - Housing New Zealand Strategy - Andrew McKenzie
  - Portfolio priorities - Waste Management - Hon Eugenie Sage
  - Local Government Portfolio priorities - Hon Nanaia Mahuta
  - Responsible camping/Tourism NZ summer camping - Rebecca Ingram, Tourism NZ and Michael Herder, policy advisor MBIE
- attendance at Youth Futures Advisory Group meeting
- attendance at Southland Regional Arts Strategy launch with the guest speaker being Cath Cardiff - senior manager, arts development services, Creative New Zealand
- attendance at Mike King's seminar - "I AM HOPE" in excess of 300 persons attended the seminar and well supported by emergency services personnel

- attendance at the Hui-a-Iwi - Te Runanga o Ngai Tahu as a trustee of the Whakamana te Waituna Trust - the work programme for which includes the establishment of a mahinga kai pa at Waituna. The strategy for which was launched by Sir Tipene O'Regan with this years event being centered on Ka Tū Te Tītī – the return home
- attendance at the Southland multi-cultural councils meet and greet.

Recommendation

That the Community and Strategy Committee:

a) Receives the report titled "Chairperson's Report" dated 26 November 2019.

Attachments

There are no attachments for this report.

Community Well-beings and Strategic Issues Overview

Record No: R/19/11/25608
Author: Rex Capil, Group Manager Community and Futures
Approved by: Steve Ruru, Chief Executive

☐ Decision ☐ Recommendation ☒ Information

Introduction

1 The Community and Strategy Committee was recently established as a committee of Council for the 2019-2022 triennium.

2 The Community and Strategy Committee terms of reference, amongst others, includes as its scope of activities the following

- providing advice to Council on the approaches that it should take to promote the social, economic, environmental and cultural well-being of the District and its communities and in so doing contribute to the realisation of Council's vision of one District offering endless opportunities
- to provide leadership to District communities on strategic issues and opportunities that they face.
- assessing and providing advice to Council on
    - key strategic issues affecting the District and Council
    - community development issues affecting the District and Council
    - the service needs of the District's communities and how these needs might best be met
    - resource allocation and prioritisation processes and decisions.

3 As well as this, the Local Government Act 2002 (LGA) was recently amended to include the four well-beings (social, economic, environmental, cultural) as a purpose of local government.

4 The Local Government (Community Well-being) Amendment Act 2019 received the royal assent on 13 May 2019. This act replaced the LGA section 10(1)(b) to amend the purpose of local government *to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.*

5 As part of the communications regarding the restating the four well-beings back into the LGA Minister Nanaia Mahuta on 11 April 2018 stated - https://www.beehive.govt.nz/release/four-well-beings-core-local-government%E2%80%99s-role

"Re-inserting the four well-beings back into the LGA will acknowledge the valuable role local leadership has to promote the social, economic, environmental and cultural well-being of citizens and communities"

6 The Minister went on to state

"We face serious challenges such as the impact of population growth, climate change and ageing infrastructure. A broader focus in the way councils meet the challenge of setting priorities and planning for the future is required.

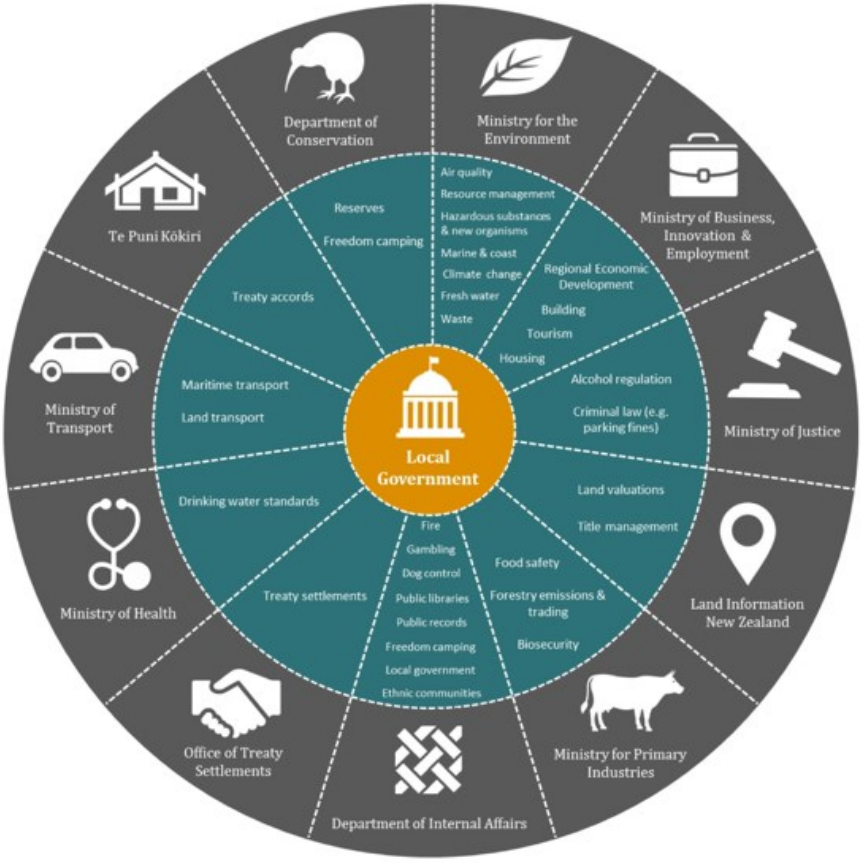
Reintroducing an emphasis on the four well-beings will engage councils and citizens on an intergenerational approach to improving quality of life outcomes in our towns and cities."

Report Purpose

7 It is intended this community well-beings and strategic issues overview report will be prepared and presented to the Community and Strategy Committee as part of its standard order paper.

8 This report will inform the committee of recent developments, points of interest and points for consideration as part of the strategic context and community well-beings discussions that Council is part of – nationally, regionally and locally.

9 This report format and content reinforces the concept that Council is a participant in a much broader ecosystem, as was detailed during the initial induction process.



System In Which We Work

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Te Rohe Pōtae o Murihiku

10 It also relates to the renewed focus on the four well-beings as a purpose of local government and supports the concept of small Council big community.

11 The report will also be used to inform the committee of 'happenings' in other areas that maybe of interest and relevance to the District. This will provide a wider strategic context on a national

and regional scale to assist in Council's understanding of issues and areas of impact occurring elsewhere.

12 Importantly the report aims to initiate discussion amongst councillors on important developments in the broader environment in which we work. In this way they can have regard to these issues when setting the direction for Council.

13 The format and content of the report will be divided into five headings – reflecting the four well-beings plus other regional happenings. The topics covered under each of the headings will be summarised, the associated link from where the information is sourced will be provided and any supporting information will be provided as an attachment to the report.

Living Standards Framework and the Four Well-beings

14 The New Zealand Treasury has developed the Living Standards Framework (LSF) to consider the collective impact of policies on intergenerational wellbeing. It also links to the United Nations sustainable development goals.

https://treasury.govt.nz/sites/default/files/2018-02/tp-approach-to-lsf.pdf

15 The LSF aligns to the four well-beings approach identified as a purpose of local government.

Social Well-being

16 For the purpose of this report we can align social well-being to human capital. This links to how people and communities engage in work, study and social activities.

17 The following is a summary of a selection of recent articles and publications relating to the social well-being topic.

New jobs, old jobs: The evolution of work in New Zealand's cities and towns

18 The Productivity Commission recently released the above titled report. Link below and full report attached as attachment A.
https://www.productivity.govt.nz/assets/Documents/bcea812a17/New-jobs-old-jobs-Working-paper.pdf

19 The report shows how New Zealanders have experienced significant changes in the jobs they do and the places they live and work. These changes reflect shifts in the industries in which people work. Between 1976 and 2013 employment in manufacturing declined from 25% to 10% of the workforce. There was, in contrast, significant expansion in employment in professional services, health and education, accommodation and hospitality, and financial services.

20 This expansion of employment in services encouraged a reallocation of jobs away from smaller centres to Auckland and to a lesser extent to Wellington and Christchurch. The report shows that between 1976 and 2013 employment in New Zealand's 30 largest cities and towns increased by 48%, or an average of 1.1% per year. This figure masks considerable variation, with nine urban areas having employment growth of 65% over the period.

21 The economies of most cities and towns have also become less reliant on specialist industries and have become more like each other. As migration between areas is easier when all areas have similar jobs, the reducing importance of city specific industries may have been a catalyst for the shift of jobs from slow growing areas to climate favoured fast growing areas.

Point to note:

22 Of particular interest for Southland District Council is to remain abreast of what can be done to assist Southlanders adjust to changes in work and employment and continue to purchase services from Great South to support Southlanders in the rural workforce and related industries.

NZIST co-design working groups announced

23 The reform of vocational education and training proceeds with the Minister of Education, Chris Hipkins, introducing the Education (Vocational Education and Training Reform) Amendment Bill to Parliament on 26 August 2019.

24 The establishment phase of the NZ Institute of Skills and Technology (NZIST) has also recently been progressed with seven working groups having been created to co-design elements of the NZIST. This was announced on 1 October as detailed in the link
http://www.scoop.co.nz/stories/ED1910/S00003/nzist-co-design-working-groups-announced.htm

25 The working groups form the Mobilising the New World workstream, one of 10 workstreams tasked by Minister Hipkins to the Institute of Skills and Training (IST) Establishment Board to have the new NZIST operational by 1 April 2020.

26 The chairs of the working groups represent a range of sector and external stakeholders from across the country and include:

Student Journey Map – Debbie Preston, Wintec

Employer and Community Engagement – Linda Stewart, Central Economic Development Agency (CEDA)

Education Products and Services – Phil Ker, Otago Polytechnic

Work-based Learning Development – Fiona Kingsford, Competenz

New Academic Structure for IST – Chris Collins, EIT

Online Arrangements – Phil Ker, Otago Polytechnic

International Education, Michelle Jordan, Venture Taranaki

Point to note

27 Of particular interest for the Southland District Council is to understand what evolves for the region and its impact with the establishment of the NZIST (and replacement of the Southern Institute of Technology) to support vocational training opportunities and industry training opportunities related to the rural Southland demand and specific regional and district industry requirements.

New education to employment brokerage service

28 On 23 October 2019 the Minister for Education (MOE) announced $6m in funding for new education-to-employment brokerage services.

http://www.education.govt.nz/news/a-further-three-initiatives-announced-to-fix-skills-gap/ and

https://psnews.co.nz/ps-news/2019/10/30/demand-for-tradies-is-building/

https://www.tvnz.co.nz/one-news/new-zealand/shortage-skilled-hospitality-workers-demand-within-industry-grows

29 The aim of these new brokerage services is to raise the profile of vocational education and training and strengthen the pipeline of students coming into the system.

30 The initiative will fund up to 20 new brokerage positions for two years, beginning in early 2020. These new brokers will build strong local relationships and liaise between schools and employers in their local community to highlight local trades and vocational opportunities for students, helping to build stronger connections between these groups.

31 This will raise young people's awareness of trades and other career pathways in their local community. There will be support for students to transition into higher education, training and employment in their local labour market.

32 The programme is designed to primarily complement and enhance existing connections that schools have with business and grow them to a new level. The various connections and frequency are tailored to each school's requirements with individual plans prepared and committed to annually for each secondary school.

33 Collaborative and co-ordinated relationships with employers, training providers and industry are key. The service will be available to all secondary school students, to encourage them to consider vocational education as a pathway into employment.

34 The brokers will be distributed throughout New Zealand, considering the populations of each region, government priorities (eg surge regions) and existing related initiatives in each region that could be built on.

35 The Ministry of Social Development (MSD) is scoping the education-to-employment brokerage landscape. MSD recognises that there may be several existing education-to-employment brokerage-type services already being delivered around New Zealand. For example, Aoraki Development, the Economic Development Agency (EDA) for the Timaru district, is already delivering a successful education-to-employment brokerage service.

Point to note

36 Of particular interest for Southland District Council is to remain abreast of what can be done to assist Southland employers, training providers and students to succeed in developing collaborative and co-ordinated relationships and understand how the youth futures programme delivered by Great South will continue to support Southlanders in the rural workforce and related industries.

Career initiative for Pacific people launches in the south

37 Tupu Aotearoa is a new initiative by the Ministry for Pacific People that has recently expanded and launched in Southland and Otago

https://www.stuff.co.nz/southland-times/117016512/career-initiative-for-pacific-people-launches-in-the-south

38 It is primarily looking to assist Pacific people looking for work or training by providing extra guidance and support.

Point to note

39 Of particular interest for Southland District Council is to understand how this links with other programmes to assist Southland employers, training providers, students to continue to support opportunities for the rural workforce and related industries

Health and Disability System Review: Interim report

40 The Health and Disability System Review is charged with taking a system-wide approach to what needs to change to ensure our future system achieves better and more equitable health and well-being outcomes for all New Zealanders.

41 The interim report highlights that overall our system is good, with outcomes and spending in line with OECD countries, and a dedicated staff who work hard to provide best care for patients. However, the system is under pressure and despite progress, outcomes are not equitable across populations and life course, particularly for Maori, Pacific peoples, disabled people, and people experiencing poverty. Rural New Zealanders also look for sustainable and equitable access to health and disability services.

42 The interim report is attached as Attachment B.

Point to note

43 Council should remain an interested party to this review and link with its communities and the health sector as further options are developed leading up to the next report which is scheduled to be finalised in March 2020.

Economic Well-being

44 For the purpose of this report we can align economic wellbeing to financial and physical capital. This links to financial and human made physical assets impacting on how people live, deliver services and align as a society.

45 The following is a summary of a selection of recent articles and publications relating to economic well-being.

Fonterra raises alarm over factory closures if rules don't change

46 Dairy giant Fonterra fears possible plant closures if the current rules covering the dairy industry are not changed.

https://www.stuff.co.nz/business/farming/116880363/fonterra-raises-alarm-over-factory-closures-if-rules-dont-change

47 Chief executive Miles Hurrell said there was now significant competition in the sector, with 10 companies operating 15 factories across the country. All are fully or partly-owned by foreign interests.

48 "This now risks over capacity which could lead to plant closures," he told the Primary Production Select Committee in Wellington, which is hearing submissions on the Dairy Industry Restructuring Act (DIRA).

Can Southland's economy cope if the smelter doors are shut

49 Recently Rio Tinto announced on the Australia Stock Exchange that it will conduct a strategic review of its interest in New Zealand's Aluminium Smelter to determine the operation's ongoing viability.

https://www.stuff.co.nz/southland-times/116881103/can-southlands-economy-cope-if-the-smelter-doors-are-shut

50 It says under the current market conditions and with high energy costs, "we expect to the short to medium outlook for the aluminium industry to be challenging and this asset to continue to be unprofitable".

51 It plans to talk with the New Zealand Government and energy providers to explore options.

Should we still eat meat and dairy?

In 2030, our protein will come from a lab – and we'll all be better off for it

52 Globally there continues to be significant discussion and research and development regarding lab grown meat and hyper efficient food production systems in the future.

https://www.noted.co.nz/health/health-health/meat-and-dairy-should-we-still-eat-it?utm_source=Sailthru&utm_medium=email&utm_campaign=LISTENER_newsletter_12-09-2019&utm_content=Final&utm_term=list_nzlistener_newsletter

https://singularityhub.com/2019/10/25/in-2030-our-protein-will-come-from-a-lab-and-well-all-be-better-off-for-it/

53 Through the convergence of biotechnology and AgTech, it is suggested globally we will witness the birth of a different and environmentally sustainable food system.

54 While traditional agriculture has experienced shifts and industrialisation, the approach to growing food has generally remained similar over a long period of time. There is considerable discussion and commentary relating to the upcoming technological revolutions that will impact on our food production system.

55 New Zealand's profile is globally highly unusual, in that its biological emissions from agriculture make up nearly half of all our emissions – that's including livestock methane, nitrogen fertilisers and the nitrous oxide generated by stock's liquid and solid emissions breaking down in the soil.

56 In economic terms, the only comparable earner to meat and dairy is tourism with, unfortunately, air travel being another front-line culprit for climate change. The farm sector's hopes of surviving the Emissions Trading Scheme system and the IPCC's road map in competitive shape are pinned on our existing status as a world-leading sustainable food producer. Even the *Guardian*, a newspaper notoriously hard-line about climate change, recently instructed its readers to buy New Zealand lamb, ahead of British, because even counting food miles, it remains the world's most sustainably produced.

57 Agri-business and farm sector representatives have recently being laying out their rationale to the Zero Carbon Bill hearings at Parliament.

Digital platforms will transform ag

58 While the development of the agritech sector receives a lot of attention there is also recent commentary about how a big change to agriculture will occur when platform economy businesses enter the industry.

https://www.stuff.co.nz/business/farming/opinion/116738828/agritech-business-platforms-are-just-around-the-corner

59 These platform business models will disrupt the traditional approach. They are asset light and don't need or want to own physical assets so they and many such providers do not necessarily want to own farms or the processing factories but simply be the matchmaker between farmers and buyers.

Point to note

60 Based on the above examples, Council should keep a watching brief on industry related matters impacting on the Southland economy. It should build on and further develop its industry stakeholder relationships to continue to develop its understanding of the global, national and regional issues affecting the Southland economy.

Environmental Well-being

61 For the purpose of this report we can align environmental wellbeing to natural capital. This links to how the natural environment impacts on how communities align resources and support resource allocation and usage required to live a sustainable life.

62 The following is a summary of a selection of recent articles and publications relating to environmental well-being.

NZ's dark sky sanctuaries sights worth travelling for

NZ bid to become the first dark sky nation

63 Stewart Island Rakiura has recently received dark sky sanctuary status. The International Dark Sky Association runs the IDA dark sky places conservation programme, with different designations recognising urban dark sky efforts: Dark sky communities, parks, reserves and sanctuaries – the highest honour possible. Stewart Island Rakiura is just one of 10 places in the world to have achieved this.

https://www.stuff.co.nz/environment/116554864/nzs-dark-sky-sanctuaries-sights-worth-travelling-for

https://www.odt.co.nz/news/national/nz-bid-become-first-dark-sky-nation

Point to note

64 Council to continue to work with the community and other stakeholders to support the opportunity for Stewart Island Rakiura to capitalise on its dark sky status

Costs rise for crumbling coastlines as council makes it clear: homeowners are on their own

65 Potential concerns remain at the forefront of discussions and decisions relating to coastal erosion and impacts on settlements and communities. This link highlights some issues being considered in other areas

https://www.stuff.co.nz/environment/climate-news/112267497/costs-rise-for-crumbling-coastlines-as-council-makes-it-clear-homeowners-are-on-their-own

Point to note

66 Council continue to advocate for an aligned policy framework across national, regional, District planning and natural hazards management.

Cultural Well-being

67 For the purpose of this report we can align cultural well-being to social capital. This links to how people live and work together and includes cultural and community identity, traditions and customs and common values and interests.

68 The following is a summary of a selection of recent articles and publications relating to cultural well-being.

What wellbeing might look like

Diversity brings a richness of culture to communities

69 Cultural diversity and inclusive communities remain important for the future of Southland District communities. This is highlighted in the following articles

https://www.stuff.co.nz/southland-times/opinion/114163512/what-wellbeing-might-look-like

https://www.stuff.co.nz/southland-times/news/117050953/diversity-brings-a-richness-of-culture-to-communities

70 The articles highlight the importance that a community led development approach plays in place based development. There are many examples of community based organisations and national and regional agencies that partner at the local community level to support the cultural wellbeing of a community.

Point to note

71 Council continue to advance the community led development approach and build on place at the centre of community development with Council being one of a number of players in supporting communities – small Council big community.

Other Area Happenings

72 This section aims to provide information recently highlighted relating to an area/region elsewhere in New Zealand.

73 The area/region randomly identified in this report is Hamilton. Two articles have identified and highlighted some interesting developments occurring in Hamilton at a time of significant growth and pressures in other neighbouring regions which in turn has a ripple effect on Hamilton and surrounding areas.

74 These regional development examples and associated growing pains illustrate how regional development is not mutually exclusive to a specific sector but has ripple effects on other areas related to and associated with the four well-beings – social, economic, environmental and cultural.

https://www.stuff.co.nz/waikato-times/news/116670999/hamilton-and-surrounding-areas-ready-to-go-pop-with-infrastructure-development

https://itbrief.co.nz/story/hamilton-turns-on-the-charm-to-lure-auckland-tech-firms-further-south

Recommendation

That the Community and Strategy Committee:

a) Receives the report titled "Community Well-beings and Strategic Issues Overview" dated 19 November 2019.

Attachments

A New-jobs-old-jobs-Working-paper - Productivity Commission ⇩
B Health and Disability System Review - Interim Report-Executive-Overview-final ⇩

NEW ZEALAND
PRODUCTIVITY COMMISSION
Te Kōmihana Whai Hua o Aotearoa

New jobs, old jobs: the evolution of work in New Zealand's cities and towns

Working Paper 2019/1

October 2019

Authors: Andrew Coleman, Dave Maré and Guanyu Zheng

The New Zealand Productivity Commission

Te Kōmihana Whai Hua o Aotearoa[1]

The Commission – an independent Crown entity – completes in depth inquiry reports on topics selected by the Government, carries out productivity related research and promotes understanding of productivity issues. The Commission aims to provide insightful, well-formed and accessible advice that leads to the best possible improvement in the wellbeing of New Zealanders. The New Zealand Productivity Commission Act 2010 guides and binds the Commission.

Information on the Productivity Commission can be found at www.productivity.govt.nz or by calling +64 4 903 5150.

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The results in this report are not official statistics. They have been created for research purposes from the Integrated Data Infrastructure (IDI), managed by Stats New Zealand.

The opinions, findings, recommendations, and conclusions expressed in this report are those of the author(s), not Stats NZ, or other Productivity Hub agencies.

Access to the anonymised data used in this study was provided by Stats NZ under the security and confidentiality provisions of the Statistics Act 1975. Only people authorised by the Statistics Act 1975 are allowed to see data about a particular person, household, business, or organisation, and the results in this report have been confidentialised to protect these groups from identification and to keep their data safe.

Careful consideration has been given to the privacy, security, and confidentiality issues associated with using administrative and survey data in the IDI. Further detail can be found in the Privacy impact assessment for the Integrated Data Infrastructure available from www.stats.govt.nz.

[1] The Commission that pursues abundance for New Zealand.

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Overview

This paper uses census data to document and analyse the changing nature of jobs in regional New Zealand between 1976 and 2013. While the material is largely descriptive, its aim is to unravel the effects of several different forces on the evolution of jobs, towns and cities. This paper is not designed to make predictions about either the future of work or the future of regions. Rather, by documenting the evolution of regional employment patterns in New Zealand over the last 40 years, it aims to help understand how New Zealand has got to its current situation.

The changing nature of jobs has disproportionately favoured large "super cities", which in the New Zealand context means Auckland. In New Zealand, and in other developed countries, much new work has emerged in information-intensive sectors such as finance and professional and business services where productivity is enhanced if firms cluster in a small number of centres. For example, two thirds of the national increase in employment in the finance sector between 1976 and 2013 took place in Auckland, even though Auckland started with just over a third of the financial sector workforce at the start of this period.

While smaller urban areas have also increased the share of their workers in these growth sectors, the growth of these jobs in these areas was less than in Auckland. So far there is no evidence that small urban areas can compete with large cities in these sectors, so if these sectors keep growing as a fraction of the economy, Auckland is likely to continue to benefit from the sectoral transformation of the economy.

As manufacturing declined and service sectors expanded, the economies of most cities and towns have become more diversified. In this paper we show there are only a few examples of urban areas that have become more reliant on specialist industries since 1976. Rather, most areas became more diversified and more like each other. Small and medium sized urban areas with distinctive employment patterns are less common than they were. As migration between areas is easier when all areas have similar jobs, the reducing importance of city-specific industries may have catalysed the shift of jobs from slow-growing areas to climate-favoured fast-growing ones.

1 Motivation and method

1.1 Introduction

Over the last forty years New Zealanders, along with people in most other developed countries, have experienced big changes in the jobs they do and the places they live and work. These changes include:

- a decline in the number of manufacturing jobs;
- an increase in the quantity and renumeration of information-intensive work, often requiring tertiary education training;
- increased participation of females in the paid workforce;
- the rapid growth of large "super cities"; and
- internal migration to locations with desirable amenities, especially a favourable climate.

These trends have simultaneously changed the nature of work and the location of workers. Some urban areas have transformed themselves and thrived in the new environment, while others have found the transition difficult and have stagnated. Moreover, the transition has been accompanied by changes in income inequality as the relative importance of different skills and talents has changed and as the returns to those skills have varied across regions.

This paper uses census data to document and analyse the changing nature of jobs in regional New Zealand between 1976 and 2013. While the material is largely descriptive, its aim is to unravel the effects of several different forces on the evolution of jobs, towns and cities. This paper is not designed to make predictions about either the future of work or the future of regions. Rather, by documenting the evolution of regional employment patterns in New Zealand over the last forty years it aims to help understand how New Zealand has got to its current situation.

The way people adapted to the loss of manufacturing work is one of the issues we examine. In 1976, manufacturing accounted for 25% of jobs in New Zealand, and more than 15% of the workforce were employed in the manufacturing sector in all urban areas except for two small towns. By 2013 manufacturing accounted for less than 10% of national employment, and only a handful of small towns had more than 15% of their workforce employed in manufacturing industries. The changes induced by the loss of manufacturing jobs provide a prime example of how people have responded to widespread job changes in the recent past.

1.2 Themes and insights from the international literature

Many aspects of New Zealand's economic experience during the last forty years are similar to those experienced in other OECD countries. There is now a large international literature analysing the employment experiences of people in different sectors and different cities in various countries. This literature provides a useful context for understanding what has happened in New Zealand.

The decline of manufacturing

Manufacturing employment has declined as a share of total employment in most developed countries since the 1950s. In the United States, manufacturing employment declined steadily from 32% of the workforce in 1950 to 9% of the workforce in 2010 (Autor, Dorn and Hanson 2016). This decline has reflected three different factors:

- an increase in the efficiency of production, which means fewer workers have been needed for any level of production;
- an increase in manufactured imports, which has reduced demand for locally produced manufactures; and

- the outsourcing of some types of work, such as marketing, that were previously done within a manufacturing firm but are now done by specialists outside the firm and classified differently (Autor, Dorn and Hanson 2016).

A decline in manufacturing employment can have positive or negative effects on local employment in other industries. Local employment in other industries could increase if people move into new jobs to offset the decline in manufacturing jobs. Alternatively, the loss of local manufacturing jobs could reduce total employment as the initial reduction in local income reduces the demand for other locally produced goods and services. This is a negative multiplier effect. The extent that employment declines and the speed of any recovery depend on the relative strength of different equilibrating mechanisms (Notowidigdo 2011). In some places there may need to be a decline in wages to increase employment in other sectors. In other places the loss of manufacturing employment may lead to a permanent loss in employment, as some working people leave the town for jobs elsewhere and others decide to leave the workforce, perhaps taking earlier retirement. Even in this case a town's total population may not fall, as real estate prices may fall, and this attracts people who do not work to the town despite the poor employment opportunities.

Several recent studies have analysed the effects of an increase in Chinese manufactured imports on employment markets in the US (for example Bernard, Jensen and Schott 2006; Autor, Dorn and Hanson 2013, 2016; Acemoglu et al 2016). These results show (i) places that experienced greater competition from Chinese imports lost more manufacturing jobs than other places, and (ii) these job losses were not offset by an increase in other local employment. Wages declined in the affected regions. The wage declines were more pronounced in non-manufacturing sectors than manufacturing sectors, presumably in response to an additional supply of workers seeking new jobs. Similar results have been found in Spain and Norway (see the review by Autor, Dorn and Hanson 2016).

Other studies have attempted to trace the effect of technological change in the manufacturing sector on city-level employment. Acemoglu and Restrepo (2017) examined how employment was affected when there was an increase in the number of robots used by firms. They found that these robots had negative effects on local employment, on employment/population ratios, and on wages. Approximately half of the effect could be traced to local multiplier effects, as the reduction in manufacturing employment reduced demand for local goods and services. The impact was concentrated in the bottom half of the income distribution.

Overall, the international literature suggests that it can take a long time for regions to adjust to manufacturing employment losses and that the adjustment may never be full. There is a limited transfer of work from manufacturing to non-tradeable sectors. Moreover, part of the adjustment takes place through changing employment/population ratios, because many people who lose jobs leave the workforce or leave to places where they can find jobs and are replaced by people with less attachment to the workforce.

The location of new work

Beginning with Lin (2011), several authors have analysed the evolution of new work in the United States – jobs that never previously existed or only existed in tiny numbers. Lin (2011) examined the titles of approximately 30 000 jobs described in U.S. census records in 1965, 1977, 1990, and 2000 and examined the type, location, and number of jobs that were new each year. In 1977 and 1990 about 8% of jobs (not job titles) were new; in 2000 the figure was 4%. However, there were big differences in the types of new work before and after 1980. In the 1970s much of the new work was related to engineering. In the 1980s and 1990s much of the new work was computer related or related to management and finance.

These differences were important because the new jobs developed prior to 1980 employed different types of people and appeared in different locations than those developed after 1980. Prior to 1980 the jobs occurred all over the US. After 1980 they were disproportionately located in a few large urban areas that increasingly specialised in knowledge-intensive work, particularly those with large university-educated workforces such as New York, San Francisco, Seattle, and Washington. These cities initially

had a large fraction of college educated workers and relatively diversified economies. The concentration of these new types of jobs in a few locations suggests that agglomeration economies were more important in these knowledge-intensive industries than in other industries.[2]

Not only were these new types of jobs disproportionally located in US cities with large numbers of university-educated people, but some of the fastest expanding sectors such as finance also increasingly hired university-educated workers and shifted to large urban areas where these workers were concentrated. The result has been a bifurcated labour market and rising income inequality. Income inequality increased between large and small cities as high paying work increasingly moved to the former locations, but it also increased within cities, particularly large cities. Wage inequality increased faster in big cities than small cities because the wage premium for college workers increased more rapidly in big cities and because the renumeration of people without tertiary education disproportionately declined in large cities (Berger and Frey 2016).

As a result of these trends, there has been a rising incentive for college educated people to locate in large urban areas, a reduction in the flow of less-educated workers to big cities, and a rising incentive for less educated workers to leave these places (Schleicher 2017; Autor 2019). Workers with middle levels of education increasingly found less skilled work in smaller cities (Lin 2011; Autor 2019). Between 1980 and 2000 the fraction of college educated workers in large cities increased from 23% to 47%, but only from 17% to 27% in smaller towns (Baum-Snow and Pavan 2013).

The growing inequality across regions also reflects differences in the wages paid to ostensibly similar people by different firms operating in an industry. These differences reflected growing dispersion in the productivity levels of different firms, which in turn is reflected in the wages they pay. The key studies documenting these trends examined wages in the United States and Germany. These studies show that it is increasingly important for individuals to work in the best firms as well as to have the right skills. In the United States, Barth et al (2016) showed that more than two thirds of the increase in wage inequality was due to an increase in the dispersion of the average wages paid by firms, rather than the distribution of wages within firms. Part of this change reflects an increase in the earnings and wages paid in the finance, software, and the oil and gas sectors, which are increasingly regionally specialised. In Germany, Card et al (2013) estimated that the increase in the dispersion of firm earnings accounted for over half of the increase in wage dispersion between 1985 and 2010. Over half of this increase in firm wage dispersion reflected a steady increase in assortative matching, whereby the most talented workers ended up working in the highest paying firms. Again, this study indicated that the premium for working in the best firms has been rising, particularly for the most talented workers.

The increasing levels of inequality across firms and across regions is linked. A small number of "super firms" increasingly locate in a small number of "super cities" (Rodríguez-Pose and Crescenzi 2008; McKinsey Global Institute 2018). These firms pay particularly high wages and employ routines and technologies that other firms have found difficult to copy (Syverson 2011). The increase in the size of large cities has been occurring for over a century and it has long been argued that the growth of very large cities reflects their productivity advantages (for example Black and Henderson 1999; Kaldor 1970). There may be some exceptions, as there seems to be a resurgence in some medium sized cities in Europe (Dijkstra, Garcilazo, and McCann 2013); but even this case refers to the performance of cities considerably larger than what we are describing as medium sized cities in New Zealand.

Fast growing and slow growing locations

Are the fastest growing urban areas those that specialise in highly paid new work? Not necessarily. Many rapidly growing locations do not specialise in rapidly growing sectors or even offer particularly high wages but have expanded because they offer favourable amenities. According to Fodor (2010) average income in the 25 US cities with the fastest population growth between 2000 and 2009 was only $34 500, compared to $42 900 in the 25 cities with the slowest population growth. Furthermore, 23 of the 50 cities with the fastest population growth between 1990 and 1998 had lower than median income

[2] A city has agglomeration economies when companies enjoy lower costs and obtain gains in efficiency because they are located near large numbers of other firms. Firms gain from localisation benefits if locating near firms in the same or similar industries reduces their costs. Firms gain from urbanisation benefits if locating near firms in other industries reduces their costs, perhaps by lowering the costs of the goods and services they use.

growth and 27 of the 50 cities with the slowest population growth had higher than median income growth (Gottlieb 2002).

The low correlation between population and wage growth suggests intercity-migration is driven by a variety of factors in addition to income. As Graves (1980) first documented for the United States, people have been attracted to amenity-rich locations despite the low wages these areas offer since the 1950s, particularly sunny, warmer locations near the coast. As consumption amenities tend to be luxury goods, the migrants to cities with desirable natural amenities tend to be disproportionately older people with the necessary level of wealth. In contrast, many younger and well-educated people migrate to large growing cities with good business environments since firms are also attracted to these locations as they are highly productive. When Chen and Rosenthal (2008) measured the quality of consumption amenities and business amenities of different US cities they also found college-educated people were attracted to cities with good business environments and older people were attracted to the centres with good consumer amenities. These different motives go some way to explaining why cities with high population growth have disparate income levels and income growth.

These results suggest it is useful to classify urban areas into at least three categories:

- fast-growing, higher-income locations that are centres for new work and expanding sectors;
- fast-growing, lower-income locations that have good amenities; and
- slow-growing locations, including those with static populations.

The latter are locations with low employment growth, and low or medium wage levels. These urban areas rarely disappear but tend to have static populations. Many of these places have manufacturing employment based on the processing of locally produced and costly-to-ship commodities, along with essential non-traded services such as retailing and education.

Polèse and Shearmur (2006) examined declining towns and regions in Canada and argued that in addition to remoteness and unattractive climate, failing towns have been dominated by a single resource extraction industry, often with one or two firms. While Chen and Rosenthal (2008) do not address this issue directly, their amenity indices can be used to identify the US cities that have low consumer and business desirability. They estimate that 19% of US cities have below median consumer-amenity indices and below median business-amenity indices. Three quarters of these cities lie in two regions that are widely considered to be in decline – the Midwest from upstate New York to southern Illinois; and the rural south, from north west Texas to Georgia. Declining cities can last a long time, eking out an existence from the momentum provided by long-lived capital assets (including residential housing) and the inertia generated by social contacts.

While the three types of urban areas differ in terms of the work opportunities they offer, they all offer some types of jobs that are very similar. Industries can be analysed in terms of the extent that they produce goods and services for the local market and the extent that they produce for an external market. The "non-tradeable" sectors that largely produce for a local market are found in all urban areas. However, tradeable sectors differ across locations, and are typically the characteristic economic feature of an urban area. One way of measuring an area's industrial structure is to measure each industry's "locational quotient" (Coulson 2006). This is simply the fraction of people employed in an industry in the area relative to the fraction of people employed in the industry nationwide. Since an area that specialises in a particular industry will have a location quotient for that industry above one, an area's characteristic industries will be those with high location quotients.

Duranton and Puga (2000, 2001) observe that secondary cities tend to be more specialised than large cities. They frequently have a single dominant tradeable sector, often manufacturing, which makes them relatively exposed to shocks. Other authors have offered similar analysis. For example, Hildreth (2006) noted that the performance of secondary cities in England often depends on their leading industries. Using six categories of cities (manufacturing or industrial cities; tourism or heritage cities; university cities; regional service cities; gateway cities (transport hubs); or satellite cities (essentially cities whose inhabitants commute to a nearby large city)) he showed industrial and gateway cities

typically have the lowest incomes and the least diverse markets. Tourism and heritage cities also have little ability to diversify in the face of economic shocks.

For an urban area to thrive it needs relatively efficient non-tradeable sectors to produce goods and services wanted by resident consumers and resident firms. It also needs relatively efficient tradeable sectors to earn sufficient income to purchase goods and services not produced locally. These two requirements mean a location can do poorly if:

- it has relatively unproductive tradeable sectors, or tradeable sectors that only generate low incomes, and for one reason or another it is not an efficient location to produce alternative tradeable goods; or
- it has relatively unproductive non-tradeable sectors producing intermediate inputs for other businesses that cannot be readily and cheaply obtained from other cities, as this makes it an unattractive place to locate a business; or
- it has poor natural consumption amenities, making it unattractive as a place to live; or
- it has relatively unproductive non-tradeable sectors producing consumption goods and services, and this makes it an unattractive place to live.

To paraphrase Tolstoy, successful urban areas have many similar characteristics, but unsuccessful ones can be unsuccessful in quite different ways.

The response to employment shocks

The way urban areas evolve through time depends on the shocks they receive and the way they respond to these shocks. Both the susceptibility to shocks, and the response to them, may depend on the industrial structure of these areas. Polèse (2010) defines cities in terms of their resilience to different types of shocks.

- a-resilience refers to the ability to survive temporary shocks. Most cities have A-resilience, even to catastrophic shocks such as earthquakes or war damage.
- b-resilience refers the ability to respond to permanent shocks to a city's economic base. Polèse (2010) argues it is less common to find cities that respond well to these types of shocks. It requires a city to have an ability to transform itself when it experiences a major decline in a traditional industry. Montreal, Boston, New York and, to a lesser extent, Minneapolis are cited as examples of major cities with such resilience; Detroit, New Orleans, Nagasaki, and Manchester as cities which have found the transformation more difficult.

One of the determinants of a city's resilience to shocks is the extent of inter-regional migration. If people are quick to move out in response to the decline of a traditional industry, an urban area may have a hard job reinventing itself. This is one of the major differences between Europe and the U.S., and part of the reason for different regional policy in the two continents. City-level populations change much less in Europe than in the U.S. in response to shocks, as migration between cities is more rapid in the U.S. than Europe (van Dijk, Folmer, and Oosterhaven 2010).

When outward migration is easy, cities may find it difficult to respond positively in the face of negative shocks as many of their skilled workers choose to leave rather than start new businesses. A feature of B-resilient cities is that they tend to keep their skilled workforce when shocks occur. For this reason, cities with attractive natural amenities, or with attractive cultural environments, tend to be more resilient. Commercial and mercantile cities have historically proved more adaptable to negative shocks than cities based upon extractive industries or heavy manufacturing, partly because the industrial culture associated with the latter industries appears to deter the emergence of new industries (Glaeser et al 2016). Cities that lack business service sectors are often troubled (Hansen 1990). In contrast, there does not seem to be an obvious common factor behind cities that successfully respond to shocks to their main industries. Hansen (1990) cites New Orleans and Manchester as cautionary tales of cities with

vibrant culture or technological leadership that failed to transform themselves to maintain a dominant position.

1.3 The New Zealand context

Between 1976 and 2013 employment in New Zealand's thirty largest cities and towns increased by 48% or by an average of 1.1% per year.[3] However, this average masks considerable variation (see Table 1-1 and Table 1-2). Employment increased by more than 65% in nine urban areas, including Auckland, Hamilton and Tauranga. In contrast, employment increased by less than 15% in eight other urban areas, and it decreased by a small amount (less than 10%) in three more. Employment in one urban area, Tokoroa, decreased by nearly half.

Table 1-1 Mean and standard deviation of population growth rates across cities and towns, 1976-2013

	1976–1996	1996–2013	1976–2013
All 30 towns and cities			
Weighted mean	17%	26%	48%
Unweighted mean	20%	19%	48%
Unweighted SD	41%	19%	76%
17 larger urban areas			
Unweighted mean	18%	21%	45%
Unweighted SD	22%	16%	49%
13 smaller urban areas			
Unweighted mean	24%	16%	52%
Unweighted SD	58%	22%	104%

Source: Authors' calculations based on Stats NZ Census data, 1976-2013

What explains this variation? It does not appear to be the initial size of the cities for some small cities grew rapidly and some large cities grew slowly (see Table 1-1). Nonetheless, there are some obvious patterns. Five of the twelve slowest growing urban areas are in the south or west coast of the South Island (New Zealand's least sunny region) while the remaining seven are small regional towns in the North Island. In contrast, the fastest growing urban areas include three areas in the climate-favoured upper North Island, two sunny areas in the South Island, and two satellite areas on the outskirts of major cities. As Grimes et al (2016) indicated in their study of population trends in New Zealand, a simple explanation for why some urban areas in New Zealand have grown faster than others is that there has been an increasing willingness of people to live in locations that have desirable amenities such as a good climate or scenery.

Is there more to population growth in cities and towns than sun, skiing, and surf? Do other factors explain the variation in employment growth rates? For instance, do urban areas grow or shrink according to the nationwide performance of the industries in which they specialise?[4]

Even a limited knowledge of the New Zealand economy gives this idea some plausibility. In 1976, for example, 50% of Tokoroa's workforce or 3 700 workers were employed in the wood-processing and pulp and paper industries. By 2006 only 650 people were employed in these industries and total employment in the town had decreased from 7 500 to 4 750.

[3] For ease of reference this paper largely uses the terms "cities" and "urban areas" to refer to these largest 30 cities and town.

[4] The empirical work in the paper is based on employment in 65 different industries. For some purposes we aggregate the results into groups of related industries, which we call sectors. Sometimes we aggregate the industries into fifteen sectors on other occasions five sectors. We try to use the word "sector" only in reference to these groupings.

Table 1-2 Employment growth in New Zealand's 30 largest cities and towns (ranked by employment growth)

	Employment level 1976	Employment rank 1976	Growth 1976–1996	Growth 1996–2013	Growth 1976–2013
Tokoroa	7 479	19	-30%	-20%	-44%
Greymouth	4 845	26	-11%	5%	-7%
Wanganui	15 558	13	-7%	2%	-5%
Oamaru	5 601	24	-7%	6%	-2%
Levin	6 768	21	1%	-1%	0%
Invercargill	22 305	8	-4%	6%	1%
Masterton	8 352	18	-9%	14%	3%
Dunedin	48 249	5	-6%	10%	3%
Timaru	11 721	16	-5%	14%	8%
Gisborne	11 784	15	-1%	10%	8%
Hawera	4 590	28	6%	4%	10%
Rotorua	18 540	10	13%	1%	14%
Whangarei	15 228	14	9%	11%	20%
Wellington	155 316	2	0%	20%	20%
Palmerston North	28 110	7	14%	10%	25%
Napier-Hast	41 319	6	10%	14%	26%
New Plymouth	18 321	11	11%	21%	34%
Christchurch	127 896	3	12%	21%	36%
Feilding	4 659	27	25%	9%	37%
Whakatane	5 274	25	24%	13%	40%
Ashburton	6 129	22	12%	32%	47%
Blenheim	8 472	17	35%	22%	65%
Hamilton	54 516	4	25%	34%	67%
Nelson	16 731	12	34%	26%	69%
Auckland	326 847	1	31%	36%	79%
Taupo	5 634	23	50%	20%	81%
Kapiti	7 116	20	57%	46%	129%
Rangiora	2 832	29	54%	61%	147%
Tauranga	18 630	9	72%	60%	176%
Queenstown	1 548	30	198%	54%	361%
Total	1 010 370		17%	26%	48%

Source: Authors' calculations based on Stats NZ Census data, 1976-2013

At the other end of the spectrum, between 1976 and 2006 employment in the accommodation, hospitality and recreation industries in Queenstown increased from 550 to 1 950 as the town transformed itself into one of the key centres of New Zealand's tourism industry.

These two examples show that large shocks to urban areas' key industries can have large effects on employment. One purpose of the paper is to see how typical these effects are. We do this by examining how employment levels in New Zealand's cities and towns respond to *city-specific* employment shocks and whether the response depends on the characteristics of an urban area, such as its size or its initial industrial structure. After a negative shock strikes one of its industries, for example, it may be the case that most people find jobs in other industries, resulting in little change in total city-level employment. Alternatively, some urban areas or industries may have characteristics that amplify shocks, so that total employment declines by a larger amount than the initial shock.

The analysis focuses on the response to city-specific shocks. As indicated above, urban areas produce goods and services that are mainly consumed locally and goods and services that are sold to people outside the area. All areas produce very similar goods and services for local consumption, such as construction, retailing, or schooling, and these industries typically comprise most of their employment. Most urban areas also have specialist industries that produce goods and services sold elsewhere. These industries are found in different proportions in different areas and thus tend to characterise the area's production and employment. Because external shocks to these industries differentially affect employment levels in different areas, they have the potential to lead to large changes in total population and employment levels. When we examine how city-specific shocks affect employment, we concentrate on these sectors. For example, Hawera is known for its dairy-processing industry, but an expansion of this industry in Hawera could be expected to lead to an increase in employment in other occupations, such as teachers, construction workers, and dentists.

1.4 Method and data

To explore these issues, the paper uses census data covering employment in 30 urban areas and 65 separate industries between 1976 and 2013. Using the Stats NZ classification (based on UA13), we identified three large cities, 14 medium sized urban area ranging in size from Blenheim (2013 population of 29 298) to Hamilton (203 448), and 13 small urban areas ranging from Greymouth (9660) to Timaru (27 051). The total population of the medium sized areas in 2013 was 1 039 000, while the population of the small areas was 213 000. The population of Auckland, Wellington, and Christchurch were 1 335 000, 377 000 and 353 000 respectively.

City-industry employment data are available at five-year intervals from census returns for the years 1976-2013.[5] We aggregate these data into 65 industries representing two- or three-digit industry codes (based on ANZSIC06), for example dairy product manufacturing (5 061 employees nationwide in 2013); supermarket and grocery stores (37 704 employees); banking and finance (35 793 employees); or education (129 324 employees). The employment numbers include working proprietors. One of our main results traces the effect of employment shocks to two-digit industries over five-year periods from 1976 to 2013. The most interesting findings concern the effect of employment changes in the primary and manufacturing sectors, which employed 25% of workers nationally in 1976.

A key part of our methodology is to identify the industries that are ubiquitous to all urban areas and the industries that are concentrated in certain locations and can be considered city-specific. To do this, we use employment census data from 1976 to 2013 to calculate location quotients for each industry in each urban area. A location quotient is the fraction of a location's workers employed in a certain industry relative to fraction of national employment in that industry. The location quotients for the "ubiquitous" industries that are found in all urban areas are near one, and consequently the cross-city variance of the location quotients of these ubiquitous industries is low. In contrast, the cross-city variance of the location quotients of tradeable industries that are concentrated in certain urban areas is large. By

[5] The 2011 Census was delayed until 2013.

ordering industries according to their cross-city variances, industries that are concentrated in a few areas but absent from others can be systematically identified.

We used a methodology based on Bartik (1991) to trace the effect of employment shocks on city-level employment. The Bartik methodology defines a city-industry employment shock as the amount of employment a city would lose or gain in a particular industry if that industry contracted or expanded at the national average rate. This approach automatically adjusts a city's employment change for the over- or under-representation of an industry in that city. We focus on the effects of employment shocks to tradeable industries (identified as industries with high location quotient variances) on total employment and on employment in other industries. Much of the focus concerns shocks to manufacturing industries as these comprise a large fraction of the industries in the tradeable sectors.

The detailed location and industry data are used in several other ways. In section 2.3, they are used to trace the location of jobs in expanding sectors. In section 2.4, they are used to estimate employment churn, the extent that people switch jobs from one industry to another, in different sized cities. In section 3.1 the data are used to see how city-level employment in different industries is affected by local demand, to examine the extent non-tradeable goods are in fact more affected by local demand conditions than tradeable goods. In section 3.2 the employment data are used to analyse how nationwide shocks to manufacturing and primary industries affected employment in other sectors, to ascertain if the way cities responded to the largely negative manufacturing employment shocks depended on the characteristics of the industries. In section 3.3 the data are used to see whether employment growth in different cities was significantly affected by their initial industrial specialisations, or whether other factors were more important. Lastly, in section 3.4 we use the data to examine the extent that urban areas are becoming more or less industrially diversified through time.

2 Employment patterns in New Zealand cities

This chapter describes how the spatial evolution of the economy may be related to the changing pattern of goods and services produced in New Zealand.

2.1 Location quotients as a measure of industrial specialisation

City-industry employment data can be arranged to examine employment across industries in an urban area. Let:

E_t^{ic} = employment in industry *i* in city *c* at time *t*

E_t^c = total employment in city *c* at time *t*

E_t^i = total employment in industry *i* at time *t*

E_t = total employment in all cities and industries at time *t*

The *location quotient* for a city-industry pair is the ratio of a city's employment share in a particular industry relative to the national employment share in that industry:

$$LQ_t^{ic} = \left(\frac{E_t^{ic}/E_t^c}{E_t^i/E_t}\right) \quad (1)$$

A location quotient measures the extent to which an industry is over-represented or under-represented in an urban area. A high location quotient for a city-industry pair means the area specialises in the activity while a low location quotient for a city-industry pair means it undertakes little of the activity relative to the national average. Gilmer (1990) provides a discussion of how location quotients can be used to classify industries and urban areas.

Industries differ significantly according to the variability of the location quotients across urban areas. Some industries are found everywhere, and thus the variance of the location quotient across urban areas is low. Typically, these are non-traded industries that all cities and towns need such as retailing, construction, or education. Other industries are found in a small number of locations and their products are exported to areas elsewhere in the country or around the world. The variance of these industries across areas is high.

Table A.1 in Appendix A shows 65 industries ranked by the cross-city standard deviation of their location quotients. For each industry the cross-city standard deviation of the location quotient is calculated for each census year and the average of the eight standard deviations is reported. The cross-city standard deviations range from 0.17 to 5.86, with a median of 0.45.

The industries with below median cross-city standard deviations are found in all locations as they are difficult to trade across space and require local suppliers. These industries account for approximately 70% of total employment. In contrast, 30% of employment takes place in industries whose location quotients have above median standard deviations. These industries do not need to be located in all areas as they can be easily traded.

It is convenient to aggregate these 65 industries into 15 industrial sectors. Most of these aggregates, such as retailing or transport, are self-explanatory. Manufacturing is split into two branches – Manufacturing RS (Regionally Specialised) and Manufacturing WD (Widely Distributed) – based on the size of the standard deviation of their location quotients:

Table 2-1 Employment by sector, 1976-2013

	1976	2013	Change	Percentage change
1. Construction	8.9%	7.8%	-1.1%	-12.0%
2. General Government	5.2%	5.5%	0.3%	6.7%
3. Health and Education	12.5%	19.3%	6.8%	54.1%
4. Retail	11.5%	10.3%	-1.2%	-10.4%
5. Accommodation and hospitality	3.1%	6.0%	2.9%	92.1%
6. Personal services	4.6%	6.1%	1.5%	33.6%
7. Wholesale	5.1%	5.5%	0.4%	7.5%
8. Transport	8.0%	4.4%	-3.6%	-45.4%
9. Finance and real estate	4.9%	6.7%	1.8%	36.0%
10. Professional services	2.6%	9.7%	7.2%	279.2%
11. Administrative/ business services	2.1%	3.6%	1.5%	72.8%
12. Utilities and telecommunications	3.3%	2.9%	-0.5%	-14.1%
13. Manufacturing WD	17.6%	6.8%	-10.8%	-61.2%
14. Manufacturing RS	7.7%	3.0%	-4.7%	-60.9%
15. Primary industry	3.0%	2.4%	-0.6%	-19.4%

Source: Authors' calculations based on Stats NZ Census data, 1976-2013

- Manufacturing RS: this is a group that comprises the seven manufacturing industries that have location-quotient standard deviations that are in the top quartile of the 65 industries. Many of these manufacturing industries are disproportionately located in smaller cities and towns and process primary commodities such as milk, meat, or wood.
- Manufacturing WD: this is a group comprising ten manufacturing industries that have cross-city location quotient standard deviations that are in the second and third quartiles. These industries, such as printing or clothing manufacture are found to some extent in most urban areas.

The 17 manufacturing industries are listed in Table A.2 in Appendix A. The table also contains a description of eight primary industries (such as horticulture) that have location quotient standard deviations that are in the top quartile. These industries are also regionally specialised and employment in these primary industries is also overwhelmingly located in smaller urban areas.

2.2 What do urban areas do?

Table 2-1 shows the national share of employment in the fifteen main sectors in 1976 and 2013. Table 2-2 and Table 2-3 show the average amount of employment in these sectors in different sized urban areas for the periods 1976–1991 and 1996–2013. The dominant feature of the data is the decline in the fraction of employment in manufacturing over the period, from 25% to 10% of the workforce. This decline was offset by a significant expansion in the professional services sector and in the health and education sector, each of which increased by 7% of the workforce. The accommodation and hospitality sector and the financial service sector also increased significantly.

Table 2-2 Employment by sector in different sized urban areas, 1976-1991

	National average	Difference with national average				
	National average	Auckland	Wellington	Christchurch	Medium areas	Small areas
1. Construction	7.1%	-0.2%	-0.6%	-1.1%	0.8%**	0.6%**
2. General Government	6.0%	-1.1%	4.6%	-0.6%	-0.2%	-1.7%**
3. Health and Education	13.5%	-1.5%	-1.4%	1.1%	1.2%**	-0.2%
4. Retail	11.7%	-0.3%	-2.3%	-0.2%	1.0%**	2.5%**
5. Accommodation and hospitality	3.8%	-0.6%	-0.6%	0.4%	0.3%**	1.1%**
6. Personal services	4.5%	-0.2%	0.2%	0.1%	0.1%	0.1%
7. Wholesale	5.6%	0.9%	0.6%	0.4%	-0.9%**	-1.8%**
8. Transport	5.7%	0.3%	1.0%	0.3%	-0.6%**	-1.2%**
9. Finance and real estate	5.5%	0.2%	2.6%	-0.5%	-0.8%**	-1.9%**
10. Professional services	3.4%	0.0%	1.2%	-0.4%	-0.2%*	-0.7%**
11. Administrative/ business services	2.6%	0.4%	0.7%	-0.1%	-0.6%**	-0.7%**
12. Utilities and telecommunications	5.0%	-0.5%	2.4%	-0.6%	-0.3%	-0.1%
13. Manufacturing WD	15.4%	5.0%	-1.8%	2.9%	-4.1%**	-5.6%**
14. Manufacturing RS	6.8%	-0.9%	-4.0%	-0.5%	1.1%**	5.4%**
15. Primary industry	3.2%	-1.5%	-2.7%	-1.3%	2.4%*	3.8%**

Source: Authors' calculations based on Stats NZ Census data, 1976-2013

Notes:

1. Medium areas: Whangarei, Hamilton, Tauranga, Rotorua, Gisborne, Napier-Hastings, New Plymouth, Wanganui, Palmerston North, Kapiti, Nelson, Blenheim, Dunedin, Invercargill
2. Small areas: Whakatane, Taupo, Hawera, Fielding, Levin, Masterton, Greymouth, Rangiora, Ashburton, Timaru, Oamaru
3. *,** Indicates that the difference with the mean level of Auckland, Wellington and Christchurch is statistically different from zero at a 5% (*) or 1% level (**). The statistical significance is calculated by regressing the labour share of each city against dummy variables for small and medium sized areas as well as time fixed-effects. The standard errors of the regression were calculated using the Huber-White method

Table 2-3 Employment by sector in different sized urban areas, 1996-2013

	National average	Difference with national average				
	National average	Auckland	Wellington	Christchurch	Medium areas	Small areas
1. Construction	7.1%	-0.3%	-1.3%	0.7%	0.4%*	1.1%**
2. General Government	5.3%	-1.3%	6.2%	-1.1%	-0.2%	-1.3%*
3. Health and Education	16.9%	-1.9%	-1.2%	0.5%	2.7%**	-0.3%
4. Retail	10.9%	-0.7%	-1.8%	0.3%	0.9%**	2.5%**
5. Accommodation and hospitality	5.8%	-0.6%	-0.4%	0.5%	0.3%	0.6%*
6. Personal services	6.0%	-0.2%	0.4%	0.1%	0.1%	-0.2%
7. Wholesale	6.1%	2.0%	-1.3%	-0.1%	-1.3%**	-2.2%**
8. Transport	4.6%	0.4%	-0.4%	0.5%	-0.4%**	-0.8%**
9. Finance and real estate	6.6%	1.1%	2.2%	-0.6%	-1.6%**	-2.3%**
10. Professional services	8.3%	1.6%	3.5%	-1.1%	-2.2%**	-3.7%**
11. Administrative/ business services	3.7%	0.6%	0.4%	-0.2%	-0.7%**	-1.1%**
12. Utilities and telecommunications	3.1%	0.4%	1.5%	-0.4%	-0.8%**	-0.6%**
13. Manufacturing WD	8.9%	1.7%	-3.1%	2.0%	-1.1%*	-1.4%*
14. Manufacturing RS	3.7%	-1.0%	-2.3%	-0.1%	1.1%**	5.6%**
15. Primary industry	2.9%	-1.8%	-2.4%	-1.1%	2.7%**	4.0%**

Source: Authors' calculations based on Stats NZ Census data, 1976-2013

Notes:

1. Medium areas: Whangarei, Hamilton, Tauranga, Rotorua, Gisborne, Napier-Hastings, New Plymouth, Wanganui, Palmerston North, Kapiti, Nelson, Blenheim, Dunedin, Invercargill.
2. Small areas: Whakatane, Taupo, Hawera, Fielding, Levin, Masterton, Greymouth, Rangiora, Ashburton, Timaru, Oamaru.
3. *,** Indicates that the difference with the mean level of Auckland, Wellington and Christchurch is statistically different from zero at a 5% (*) or 1% level (**). The statistical significance is calculated by regressing the labour share of each city against dummy variables for small and medium sized areas as well as time fixed-effects. The standard errors of the regression were calculated using the Huber-White method.

There are significant differences in the employment composition of small, medium and large urban areas. (A small urban area has population less than 29 000 in 2013, a medium urban area has population 29 000 – 250 000 and each of the three large urban areas has a population in excess of 250 000.) Small urban areas have considerably more employment in the primary and manufacturing sectors than medium or large ones, and they also specialise in different types of manufacturing. On average, between 1996 and 2013, 17% of employment in small urban areas was in the manufacturing RS and primary sectors such as horticulture, dairy or pulp and paper manufacturing, compared to 4% in Auckland. In contrast, 8% was in Manufacturing WD sectors such as printing or fabricated metal manufacturing compared to 11% in Auckland.

These differences in the size of the primary and manufacturing RS sectors in small and large urban areas have become larger over time. Small urban areas also have disproportionately large retail sectors. In contrast, small urban areas have much smaller professional services and financial services sectors than Auckland or Wellington, and the difference has been increasing over time. The gap is most noticeable in the financial service sector, as the expansion of financial service employment in large urban areas appears to have been at the expense of employment in small urban areas.

Employment in medium sized urban areas has similar characteristics to that in small urban areas but, with one exception, the differences with large areas are less marked. There is more employment in the retail, primary and manufacturing RS sectors in medium sized urban areas than in large urban areas, and less employment in the professional service, financial service and wholesale sectors, although employment in these services has increased faster than in small urban areas. Medium sized cities also have disproportionately large health and education sectors, partly because three medium sized urban areas have universities.

In Table 2-4 and Table 2-5 the employment figures for small and medium sized urban areas are rearranged by the population growth rate rather than the size of the area.[6] Irrespective of the speed of growth, all small and medium areas have larger primary, manufacturing RS and retail sectors than the large areas, but the differences are biggest for the slow growing urban areas. The slowest growing small areas also have the largest education and health sectors while the fastest growing small areas have larger than average construction sectors. Slow growing small locations, therefore, are characterised by large primary, manufacturing, retail and health and education sectors, but small professional service, finance and wholesale sectors.

Table 2-4 Employment by sector in urban areas that differ by growth rate, 1976-1991

	National average	Difference with national average		
		Slow	Medium	Fast
1. Construction	7.1%	0.1%*	0.9%**	1.5%**
2. General Government	6.0%	-0.9%**	-1.0%*	0.1%
3. Health and Education	13.5%	1.7%**	-0.2%	-1.1%
4. Retail	11.7%	1.8%**	1.0%**	1.9%**
5. Accommodation and hospitality	3.8%	0.9%**	0.4%*	1.0%**
6. Personal services	4.5%	0.1%	0.2%	0.2%*
7. Wholesale	5.6%	-1.4%**	-0.9%**	-1.6%**
8. Transport	5.7%	-0.9%**	-1.4%**	0.1%
9. Finance and real estate	5.5%	-1.6%**	-1.6%**	-0.8%**
10. Professional services	3.4%	-0.6%**	-0.1%*	-0.4%*
11. Administrative/ business services	2.6%	-0.8%**	0.0%**	-0.6%**
12. Utilities and telecommunications	5.0%	-0.3%*	-0.1%	0.1%
13. Manufacturing WD	15.4%	-5.2%**	-5.4%**	-4.9%**
14. Manufacturing RS	6.8%	4.4%**	3.0%**	0.0%
15. Primary industry	3.2%	2.6%**	2.3%**	4.6%**

Source: Authors' calculations based on Stats NZ Census data, 1976 – 2013

Notes:

1. Slow-growing areas: Rotorua, Gisborne, Hawera, Wanganui, Levin, Masterton, Greymouth, Timaru, Oamaru, Dunedin, Invercargill.
2. Medium-growing areas: Whangarei, Whakatane, Napier-Hastings, New Plymouth, Palmerston North, Feilding, Ashburton.
3. Fast-growing areas: Hamilton, Tauranga, Taupo, Kapiti, Nelson, Blenheim, Rangiora.
4. *,** Indicates that the difference with the mean level of Auckland, Wellington and Christchurch is statistically different from zero at a 5% (*) or 1% level (**). The statistical significance is calculated by regressing the labour share of each city against dummy variables for small and medium sized areas as well as time fixed-effects. The standard errors of the regression were calculated using the Huber-White method.

[6] Auckland, Wellington and Christchurch are excluded from this exercise because they have different employment profiles than the smaller towns and cities.

Table 2-5 Employment by sector in urban areas that differ by growth rate, 1996-2013

	National average	Difference with national average		
		Slow	Medium	Fast
1. Construction	7.1%	-0.1%	0.1%	1.4%**
2. General Government	5.3%	-0.9%*	-0.1%	-0.3%
3. Health and Education	16.9%	2.2%**	-0.4%**	-0.7%
4. Retail	10.9%	1.8%**	0.6%**	1.5%**
5. Accommodation and hospitality	5.8%	0.6%	-0.9%	0.9%*
6. Personal services	6.0%	-0.1%	-0.3%*	0.1%
7. Wholesale	6.1%	-2.3%**	-1.2%**	-1.6%**
8. Transport	4.6%	-0.9%**	-0.4%**	-0.1%
9. Finance and real estate	6.6%	-2.4%**	-2.0%**	-1.1%**
10. Professional services	8.3%	-3.5%**	-3.3%**	-2.2%**
11. Administrative/ business services	3.7%	-1.1%**	-1.2%**	-0.7%*
12. Utilities and telecommunications	3.1%	-0.8%**	-1.1%**	-0.6%**
13. Manufacturing WD	8.9%	-1.6%*	-1.9%	-1.7%**
14. Manufacturing RS	3.7%	5.1%**	2.3%**	1.1%**
15. Primary industry	2.9%	3.7%**	2.5%**	3.5%**

Source: Authors' calculations based on Stats NZ Census data, 1976–2013

Notes:

1. Slow-growing areas: Rotorua, Gisborne, Hawera, Wanganui, Levin, Masterton, Greymouth, Timaru, Oamaru, Dunedin, Invercargill.
2. Medium-growing areas: Whangarei, Whakatane, Napier-Hastings, New Plymouth, Palmerston North, Feilding, Ashburton.
3. Fast-growing areas: Hamilton, Tauranga, Taupo, Kapiti, Nelson, Blenheim, Rangiora.
4. *,** Indicates that the difference with the mean level of Auckland, Wellington and Christchurch is statistically different from zero at a 5% (*) or 1% level (**). The statistical significance is calculated by regressing the labour share of each city against dummy variables for small and medium sized areas as well as time fixed-effects. The standard errors of the regression were calculated using the Huber-White method.

2.3 Implications of the shift to the service sector economy

The decline of manufacturing and the rise of service sectors since 1976 has had important regional implications. This is because some of the fastest growing service industries disproportionally favoured larger urban areas. The effect was most noticeable in the financial services, wholesale, utility, and the professional services sectors, but it also occurred in the transport sector. While workers in large and smaller areas alike suffered job losses as manufacturing declined, reemployment opportunities in new growth industries opened up fastest in large urban areas.

One method of documenting this effect is to compare how much employment changed in each industry-city combination relative to the increase that could have been expected if employment in each industry-city combination had grown at the national rate, adjusted for each city's population growth and the area's under-or over-representation in that industry. If employment in particular industry grows much faster than the national rate in a particular class of urban areas, it shows that the industry has increasingly favoured that class of urban areas.

Formally, we define the predicted number of jobs in an industry *i* in city *c* at time *t+1*, $\hat{E}^{ic}_{t+1}$, as:

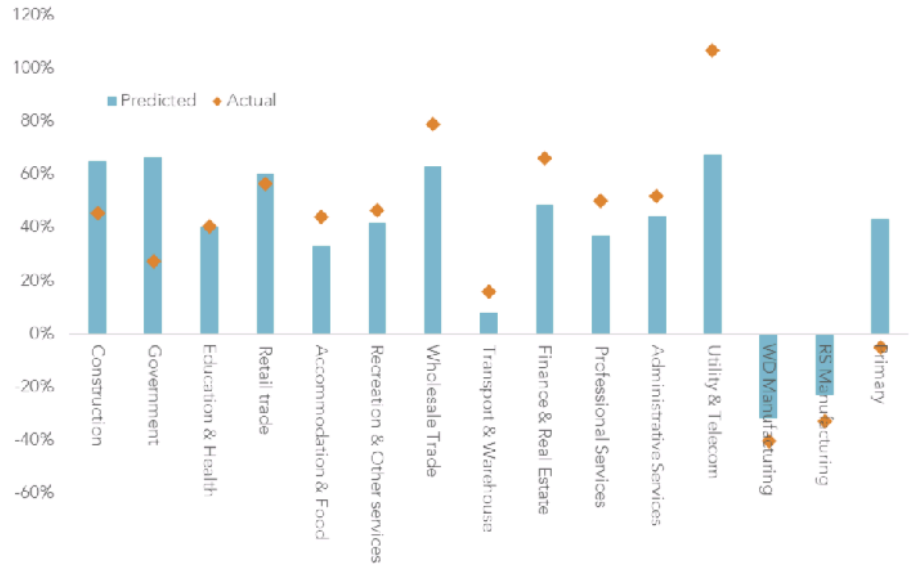
$$\hat{E}^{ic}_{t+1} = LQ^{ic}_{t} \times \left(\frac{E^{i}_{t+1}}{E^{i}_{t}} \times \frac{E^{i}_{t}}{E_{t}}\right) \times \left(\frac{E^{c}_{t+1}}{E^{c}_{t}} \times E^{c}_{t+1}\right) \quad (2)$$

The first term measures the extent that an urban area is under- or over-represented in a particular industry, the second term measures the extent that an industry increased nationally between *t* and *t+1*, and the third term shows total employment in the area in period *t+1*. The predicted increase in the number of jobs between periods t and t+1 is found by subtracting the actual number of jobs at time t. We then compare the actual change in employment with the predicted change in employment and express this amount as a fraction of the nationwide urban change in employment for that industry.

To give an example, between 1976 and 2013 employment in the wholesale sector expanded by 30 354 jobs, from 5.1% of total employment to 5.4% of total employment. Auckland initially was slightly over-represented in the wholesale sector, accounting for 36% of national-level employment in that sector relative to its overall 32% share of national employment. In addition, Auckland grew rapidly between 1976 and 2013 and accounted for 53% of the increase in total national employment.

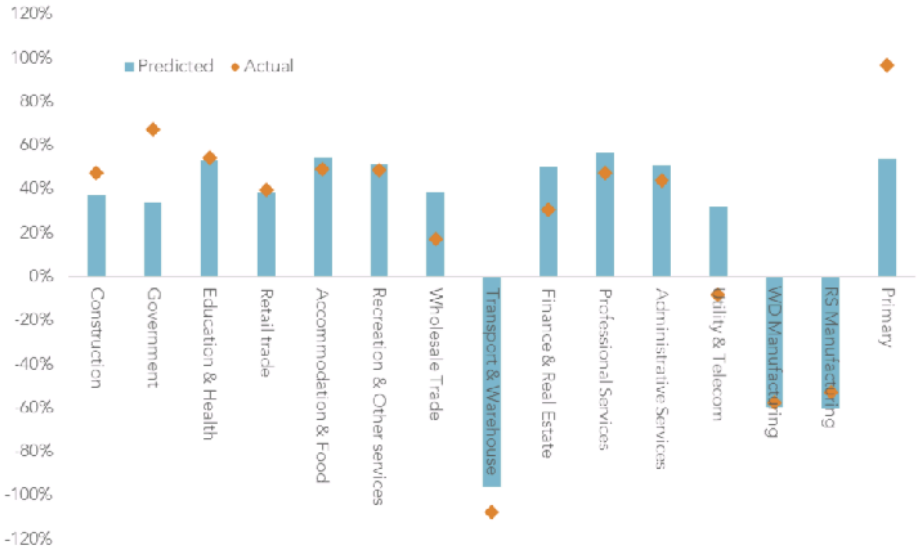
Putting these trends together, Auckland could have been expected to get 56% of the national increase in wholesale sector employment – essentially the average of the increase that occurred because Auckland got more people and the increase that occurred because the sector grew relative to other sectors. In reality, Auckland gained 79% of the national increase in wholesale sector employment. This means wholesale sector employment increased 42% faster in Auckland than could have been expected, as these jobs increasingly shifted to New Zealand's biggest city. In contrast, only 16% of the additional wholesale sector jobs were located in medium sized urban areas rather than the 25% that could be expected from their population increase and the national increase in wholesale sector employment.

Figure 2-1 Predicted and actual employment growth in Auckland



Source: Authors' calculations based on Stats NZ Census data, 1976–2013

Figure 2-2 Predicted and actual employment growth in medium cities



Source: Authors' calculations based on Stats NZ Census data, 1976–2013

The results of this comparison for Auckland and for all medium sized urban areas are shown in Figure 2-1 and Figure 2-2. The industries are aggregated into 15 sectors. There are three main findings. First, the figures show employment in Auckland and medium sized urban areas increased by the expected amount in the education and health, retail, accommodation and recreation and personal services sectors – sectors where the variance of the location quotients across urban areas is low because production is necessarily local and because the services are purchased in similar amounts in different places. Nationally, the fraction of employment in these sectors steadily increased from 32% to 42% between 1976 and 2013, and employment in these sectors in each type of city increased in proportion to its population growth.

Secondly, employment in the wholesale, financial services, professional services and utility sectors increased much faster in Auckland than in medium or small sized urban areas. Between 1976 and 2013, employment in these sectors increased from 16% to 31% of total employment in Auckland but only from 15% to 18% in medium sized areas.[7] The biggest increases in the size of these sectors occurred between 1976 and 1996, but Auckland has continued to increase its relative performance in these sectors since 1996. Auckland also had more rapid than expected employment in the transport and administrative services sectors.

Thirdly, manufacturing shrank much faster than could have been expected in Auckland, whereas it shrank less rapidly than expected in medium sized urban areas. Both Auckland and medium sized urban areas experienced significant absolute decline in manufacturing employment over the period, but they were relatively larger in Auckland than what could have been expected given its rapid population increase. In principle, Auckland's growing population could have offset some of its manufacturing job loss, but it did not.

These trends help explain the rapid expansion of big cities relative to smaller urban areas. The agglomeration benefits that favour a big-city location appear to be much greater for firms in the wholesale, financial services, and professional services sectors than they are for manufacturing firms. The rapid expansion of the wholesale, financial services, and professional services sectors that has taken place in all modern economies including New Zealand, combined with the preference of firms in

[7] Christchurch and Wellington are intermediate cases. Total employment in these four sectors increased from 22% to 29% in Wellington and from 15% to 22% in Christchurch over the period. In the 13 smallest urban areas, employment in these four sectors increased from 12% to 16%.

these sectors to locate in large cities, mean there has been a reallocation of employment away from smaller centres to Auckland and to a lesser extent to Wellington and Christchurch.

While agglomeration externalities may explain the growth of Auckland, differences in agglomeration externalities do not explain the different population growth rates among small and medium sized urban areas. Fast-growing service industries, such as banking and finance, did slightly better in the fast-growing small and medium urban areas than the slow-growing small and medium urban areas, but none of the small and medium urban areas did better than Auckland and all had a smaller share of jobs in the fast-growing service industries than would be expected given their population growth.

The rising importance of the education and health, retail, accommodation, and personal services sectors do not explain differential growth rates of small and medium sized urban areas either. These sectors do not appear to have strong agglomeration externalities or, if these externalities exist, they cannot be utilised as the services have to be produced locally. Rather, employment growth in these sectors is closely tied to population growth.

If the changing sectoral pattern of the economy does not explain the diversity of employment growth within medium sized cities, is there an alternative explanation? As we explore further below, it does not seem to be their initial industrial structure. Rather, a large fraction of the employment growth in medium sized urban areas reflects the exogenous population growth of each area. As Grimes et al (2016) argue, much of the difference in the growth rates of medium sized urban areas appears to stem from the rising importance of consumption amenities, such as a good climate and attractive scenery rather than their industrial structure.

2.4 Implications for employment churn

The interplay of the changing sectoral structure of employment and the changing regional location of employment can be analysed through a different lens – that of employment churn (Duranton 2007). Employment churn measures the extent people switch jobs from one industry to another and is usually compared to the overall change in employment in the city. Churn, $Churn_t^c = \frac{\sum_{i=1}^{65}|E_t^{ic} - E_{t-1}^{ic}|}{E_{t-1}^c}$, is calculated by adding up the (absolute) net employment change in each industry in a city and dividing by the initial employment in that city. The difference between employment churn and the change in total employment is excess churn, $XSC_t^c = \frac{\sum_{i=1}^{65}|E_t^{ic} - E_{t-1}^{ic}| - |E_t^c - E_{t-1}^c|}{E_{t-1}^c}$. For example, if a city lost 1,000 jobs in three industries and gained 500 jobs in ten industries, employment churn would be 8 000 (the total sum of the losses and gains experienced in all sectors), total employment would increase by 2 000 jobs and excess churn would be 6 000. The excess churn is the difference between the total number of new jobs in expanding industries and the net increase in new jobs (5 000 – 2 000) plus the 3 000 jobs lost in contracting industries. Excess churn is high when there is little net increase in the number of jobs in a city but a lot of job expansion and contraction in different industries.[8]

Excess churn should be lower in fast growing cities than slow growing cities, because industries that are contracting on a national basis may not contract locally if the increase in local demand stemming from an expanding local city population offsets the decline stemming a reduction in per capita demand. For example, the employment of car mechanics in a city may not decline if the city doubles in size even if there is a nationwide per capita decline in the demand for car mechanic services.

But churn can also be affected by city size. One reason why small urban areas may have higher excess churn than large urban areas is that employment can be quite "lumpy" if it depends on a few medium sized or large plants. If there are only one or two plants in a small city, people who lose their jobs when a firm contracts may find it more difficult to find employment in the same industry than if they lived in a large urban area. In this case they will either have to find employment in a different industry, leave the workforce, or move to another location (Coleman & Zheng forthcoming). The result may be a decline in the quality of the matching between the skills that an employee has and the skills that are required on a job. Poor matching may also occur if, in response to the rapid expansion of a sector, firms in a small city

[8] In each case, the number would have to be divided the total level of employment in the starting year to convert the numbers into percentages.

have to find employees from quite different industrial backgrounds to fill their vacancies. Using French and US data, Duranton (2007) showed excess churn declined with city size. Their evidence shows, in these two countries at least, people in small cities may adjust to economic change by moving between industries more frequently than they do in large cities, even if this leads to less efficient employment matching.

We use census data from 1976 to 2013 to estimate the employment churn rate for each city in New Zealand. The measure of churn depends on how finely industries are disaggregated. When industries are aggregated into broad sectors, measures of churn decrease because employment flows between different industries within the same sector are no longer picked up. We use two different aggregation levels: across 65 different industries; and across 15 sectors.

To analyse how churn depends on city size and city growth rates, we estimated two sets of regressions. In the first, the 37 years between 1976 and 2013 are treated as a single period, and each city's excess churn is regressed against its initial employment level and its average employment growth rate:

$$XSC^c = \alpha_0 + \beta_1 ln\left(\frac{E^c_{2013}}{E^c_{1976}}\right) + \beta_2\, ln(E^c_{1976}) + e^c \quad (3)$$

In the second, the excess churn measure is split into seven five-yearly components and each observation is regressed this measure against each city's beginning period employment level and employment growth rate plus a set of time dummy variables:

$$XSC^c_t = \alpha_0 + \sum_{\tau=1}^{6} \alpha_\tau D_\tau + \beta_1 ln\left(\frac{E^c_t}{E^c_{t-1}}\right) + \beta_2\, ln(E^c_{t-1}) + e^c_t \quad (4)$$

The coefficient estimates of the two sets of equations are presented in Table 8.

The estimated coefficients of equation 3 and equation 4 are very similar. In both cases there was a strong negative relationship between excess churn and the city growth rate and between excess churn and city size when the equations are estimated using data from 65 sectors. The effects are large and strongly statistically significant.

Table 2-6 The effect of city size and city growth rate on excess churn

	Constant	Ln(city growth)		
		Excess churn – whole period, 1976-2013		
Excess churn 65	0.32	-0.27	-0.017	N= 30
	(0.02)	(0.046)	(0.0020)	R^2 = 0.80
Excess churn 15	0.14	-0.16	-0.0068	N= 30
	(0.017)	(0.04)	(0.0018)	R^2 = 0.54
Excess churn 65	0.11	0.097	-0.0067	N= 30
Positive components	(0.02)	(0.050)	(0.0022)	R^2 = 0.32
Excess churn 65	0.20	-0.36	-0.010	N= 30
Negative components	(0.016)	(0.039)	(0.0017)	R^2 = 0.82
		Excess churn – separate 5 year periods with time dummies 1976-2013		
Excess churn 65	0.25	-0.23	-0.017	N= 210
	(0.02)	(0.081)	(0.0021)	R^2 = 0.67
Excess churn 15	0.12	-0.17	-0.0072	N= 210
	(0.019)	(0.063)	(0.0020)	R^2 = 0.48

Source: Authors calculations based on Stats NZ Census data, 1976–2013

These results mean that not only do slowly growing cities have higher excess churn than other cities, but small cities have higher excess churn than large cities. This indicates that small cities have more expansion and contraction in different industries for any level of net job change. The reasons for this difference are not clear, but it may reflect a greater propensity for people to change industries in small cities.[9]

When equations are estimated using data aggregated into 15 sectors, both coefficients are still negative and statistically significant, but the coefficients are only half as big. This suggests that half of the excess churn in small and slowly growing cities reflects people moving from one industry in a sector to a closely related industry within the same sector, while half reflects a movement from one sector to a completely different sector.

To explore why fast growing cities have less excess churn than slow growing cities, we decomposed the excess churn measure into two subcomponents corresponding to the sectors which had increases in employment and sectors that had decreases in employment. The results are also shown in Table 2-6. The coefficient indicating how the rate of city employment growth affects employment in expanding sectors ('positive components') is positive, and the coefficient indicating how the rate of city employment growth affects employment in contracting sectors ('negative components') is negative. This is to be expected as it indicates slowly growing cities experience worse employment shrinkage in contracting sectors and less rapid employment expansion in expanding industries. The size of the coefficient on contracting sectors is over three times as large as the size of the coefficient on expanding sectors, however, indicating the effect of city growth rate on employment churn is driven by sector-specific job contraction. These results make intuitive sense: for sectors that are facing national-level job losses, cities with rapidly increasing population will have lower overall job losses than slowly growing cities because the population increase provides them with additional demand. The smaller job loss reduces the need for people to move from one sector to another and so excess churn is less. The coefficients on city size are more equal, indicating the larger employment losses small cities experience in contracting industries are matched by larger gains in expanding industries.

The relationship between city size and job churn provides an additional perspective on the economic issues facing small urban areas. Small urban areas have been less able to partake in the expansion of several of the fastest growing service sectors than fast growing cities because they do not provide the agglomeration benefits these sectors enjoy from large cities. They also have larger cross-industry employment shifts, possibly because of the difficulty of finding employment in the same industry when a particular firm contracts. As Artuc, Chaudhuri and McLaren (2010) emphasise, people shift jobs for a large number of reasons, many which are not related to income. It appears that people in smaller urban areas are more likely to switch from one industry to another when they switch jobs. By definition such employment changes entail a loss of industry-specific skills, and while we do not investigate whether this leads to a reduction in productivity, there is evidence from New Zealand that it is associated with a slower increase in incomes than could otherwise be expected (Hyslop and Maré 2009).

[9] For a given level of employment change, higher excess churn means there are more job losses in sectors (either because there are more sectors with job losses or the average size of a job loss is bigger) and more job increases in other sectors (either because there are more sectors with job increases or the average size of a job increase is bigger). However, this does not necessarily mean people initially in the city are switching sectors. People in job-losing sectors could move to a different city but stay in the same sector, while people in job-increasing cities could be moving from similar sector jobs in other cities.

3 National versus city-level effects

The patterns in the previous section suggested that employment growth in the most rapidly growing service industries disproportionately favoured Auckland. The rapid growth of Auckland could thus be related to the global shift from manufacturing to service industries. In this chapter we tease out this story by asking three questions.

- How did employment shocks to different industries affect city-level employment levels? Did urban areas find it easier to adjust to some types of shocks than others?
- To what extent did the disparate employment growth across urban areas reflect differences in the shocks they received, particularly to the industries in which they were disproportionately specialised? Did some urban areas have good luck or bad luck by being over-exposed to industries that grew particularly fast or particularly slowly?
- To what extent have cities diversified their employment patterns since the 1970s. Were fast growing cities becoming more diversified across industries, or did they increase employment in the industries in which they were initially specialised?

We answer these questions in a series of steps. To examine how cities respond to employment shocks, it is first necessary to identify these shocks. We use the approach adopted by Bartik (1991), which defines a city-industry employment shock as the amount of employment a city would lose or gain in a particular industry if that industry contracted or expanded at the national average rate. However, for reasons explained below, we only focus on shocks to tradeable rather than non-tradeable industries. As explained in section 2.1 we distinguish tradeable and non-tradeable industries sectors on the basis of the size of their cross-city location quotient variances. To ensure this approach is valid, in section 3.1 we examine the extent that employment in each industry responds to changes in local demand, proxied by total employment in a city. If an industry is non-tradeable local employment in that industry should depend on local demand, whereas if it is tradeable local demand should be a less important factor. The evidence supports this contention, although the extent that widely distributed manufacturing is dependent on local demand is surprising.

The way employment shocks to a city's industries affect total employment is discussed in section 3.2, although many of the technical details are relegated to Appendix B. The results from this section, which are based on the Bartik methodology, suggest that cities that initially specialised in widely distributed manufacturing, such as clothing manufacture, adjusted to shocks to these industries much more easily than cities that initially specialised in regional-specialised manufacturing, particularly the processing of primary produce. The results are not as clear as we would like, but it appears cities that specialised in widely-distributed manufacturing found it much easier to make the transition to service sectors and as a result they have suffered less from the negative shocks to manufacturing experienced since the 1970s.

Section 3.3 adopts a different approach, although one that is related to the Bartik methodology employed in section 3.2. In this case, rather than examining how cities responded to employment shocks hitting particular industries, it examines the extent that these shocks explain how much employment increased in different cities. In broad terms, the answer is "not much"; rapidly growing cities expanded for reasons largely unrelated to their initial industrial composition, but grew for other reasons.

Lastly, section 3.4 examines the pattern of industrial diversification in different cities. The results from this section clearly show that employment in most cities has become a lot more diversified over time. Furthermore, it is largely possible to reject the contention that the fastest growing cities have become more specialised in their initial speciality over time, although a couple of small urban areas are counterexamples.

3.1 National and city-level effects on city-industry employment

The analysis in section 2.4 indicates that employment in several non-tradeable sectors, such as education or retailing, is found in similar proportions in all urban areas, suggesting that the change in employment in these sectors in an urban area is related to the change in the size of that urban area. Employment growth in other (tradeable) sectors is likely to be less dependent on the changes in the size of a city, as the goods and services can be produced elsewhere. Nonetheless, the local production of tradeable goods and services could be related to the size of the city if people had a strong preference for locally produced goods and services (even though other goods and services were available) or because an industry attracted a constant fraction of the workforce in all cities, even if this required significant adjustments in incomes in regions where there was relatively little demand for the locally produced product. In this section we ascertain if there is in fact significant difference in the importance of local demand for local employment in non-tradeable and tradeable sectors. As previously, we use the cross-city variance of location quotients to classify industries as tradeable or non-tradeable.

We use a statistical approach that is related to the well-known Bartik (1991) methodology that is used to estimate how shocks to employment in particular industries affect overall employment. The Bartik measure calculates the employment change that would occur in a city-industry pair if employment in the industry grew at the national average rate. It is often used as a proxy for the employment shocks that hit a local industry which can be attributed to nationwide factors. It is calculated as the expected change in the number of jobs in industry *i* in city *c* that would occur if employment in the industry grew at the national-average growth rate for that industry between time *t* and *t+k*:

$$B_{t+k}^{ic} = E_t^{ic} \times \left(\frac{E_{t+k}^{i}}{E_t^{i}}\right) = E_t^{ic} \times \left(1 + g_{t+k}^{i}\right) \quad (5)$$

In practice, the Bartik employment growth measure in industry *i* and city *c*, g_{t+k}^{i}, can have very large values if the starting employment value is zero or very small. To sidestep this problem, we calculate a growth index by dividing the *t+k* value by the average value over the two periods:

$$d_{t+k}^{i} = \frac{E_{t+k}^{i} - E_t^{i}}{(E_{t+k}^{i} + E_t^{i})/2} = \frac{2g_{t+k}^{i}}{(2 + g_{t+k}^{i})} \quad (6)$$

The Bartik measure for an industry-city pair can be further refined by excluding each area's contribution to the national-average growth rate:

$$B_{t+k}^{i\tilde{c}} = E_t^{ic} \times \left(\frac{E_{t+k}^{i} - E_{t+k}^{ic}}{E_t^{i} - E_t^{ic}}\right) = E_t^{ic} \times \left(1 + g_{t+k}^{i\tilde{c}}\right) \quad (7)$$

$$d_{t+k}^{i\tilde{c}} = \frac{(E_{t+k}^{i} - E_{t+k}^{ic}) - (E_t^{i} - E_t^{ic})}{\left((E_{t+k}^{i} - E_{t+k}^{ic}) + (E_t^{i} - E_t^{ic})\right)/2} \quad (8)$$

In a typical regression, the change in employment in an industry i in a particular city c (d_{t+k}^{ic}) is regressed against the change in employment that is predicted from the national change in employment in industry i, where the latter is calculated exclusive of any change in employment in industry i in city c. This regression estimates how much of the variation in city-industry employment growth rates is explained by national factors affecting the industry.

In this section we adopt a different approach. We regress the change in employment in an industry i in a particular city c (d_{t+k}^{ic}) against the change in total employment in that city, again excluding any change in employment in industry i in city c. This regression examines how much local demand, proxied by the growth of employment in the city in other industries, affects employment in a particular industry.

Formally, if the growth rate of city employment (excluding employment in industry i) is…

$d^{\tilde{ic}}_{t+k} = \frac{(E^c_{t+k} - E^{ic}_{t+k}) - (E^c_t - E^{ic}_t)}{\left((E^c_{t+k} - E^{ic}_{t+k}) + (E^c_t - E^{ic}_t)\right)/2}$ and $\{D_k\}$ is a set of year indicator variables

we estimate that…

$$d^{ic}_{t+k} = \alpha^0_i + \sum_{k=2}^{T} \delta^k_i D_k + \beta_i \, d^{\tilde{ic}}_{t+k} + e^{ic}_{t+k} \qquad c = 1,\ldots,N \quad k = 1,\ldots,T \tag{9}$$

The time indicator variables allow the average growth of an industry to vary through time. The coefficient β_i is the main coefficient of interest and measures the extent that employment growth in a city affects employment in the i^{th} industry in that city. For non-tradeable sectors we expect $\beta_i = 1$, whereas if production is largely sold outside an urban area we expect $\beta_i = 0$. The equation is estimated using weighted least squares, where the weights are employment in each area.

In addition to the coefficient β_i we also report the R^2 and the marginal R^2 of the regression. The R^2 of the regression indicates how much of the variation in city level employment growth in an industry can be explained by the time indicator variables (that is, variation in the average industry growth rate through time) and overall city employment growth. The marginal R^2 indicates the fraction of the variation in city growth rates that is not explained by differences in the average growth rate over time that is explained by city employment growth.

Table A.3 (in Appendix A) shows the results of the regressions for each industry arranged by the standard deviation of the cross-city location quotients. Table 3-1 shows the average coefficient for the 16 industries in each of the quartiles, from the quartile with the lowest cross-city standard deviations to the quartile with the highest cross-city standard deviations. It also provides a summary for five aggregate sectors.[10] These sectors are: the widely distributed and regionally specialised manufacturing sectors; the primary sector; and the remaining service industries, divided into the Other-WD (widely distributed) sector (comprising service industries with location quotient variances in the lowest two quartiles) and the Other-RS (regionally specialised) sector (comprising service industries with location quotient variances in the upper two quartiles).

Table 3-1 Effects of industry and city employment changes on city-industry employment patterns (quartile and sector means)

	Number of industries	LQ std deviation	β_i (city employment)	R^2	Marginal R^2
Quartiles					
Q1	17	0.25	0.91	0.66	0.15
Q2	16	0.37	0.88	0.62	0.10
Q3	16	0.68	0.68	0.55	0.07
Q4	16	2.75	0.09	0.38	0.02
5-Sector split					
Other WD	30	0.30	0.89	0.65	0.13
Other RS	11	0.77	0.60	0.61	0.08
Manufacturing WD	9	0.53	0.91	0.51	0.06
Manufacturing RS	7	2.78	0.20	0.33	0.03
Primary	8	2.92	-0.10	0.36	0.02

Source: Authors' calculations based on Stats NZ Census data, 1976–2013

Note:

1. The regression R^2 is the fraction of city-industry employment growth explained by time effects and city employment growth. The marginal R^2 is the fraction of city-industry employment growth not explained by time effects that is explained by city employment growth.

[10] A set of regressions was estimated when the variables were expressed in growth rates. The results are similar and are available on request.

The regressions show that industry-specific city-level employment changes are strongly correlated with city level employment changes in the non-tradeable industries with the lowest cross-city location quotient standard deviations. For most industries in the Other-WD and Manufacturing-WD sectors, the estimated coefficients β_i on the city-level employment growth variable are near 1, indicating that industry-specific city-level employment rises and falls in tandem with total city-level employment. This result is expected for industries in the Other-WD group as service sector employment should depend primarily on the size of the local market. For example, retail employment in Dunedin should rise and fall with changes in Dunedin's total employment.

The results for industries in the Manufacturing-WD sector suggest that a large fraction of the output of this sector is also sold locally. In contrast, the average coefficients of the Other-RS, Manufacturing-RS and Primary Sectors are 0.60, 0.20, and -0.10 respectively. These coefficients indicate local demand is much less important for these industries, particularly in the regionally specialised manufacturing and primary sectors. Moreover, in these last two sectors the amount of the variation in employment that is explained by city level employment changes is very small, as shown by the very low marginal-R^2 statistics.

Perhaps the most interesting result of these regressions is the extent that widespread manufacturing industries are affected by local demand. While the result is perhaps not surprising, since these manufacturing sectors are widespread, it sits somewhat uneasily with the results in Table 2-3 and Table 2-4 that show there was little difference in the growth rates of widespread manufacturing employment in small and medium towns that grew at quite different rates. The difference may reflect the importance given to Auckland, Wellington, and Christchurch in the weighted regressions, particularly as the manufacturing-WD sector is overweight in these centres.

These results have another somewhat arcane implication. In the next section, we use the Bartik methodology to explore how nationwide industry shocks after employment in local markets. It would be nice to be able to explore these effects for all industries. The results of this section suggest it may not be sensible to use this methodology to examine employment in non-tradeable sectors. This is because when local demand is a large determinant of local employment in a particular industry, nationwide shocks to the industry will reflect nationwide growth in employment, which in turn reflects nationwide growth in population. Yet there is no reason why the growth of a non-tradeable sector such as retailing in a slow growing city should reflect national growth in the retailing sector, if the latter largely responds to national population growth. If retailing in New Zealand has expanded by 50 percent because of the national population increase, it does not mean retailing in Dunedin should increase by 50 percent since the latter city has had much less population growth. For this reason, in the next section we focus on the way that employment shocks to the manufacturing and primary sectors have affected employment in other markets.

3.2 The employment effects of shocks to manufacturing and primary industries

In this section we report estimates of how shocks to manufacturing and primary industries affected city-level employment between 1976 and 2013. For reasons explained in the next paragraph, the details of the estimates are presented in Appendix B, and we provide a summary in this section. While our focus is the manufacturing and primary sectors, we use the same method to investigate shocks to other industries on city level employment. We are much less confident about these results, however, because the measure of employment shocks in these industries is likely to be much less accurate than in the primary and manufacturing industries. This is because employment in many service sectors is dominated by local demand factors, and our measure of nationwide shocks for these industries may not be very good.

The methodological basis for the regressions presented in this section has been frequently used by researchers. In principle it is similar to the approach used to understand the effects of manufacturing employment shocks that occurred in U.S. cities because of Chinese competition that was reviewed in the introduction. Unfortunately, our attempt to estimate how declines in manufacturing employment

affected city-level employment in other sectors have proved particularly problematic. Part of the issue is the relatively small number of cities in New Zealand. Part of the issue is also some misplaced ambition, in which we attempted to use the technique to explore how employment shocks to non-manufacturing sectors affected city level employment. After some time we lost confidence in these results. For these and other reasons, the authors do not wish to overplay the results reported in this section and Appendix B. In the course of preparing this section we estimated a very large number of regressions involving a large number of combinations of dependent variables, independent variables, period lengths, aggregation levels, dummy variables and fixed effects. There were choices to make about whether the Bartik measures should or should not include Auckland's employment changes, and whether each city's employment changes should be included or excluded in its own Bartik measure. We estimated but have not reported regressions which included city size as an additional variable, which produced different results because of multicollinearity. We have redone regressions when the results indicated obvious programming errors but may have been less vigilant about programming errors when the regression results conformed to our expectations. We have estimated the equations using ordinary least squares, weighted least squares, and with and without two potential outliers, Queenstown and Tokoroa. We have had long arguments about the meaning of the Bartik measure for non-tradeable sectors. We have entertained doubts whether the equations have serious omitted variable bias. In short, while we are not unhappy with the final specifications we have chosen, we are not sure about their statistical significance and would not wish to base important policy decisions upon their results. This is not a satisfactory result, but given how this part of the project evolved, it would be remiss for us to pretend otherwise. Sometimes research does not proceed smoothly, and this was one of those occasions.

The basic issue we wish to investigate is the way urban areas responded to exogenous employment shocks in their key industries. Given the large size of the manufacturing industry in most cities in 1976, the key shocks concern the loss of manufacturing jobs. Did the response to these largely negative employment shocks depend on the type of industry that received the shocks or the characteristics of the city in which the industry was located? To examine this issue properly it is necessary to have a way of identifying shocks that occurred for reasons that were exogenous to the characteristics of the city. To discover that a particular city did not respond to the loss of manufacturing jobs would not be particularly helpful, for example, if the manufacturing jobs were lost for reasons to do with deep-seated problems in the city's economy, problems that prevented the successful development of other sectors. The Bartik methodology is a popular way to identify shocks to a city's manufacturing employment that can be plausibly attributed to exogenous reasons.

The Bartik shock to employment in a particular industry and city is calculated by estimating how employment would have changed in the city if the industry grew at the same rate as the industry in *other* cities. The reasoning is that if an industry is contracting or expanding nationwide, it is unlikely that local changes in employment in that industry are due to the economic climate of the city. The size of the shock is adjusted for the size of the industry in the city (using location quotients), so if a city has a large initial exposure to a particular industry, it is assumed to receive a particularly large shock. The shock to a city's total employment in a sector is calculated by adding up the shock to each of the industries in the sector: In the analysis below we convert the growth rate into a growth index: This measure was first used by Bartik (1991) and is now widely used as a measure of a shock to a city's employment that reflects national-industry rather than firm-specific or city-specific factors.

The Bartik identification strategy is best in circumstances where there is an obvious nationwide shock, such as the increase in Chinese import competition or a reduction in protective tariffs. It is less appropriate where average nationwide changes in employment in an industry are not likely to be representative of employment in an individual city's employment in that industry. If employment in some industries primarily depends on the size and income of the local population (as was established above), nationwide employment in the industry will partly reflect population changes in the rest of the country as well as changes in the industry's share of total employment. However, there is no reason why local population growth is strongly correlated with national population growth. If local population growth is not highly correlated with national population growth, which it is not, changes in national employment growth in a service sector will not be a good proxy for local employment demand in this

sector. For this reason, employment shocks to tradeable industries are likely to be better proxied by the Bartik measure than employment shocks to non-tradeable sectors.

We examine the effect of national employment shocks on local employment levels by splitting the data into five basic sectors: the primary sector, two manufacturing sectors, and two service sectors. We estimate the effect of the sector shock on local same-sector employment, on local employment in other sectors (each of the four other sectors separately plus the four sectors combined), and total employment in the city. Consider a manufacturing sector. The first estimate examines the extent that local employment in the manufacturing sector is correlated with the national employment in that sector. The second estimate examines the extent that a shock to manufacturing leads to changes in jobs in other sectors. The third estimate measures the total change in employment in the city in response to the nationwide employment shock. The effects are estimated over successive five-year periods. In the appendix we report the results of the regressions for each of the five sectors.

For each of the sector shocks, there are three key issues, each measured by a regression coefficient. The first is the size of the own-sector coefficients β^{ii} (for example, the effect of a nationwide manufacturing shock on local manufacturing employment.) These coefficients measure the extent that sector-specific employment is correlated across the country. If actual sector-specific city-level employment levels change by the amount predicted by sector-specific employment trends in the rest of the country, the own-shock coefficient β^{ii} will equal 1.

The second issue is the extent that a shock to employment in one sector affects employment in other sectors. This is represented by the coefficients $\beta^{\tilde{i}i}$ (for example, the effect of a shock to manufacturing on employment in all other sectors). If $\beta^{\tilde{i}i} < 0$, employment changes in other sectors *offset* employment changes in the sector receiving the shock, whereas if $\beta^{\tilde{i}i} > 0$ a change in employment stemming from a shock in one sector is *intensified* by a gain or loss of jobs in other sectors. The latter is a multiplier effect, which might occur, for example, because a reduction in employment in one sector reduces the demand for goods and services in other sectors.

The third issue is the extent that a shock to one sector affects total employment in the urban area. This is represented by the coefficients β^{Ei} (for example, the effect of a shock to manufacturing on total employment). There are a range of possibilities for the coefficients β^{Ei}. If $\beta^{Ei} > 1$, multiplier effects dominate. If $\beta^{Ei} = 0$, total employment in a city does not change in response to the shocks affecting individual industries as workers switch between sectors. Lastly, β^{Ei} may be negative if employment is increasingly concentrated in a few cities as some cities systematically increase their size at the expense of others.

There are various ways the regressions can be estimated. The first choice is the number of cities to include in the regression. If we include Auckland, there are 30 urban areas, or otherwise there are 29. We report regressions excluding Auckland because if employment in Auckland expanded at the expense of employment elsewhere then its employment changes will be different to those in the rest of the country.

The second choice is whether the measure of the Bartik shock includes or excludes Auckland employment growth. Our preferred choice is to include Auckland, as we believe this provides a better indication of the size of the shocks hitting each industry in the country, but we also estimated the model with Bartik shocks calculated with Auckland excluded. We found little difference in the two sets of estimates, although we would expect the coefficient on the Auckland-inclusive Bartik measure to be less positive if Auckland's employment growth occurred at the expense of smaller cities. The regressions were estimated using weighted least squares, with weights proportional to average city employment.

The results for manufacturing

The estimated own-shock coefficients β^{ii} for the two manufacturing sectors are each close to and insignificantly different from $\beta^{ii} = 1$. In both cases this means a city's manufacturing employment covaries fully with manufacturing employment in the rest of the country. Moreover, in both cases there are offsetting changes in employment in other industries (indicated by the coefficient $\beta^{\tilde{i}i}$) so that total

employment in a city changes by much less than manufacturing employment. However, the size of the offsetting response seems to be a lot larger for widely distributed rather than regionally specialised manufacturing industries.

The evidence for the different size of the offsetting response is three-fold. The first evidence, which is weakest, is the size of the estimated cross-sector coefficients $\beta^{\tilde{ii}}$ between the manufacturing shock and local employment in other sectors. These coefficients are -1.48 (with a 95% confidence interval of -0.3 to -2.7) for widely distributed manufacturing industries, and -0.60 (with a 95% confidence interval of 0.2 to -1.4) for regionally specialised manufacturing industries. While the difference in these estimates is large, the large standard errors mean it is not possible to reject the hypothesis that the aggregate employment responses to the shocks are the same.

More conclusive evidence comes from the regression in which the employment change in the widely distributed service sector is regressed against the shocks to the five different sectors. The coefficient estimates show negative shocks hitting widely distributed manufacturing industries were offset by a larger expansion of employment in the widely distributed service sectors than shocks hitting regionally specialised manufacturing industries. The coefficient estimates are -1.36 (standard error = 0.44) and -0.24 (standard error = 0.25) respectively and the hypothesis that the coefficients are the same can be rejected.

The third evidence comes from disaggregating the sector-specific employment changes into 15 sectors and estimating a new set of regressions linking employment change in each sector to the five different sector shocks (see Table B.1 in Appendix B). While most estimates of the coefficients are imprecisely estimated, all the coefficients between the ten private-sector service sectors and the widely distributed manufacturing shocks are negative and the coefficients for retail trade and banking and finance are both sizeable and statistically significant.[11] In contrast, only five of the coefficients between the ten private-sector service sectors and the regionally specialised manufacturing shocks and are negative, none are statistically significant and eight of them are larger than the corresponding coefficients for widely distributed manufacturing. This evidence is consistent with the evidence reported above that the shocks hitting widely distributed manufacturing industries were offset by increases in service sector employment by a much larger extent than the shocks hitting regionally specialised manufacturing industries.

The overall employment response to the different types of manufacturing industries are quite different in magnitude. Consider a shock that is forecast to reduce manufacturing employment by 100 jobs. The point estimates in the last row of Table B.1 indicate that total employment *reduced* by 36 jobs if the shock reduced a regionally specialised manufacturing industry, but total employment *increased* by 60 jobs if the shock hit a widely distributed manufacturing industry. This difference primarily reflects the difference in the amount of offsetting employment in the widely distributed service sectors.

The size of the positive estimate, which indicates negative employment shocks to widely distributed manufacturing industries were associated with rapid overall employment growth, is puzzling. The disproportionate growth of Auckland's service sectors since 1981 is not part of the explanation as these regression results do not include Auckland as a dependent variable. It is possible that the size of the coefficient reflects the effect of city size, because small towns have below average employment in widely distributed manufacturing sectors and below average employment growth in professional service and banking industries. Unfortunately, our ability to examine whether the responsiveness to manufacturing employment shocks systematically differed with the size of cities is undermined by the large degree of multicollinearity between the size of cities and the fraction of their employment in regionally specialised and widely distributed industries. Nonetheless, the statistical evidence that there is a much smaller increase in service sector jobs when 'regionally specialised' manufacturing plants shut down relative to when 'widely specialised' manufacturing plants shut down is consistent with the stories

[11] The ten service sectors are construction; retail trade; hospitality and accommodation; recreation services; wholesale trade; transport; banking and finance; professional services; administrative services; and utilities.

from small towns such as Greymouth and Tokoroa about the difficulties of creating new jobs following major job losses in their manufacturing industries

The results for the primary sector

The estimates of the effects of primary sector employment shocks are different. The estimated own-shock β coefficient is 0.63 (with a 95% confidence interval of 0.4 to 0.8) which indicates local primary sector employment does not fully covary with national level industry shocks. There is a positive correlation between primary sector employment shocks and employment in other sectors suggesting weak multiplier effects, although the coefficient is not significantly different from zero. In combination, total employment changes by the same amount as the predicted shock: that is if a city is forecast to lose 100 jobs due to a primary sector shock, our estimates suggest it loses 108 jobs of which 63 are in the primary sector and a further 45 in other sectors. These coefficients are not very precisely estimated, but, unlike the situation for manufacturing employment shocks, there is no evidence that jobs expand in other sectors to compensate for losses in the primary sector.

Summary

It is worth reminding the reader of some of the qualifications we have expressed regarding these estimates. Nonetheless, the results seem consistent with the other findings in the paper. In particular we estimate that there has been a considerable difference in the response to negative employment shocks hitting widely-distributed manufacturing sectors – the types of manufacturing that was previously found in New Zealand's larger cities – and negative shocks hitting the regionally specialised manufacturing sectors favoured by New Zealand's smaller towns. The employment shocks to widely distributed manufacturing employment tended to be offset by changes in other employment, so total employment changes by less than the shock. The negative employment shocks to the widely distributed manufacturing industries that were a feature of New Zealand's larger urban areas were absorbed by expanding specialist service industries. In contrast, the employment shocks to regionally specialised manufacturing industries were absorbed less well and were not associated with expansions in specialist service industries. Since these manufacturing industries are disproportionately located in smaller towns, smaller urban areas had a much more difficult transition to the decline in manufacturing than larger urban areas

These results are in line with overseas evidence that suggest cities have a more difficult time adjusting to regionally specialised manufacturing job loss than other types of job loss. Polèse and Shearmur (2006) discuss this phenomenon with respect to small cities that are dominated by a single firm, but Glaeser, Kerr and Kerr (2015) suggest that the problem may occur in large cities with a history of specialised manufacturing as well. Unfortunately, the high correlation between regionally specialised industries and the size of cities in our dataset have prevented us from untangling the extent to which the different rate at which manufacturing employment shocks were absorbed in New Zealand between 1976 and 2013 was primarily an industry effect or a small city effect. As emphasised in the disclaimer at the beginning of the Appendix, questions remain about the robustness and statistical significance of the results. Nevertheless, the results as presented here support the contention that small urban areas that were specialised in primary product manufacturing were less successful than larger urban areas in diversifying into other industries when they experienced negative employment shocks to their manufacturing industries.

3.3 Shift-share analysis

Shift-share analysis is used below to further decompose regional growth patterns into components that reflect national trends and components that reflect local factors. We use the shift-share technique developed by Esteban-Marquillas (1972) which decomposes urban area employment growth into two national-trend components and two local components. An urban area's growth is split into these four factors as follows:

$$g_t^c = \frac{\Delta E_t^c}{E_{t-1}^c} = \frac{\sum_i \Delta E_t^{ic}}{E_{t-1}^c} = \frac{\sum_i NG_t^{ic} + IM_t^{ic} + AL_t^{ic} + DM_t^{ic}}{E_{t-1}^c} \quad (10)$$

where E_{t-1}^{ic} is employment in industry *i* and city *c* at the previous period, g_t is the national average rate of total employment growth, g_t^i is the national average rate of employment growth in industry *i*, and g_t^{ic} is rate of employment growth in industry *i* and city *c*.

The national average growth rate component is a measure of the amount an urban area would grow if each industry was the average national size and it grew at the national average rate:

$$NG_t^{ic} = \left(E_{t-1}^c \times \frac{E_{t-1}^i}{E_{t-1}}\right) \times g_t^i \quad (11)$$

The effect is calculated for each industry separately and then added together. This term is the same for all cities. The term $\left(E_{t-1}^c \times \frac{E_{t-1}^i}{E_{t-1}}\right)$ in equation 11 is sometimes called the homothetic employment level or the level of employment a city would have if the industry employed the same fraction of people as the national average.[12]

The industry mix effect is a measure of the amount an industry grows in an urban area that takes into account the extent the area is overrepresented or underrepresented in a particular industry:

$$IM_t^{ic} = \left[E_{t-1}^{ic} - \left(E_{t-1}^c \times \frac{E_{t-1}^i}{E_{t-1}}\right)\right] \times g_t^i \quad (12)$$

This term is also calculated separately for each industry and then added together. This term is different for each city and measures the extent a city grows because it is initially specialised in sectors that grow either faster or more slowly than average.

These two terms reflect the extent that employment in an urban area is due to national industry trends. The term NG_t^{ic} captures average national growth and is equal for all areas. The industry mix term, IM_t^{ic}, captures the effect of local industry structure on regional employment growth and is conceptually close to the Bartik measure as the aggregate measure will be positive if an area is overrepresented in fast growing industries and negative if it is overrepresented in slow growing industries.

The first local component is the convergence factor AL_t^{ic} (also known as the allocative effect):

$$AL_t^{ic} = \left[E_{t-1}^{ic} - \left(E_{t-1}^c \times \frac{E_{t-1}^i}{E_{t-1}}\right)\right] \times \left(g_t^{ic} - g_t^i\right) \quad (13)$$

This is a measure of the extent that employment in an industry grows faster or slower than average because it is converging to the national employment rate.

The last term is the dynamic employment growth factor DM_t^{ic} (also known as the competitive effect)

$$DM_t^{ic} = \left(E_{t-1}^c \times \frac{E_{t-1}^i}{E_{t-1}}\right) \times \left(g_t^{ic} - g_t^i\right) \quad (14)$$

This is a measure of the extent that an industry grows faster in a particular urban area than the national average rate.

The two local terms capture the extent that an urban area's growth reflects local rather than national industry factors. The convergence effect, AL_t^{ic}, captures the extent that an urban area's industrial mix is diverging or converging to the national average. This term is negative if an urban area's employment in an industry is converging to national levels either because it is growing more quickly than average in industries in which it was initially under-represented, or it is growing more slowly in industries in which it was initially overrepresented. Conversely, this term will be positive if an urban area has above average growth in industries in which it was initially overrepresented, or if it is growing slowly in industries in which it was initially underrepresented. The dynamic employment growth factor, DM_t^{ic}, essentially

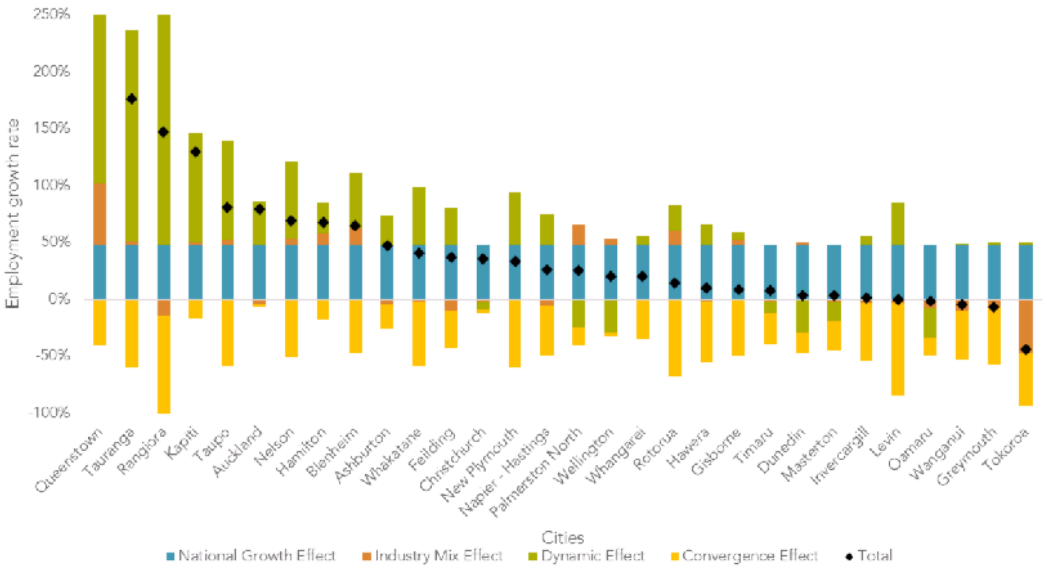
[12] This condition is equivalent to saying that the location quotient for the industry is equal to 1.

captures the extent city-industry employment growth exceeds average industry growth at the national level. It is positive if an area grows more rapidly than average for reasons other than the area's particular mix of industries and negative if the area grows at lower than average rates. In many ways it is best considered a residual term, for while it measures how much faster or slower employment in an urban area grows than the national average (adjusted for the urban area's particular industry mix) it does not explain why it is growing more rapidly or slowly than average.

We calculated these four shift-share components for all 65 industries and then aggregated the results for each urban area. The following analysis primarily refers to employment changes over the whole period (1976 to 2013) but we also undertook separate analyses for the 1976–1996 and 1996–2013 periods.

Figure 3-1 shows the shift-share decomposition for each urban area for 1976-2013, ordered by total growth rate. Each urban area is represented by a bar split into the four components, some negative and some positive, and the actual level of employment change shown as a dot in the bar. (Note that the total growth for Queenstown is not shown in the figure as to improve the clarity of the results the maximum growth is 250%.)

Figure 3-1 Shift-share analysis on city employment growth rate, 1976-2013



Source: Authors calculations based on Stats NZ Census data, 1976–2013

Note:

1. The total employment growth of Queenstown is not shown as the graph is truncated at 250%

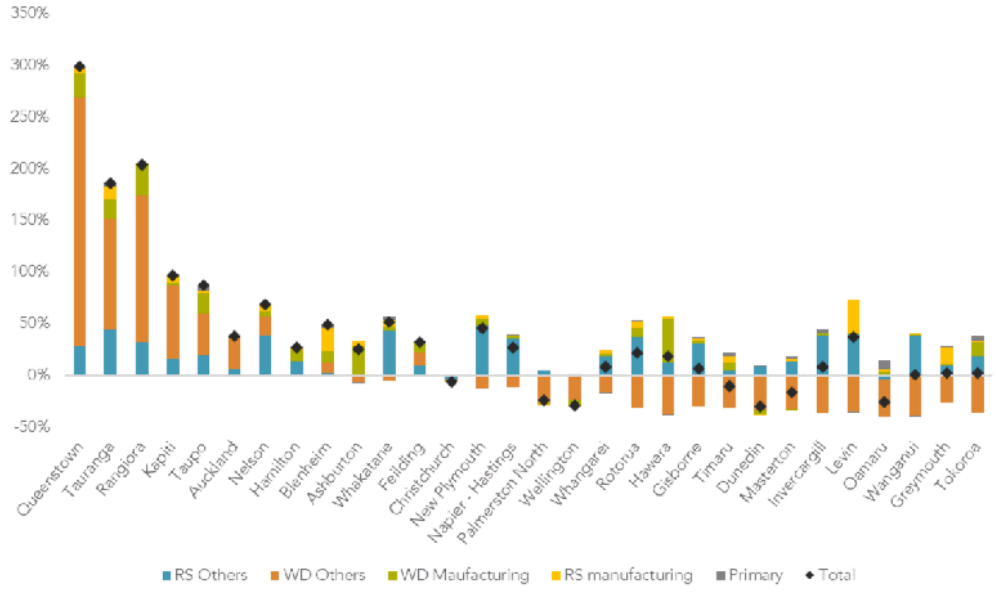
First, the industry mix measure is very small relative to the other components. One way of measuring this is to compare the average (absolute) size of the different components. The average size of the dynamic effect is about the same size as the average size of the convergence effects, but the average size of the industry mix effect is only a quarter of either of these components. Quite simply, differences in the initial mix of industries do not explain much of the differences in cross-city growth rates, only about 10%. Secondly, since the industry mix effect is small, it follows that most of the variation in growth rates around the national average reflects idiosyncratic city-specific effects unrelated to the initial industrial mix – the convergence (AL) and dynamic employment growth (DM) terms.

Figure 3-1 shows that the convergence term is negative for all cities, indicating each urban area experienced some sort of industrial convergence. Figure 3-2, which splits the convergence term for each urban area into components associated with overrepresented industries and underrepresented industries, shows that industrial convergence occurred in most urban areas because employment in

underrepresented industries increased faster than average, rather than because employment in overrepresented cities increased more slowly than average. (Queenstown is one of the few exceptions where employment in overrepresented tourism industries expanded faster than average, but even in this case there was convergence with other cities because employment in underrepresented industries also increased faster than average.)

Less apparent from Figure 3-2, there is a negative cross-city correlation between the dynamic employment growth and the allocation terms. As this means the fastest growing cities have the largest convergence effects, it suggests that fast growing cities are characterised by faster than average growth in their initially underrepresented industries and slow growing cities are characterised by slower than average growth in their overrepresented industries.

Figure 3-2 The dynamic effect by five broad sectors across 30 cities

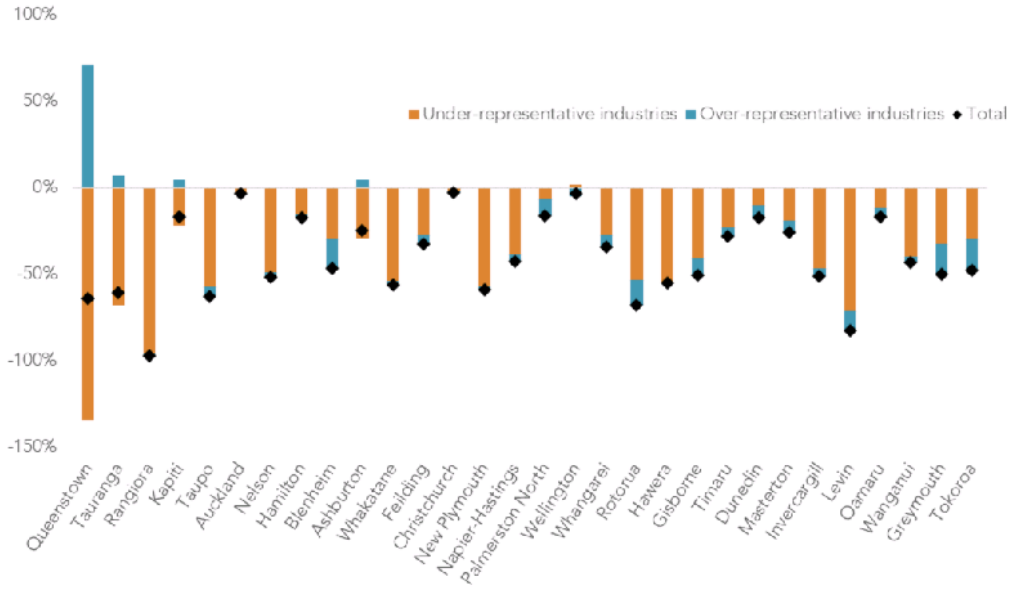


Source: Authors calculations based on Stats NZ Census data, 1976–2013

Note:

1. "RS Others" are non-manufacturing and non-primary industries in the quartile 2 and 3 of location quotient standard deviation Table A.1. "WD Others" include industries in the quartile 1 of location quotient standard deviation

Figure 3-3 The convergence effect by under- and over-representative industries across 30 cities



Source: Authors calculations based on Stats NZ Census data, 1976–2013

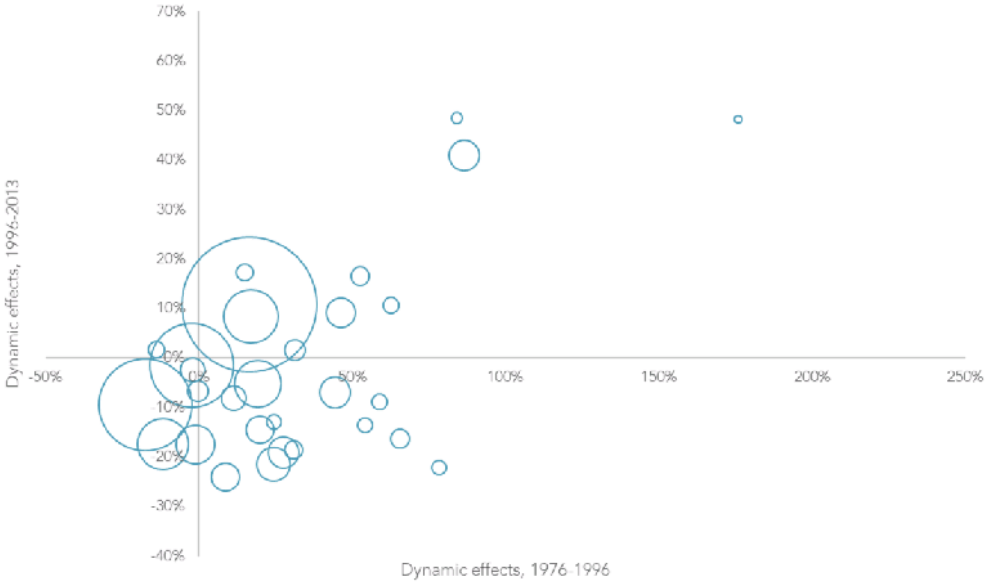
Note:

1. Industries with location quotients greater than 1 in 1976 are specialised industries. Otherwise, they are non-specialised industries.

The residual dynamic employment growth factor can be disaggregated into five broad industrial sectors (Figure 3-3). This indicates the widely distributed service sector, which comprises locally-traded industries such as residential construction and retailing, is the largest component of the dynamic employment component. This is particularly true for the four fastest growing urban areas (Queenstown, Tauranga, Rangiora and Kapiti) shown on the far left of the graph. In contrast, the dynamic employment growth factors of cities with slow population growth are much weaker. The result is consistent with the regression analysis in section 3.1, which showed that the widely distributed service sector industries are highly responsive to local population change. Unfortunately, however, even though this decomposition shows that the employment growth in the fastest growing cities reflects much faster growth in employment in widely distributed service sectors, it does not explain why this growth occurred in these cities and not others.

The residual dynamic employment factor is persistent over time. Figure 3-4, which shows the correlation between the size of the dynamic employment growth factors in the 1976-1996 and 1996-2013 sub-periods, indicates that the series are positively correlated. An implication of this strong correlation is that the initial industrial mix was not important in either 1976 or 1996. It This further suggests that the much of the strength of the persistence in employment growth rates can be traced to local factors other than a city's mix of industries.

Figure 3-4 Correlation of the dynamic effects, 1976-1996 and 1996-2013



Source: Authors calculations based on Stats NZ Census data, 1976–2013

Note:

1. Dot size is set to total city employment in 2013

To summarise, the shift-share analysis shows an urban area's initial industrial mix only explains a small component of its overall employment growth. Idiosyncratic factors unrelated to its initial specialisation are more important. While it is possible to trace the effect of shocks to particular industries on employment growth, they do not appear to be a major determinant of this growth. Other local factors are more important. The data also suggest that urban areas are converging in their industrial structure, as in most cases industries grow fastest where they are initially smallest. This suggests urban areas have been diversifying their industrial structure rather than relying on local specialist industries. This is explored in more detail in the following section.

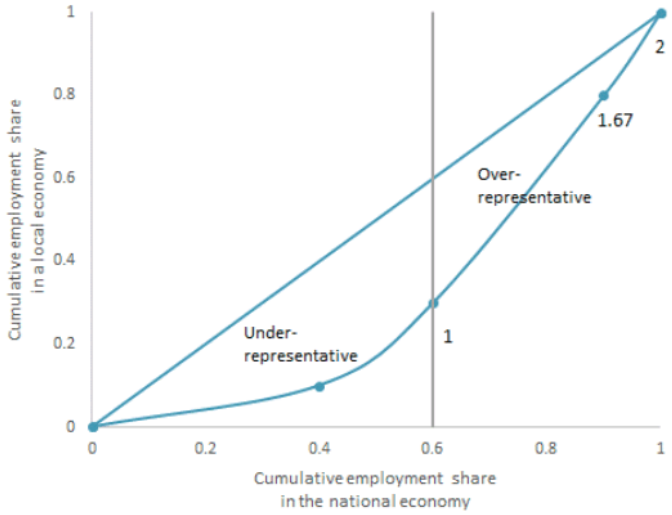
3.4 Regional specialisation

The decline in manufacturing and the growth of other industries suggests that most urban areas have developed more diversified economies over time. This raises the question: is there a systematic relationship between diversification, city size, and city growth rates? To investigate this issue we construct a regional specialisation index (RSI) that measures industrial diversification by comparing an urban area's industrial structure with the nationwide industrial structure.[13] We use the measure to see how industrial diversification has changed over time.

The regional specialisation index we construct is based on the same idea as the Gini coefficient that is used to measure inequality. In each urban area the location quotients for each industry are ranked from smallest to largest. The amount of employment in the smallest *n* industries is calculated and the cumulative total is compared to the cumulative amount of employment in the same *n* industries nationally. The result is a Lorenz curve (see Figure 3-5).

[13] The nationwide industrial structure is calculated across the 30 urban areas analysed in this paper and excludes rural areas and minor urban areas.

Figure 3-5 The regional specialisation index lorenz curve



Source: Authors

The Lorenz curve is used to calculate a Gini coefficient, which ranges from 0 (indicating a highly diversified economy) to 1 (indicating a highly specialized economy). For example, if all employment in a city was in a single industry, 64 industries would have zero location quotients and the Regional Specialisation Index would equal one. In contrast, if the industrial structure of the city was exactly the same as the national average, all location quotients would equal 1 and the city would have a Regional Specialization Index equal to zero.

Formally, the Regional Specialisation Index is calculated as:

$$RSI_c = 1 - \sum_{i=1}^{65}\left(LS_{c,i} + LS_{c,i-1}\right)\left(NS_i - NS_{i-1}\right) \quad (15)$$

where

$LS_{c,i}$ = the cumulative employment share of industry i in region k, where the industries for city c are ranked from lowest to highest in terms of their location quotient.

$LS_{c,i-1}$ = the cumulative employment share of industry i-1 in region k.

NS_i = the cumulative employment share of industry i in New Zealand, where the industries are ranked in the same order as city c.

NS_{i-1} = the cumulative employment share of industry i-1 in New Zealand.

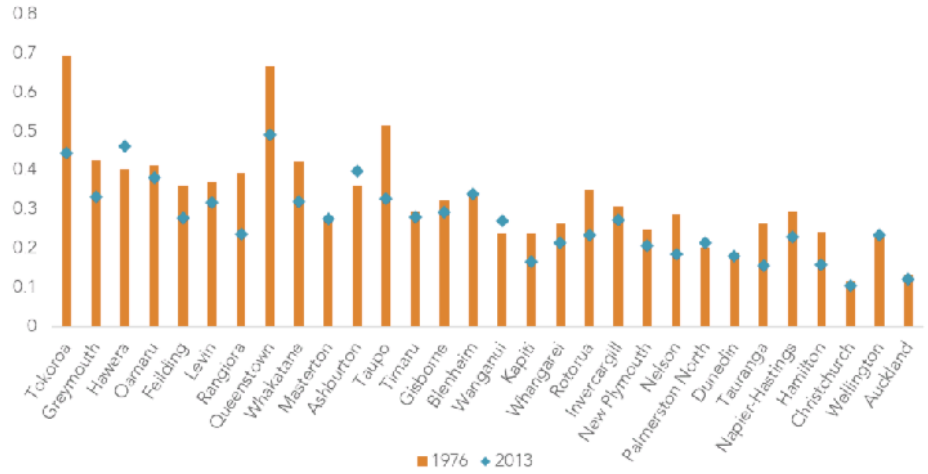
Results

Figure 3-6 shows the Regional Specialisation Index for the thirty urban areas in 1976 and 2013, ordered by population in 2013. Two results stand out.

First, regional specialization declined over time, with 23 of the 30 urban areas becoming more diversified between 1976 and 2013. The decrease in specialization took place throughout the period, with the index declining in 23 of the towns between 1976 and 1996 in 22 towns between 1996 and 2013. The largest declines in regional specialization occurred in the urban areas that were initially the most specialized, suggesting towns are becoming more similar to each other over time.\

Secondly, and unsurprisingly, smaller urban areas are less diversified than larger ones. This could occur because small towns lack industries that are common elsewhere or because they are disproportionately specialised in a small number of key industries.

Figure 3-6 Regional specialisation index in 1976 and 2013, all regions



Source: Authors' calculations based on Stats NZ Census data, 1976–2013

Note:

1. Regions are ordered from the smallest to the largest city employment in 2013

To unpick this difference, we split the regional specialisation index into two components. The first component measures the extent that an urban area is under-represented in some industries and the second component measures the extent the urban area is over-represented in some industries. The under-representative component is calculated by applying the Regional Specialisation Index (RSI) formula to industries that have location quotients less than or equal to one and the over-representative component is calculated by applying the formula to industries that have location quotients greater than one. The two components sum to the Regional Specialisation Index. If the under-representative component of the regional specialisation index is large, it means the city has little activity in many sectors – it is missing industries. Conversely, if the over-representative component of the regional specialisation index is large, an urban area has concentrated on a small number of industries.

Figure 3-7, which splits the Regional Specialisation Index into these two components for each urban area, shows both components decrease with city size. The data show small urban areas have more missing industries than large urban areas, and are considerably more specialized in the industries in which they specialise. We suspect the negative relationship between urban areas specialisation and population is related to the distinction between localisation and urbanisation agglomeration externalities (Rosenthal and Strange, 2006).[14] Smaller cities enjoy localization externalities from the industries in which they specialize but larger cities enjoy urbanization externalities that promote highly diversified economic activities.[15]

An examination of the way the two components of the regional specialization index have changed over time shows most places reduced their concentration on their initial specialist industries. There were only five urban areas that became more specialized in their initial specialist industries, all small and medium sized North Island towns.[16] In contrast, 24 urban areas that had a reduction in their over-representation indices. Of these, 17 including Tauranga, Hamilton and Christchurch also had a reduction in their under-representation index. These cities became more diversified by reducing their reliance on their initial specialist industries and by increasing their employment in industries in which

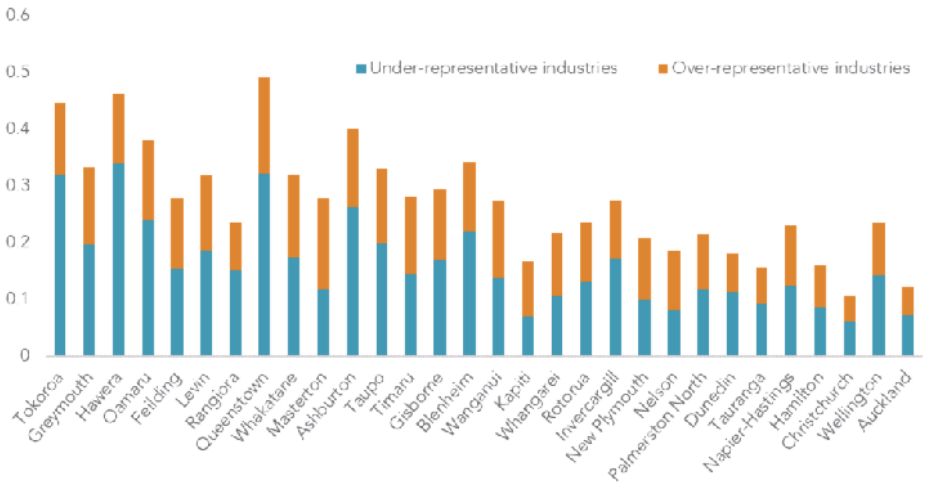
[14] Localisation externalities arise when productivity increases in a particular industry because many firms in the same industry are located close together enabling them to share common inputs, information, and workers. Urbanisation externalities arise when productivity increases in different industries because firms in these industries are located geographically close together. They can arise when firms use many different inputs, or can learn techniques used in different industries.

[15] In 2013 the mean of the under-representation indices for small urban areas, mediums sized urban areas, and Auckland Wellington and Christchurch were 0.21. 0.13, and 0.09 respectively. The mean of the over-representation indices was 0.13, 0.10, and 0.06.

[16] Tokoroa, Masterton, Kapiti, Palmerston North and Napier-Hastings.

they were initially under represented. A further five urban areas (out of the 24) including Auckland and Wellington had little change in the extent they were diversified, while two towns became less diversified in the industries where they were initially under-represented.

Figure 3-7 Decomposition of regional specialisation index, all regions, 2013



Source: Authors' calculations based on Stats NZ Census data, 1976–2013

Note:

1. Regions are ordered from the smallest to the largest population size in 2013

The change in the diversity of industrial output is related to the speed of overall employment and population growth. The fastest growing urban areas did not typically grow because of a boom in demand for the goods in which they were initially specialised. Rather the areas that grew the fastest between 1976 and 2013 had more rapid declines in their regional specialisation indices than the slowest growing cities, declining 0.10 points rather than 0.04 points.[17] The most rapidly growing areas did not become more specialised, but managed to diversify into new activities more quickly than other cities.

It is possible to split the specialisation index further, by decomposing the change in the index into three components:[18]

- the change that occurred because of changes in the national industry composition;
- the change that occurred because of overall employment growth in the urban area; and
- a residual component.

This split reveals three key results.

First, employment changes that stemmed from nationwide industrial changes during the period decreased the regional specialisation index. This result reflects the decline of manufacturing over the period, for this was a specialist industry for most urban areas. Our results suggest that if manufacturing had become more important, specialisation would have increased over the period, because manufacturing is spatially concentrated.

Secondly, population growth accelerated diversification in fast growing urban areas, but retarded it in slow growing ones. In fast growing urban areas, population growth both reduced the area's reliance on

[17] A t-test of the hypothesis that the decline in the RSI for the nine fastest growing urban areas is the same as the decline in the RSI of the remaining areas can be rejected at the 10% significance level if Tokoroa and Queenstown are included in the sample and rejected at the 5% significance level if these cities are excluded. Both Queenstown and Tokoroa experienced very rapid declines in their RSI over the period, which affects the variance of the test rather than mean difference between the two groups.

[18] The regression results are available from the authors on request.

its traditional specialities (as these did not grow as rapidly as overall employment) and increased employment in previously underweight sectors.

Thirdly, the predicted component of the change in the regional specialisation index accounted for 40% of the overall variance of the changes in regional specialisation, if Tokoroa and Queenstown are excluded.[19] It follows that most changes in city specialisation occur because of idiosyncratic factors unrelated to the city's initial industrial structure or its overall rate of population growth.

These results provide clear answers to questions concerning the way growth depends on specialisation. First, most urban areas reduced their specialisation over time, and few grew as a result of favourable shocks to their specialist industries. Secondly, the fastest growing urban areas became more diversified rather than more specialised. In this sense, Nelson or Tauranga rather than Blenheim are typical fast-growing urban areas. Both of these tendencies indicate that the ability to develop new industries and diversify out of declining industries has been a key feature of rapidly growing urban areas.

[19] If these cities are included, the fraction of variance explained by the predicted employment changes reduces to 10%. Queenstown and Tokoroa account for less than 1% of total employment but had larger employment changes than all other urban areas.

4 Conclusion

The results in this paper suggest that the employment dynamics of New Zealand's smaller urban areas are quite different to those of the larger ones. At the start of the period large and small urban areas had quite different types of manufacturing industries, with smaller areas disproportionately focussed on industries that processed rural products.

Almost all urban areas suffered from the long manufacturing downturn that started in the late 1970s, but when small areas lost jobs in their rural-processing manufacturing industries they found it much harder to create new jobs in different industries than when larger ones lost jobs in their manufacturing industries. Manufacturing job losses in most large and medium sized urban areas did not reduce employment overall because employment in other industries expanded, particularly in the personal and professional service sectors.

The different response to the loss of manufacturing jobs accentuated the differences in the employment patterns of different sized urban areas. Small and medium-size areas are now, relative to large areas, much more specialised in manufacturing than they used to be and undertake very different types of manufacturing than large areas.

They have also suffered because the sectors that have expanded nationally, such as the finance or the professional services sectors, have disproportionately expanded in Auckland. In theory, accountants could have displaced manufacturing workers in Wanganui, Invercargill, or Napier. In practice, they have not, because accounting firms prefer to be located in Auckland. Since the work of many of the new expanding industries is best done in big cities, the sectoral shift of the economy has made it difficult for many small and medium sized urban areas to expand.

The economies of most cities and towns became more diversified as manufacturing declined and service sectors expanded. In this paper we created a formal measure of the extent that cities and towns have diversified rather than specialised and show there are only a few examples of urban areas that have become more reliant on specialist industries since 1976. Rather, most areas became more diversified, and more like each other. Small and medium sized urban areas with distinctive employment patterns are less common than they were. As migration between areas is easier when all areas have similar jobs, the reducing importance of city-specific industries may have catalysed the shift of jobs from slow-growing areas to climate-favoured fast-growing areas.

The analysis in this paper leads to a number of policy-relevant conclusions. Three key ones stand out.

First, the decline of manufacturing and the increasing importance of several new service industries has tended to favour large cities, as there has been a rapid expansion in sectors such as the professional services sector that prefer to be located in big cities. New Zealand's experience is consistent with overseas trends. It is probable the disproportionate growth of large cities has occurred because these industries derive greater agglomeration benefits from locating in big centres than previously important industries such as manufacturing. Global trends like these are unlikely to be overcome by regional interventions aimed at encouraging the development of industries in locations where agglomeration benefits do not exist.

Second, the speed at which urban areas recover from negative employment shocks to their specialist industries depends on the type of industry receiving the shock. For instance, it seems to be much more difficult to recover from adverse shocks that hit rural processing industries than shocks that hit other types of manufacturing industries. If the government wishes to help regional economies recovering from employment downturns, it should recognize that the transition path out of some industries is harder than others.

Lastly, the paper has focussed attention on the similarities and differences of small and large urban economies. The most obvious similarity is that all towns produce similar non-tradeable goods – goods that have a low cross-city location quotient variance – whereas they produce different specialities. For

this reason, government programmes aimed at enhancing the way non-tradeable businesses improve their productivity are likely to produce the widest regional benefits, as they have the potential to improve productivity in many sectors everywhere. There is growing recognition of this principle in regional development strategies around the globe.

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Appendix A Additional tables

Table A.1 Industrial sectors arranged by the standard deviation of location quotients

Industrial sector	Code	LQ std deviation	Industry weight
Quartile 1 (lowest location quotient standard deviations)			
Personal services; domestic household staff	RS210	0.17	1.4%
Repair and maintenance	RS211	0.21	1.4%
Construction	EE1_	0.21	4.6%
Supermarket and grocery stores	GH121	0.22	2.4%
Furniture, electrical and hardware retailing	GH131	0.23	2.0%
Banking and financing; financial asset investing	KK110	0.23	2.4%
Professional Services	MN11_	0.23	6.2%
Education	PP11_	0.25	7.1%
Support Services	MN21_	0.25	3.2%
Recreational, clothing, footwear and personal accessory retailing	GH132	0.26	1.8%
Publication and Broadcasting	JJ11_	0.26	1.4%
Other store based retailing; non-store and commission based wholesaling	GH130	0.27	1.6%
Specialised food retailing	GH122	0.27	0.8%
Religious services; civil, professional and other interest groups	RS219	0.27	1.1%
Property and Real estate	LL12_	0.28	1.5%
Other Wholesaling	FF11_	0.29	1.9%
Fuel retailing	GH112	0.30	0.7%
Total employment share			41.6%
Quartile 2 (Medium-low location quotient standard deviations)			
Medical and Other Health	QQ11_	0.30	8.3%
Other goods and commission based wholesaling	FF110	0.30	1.7%
Insurance and Financial Services	KK1_	0.32	1.6%
Road transport	II111	0.33	1.8%
Department stores	GH133	0.35	0.9%
Library and other information services	JJ123	0.35	0.2%
Fabricated metal product manufacturing	CC721	0.36	1.5%
Transport Support	II13_	0.37	1.9%
Residential building construction	EE110	0.38	1.8%
Grocery, liquor and tobacco product wholesaling	FF114	0.38	1.0%
Motor vehicle and parts retailing	GH111	0.39	1.2%

Industrial sector	Code	LQ std deviation	Industry weight
Telecommunications services including internet service providers	JJ120	0.40	1.4%
Printing	CC411	0.42	0.8%
Local government administration	OO111	0.43	0.9%
Other Manufacturing	CC91_	0.43	1.0%
Petrochemicals	CC5_	0.44	1.6%
Total employment share			27.7%
Quartile 3 (Medium- high location quotient standard deviations)			
Basic material wholesaling	FF111	0.45	1.2%
Non-residential building construction	EE113	0.46	0.7%
Electronic and electrical equipment manufacturing	CC821	0.46	1.1%
Central government administration and justice	OO211	0.47	3.0%
Transport equipment manufacturing	CC811	0.53	1.1%
Rental and hiring services (except real estate); non-financial asset leasing	LL110	0.55	0.6%
Non-metallic mineral product manufacturing	CC611	0.58	0.5%
Machinery manufacturing	CC822	0.58	1.2%
Recreational Services	RS11_	0.67	1.4%
Clothing, knitted products and footwear manufacturing	CC212	0.68	1.4%
Air and space transport	II123	0.69	0.6%
Electricity, Gas, and Water	DD1_	0.71	0.9%
Fruit, oil, cereal and other food product manufacturing	CC141	0.74	1.5%
Accommodation, Food, and Beverages	GH21_	1.06	4.9%
Safety and Defence	OO21_	1.06	1.6%
Rail transport	II121	1.14	0.4%
Total employment share			22.3%
Quartile 4 (Highest location quotient standard deviations)			
Other transport	II120	1.21	0.3%
Textile and leather manufacturing	CC211	1.44	0.8%
Poultry, deer and other livestock farming	AA141	1.47	0.2%
Beverage and tobacco product manufacturing	CC151	1.51	0.3%
Horticulture and fruit growing	AA111	1.60	1.0%
Sheep, beef cattle and grain farming	AA121	1.62	0.4%
Agriculture, forestry and fishing support services	AA320	1.78	0.5%
Primary metal and metal product manufacturing	CC711	2.08	0.4%
Wood product manufacturing	CC311	2.18	0.9%

Industrial sector	Code	LQ std deviation	Industry weight
Meat and Fish manufacturing	CC1_	2.31	1.7%
Fishing and aquaculture	AA310	3.06	0.1%
Dairy cattle farming	AA131	3.13	0.3%
Dairy product manufacturing	CC131	4.06	0.4%
Forestry and logging	AA211	5.11	0.3%
Mining	BB11_	5.59	0.2%
Pulp, paper and converted paper product manufacturing	CC321	5.86	0.6%
Total employment share			8.4%

Source: Authors calculations based on Stats NZ Census data, 1976 – 2013

Table A.2 Employment in manufacturing and primary goods sectors

		LQ std deviation	Work share 1976	Work share 2013	Change
	Primary production sectors (all 4th quartile location quotient standard deviation)				
Horticulture and fruit growing	AA111	1.60	0.85%	0.71%	-17%
Sheep, beef cattle and grain farming	AA121	1.62	0.45%	0.40%	-12%
Dairy cattle farming	AA131	3.13	0.44%	0.28%	-37%
Poultry, deer and other livestock farming	AA141	1.47	0.19%	0.16%	-18%
Forestry and logging	AA211	5.11	0.28%	0.18%	-36%
Fishing and aquaculture	AA310	3.06	0.11%	0.08%	-28%
Agriculture, forestry and fishing services	AA320	1.78	0.42%	0.41%	-1%
Mining	BB11_	5.59	0.23%	0.19%	-20%
Total: primary industries			2.97%	2.40%	-19%
	Highly regionally-specialised manufacturing sectors (all 4th quartile location quotient standard deviation)				
Meat and Fish manufacturing	CC1_	2.31	2.62%	0.99%	-62%
Dairy product manufacturing	CC131	4.06	0.48%	0.34%	-29%
Beverage and tobacco manufacturing	CC151	1.51	0.56%	0.28%	-51%
Textile and leather manufacturing	CC211	1.44	1.31%	0.34%	-74%
Wood product manufacturing	CC311	2.18	1.18%	0.62%	-47%
Pulp, and paper manufacturing	CC321	5.86	0.98%	0.22%	-77%
Primary metal and metal manufacturing	CC711	2.08	0.51%	0.20%	-61%
Total: specialist manufacturing			7.65%	2.99%	-61%
	Widespread manufacturing sectors (2nd-3rd quartile location quotient standard deviation)				
Fruit, oil, cereal and food manufacturing	CC141	0.74	1.48%	1.21%	-19%
Clothing and footwear manufacturing	CC212	0.68	3.04%	0.26%	-91%
Printing	CC411	0.42	0.80%	0.53%	-34%
Petrochemicals	CC5_	0.44	2.31%	0.95%	-59%
Non-metallic mineral manufacturing	CC611	0.58	0.95%	0.32%	-67%
Fabricated metal product manufacturing	CC721	0.36	1.88%	1.10%	-42%
Transport equipment manufacturing	CC811	0.53	2.06%	0.54%	-74%

		LQ std deviation	Work share 1976	Work share 2013	Change
Electronic and electrical manufacturing	CC821	0.46	1.59%	0.64%	-60%
Machinery manufacturing	CC822	0.58	2.08%	0.75%	-64%
Other Manufacturing	CC91_	0.43	1.38%	0.51%	-63%
Total: widespread export and intermediate goods			17.58%	6.82%	-61%

Source: Authors calculations based on Stats NZ Census data, 1976–2013

Table A.3 Effects of Industry and city employment changes on city-industry employment

Sector		LQ std deviation	βi (city)	R^2	Marginal R^2
			Quartile 1		
Personal services	RS210	0.17	0.80	0.82	0.17
Repair	RS211	0.21	0.74	0.92	0.16
Construction	EE1_	0.21	1.03	0.55	0.14
Supermarket/grocery	GH121	0.22	0.28	0.37	0.02
Furniture etc retailing	GH131	0.23	0.74	0.73	0.11
Banking etc	KK110	0.23	0.97	0.72	0.15
Professional services	MN11_	0.23	1.16	0.78	0.23
Education	PP11_	0.25	0.69	0.64	0.24
Support services	MN21_	0.25	1.27	0.52	0.18
clothing retailing	GH132	0.26	1.04	0.57	0.25
Publication/Broadcasting	JJ11_	0.26	1.30	0.33	0.15
Other store retailing	GH130	0.27	0.99	0.67	0.25
Specialised food retailing	GH122	0.27	0.93	0.43	0.08
Religious services	RS219	0.27	1.13	0.57	0.11
real estate	LL12_	0.28	0.71	0.83	0.07
Other Wholesaling	FF11_	0.29	1.28	0.75	0.16
Fuel retailing	GH112	0.30	0.48	0.93	0.04
Mean		0.25	0.91	0.66	0.15
			Quartile 2		
Health	QQ11_	0.30	0.50	0.70	0.17
Other goods wholesaling	FF110	0.30	1.34	0.59	0.15
Insurance etc	KK1_	0.32	1.32	0.52	0.23
Road transport	II111	0.33	0.74	0.51	0.13
Department stores	GH133	0.35	0.82	0.68	0.04
Library etc	JJ123	0.35	0.54	0.28	0.04
Fabricated metal Mfrg	CC721	0.36	0.85	0.68	0.07
Transport services	II13_	0.37	0.78	0.95	0.07
Residential construction	EE110	0.38	1.24	0.88	0.13
Grocery, wholesaling	FF114	0.38	0.80	0.27	0.04
Motor vehicle retailing	GH111	0.39	0.86	0.74	0.19
Telecommunications	JJ120	0.40	0.93	0.94	0.00
Printing	CC411	0.42	1.37	0.56	0.11
Local government	OO111	0.43	0.35	0.63	0.01
Other_Mfrg	CC91_	0.43	0.29	0.42	0.01
Petrochem	CC5_	0.44	1.41	0.50	0.11
Mean		0.37	0.88	0.62	0.10

Sector		LQ std deviation	βi (city)	R^2	Marginal R^2
			Quartile 3		
Basic wholesaling	FF111	0.45	1.43	0.58	0.12
Non-residential build	EE113	0.46	1.19	0.83	0.05
Electronic Mfrg	CC821	0.46	0.74	0.46	0.03
Central government	OO211	0.47	0.03	0.58	0.00
Transport equipment	CC811	0.53	1.24	0.49	0.05
Rental services	LL110	0.55	0.04	0.73	0.04
Non-metallic Mfrg	CC611	0.58	0.70	0.55	0.04
Machinery Mfrg	CC822	0.58	0.60	0.59	0.02
Recreation	RS11_	0.67	0.81	0.43	0.11
Clothing Mfrg	CC212	0.68	0.74	0.55	0.05
Air transport	II123	0.69	1.41	0.40	0.10
Electricity_Gas_Water	DD1_	0.71	0.97	0.55	0.06
Fruit, etc Mfrg	CC141	0.74	1.14	0.31	0.10
Accomodation etc	GH21_	1.06	0.78	0.72	0.21
Safety and Defence	OO21_	1.06	-1.10	0.35	0.06
Rail transport	II121	1.14	0.18	0.69	0.03
Mean		0.68	0.68	0.55	0.07
			Quartile 4		
Other transport	II120	1.21	0.89	0.82	0.04
Textile Mfrg	CC211	1.44	0.07	0.47	0.01
Poultry, deer farming	AA141	1.47	-0.31	0.25	0.00
Beverage and tobacco	CC151	1.51	1.51	0.35	0.05
Horticulture	AA111	1.60	0.07	0.50	0.00
Sheep, beef, grain	AA121	1.62	-0.24	0.35	0.00
Agriculture services	AA320	1.78	-0.09	0.47	0.00
Primary metal Mfrg	CC711	2.08	0.20	0.19	0.02
Wood Mfrg	CC311	2.18	0.16	0.48	0.00
Meat and Fish Mfrg	CC1_	2.31	-0.85	0.32	0.03
Fishing	AA310	3.06	0.76	0.23	0.02
Dairy farming	AA131	3.13	-1.18	0.24	0.06
Dairy Mfrg	CC131	4.06	-1.08	0.17	0.03
Forestry and logging	AA211	5.11	-0.03	0.57	0.00
Mining	BB11_	5.59	0.21	0.29	0.01
Pulp, paper Mfrg	CC321	5.86	1.37	0.33	0.06
Mean		2.75	0.09	0.38	0.02

Source: Authors calculations based on Stats NZ Census data, 1976–2013
Note:
The regression R^2 is the fraction of city-industry employment growth explained by time effects and city employment growth. The marginal R^2 is the fraction of city-industry employment growth not explained by time effects that is explained by city employment growth.

Appendix B The employment effects of shocks to manufacturing and primary industries

In this section we estimate how shocks to manufacturing and primary industries affected city-level employment between 1976 and 2013. While our focus is the manufacturing and primary sectors, we use the same method to investigate shocks to other industries on city level employment. We are much less confident about these results, however, because the measure of employment shocks in these industries is likely to be much less accurate than in the primary and manufacturing industries. This is because employment in many service sectors is dominated by local demand factors, and our measure of nationwide shocks for these industries may not be very good.

The authors do not wish to overplay the results of this section. In the course of this section we estimated a very large number of regressions involving a large number of combinations of dependent variables, independent variables, period lengths, aggregation levels, dummy variables and fixed effects. There were choices to make about whether the Bartik measures should or should not include Auckland's employment changes, and whether each city's employment changes should be included or excluded in its own Bartik measure. We estimated but have not reported regressions which included city size as an additional variable, which produced different results because of multicollinearity. We have redone regressions when the results indicated obvious programming errors but may have been less vigilant about these errors when the regression results conformed to our expectations. We have estimated the equations using ordinary least squares, weighted least squares, and with and without two potential outliers, Queenstown and Tokoroa. We have had long arguments about the meaning of the Bartik measure for non-tradeable sectors. We have entertained doubts whether the equations have serious omitted variable bias. In short, while we are not unhappy with the specifications we have chosen, we are not sure about their statistical significance and probably would not wish to base important policy decisions upon their results. This is not a satisfactory result, but given how this part of the project evolved, it would be remiss for us to pretend otherwise. Sometimes research does not proceed smoothly, and this was one of those occasions.

B.1 Methodology

Our measure of industry shocks uses the methodology established by Bartik (1991). The Bartik shock to employment in a particular industry and city is calculated by estimating how employment would have changed in the city if the industry grew at the same rate as the industry in *other* cities:

$$B_{t+k}^{i\bar{c}} = E_t^{ic} \times \left(\frac{E_{t+k}^{i} - E_{t+k}^{ic}}{E_t^{i} - E_t^{ic}}\right) \tag{16}$$

The shock to a city's total employment in a sector is calculated by adding up the shock to each of the industries in the sector:

$$B_{t+k}^{S\bar{c}} = \sum_{i \in S} E_t^{ic} \times \left(\frac{E_{t+k}^{i} - E_{t+k}^{ic}}{E_t^{i} - E_t^{ic}}\right) \qquad S = \{i_1, i_2, i_3 \ldots i_S\} \tag{17}$$

This expression can be rearranged to show that the employment shock for a sector at time $t+k$ is the change in employment that occurs if each industry in the city expands at the national average rate and the city maintains its time t location quotients and its share of the national population:

$$B_{t+k}^{S\bar{c}} = \sum_{i \in S} E_t^{ic} \times \left(\frac{E_{t+k}^{i} - E_{t+k}^{ic}}{E_t^{i} - E_t^{ic}}\right) = \sum_{i \in S} LQ_t^{ic} \times \frac{E_t^{c}}{E_t} \times E_t^{i} \times \left(\frac{E_{t+k}^{i} - E_{t+k}^{ic}}{E_t^{i} - E_t^{ic}}\right) \tag{18}$$

When expressed as a fraction of the initial employment level in the city, the expected sectoral employment growth in a city is the sum of the location quotient of each industry in the city multiplied by the national industry weight multiplied by the national growth of the industry:

$$b_{t+k}^{S\tilde{c}} = \frac{B_{t+k}^{S\tilde{c}}}{E_t^{\tilde{c}}} = \sum_{i \in S} LQ_t^{ic} \times \frac{E_t^i}{E_t} \times \left(\frac{E_{t+k}^i - E_{t+k}^{ic}}{E_t^i - E_t^{ic}} \right) \quad (19)$$

This quantity, the Bartik shock measure, is the change in employment a city could expect if each of the industries in a sector expanded at the same rate as the national average for that industry and the city remained as overweight or underweight in the industry as it did at the beginning of the period. For example, if a city had 50% more of an industry than the national average, and that industry was 2% of national employment, and the industry expanded nationally by 10%, the city could expect employment to increase by (1.5 x 2% x 10%) or 0.3%.

This measure was first used by Bartik (1991) and is now widely used as a measure of a shock to a city's employment that reflects national-industry rather than firm-specific or city-specific factors. In the analysis below we convert the growth rate into a growth index:

$$d_{t+k}^{S\tilde{c}} = \frac{b_{t+k}^{S\tilde{c}} - b_t^{S\tilde{c}}}{(b_{t+k}^{S\tilde{c}} + b_t^{S\tilde{c}})/2} \quad (20)$$

One issue with this measure occurs because employment in some industries depends on the local population. In these industries, the Bartik measure partly reflects population changes in the rest of the country as well as changes in the industry's share of total employment. For instance, if the retail industry's share of national employment drops by two percentage points it seems reasonable to expect the retail industry's share of employment in Oamaru (a town with slow population growth) and Tauranga (a town with very rapid population growth) to drop by two percentage points. However, if the number of retail workers in New Zealand increases by 15% because the national population increases by 15%, there is no obvious reason why the number of retail workers in either city should increase by 15%, as population growth across cities is very uneven. For this reason, we concentrate on the effects of shocks to tradeable industries, not just because cities vary significantly in their exposure to these industries but because these industries are less affected by local demand and thus the Bartik measure is less affected by changes in national employment levels.

B.2 National employment shocks and local employment levels

To examine the effect of national employment shocks on local employment levels we split the data into five basic sectors: the primary sector, two manufacturing sectors, and two service sectors. We estimate the effect of the sector shock on local same-sector employment, on local employment in other sectors (each of the four other sectors separately plus the four sectors combined), and total employment in the city. As we estimate these effects over successive five-year periods, the basic equations are:

$$d_{t+k}^{jc} = \alpha + \sum_s \beta^{js} \; d_{t+k}^{s\tilde{c}} + \sum_{c \in C} \delta^{jc} D^c + \sum_{\tau=2}^{7} \delta^{j\tau} D^\tau + u_{t+k}^{jc} \qquad k = 1, \ldots, 7 \quad (21)$$

where the dependent variable d_{t+k}^{jc} is the actual change in employment in the city in a sector or collection of sectors S_j, measured as a growth index, and $d_{t+k}^{s\tilde{c}}$ is the Bartik shock for the s^{th} sector or collection of sectors in city c, also measured as a growth index. (The nomenclature is complicated because there are eleven choices (j) for the dependent variable and five choices (s) for the Bartik shocks.)

The regression includes city and time fixed effects, D^c and D^τ. We report the regressions when each of the five Bartik measures are included simultaneously in each regression, but the results are robust to including the Bartik measures one at a time.[20]

There are eleven different dependent variables. The dependent variables in the first five regressions are the sector-specific city-level employment changes and the main coefficients of interest are the own-sector coefficients β^{ii} (these are the diagonal entries in Table B.1). These coefficients measure the extent that sector-specific employment is correlated across the country. If actual sector-specific city-

[20] When the Bartik sector shocks are included one at a time, and the sector shocks are correlated with each other, the single-sector regression results could be biased because of omitted variable problems. The coefficients in the two sets of regressions are quite similar and the results are available on request.

level employment levels change by the amount predicted by sector-specific employment trends in the rest of the country, the own-shock coefficient θ^{ii} will equal 1.

The dependent variables in the second set of five equations are the city-level employment changes in the complementary sectors $\tilde{i}$; for example, if sector i is the primary sector, we look at employment changes in all sectors excluding the primary sector in a city. The coefficients of interest in these equations are the coefficients $\beta^{\tilde{i}i}$, the effect of a shock to one sector on employment in other sectors. If $\beta^{\tilde{i}i} < 0$, employment changes in other sectors *offset* employment changes in the sector receiving the shock, whereas if $\beta^{\tilde{i}i} > 0$ a change in employment stemming from a shock in one sector is *intensified* by a gain or loss of jobs in other sectors. The latter is a multiplier effect, which might occur, for example, because a reduction in employment in one sector reduces the demand for goods and services in other sectors.

The eleventh equation analyses the effect of a sector-specific employment shock on total employment in the urban area. There are a range of possibilities for the coefficients on total employment, θ^{Ei}. If $\theta^{Ei} > 1$, multiplier effects dominate. If $\theta^{Ei} = 0$, total employment in a city does not change in response to the shocks affecting individual industries as workers switch between sectors. Lastly, θ^{Ei} may be negative if employment is increasingly concentrated in a few cities as some cities systematically increase their size at the expense of others.

There are various ways the regressions can be estimated. The first choice is the number of cities to include in the regression. If we include Auckland, there are 30 urban areas, or otherwise there are 29.[21] We report regressions excluding because if employment in Auckland expanded at the expense of employment elsewhere then its employment changes will be different to those in the rest of the country.[22]

The second choice is whether the measure of the Bartik shock includes or excludes Auckland employment growth. Our preferred choice is to include Auckland, as we believe this provides a better indication of the size of the shocks hitting each industry in the country, but we also estimated the model with Bartik shocks calculated with Auckland excluded. We found little difference in the two sets of estimates, although we would expect the coefficient on the Auckland-inclusive Bartik measure to be less positive if Auckland's employment growth occurred at the expense of smaller cities. The regressions were estimated using weighted least squares, with weights proportional to average city employment.

The results are displayed in Table B.1.

[21] We also estimated regressions excluding two obvious outliers, Queenstown and Tokoroa. As the equations are estimated using weighted least squares, there was little effect on the estimated coefficients as these cities are very small and thus had little weight.

[22] To paraphrase Ross Perot, Auckland may have played the role of the "giant sucking sound" that extracts jobs from regional cities (2nd Presidential Debate, 19 October 1992). This would induce a negative bias to the coefficient as Auckland would have rising employment in an industry when the industry shifts from regional cities to Auckland. As Auckland has a weight of one third in the weighted least squares regressions, we decided to exclude Auckland from the regression to prevent the estimation of potentially misleading results.

Table B.1 The effect of employment shocks on local employment

Employment change↓↓	Bartik M_RS	Bartik M_WD	Bartik P4	Bartik O_WD	Bartik O_RS	N	R^2
			Auckland included in the Bartik shock measure				
M_RS	**0.96**	0.29	0.11	-0.01	-0.15	203	0.59
	(0.12)	(0.22)	(0.13)	(0.08)	(0.12)		
M_WD	-0.13	**0.88**	0.22	0.07	0.00	203	0.74
	(0.12)	**(0.21)**	(0.13)	(0.08)	(0.12)		
P4	-0.10	-0.23	**0.63**	0.02	0.00	203	0.51
	(0.09)	(0.16)	**(0.10)**	(0.06)	(0.09)		
O_WD	-0.24	-1.36	0.23	**-0.58**	0.82	203	0.83
	(0.25)	(0.44)	(0.27)	**(0.16)**	(0.24)		
O_RS	-0.13	-0.19	-0.11	-0.16	**0.25**	203	0.75
	(0.12)	(0.21)	(0.13)	(0.08)	**(0.11)**		
Non M_RS	**-0.6**	-0.89	0.98	-0.65	1.07	203	0.84
	(0.39)	(0.68)	(0.42)	(0.25)	(0.37)		
Non M_WD	0.49	**-1.48**	0.87	-0.73	0.92	203	0.85
	(0.34)	**(0.6)**	(0.37)	(0.22)	(0.32)		
Non P4	0.46	-0.38	**0.46**	-0.68	0.92	203	0.85
	(0.39)	(0.69)	**(0.42)**	(0.25)	(0.37)		
Non – O_WD	0.60	0.76	0.86	**-0.08**	0.10	203	0.80
	(0.25)	(0.44)	(0.27)	**(0.16)**	(0.24)		
Non O_RS	0.48	-0.41	1.20	-0.50	**0.67**	203	0.84
	(0.34)	(0.59)	(0.37)	(0.22)	**(0.32)**		
Total Employment	0.36	-0.60	1.09	-0.66	0.92	203	0.85
	(0.4)	(0.70)	(0.44)	(0.26)	(0.38)		
			Auckland excluded from the Bartik shock measure				
M_RS	**0.96**	0.16	0.12	0.00	-0.11	203	0.54
	(0.16)	(0.25)	(0.14)	(0.06)	(0.11)		
M_WD	-0.14	**0.85**	0.20	0.07	-0.02	203	0.73
	(0.14)	**(0.23)**	(0.13)	(0.06)	(0.10)		
P4	-0.17	-0.27	**0.60**	-0.02	0.02	203	0.51
	(0.11)	(0.17)	**(0.10)**	(0.04)	(0.08)		
O_WD	-0.41	-1.43	0.20	**-0.57**	0.85	203	0.83
	(0.30)	(0.47)	(0.26)	**(0.12)**	(0.22)		
O_RS	-0.13	-0.19	-0.11	-0.16	**0.25**	203	0.75
	(0.12)	(0.21)	(0.13)	(0.08)	**(0.11)**		
Non M_RS	**-0.87**	-1.12	0.88	-0.65	1.04	203	0.84
	(0.46)	(0.73)	(0.41)	(0.19)	(0.33)		
Non M_WD	0.22	**-1.80**	0.80	-0.72	0.95	203	0.85
	(0.41)	**(0.65)**	(0.36)	(0.17)	(0.30)		

Employment change↓↓	Bartik M_RS	Bartik M_WD	Bartik P4	Bartik O_WD	Bartik O_RS	N	R^2
Non P4	0.26	-0.69	**0.40**	-0.63	0.90	203	0.85
	(0.47)	(0.74)	**(0.42)**	(0.19)	(0.34)		
Non O_WD	0.50	0.48	0.80	**-0.08**	0.07	203	0.80
	(0.30)	(0.48)	(0.27)	**(0.13)**	(0.22)		
Non O_RS	0.25	-0.70	1.13	-0.52	**0.75**	203	0.84
	(0.40)	(0.64)	(0.36)	(0.17)	**(0.29)**		
Total Employment	0.09	-0.96	1.00	-0.65	0.93	203	0.85
	(0.48)	(0.76)	(0.43)	(0.20)	(0.35)		

Source: Authors' calculations based on Stats NZ Census data, 1976–2013

Note:

1. M_RS: Regionally specialised manufacturing. M_WD: Widely distributed manufacturing. P4: Primary industries. O_RS: Regionally specialised service and other industries. O_WD: Widely distributed service and other industries. Regressions estimated with time effects using weighted least squares. Standard errors in parenthesis "Non M_RS" means all sectors other than M_RS.

Summary of results for manufacturing

The estimated own-shock coefficients β^{ii} for the two manufacturing sectors are each close to and insignificantly different from $\beta^{ii} = 1$. In both cases this means a city's manufacturing employment covaries fully with manufacturing employment in the rest of the country. In both cases there are offsetting changes in employment in other industries so that total employment in a city changes by much less than manufacturing employment. However, the size of the offsetting response seems to be a lot larger for widely distributed rather than regionally specialised manufacturing industries.

The evidence for the different size of the offsetting response is three-fold. The first evidence, which is weakest, is the size of the estimated cross-sector coefficients $\beta^{\tilde{i}i}$ between the manufacturing shock and local employment in other sectors. These coefficients are -1.48 (with a 95% confidence interval of -0.3 to -2.7) for widely distributed manufacturing industries, and -0.60 (with a 95% confidence interval of 0.2 to -1.4) for regionally specialised manufacturing industries. While the difference in these estimates is large, the large standard errors mean it is not possible to reject the hypothesis that the aggregate employment responses to the shocks are the same.

More conclusive evidence comes from the regression in which the employment change in the widely distributed service sector is regressed against the shocks to the five different sectors (Table B.1). The coefficient estimates show negative shocks hitting widely distributed manufacturing industries were offset by a larger expansion of employment in the widely distributed service sectors than shocks hitting regionally specialised manufacturing industries. The coefficient estimates are -1.36 (standard error = 0.44) and -0.24 (standard error = 0.25) respectively and the hypothesis that the coefficients are the same can be rejected.[23]

The third evidence comes from disaggregating the sector-specific employment changes into 15 sectors and estimating a new set of regressions linking employment change in each sector to the five different sector shocks (Table B.2). While most estimates of the coefficients are imprecisely estimated, all the coefficients between the ten private-sector service sectors and the widely distributed manufacturing shocks are negative and the coefficients for retail trade and banking and finance are both sizeable and statistically significant.[24] In contrast, only five of the coefficients between the ten private-sector service sectors and the regionally specialised manufacturing shocks and are negative, none are statistically significant and eight of them are larger than the corresponding coefficients for widely distributed manufacturing. This evidence is consistent with the evidence from Table B.1 that the shocks hitting

[23] See row 4 of Table B.1. An F(1,163) test of the hypothesis that the coefficients are the same has a value of 7.04 and the hypothesis can be rejected at the 1% significance level.

[24] The ten service sectors are construction; retail trade; hospitality and accommodation; recreation services; wholesale trade; transport; banking and finance; professional services; administrative services; and utilities.

widely distributed manufacturing industries were offset by increases in service sector employment by a much larger extent than the shocks hitting regionally specialised manufacturing industries. The census data used in this study is not sufficiently detailed to explain these differences further.

Table B.2 The effect of sector employment shocks on local employment disaggregated into 15 sectors. (Auckland excluded from dependent variables.)

Employment change↓↓	Bartik M_RS	Bartik M_WD	Bartik P4	Bartik O_WD	Bartik O_RS	F-test βMWD=βMRS	R^2
Manufacturing WD	-0.134	0.88	0.222	0.07	0.002	25.97	0.741
	(0.118)	(0.208)	(0.128)	(0.077)	(0.112)	(0.000)	
Manufacturing RS	0.956	0.288	0.111	-0.006	-0.154	10.25	0.590
	(0.123)	(0.218)	(0.134)	(0.08)	(0.117)	(0.002)	
Primary P4	-0.1	-0.226	0.631	0.018	0	0.69	0.511
	(0.09)	(0.158)	(0.098)	(0.058)	(0.085)	(0.406)	
Construction	-0.137	-0.333	0.253	-0.071	0.453	0.71	0.695
	(0.138)	(0.243)	(0.15)	(0.09)	(0.131)	(0.401)	
Government	-0.189	-0.079	0.071	0.029	-0.13	1.52	0.725
	(0.053)	(0.093)	(0.058)	(0.034)	(0.05)	(0.219)	
Health and Education	0.102	0.016	-0.003	0.056	0.039	0.42	0.774
	(0.079)	(0.139)	(0.086)	(0.051)	(0.075)	(0.517)	
Retail	0.067	-0.263	0.129	-0.188	0.089	9.02	0.761
	(0.065)	(0.114)	(0.071)	(0.042)	(0.062)	(0.003)	
Accommodation	0.03	-0.155	0.036	-0.105	0.201	2.85	0.689
	(0.065)	(0.114)	(0.07)	(0.042)	(0.062)	(0.093)	
Recreational Services	0.031	-0.08	-0.054	-0.037	0.066	2.5	0.83
	(0.042)	(0.074)	(0.046)	(0.027)	(0.04)	(0.116)	
Wholesale Trade	-0.052	-0.017	-0.093	-0.063	0.063	0.13	0.695
	(0.057)	(0.10)	(0.062)	(0.037)	(0.054)	(0.716)	
Transport	0	-0.019	0.13	-0.129	0.023	0.03	0.798
	(0.066)	(0.117)	(0.072)	(0.043)	(0.063)	(0.859)	
Banking and Finance	-0.084	-0.323	-0.066	-0.029	0.089	4.97	0.641
	(0.063)	(0.112)	(0.069)	(0.041)	(0.06)	(0.027)	
Professional Services	0.012	-0.14	0.037	-0.117	-0.21	2.13	0.785
	(0.061)	(0.108)	(0.067)	(0.040)	(0.058)	(0.147)	
Administrative Services	-0.036	-0.064	-0.076	-0.101	0.174	0.13	0.460
	(0.047)	(0.083)	(0.051)	(0.031)	(0.045)	(0.722)	
Utilities	-0.11	-0.089	-0.241	0.013	0.213	0.05	0.936
	(0.053)	(0.094)	(0.058)	(0.035)	(0.051)	(0.082)	

Source: Authors calculations based on Stats NZ Census data, 1976 – 2013

Note:

1. M_RS: Regionally specialised manufacturing. M_WD: Widely distributed manufacturing. P4: Primary industries. O_RS: Regionally specialised service and other industries. O_WD: Widely distributed service and other industries. Regressions estimated with time effects using weighted least squares. Standard errors in parenthesis

The overall employment response to the different types of manufacturing industries are quite different in magnitude. Consider a shock that is forecast to reduce manufacturing employment by 100 jobs. The point estimates in the last row of Table B.1 indicate that total employment *reduced* by 36 jobs if the shock reduced a regionally specialised manufacturing industry, but total employment *increased* by 60 jobs if the shock hit a widely distributed manufacturing industry. This difference primarily reflects the difference in the amount of offsetting employment in the widely distributed service sectors.

The size of the positive estimate, which indicates negative employment shocks to widely distributed manufacturing industries were associated with rapid overall employment growth, is puzzling. The disproportionate growth of Auckland's service sectors since 1981 is not part of the explanation as these regression results do not include Auckland as a dependent variable. It is possible that the size of the coefficient reflects the effect of city size, because small towns have below average employment in widely distributed manufacturing sectors and below average employment growth in professional service and banking industries. Unfortunately, our ability to examine whether the responsiveness to manufacturing employment shocks systematically differed with the size of cities is undermined by the large degree of multicollinearity between the size of cities and the fraction of their employment in regionally specialised and widely distributed industries. Nonetheless, the statistical evidence that there is a much smaller increase in service sector jobs when 'regionally specialised' manufacturing plants shut down relative to when 'widely specialised' manufacturing plants shut down is consistent with the stories from small towns such as Greymouth and Tokoroa about the difficulties of creating new jobs following major job losses in their manufacturing industries. It is also consistent with evidence from Canada that workers who lose their manufacturing jobs in small company towns are less likely to find employment in the same town than workers who lose their jobs in more diversified centres (Polèse and Shearmur 2006).

Summary of results for the primary sector

The estimates of the effects of primary sector employment shocks are different. The estimated own-shock β coefficient is 0.63 (with a 95% confidence interval of 0.4 to 0.8) which indicates local primary sector employment does not fully covary with national level industry shocks. This value may reflect regional differences in the efficiency of different primary industries that raise the importance of local factors. There is a positive correlation between primary sector employment shocks and employment in other sectors suggesting weak multiplier effects, although the coefficient is not significantly different from zero. In combination, total employment changes by the same amount as the predicted shock: that is if a city is forecast to lose 100 jobs due to a primary sector shock, our estimates suggest it loses 108 jobs of which 63 are in the primary sector and a further 45 in other sectors. These coefficients are not very precisely estimated, but, unlike the situation for manufacturing employment shocks, there is no evidence that jobs expand in other sectors to compensate for losses in the primary sector.

Summary of results for the service sectors

Tables 6 and 7 also report the employment response to employment shocks affecting service sector industries. Unfortunately, these results have econometric problems that limit their usefulness. The basic problem occurs for two reasons. First, local service sector employment growth is highly correlated with local aggregate employment growth since service sector employment is dependent on local demand. This means national employment growth is highly correlated with national population growth. However, there is no reason why local population growth is strongly correlated with national population growth. If local population growth is not highly correlated with national population growth, which it is not, changes in national employment growth in a service sector will not be a good proxy for local employment demand in this sector. Secondly, there is little variation in the Bartik shock measure across cities since many service sectors are found in similar proportions in all towns and cities. This induces a negative bias into the coefficient between employment growth and the Bartik measure because the latter will be lower than average for rapidly growing towns and cities and higher than average for slowly growing towns and cities. This negative bias does not matter much if the fraction of employment in each sector differs a lot across cities, as is the case for manufacturing and primary-sector industries, but it may dominate the regression if there is not much variation in the fraction of employment in each non-tradeable industry.

The results for the widely distributed service sector bear out this concern. According to Table B.1, the own-shock coefficient β^{ii} is -0.58 (with a 95% confidence interval of -0.3 to -0.9) rather than the expected value $\beta^{ii} = 1$. The estimated effect of shocks to widely distributed service industries on total employment may also reflect this bias: the total employment coefficient β^{Ei} is estimated to be -0.66 (with a 95% confidence interval of -1.2 to 0.1), which indicates total employment in a city is negatively correlated with employment in widely distributed service industries in the rest of the country.

Is it likely that the bias in the coefficients is the reason why these coefficients are negative? We are not convinced as the bias, while negative, should not be that big. Rather, we suspect the negative coefficients reflect internal migration from slow-growing to fast-growing cities: it is the result you would expect if representative slices of a city moved from one city to another. Consider a slowly growing city. When people move from a slowly growing city to a rapidly growing city, the Bartik measure for widely-distributed services reflects employment growth in the rest of the country, which is higher than employment growth in the slowly growing city. This induces a negative relationship into the regression because city-level employment in widely redistributed service sectors is highly correlated with total employment in the city. Consequently, the negative coefficient between total employment changes in one city and service sector employment in other cities also means that city level employment changes are negatively correlated with city level employment changes in the rest of the country. Given that there is large scale internal migration from slow growing cities to fast growing cities in New Zealand, we suspect the negative coefficient occurs because the effects of shocks to particular widely distributed service industries on total employment are dominated by overall population shifts between cities.

For regionally specialised industries, the estimated own sector coefficient $\beta^{ii} = 0.25$ (with a 95% confidence interval of 0.03 to 0.5) and the total employment coefficient $\beta^{Ei,}$ is estimated to be 0.92 (with a 95% confidence interval of 0.2 to 1.7). The latter coefficient indicates aggregate city employment changes nearly one for one with changes in regionally specialised service industry employment in the rest of the country. The estimated coefficient is similar to the estimated coefficient of the primary sector. If this estimate is accurate, it indicates that shocks to regionally specialised industry employment are not offset by employment changes in other sectors.

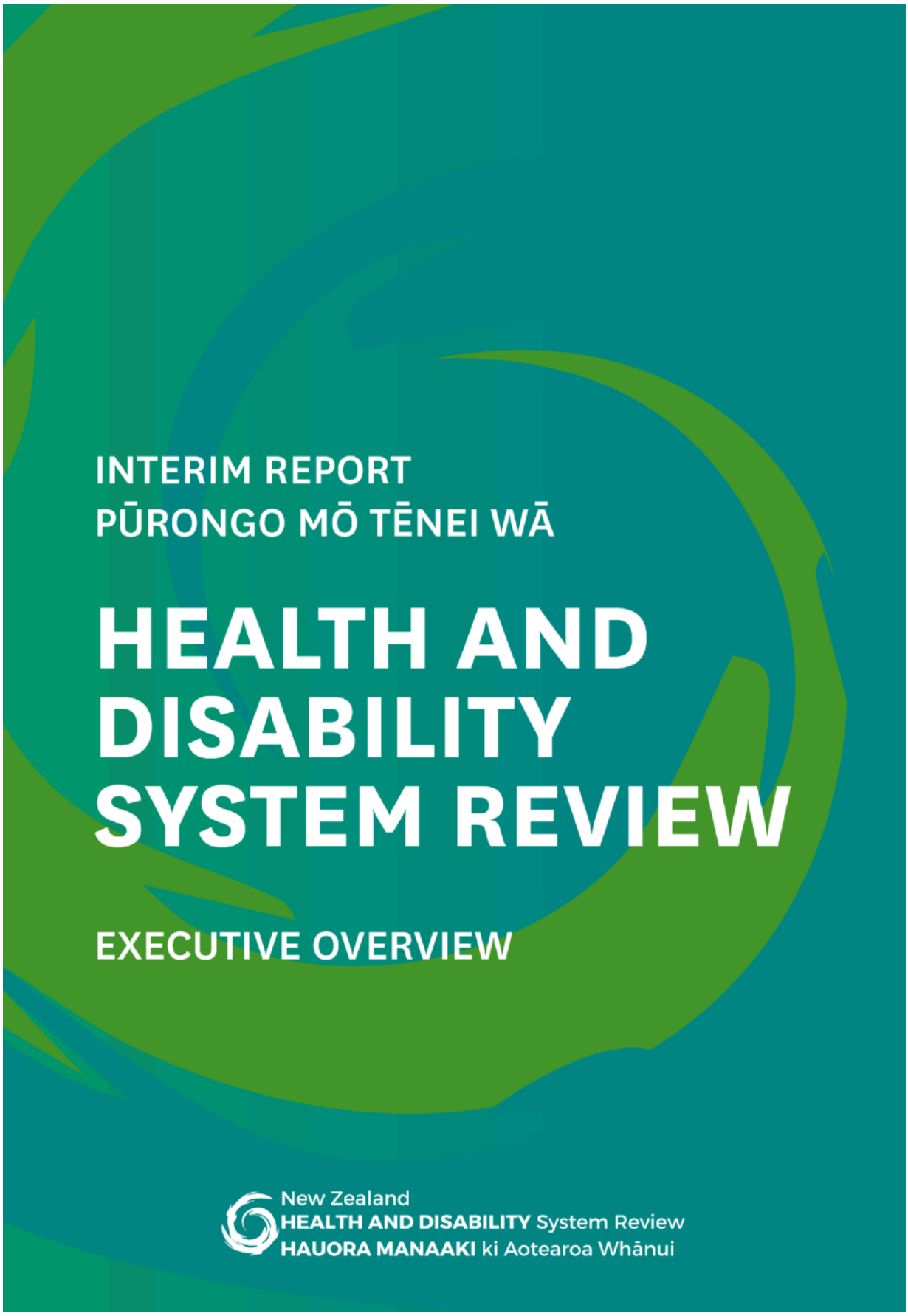
Summary

The main findings from these regressions are as follows:

- Employment shocks to widely distributed manufacturing employment tend to be offset by changes in other employment, so total employment changes by less than the shock. Negative employment shocks to the widely distributed manufacturing industries that were a feature of New Zealand's larger urban areas were absorbed by expanding specialist service industries.
- Employment shocks to regionally specialised manufacturing industries were absorbed less well and were not associated with expansions in specialist service industries. Since these manufacturing industries are disproportionately located in smaller towns, smaller towns had a much more difficult transition to the decline in manufacturing than larger urban areas.
- Employment shocks to primary industries and specialist service industries do not appear to be absorbed by other sectors of the economy. Total employment appears to change by the amount of the shock to specific industries.
- The Bartik methodology does not capture employment shocks to widely distributed services (such as retailing or education) very well, as changes in local employment in widely distributed services are dominated by local population changes not national industry trends.

These results are in line with overseas evidence that suggest cities have a more difficult time adjusting to regionally specialised manufacturing job loss than other types of job loss. Polèse and Shearmur (2006) discuss this phenomena with respect to small cities that are dominated by a single firm, but Glaeser, Kerr and Kerr (2015) suggest that the problem may occur in large cities with a history of specialised manufacturing as well. Unfortunately, the high correlation between regionally specialised industries and the size of cities in our dataset have prevented us from untangling the extent to which

the different rate at which manufacturing employment shocks were absorbed in New Zealand between 1976 and 2013 was primarily an industry effect or a small city effect. As emphasised in the disclaimer at the beginning of the Appendix, questions remain about the robustness and statistical significance of the results. Nevertheless, the results as presented here support the contention that small urban areas that were specialised in primary product manufacturing were less successful than larger urban areas in diversifying into other industries when they experienced negative employment shocks to their manufacturing industries.


INTERIM REPORT
PŪRONGO MŌ TĒNEI WĀ
HEALTH AND DISABILITY SYSTEM REVIEW
EXECUTIVE OVERVIEW
New Zealand
HEALTH AND DISABILITY System Review
HAUORA MANAAKI ki Aotearoa Whānui

Tīhei Mauri Ora

Ko te wehi ki a Ihowa, nāna nei ngā mea katoa.

Kei ngā maunga whakahī, ngā tai mihi tāngata, ngā awa e rere nei, ngā mana whenua, toitū ki a koutou.

He tātai whetu ki te rangi, mau tonu, he tātai tangata ki te whenua ngaro noa. Kei ngā mate o te wā whakangaro atu ra koutou.

Me aro ki te hā o te tangata – kei ngā mataora, tēnā koutou katoa. He mihinui tēnei kia koutou ngā kai pānui tēnei ripoata hauora hauā arotake wā poto.

Ko te whakaaro I te mutunga ka whai matauranga koutou ki hea Pūrongo mō Tēnei Wā – Hauora Manaaki ki Aotearoa Whānui.

Noho ora mai,
HEATHER SIMPSON

Message from the Chair / He mihi nā te Heamana

HEATHER SIMPSON | CHAIR

The attached report is both too short and too long.

It is too short because the health and disability system we have been tasked with reviewing is a huge network of interrelated organisations each of which is committed to providing quality care or services to their customers. Almost 8.5% of the entire New Zealand workforce is employed in some form in the health sector. This is a group of professional and committed individuals who often go above and beyond what is expected of them to assist those in need and to make the system as effective as it can be.

To do full justice to the range of issues facing this system and provide real insight into where the system could improve in the future could easily fill many volumes.

But it is also too long because we recognise that it is the complexity of the system, and the difficulty this causes for people to navigate it, that is often at the heart of individuals' and organisations' dissatisfaction with the way the system performs. For this reason, it would have been nice to produce a simple, easily readable, short analysis of the challenges and future directions that would have allowed everyone to understand and comment on the issues and potential solutions.

The reality, however, is that, despite the commitment and good intentions of most of those working in it, the current system is not performing equally with respect to all New Zealanders.

> continued

Significantly, te Tiriti o Waitangi / the Treaty of Waitangi guaranteed Māori their full rights and benefits as citizens, yet more than 80 years after the establishment of our public health system, the health and wellbeing outcomes for Māori are still significantly poorer than for non-Māori New Zealanders.

When we project forward and consider the demographic, technological, societal, cultural, and environmental changes that are rapidly overtaking us, it is clear there are challenges ahead. Continuing with the current model of care, based largely on a Western medical model, employing more and more medically qualified staff focused on treating illness, rather than promoting wellness, will not only be ineffective in achieving the equitable outcomes we desire, it will not be sustainable. The numbers of staff required will not be available and the cost would be prohibitive.

This interim report aims to achieve three things. It reflects back the issues people and organisations have told us are hampering the achievement of better outcomes, checks whether the available evidence supports what we have heard, and signals our initial thoughts on where we believe the biggest gains can be made to improve the performance of the system.

The distressing part of listening to and reading the wide variety of submissions we received was the degree of concurrence in the views of what people want the system to achieve and how they want it to behave. This would seem to be a good thing, but the reality is that these views have been being expressed, and supposedly agreed with, for decades. Yet the system changes have been only marginal at best.

We have seen many great examples of professionals working together to achieve real progress in some areas. We have seen rural communities demonstrating a degree of flexibility and cohesiveness that could be a model for the rest of the system. We have observed examples of where the adoption of new technologies or processes has fundamentally changed the outlook for patients in particular areas. And we have seen examples of governance arrangements between iwi, Māori and DHBs which are supported by all parties.

But we have also seen many examples where the system continues with practices that the evidence no longer supports. We see communities and whānau facing a system that looms as a confusing monolith, telling people what is good for them, rather than a system that works with them to improve their overall wellbeing in ways designed for them not for the system. And we have seen rural communities forced to make do with a level of service accessibility that is simply unacceptable.

The challenge is not to reinvent the wheel. Many strategies are already in place, and this interim report is a reality check on where the system is at.

The work of the Panel in the next phase will focus on the specific changes we believe will have maximum effect on moving the system on the path to equity, responsiveness, and sustainability.

There are no recommendations in this interim report. That needs to wait for further analysis and much more discussion, but it is clear to us from this phase of our work that if the system is to be more equitable and more sustainable, significant change needs to happen.

- The system needs to work:
  - in a much more cohesive, collective, and collaborative style within a set of agreed values and principles that apply throughout the publicly funded system
  - in partnerships both within the system and, more importantly, with those who choose or need to use it.
- The system needs stronger leadership at all levels and clearer, enforceable mandates and accountabilities.
- Māori need to be able to apply their Tiriti / Treaty rights and to have authority within the system to design and provide services that best suit their needs and allow them to embrace mātauranga Māori and fully express their cultural identity, and the system needs to support this.
- The long talked about move to give more emphasis to preventive care and the promotion of wellness needs to become a reality. This requires the growth of more multidisciplinary services and a reduced dependence on models that drive throughput ahead of service.
- Health services need to be planned more strategically, with more meaningful engagement with communities and better connections to other agencies with responsibilities impacting on key socioeconomic and cultural determinants of health.
- Workforce strategies need to be strengthened to ensure the future workforce better reflects the community it serves and has the skills necessary to operate effectively under different models of care.
- Data needs to be much more at the centre of decision making in the system, and this requires us to be much more determined about the type, standard, and relevance of the data that is collected.
- The urgency for making improvements to outcomes for Māori, Pacific peoples, and low-income and rural households means priority needs to be given to getting more appropriate services to these communities, rather than simply making system-wide changes in the hope that the benefits trickle down.
- The prospect of ever-increasing numbers of people with disabilities compels us to recognise that living with disability should no longer be treated as the exception. People living with disabilities have the right to expect equitable outcomes from the system, and we must ensure services strive to achieve that.

This report notes many other changes that the Panel considers need to happen.

Phase Two of the review will focus on building the details of changes to achieve the above. This will be done in conjunction with the sector and will include further consultation on specific proposals.

Executive summary / He whakarāpopoto

The Health and Disability System Review is charged with taking a system-wide approach to what needs to change to ensure the health and disability system of the future achieves better and more equitable health and wellbeing outcomes.

The canvas is huge. The health and disability sector employs more people than any other sector in the country and it impacts on the lives of every New Zealander.

The interim report does not provide specific change recommendations. It indicates the direction of change the Panel believes is necessary in key areas and points to questions which still need to be answered to arrive at final recommendations due in March 2020. This report reflects the messages received from meetings, submissions, analysis of the current state of the New Zealand system, and what is known about local and global trends that will impact on the system in the future.

Overall New Zealand has a good health system. Outcomes and spending are in line with other OECD countries, and the system has a dedicated staff who work hard to provide the best care for patients. There are many good examples of innovation in service delivery and initiatives achieving sustainable improvements in patient outcomes.

But it is clear that there is room to do better. The system is already facing many challenges and demand pressures are increasing. On the other hand new technology and new ways of working offer many opportunities. For the system to produce better and more equitable results in the future, significant changes will need to occur.

Panel members visited DHBs, met with key stakeholder organisations, held workshops and wānanga around the country, and conducted an online submission process open to all.

Key themes clearly emerged:

- The current system is overly complicated and very fragmented from a consumer's perspective, which leads to a lack of confidence or trust in the system
- Leadership is lacking at all levels and this partly results from a lack of clear decision making frameworks with confused accountabilities and little effective enforcement
- There is reasonable consensus around strategies in many parts of the system but little evidence of consistent implementation
- Concern about the inequity of outcomes is widespread
- Māori, as Tiriti/Treaty partners, have not been well served by the system and in the future mātauranga Māori and rights under te Tiriti o Waitangi/the Treaty of Waitangi, must be fully implemented

- There is recognition that the health and disability system alone cannot eliminate all differences in health and wellbeing outcomes, because most of the differences arise from social determinants
- Consumers want the system to work better for them. They need the system to respond to what consumers value and need, rather than being designed primarily around provider interests
- Disabled people want more control over their own lives, and more flexibility and inclusion from the system
- The way people work in the system is not leading to the most productive results. Healthcare organisations do not cooperate well, many professionals resist collaborating across disciplines, there is a lack of flexibility in employment arrangements, and a general resistance to change at many levels
- While consumers report facing barriers to access within the system, it is clear these do not simply relate to monetary costs. Time, transport, or lack of culturally appropriate services are often as, if not more, significant barriers
- Rural communities face particular challenges and need solutions designed specifically for them.

Directions for change

Combining the information from submitters with analysis of the current state of the system, and consideration of previous reviews, shows there are a number of areas where change could lead to more consistent and equitable results.

The interim report, in each of its sections, indicates the direction of change the Panel believes needs to be taken to formulate recommendations for the final report. Some of the common threads running through Panel thinking include:

Leadership focus and culture change

The system needs to work in a collaborative, collective, and cooperative way. Culture and attitudinal changes are needed. These changes need to be led from the centre and applied consistently throughout the system with a common set of values and principles guiding the behaviours of all parts of the system.

Mandates need to be clarified, accountabilities clearly defined, and enforced.

Placing consumers, whānau and communities at the heart of the system

The system will need to be driven more by what consumers value and need most, with more choice about how needs are met.

The system will need to be much more focused on preventing ill health and promoting wellbeing. A more deliberate population health approach will be needed at all levels if future demand is to be managed, equitable health outcomes achieved, and the system is to be financially sustainable.

Within Tier 1 (the broad spectrum of self-care, home and community services), more emphasis on community health hubs, offering a broader range of services in localities that suit consumers, will be essential, and funding systems will need to reflect more emphasis on prevention and wellbeing, and less on throughput.

Developing an effective Tiriti/Treaty based partnership within health that delivers a health and disability system that works for Māori

Te Tiriti o Waitangi / the Treaty of Waitangi must be fully incorporated to provide a framework for meaningful and substantive relationships between iwi, Māori and the Crown. This will provide a positive flow on effect linked to leadership, governance and decision making, and assist in strengthening Māori provider, workforce and service development.

Integration, planning and longer term thinking

At the governance level there needs to be more deliberate and longer term, national, regional and local level planning which engages communities effectively in planning and decision making.

At the operational level the system needs less duplication and more collaboration and integration, with hospital and specialist services operating as a comprehensive network.

Workforce strategies need to effectively address projected shortages, so the workforce of the future better reflects the community it is serving, is trained appropriately and is able to achieve better work/life balance.

Data systems which are of better quality and more integrated both within and between Tier 1 and Tier 2 (hospital, specialist and diagnostic services), are a prerequisite for implementing models of care which effectively use technology and best practice to provide better care and access for customers.

Major facilities and equipment in the system need to be managed within a national asset management plan, with transparent decision making, within a longer term capital funding path which encourages system-wide over local prioritisation.

Moving towards final recommendations

Clearly this summary cannot do justice to the breadth of input and analysis incorporated into the body of the report. It does however point to the direction of the work the review will be focusing on during the next phase of its deliberations.

The interim report details a number of questions which need answers before recommendations for action can be finalised. The process now will be to engage again to develop that detail.

The challenge and opportunity now is to build on the foundations of the existing system and leverage the commitment of those involved, and the service and innovations delivered, to create a more responsive, equitable and adaptable health and disability system.

Directions for change

Hauora Māori

Māori as Tiriti / Treaty partners have not been well served by the health and disability system. Despite many good examples of kaupapa Māori services proving their effectiveness, the system overall has not delivered Māori health and wellbeing outcomes that are fair.

While issues relating to Māori health are addressed throughout the report, key issues include:

RECOGNISING THE TIRITI / TREATY RELATIONSHIP

The Panel believes a health system tailored to meet the needs of all New Zealanders must:

- *Fully incorporate te Tiriti o Waitangi / the Treaty of Waitangi to provide a framework for meaningful and substantive relationships between iwi, Māori and the Crown and recognise the importance of considering the heterogeneous realities of Māori and kaupapa Māori aspirations*
- *better meet its obligations regarding the health of Māori communities and embed rangatiratanga (authority, ownership, leadership) and mana motuhake (self-determination, autonomy)*

EMBRACING MĀTAURANGA MĀORI

The Panel recognises that the New Zealand health and disability system has evolved with a strong western medical tradition. The inequities which have arisen for Māori from this system cannot be fully addressed without ensuring that going forward the system also embraces the Māori world view of health

The Panel recognises that progress has been made in incorporating mātauranga Māori into many of our practices but there will need to be an ongoing and deliberate policy to ensure that practice continues to grow and that kaupapa Māori services are more readily available.

Governance and funding

The function of the health and disability system is to improve the health and wellbeing of the population it is set up to serve. Too often in the past, the way the system has been designed or managed appears to have been driven by the interests of the system rather than the interests of those most in need of help. Inequitable outcomes have been the result.

The Panel is strongly of the view that priority for change must be given to areas that will most benefit those who are currently least advantaged.

A MORE COHESIVE SYSTEM WITH CONSISTENT AND EFFECTIVE LEADERSHIP

- *The Panel believes that while the shape of the particular structures within the health system are important, they are not the key reason for the lack of effective performance.*
- *If New Zealand is to develop a system that operates effectively with equitable outcomes throughout, it must first operate as a cohesive, integrated system that works in a collaborative, collective, and cooperative way. Behavioural and attitudinal changes are needed. These changes need to be led from the centre and applied consistently throughout the system.*
- *To this end, the Panel believes a clearly defined set of values and principles that appropriately reflects the diversity of cultures and Māori as tangata whenua should guide the behaviours and operation of the entire system.*

A CLEARER DECISION-MAKING FRAMEWORK

- *The Panel believes a clearer decision-making framework is needed across the system that allows decisions to be made in a timely manner, made at the appropriate level, and enforced effectively.*
- *Decisions should support the best use of available resources across the whole system, rather than being driven by the interests of a region, discipline, or organisation. Governors should be responsible (and held accountable) for both local and system-wide impacts.*

COLLABORATIVE LONG-TERM PLANNING

- *The Panel strongly believes that the lack of mandatory longer-term integrated planning throughout the system makes it impossible for communities or government to have confidence in the effective performance of the system. Planning needs to be strategic and undertaken within a system-wide framework.*
- *Effective strategic planning will require more systematic community and stakeholder engagement, both within the health and disability sector and intersectorally. Such engagement will be necessary in both the development and implementation of plans. Iwi and Māori must be fully involved.*

A SYSTEM THAT IS LESS COMPLICATED

The Panel recognises that the health and disability system will always be complex, but believes the objective should be to make it less complicated with fewer, not more, agencies.

CONSUMER REPRESENTATION

The Panel believes that if the system is to be reoriented so it purposely focuses on the needs of the community it is serving, communities need more effective avenues for guiding the direction of health service planning and delivery. The Panel has not formed a definite view on whether DHB elections are an effective or an essential way of achieving this.

ACCESS TO ENHANCED ANALYTICAL AND BACK-OFFICE FUNCTIONS

The population and geographic sizes of the current DHB regions vary significantly, yet all DHBs are mandated to perform the same range of functions. The Panel believes that before deciding the solution is to have fewer DHBs, it is worth considering whether the system as a whole should provide more analytical or back-office functions to smaller DHBs in other ways.

MORE FUNDING ALONE IS NOT THE ANSWER

The Panel recognises that there will always be worthwhile ways to spend more money within a health and disability system and that the relatively slow growth in expenditure in recent years has added to stresses within the system.

Projected changes in demographic and disease profiles mean demand for health services will continue to grow strongly, which, along with recent adjustments in staffing costs, will require further increases in the overall funding envelope over time, even with improvements in efficiency.

The Panel recognises however, that increasing funding alone will not guarantee improvements in the equity of outcomes. The Panel's initial focus is, therefore, on how the system could operate differently to make better use of whatever financial resources are available to it.

The Panel also recognises that previous funding levels have not been the sole cause of the system continually running financial deficits and believes accountability mechanisms need to change to hold the system more accountable for staying within future funding paths.

Population health

For the system to be more effective in the future, population health needs to be recognised as a foundational element for the entire system. This requires that capacity is both increased and better integrated across the system, and that the system operates more effectively with other sectors.

POPULATION HEALTH IS FUNDAMENTAL TO THE SYSTEM

- *The Panel believes that the focus of the system needs to be much more on the population, not just the individual who presents for treatment.*
- *Communities need to be more actively engaged in needs analysis and system planning. Greater emphasis on intersectoral work is also necessary to properly address the wider determinants of health.*
- *A continued focus on the basics, such as clean water, immunisations, and the provision of robust emergency preparedness capacity able to react immediately at the local level, will become more, not less, important as issues such as climate change and antimicrobial resistance, have an increasing impact.*
- *The Panel is well aware of ongoing debates about the desirability or otherwise of recreating a standalone Public Health Agency and consideration of which functions are best undertaken nationally, regionally, and locally. Further analysis and input from stakeholders is needed before we reach a view on this.*

Tier 1

Strengthening the role that Tier 1 services play in the system is critical. This view has been espoused for over 20 years, but progress has been limited. Equity is a priority and New Zealand needs to be more ambitious with Tier 1 services, as there is good evidence that enhanced Tier 1 service delivery can improve equity and support health and wellbeing for Māori and others for whom the current system is not working.

The system is very fragmented with 1000s of provider organisations operating under different pricing and access arrangements. In many instances, service delivery arrangements have not considered the burden of chronic disease, comorbidities and mental health issues that now exist in communities. Nor have these arrangements kept pace with how New Zealanders expect to be able to access services or the health information for themselves.

SYSTEM DESIGNED FOR THE CONSUMER AND THEIR WHĀNAU NOT THE PROVIDER

- *The measures of value and cost the system uses needs to reflect much more what consumers and whānau value, not simply what the system deems important.*
- *Services should be established where they best suit the community (now and into the future), rather than allowing the location of services to be determined by the preference of providers alone. More services also need to be available for longer hours.*
- *The system needs to be better integrated so patients can move more readily through it.*

PROMOTING WELLNESS

- *Refocusing the system on promoting wellness rather than principally treating sickness also requires changes in attitudes and for health promotion and behavioural health services to be a much more integral part of the system. A bigger role for Population Health services will be essential in this.*

MULTIDISCIPLINARY COLLABORATIVE TEAMWORK THE NORM

- *A more determined effort is needed to embed more collaborative approaches to service provision, particularly if we are to address the equity issues experienced by Māori, Pacific peoples, disabled people, people living in rural communities, and other vulnerable populations. The sector needs to be less dominated by standalone service providers and be more driven by community-focused, integrated service provision hubs. A culture of collaboration between providers should be encouraged.*
- *The approach of general practices and community pharmacies being largely funded on the basis of throughput is unlikely to be appropriate in areas where the emphasis needs to be on encouraging behavioural change and early intervention.*
- *Different approaches need to reflect not only different business models but also different cultural perspectives.*

ENABLING MĀORI TO PROVIDE BETTER SERVICES FOR MĀORI

- *Māori must have the right to access and develop services that appropriately recognise whānau rangatiratanga and are culturally appropriate. This will require both more Māori providers and more Māori involvement in the governance, planning and development of the system.*

LEARNING FROM RURAL COMMUNITIES

- *For Tier 1 services to be effective, they need to be designed to support the community they are serving. The Panel observed positive examples of rural communities using technology and more flexible working arrangements to provide more comprehensive service coverage. We believe many lessons can be learnt from these examples and applied to make urban services more effective and efficient.*

CLARITY OF MANDATE AND ACCOUNTABILITY

- *The system gives both DHBs and PHOs responsibilities for promoting health and wellbeing for their populations. This sometimes leads to a constructive working relationship between the two and sometimes leads to neither accepting real accountability. Achieving more integration and more effectiveness will require either fewer layers of accountability or that the system is clearer about where accountability for producing results lies.*

CHANGING FUNDING MECHANISMS

- *Dependence on funding mechanisms that incentivise throughput needs to be reduced, and the first priority for change needs to be improving services to the populations for whom the current system is not working well.*
- *Similarly, the lack of any systematic process for determining which services qualify for public funding and which do not needs to be revisited.*
- *The current mix of funding regimes, which leads to a plethora of different charging regimes for consumers, needs to be rationalised so the imposition of charges in some parts of the system does not distort the ongoing development of more holistic services.*

BETTER DATA MANAGEMENT

- *All data generated across Tier 1 services should be covered by system stewardship agreements. These agreements would facilitate shared decision making and more coordinated service delivery and give consumers greater confidence that all providers can access their relevant information.*

Disability

Better health, inclusion, and participation of people with disabilities must be a priority for action across the whole health and disability system. Increasing numbers of people are living with disability, and more disabilities are being recognised. The system needs to gear its ability to respond to disability becoming more of a norm.

LIVING WELL AND PREVENTION

- *A focus on living well and preventing the exacerbation of disability should be a priority. This will require more integration both within the system and across other parts of government. Promoting living well for everyone, with and without disability, and preventing different abilities and health conditions from becoming disabling, need to be the focus.*

MORE VISIBILITY

- *All people with disabilities have health conditions and/or health care requirements at some time. The Panel believes disability needs to be much more visible at a system level, so the health outcomes of disabled people are properly focused on.*
- *Better data collection and information use, greater inclusion and participation of disabled people through all levels and parts of the system, and better service and workforce development are fundamental.*

SYSTEM LEADING BY EXAMPLE

- *The Panel's view is that, as the largest employer in many regions, the system should lead in employing people with disabilities. Boosting employment of disabled people overall may be the single biggest contributor to improving wellbeing of disabled people. Bringing their skills to the workforce in health will also make the sector more responsive, adaptive, inclusive, and reflective of the community.*

WHĀNAU AND CARER SUPPORT

- *Disabled people are members of families, whānau, and communities. Addressing whānau and carer needs should be an integral part of all aspects of disability service assessment and provision.*

MORE JOINED-UP INFORMATION, ADVICE, AND SERVICES

- *The Panel believes that delivering a transformed disability support service using Enabling Good Lives principles may improve the future for many disabled people, but this will require focused leadership and change.*
- *There will continue to be a large number of people with disabilities for whom other parts of the health or wider government system are the main point of contact. Interface issues across the system and historical boundaries that no longer seem relevant need to be addressed and greater flexibility introduced.*

Tier 2

The need for high-performing Tier 2 services will continue to grow for the foreseeable future, as the burden of chronic disease grows and the number of people living longer with multiple comorbidities increases. This will include the need for both hospital-based services and specialist services delivered in outpatient, community, and virtual care settings.

BETTER PLANNING

- *The Panel is strongly of the view that a nationwide long-term health service plan needs to be developed and refreshed regularly. This plan would address which services should be provided nationally, regionally and locally.*
- *Further analysis is needed to determine the level of specificity this plan should include, but it needs to be able to inform and guide investment and disinvestment decisions across workforce, digital technologies, facilities, and other infrastructure.*

QUALITY IMPROVEMENT

- *The Panel believes that continuous quality improvement needs to become a much more prominent driver of service design and delivery. Achieving this will require more transparency and sharing of information about variation in performance, quality, and outcomes with providers and consumers. Clinical leadership, in both design and implementation, will be essential, as will be the need to respect and incorporate cultural values and consumer input.*
- *The system will need to become more transparent and evidence-based, leveraging international thinking where appropriate, to improve decision making regarding what and where new investment and disinvestment should occur.*

A NETWORKED SYSTEM

- *It will be essential, in the future, that all hospitals and specialist services operate as a cohesive network on behalf of the patient and the system, with clearly differentiated responsibilities as appropriate.*
- *For the system to become more responsive to consumer expectations, hospitals and specialist services will increasingly need to function on a 24/7 or extended hours basis for a wider range of services.*
- *Rural Tier 2 service delivery models will need to be supported by enhanced remote access to specialist services, enabling a wider variety of planned services to be accessed locally. The system also needs to be designed to reduce the need for patients to travel to outpatient clinic appointments and to better support generalist-led models of care for rural communities.*

Workforce

Workforce pressures are significant and need to be urgently addressed by ensuring both better planning for future supply and more flexibility in training to prepare for different roles. Workforce practices will need to provide better work / life balance in the future.

CHANGING SKILL MIX

- *The types of work and the balance of demand for different skills is changing rapidly, yet our training methodology is very rigid. The Panel believes the sector needs to be both more open minded about how services might be provided and more flexible about the range of qualifications needed to perform various tasks.*
- *We need to improve communication between tertiary education providers, professional bodies, the Ministry and DHBs in order to undertake more effective workforce planning and supply management. This will need to be centrally driven.*
- *Growing the workforce is not just a tertiary education issue. We should be actively influencing secondary school students to attract them into the health workforce and support them to be successful. Taking a strategic approach to growing our kaiāwhina workforce over the next 5 years will be a key to achieving a step change in the ways in which we are able to deliver services.*
- *Our digital and data capability needs to be invested in significantly, both in terms of building the skills of our current workforce and also creating new roles to support changed ways of working.*

BEING A GOOD EMPLOYER

- *The system could have a significant impact on the health and wellbeing of our entire population both by being a good employer and by ensuring the system workforce properly reflects the population it is serving.*
- *Leveraging the system's ability to create employment opportunities for those who have traditionally found it hard to find employment (particularly those with mental health conditions and disabled people), and growing the Māori and Pacific workforce is a must.*

CHANGING CULTURE

- *Changing demographics along with increasing comorbidities, and technologies, will continue to increase the demand for all parts of the system to act in more multidisciplinary, collaborative ways. The need to be able to provide services where they are most needed by consumers and in ways which are most accessible, will also require flexibility on the part of the workforce. Ensuring such behaviours are the norm rather than the exception will be essential.*
- *There are currently many different employers within the system and employees working for multiple organisations. While the Panel believes that the system should continue to consist of a variety of different business models it will be important that there are explicit measures in place to ensure conflicts of interest are properly managed.*
- *The presence of multiple employers, managing multiple employment contracts, with significantly different conditions can create constraints to optimising the effectiveness of the workforce and the efficiency of training, from a whole of system perspective. These impacts will need to be managed more effectively.*
- *Existing workforce strategies promote a strategic relationship between our key unions and the employers but there is little evidence of this being an effective partnership. Building a more collaborative workforce will require unions and employers to buy into different ways of working.*

Digital and data

Advances in digital technologies have huge potential to enable an information-rich, data-driven, people-powered approach to health care and to support the health sector in achieving better outcomes. New technologies such as genomics, artificial intelligence, and digital medicine are already transforming healthcare services, and other digital technologies, such as mobile, social media, cloud services, and analytics are changing the way healthcare services are delivered and consumed.

Good data needs to be one of the foundations of the health and wellbeing system. It enables consumers and providers to access and share information, plan, and make decisions about appropriate care. It can also help consumers to take control of their own health and wellbeing. For organisations and government, good data supports better decision making and planning, drives research and innovation, and enables monitoring and measurement of outcomes.

ROBUST AND ACCESSIBLE DATA

- *The system is becoming increasingly dependent on data and digital solutions. The Panel believes that the system needs to be better informed at every level by robust and timely data that is readily accessible to all who work in the system and all who use the system. Better data and more use of digital solutions is not only a necessity but it also provides an opportunity to free up clinician time to focus on more caring and to support those people who wish to use technology to help take greater control of managing their own health and wellbeing.*

STRONG LEADERSHIP TO DRIVE DATA STANDARDS AND OTHER MANDATES

- *The Panel believes that implementation of data standards, data stewardship, identity management, and interoperability must be accelerated. This will require strong national leadership, but will be essential for improving effectiveness and supporting collaborative and team-based working.*

DIGITAL LITERACY AND NEW WAYS OF WORKING

- *The Panel supports digital development at every level of the system. Training in new skills and ways of working will need to be embedded in an overall workforce strategy and development plan. New roles, such as for data analysts, will be required, and the system will need to make these roles attractive, as demand will be significant across the economy.*

Facilities and equipment

A significant volume of health capital investment will be required over the next 10 years to address issues associated with assets that have not been adequately maintained and/or are not fit for purpose. Investment will also be required to support new models of care and to accommodate demographic pressures including a reorientation toward Tier 1.

The Panel heard considerable frustration with current processes, including concerns about convoluted decision-making processes, the impact of the capital charge regime, and a lack of capacity and capability in the sector to manage and deliver major health capital investment projects.

MANAGING TO A SYSTEM PLAN

- *The Panel is of the view that future major capital investments decisions should demonstrate consistency with the long-term health service plan and follow a consistent decision-making process for facilities, major equipment, and digital technology.*
- *Capital planning should not be based on a one-year budget bid process. A longer-term rolling plan should be developed that is based on a prioritised, robust pipeline that will deliver the medium-term and longer-term service requirements.*
- *Links between system planning and local and district planning should be strengthened, and health infrastructure planning should be considered more routinely alongside local government, education, and transport planning.*

ASSET MANAGEMENT

- *The Panel believes that asset management planning processes must be strengthened to ensure that sufficient investment is made to maintain current infrastructure and replace major equipment, while also future proofing for new models of care and capacity growth.*

DELIVERY OF MAJOR CAPITAL PROJECTS

- *The Panel is of the view that processes for developing and approving business cases need to be streamlined so decisions are made in a way that minimises the time and expense incurred in progressing proposals that are unlikely to be accepted.*
- *The current distributed model for the design and delivery of capital projects is ad hoc, is expensive, and may not be sufficient or appropriate to meet the scale of investment required.*
- *Other jurisdictions have centralised these functions, and work is under way in New Zealand to explore such an option. The Panel believes there are potential gains to be made in this area and supports more work being done.*

Next steps

This Interim Report does not provide final recommendations of the actions needed to improve the performance of the system or the equity of outcomes from the system.

The purpose of the Interim Report is twofold. To reflect back to the community and the sector what the Panel read, heard, and observed about the main issues affecting sector performance and the things that are working well that we can learn from. Second to indicate the directions of change the Panel believes are necessary.

This report should contain few surprises. We observed a high degree of consensus on the issues preventing the system being as effective as it could be.

There is much less consensus on the best way forward.

The reality is that the world is rapidly changing. Changing demographics alone will increase demands on the system making it unsustainable unless it operates very differently in the future.

Consumer expectations are changing. New technologies, climate change, increasing comorbidities, and growth in antimicrobial resistance etc are happening whether the system changes or not. But their impact on system performance for the least well off will be hugely different, depending on what actions are taken now.

Phase Two of the review will, therefore, focus on developing recommendations for the key changes that can best move the system towards more sustainable and fairer performance. We have indicated throughout this report the direction the Panel believes those changes should take, and these are set out below.

Developing our final recommendations will require us to answer specific questions in each of our focus areas. These questions include, but are in no way limited to, those set out in the next sections.

Settings

The Panel is clear that a more integrated health and disability system is needed that operates within an agreed set of values and principles, with clear decision frameworks, national long-term planning, and explicit accountabilities. The Panel is also clear that the mana of Māori as Tiriti / Treaty partner with the Crown must be reflected in the way the system is governed and in how and what services are provided.

Issues which need further analysis and discussion however include:

- In taking a Tiriti / Treaty based approach in health, what are the implications for the role of Māori and iwi in leadership, governance, and decision making at national or local levels and how should these roles be provided for?
- What is an appropriate set of values and principles to guide the operation of publicly funded health and disability services in New Zealand?
- How does New Zealand build leadership in the system and enforce real accountability for performance at all levels?
- Where should responsibility for developing and implementing the system-wide long-term plan lie?
- What should be the balance between national decision making to guide the entire system and local autonomy to ensure services are designed to meet the needs of all communities?
- How can local communities have a meaningful say in how their services are planned and provided?
- Is continuing with governance by majority-elected boards, the most effective way to improve accountability or foster real community engagement?
- Is the best way to achieve more efficiency and more equitable outcomes within available resources to have fewer DHBs, DHBs with different functions and/or more sharing of resources at regional or national level?
- Should development of the health and disability system into a cohesive, integrated system with greater clarity of mandate, be driven centrally by the Ministry of Health or by a different agency?
- How should funding regimes change to provide more predictability to providers, more accessibility to consumers, and more accountability to government?
- How do we ensure that the mix of public and private business models engaged in the sector operate more effectively together, better manage conflicts of interests, and result in a mix of service provision that improves equity of outcomes?
- What accountability mechanisms should be applied to ensure both improved health outcomes and financial balance are achieved over time?

Services

For many years, various health strategies have promised more emphasis on population health and early intervention to shift the focus from treatment to health and wellbeing. However, despite many good examples of local initiatives changing how services are designed and provided for small groups, there is no evidence of a large scale or sustained movement away from a treatment focus towards a prevention focus. Nor is there evidence of the wellbeing of individuals and communities being recognised as the main factor that should be driving the design of service provision.

The Panel is clear that progress for those individuals and communities who are currently missing out in the system, hinges crucially on two things happening. First, services need to be funded and provided in a way that enables them to be designed around the wellbeing of the individual and their whānau, rather than primarily the interests of providers. Second, services need to be available to all on a fair basis, so that where you live, your degree of disability, or your ethnicity is not a determining factor in the quality of care you receive.

Issues which need further analysis and discussion in these areas include:

- If population health is to be more central to all planning and delivery in the system, should this change be driven by the local DHB or at a regional or national level?
- How do we ensure that what the consumers value is accorded highest priority?
- How do we ensure that Māori communities have access to appropriate kaupapa Māori services?
- How do we ensure that mātauranga Māori is properly reflected in service provision?
- How should the co-payment regimes and eligibility criteria for access to various Tier 1 services be rationalised?
- Given the desire for more reliance on integrated community health hubs, how should these be funded?
- Do PHOs in their current configuration add value to the provision of services?
- Given the increasing numbers of people living with some disability, how can further fragmentation of the systems designed to provide support be avoided?
- How do we increase the visibility of the needs of people with disability to ensure the system properly addresses their health needs as well as needs for disability support?
- How can better use be made of technology and local resources to ensure that rural communities have access to a full range of services?
- How can continuous improvement be embedded firmly into hospital systems with clinicians actively involved and accountable for building a networked system so the public has confidence that best practice will be applied throughout the country?
- Who should be accountable for decision making about new technologies, new services, and the development of guidelines and pathways and for setting thresholds for treatments? How can international work be incorporated and localised?
- How does New Zealand ensure its system of hospitals operates effectively as a network that delivers a fair distribution of complex services and better support to the provision of local services in smaller hospital and community settings?

Enablers

The health and disability system workforce is the foundation on which the system is built. But the workforce is under considerable stress because of a shortage of supply and the prospect of ever-increasing demand for health and disability services. While technology offers an opportunity for positive change in the way services are provided, it will never remove the need for good interaction between health workers, consumers and their families and whānau.

For the workforce to be effective in the future, various enablers need to be strengthened. Principal among these is for the system to produce and use much better data. The future of the system, as with all other sectors, is largely digital, but the ability to apply that technology effectively depends on data systems being up to scratch. Our report suggests this is not the case at the moment, so priority needs to be given to improving data collection, analysis, and stewardship and to making technology systems properly interoperable.

The health and disability system is always going to need a significant amount of capital investment to provide the population with access to modern, safe, and appropriate facilities. The recent history of capital and infrastructure management in the system is not impressive, and there is little confidence in the transparency or credibility of the decision-making mechanisms. The Panel is clear a national asset management plan and a long-term investment strategy are needed as part of the long term service plan.

Many issues need further analysis and discussion. These include:

- How can the strategic partnership between unions and sector employers be strengthened so the system can operate in ways that best suit the needs of consumers while at the same time protecting the rights and wellbeing of workers?
- How can training and regulatory regimes be developed so the workforce can gain and use the skills needed to adapt to the changing demand for services?
- How can the workforce of the future become more representative of the communities it is serving?
- What needs to change to make multidisciplinary teamwork the norm rather than the exception?
- How can data stewardship regimes be put in place to give all communities the confidence that their data will be protected and used appropriately and according to their permissions, while at the same time allowing appropriate sharing of information throughout the system?
- How can work done in other jurisdictions in regard to data standards, identity management, interoperability, and the like be best used?
- Would a centralised model for infrastructure projects be more effective?

What happens next?

The questions above are illustrative, not exhaustive, and the questions cannot be answered by the Panel alone. The process from here will involve the Panel calling on people in the sector to work with it on various working groups to come up with more detailed options.

Many groups have already submitted quite detailed proposals, particularly relating to possible configuration of Tier 1 services, and the Panel intends to use these as a base to develop further.

As options are developed, further opportunities will be provided for interested parties to comment before the next report is finalised in March 2020.

Exclusion of the Public: Local Government Official Information and Meetings Act 1987

Recommendation

That the public be excluded from the following part(s) of the proceedings of this meeting.

C9.1 Great South - progress update and upcoming process

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Great South - progress update and upcoming process	s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.