



# **MBIE's Pacific Economic Strategy 2015–2021**



**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HĪKINA WHAKATUTUKI



New Zealand Government

[www.mbie.govt.nz](http://www.mbie.govt.nz)

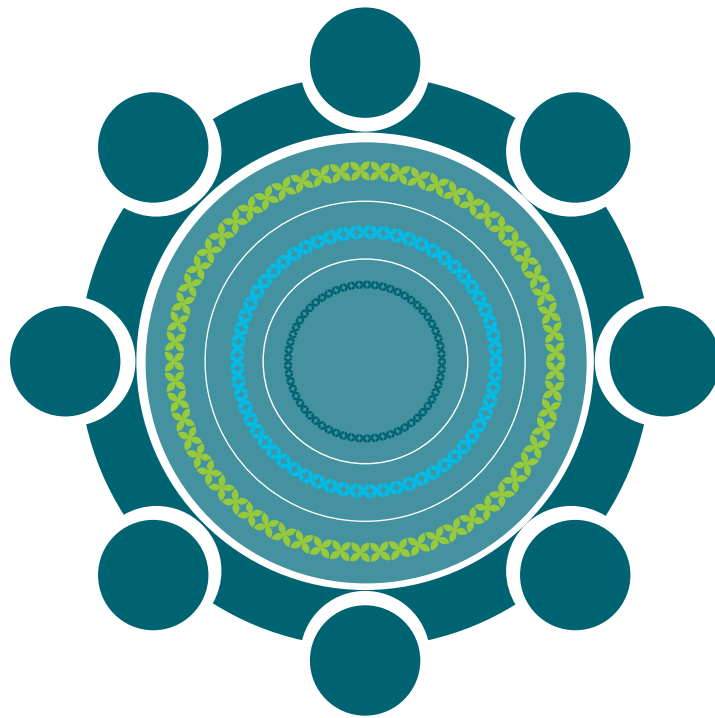
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## LE TANOA PASEFIKA

The art on the cover of the strategy is a graphic representation of a tanoa. The tanoa is a symbol of unity and collaboration. It is used throughout the Pacific for kava ceremonies which are sacred rituals in Pacific countries. Gathering around the tanoa for ceremonial or social settings is an opportunity to discuss, share and debate ideas and issues that are important to Pacific people. This strategy is offered in that same spirit of engagement and collaboration.

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## Chief Executive's Message

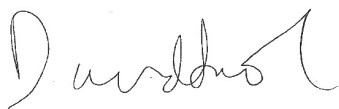
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Tena koutou, talofa lava, kia orana, malo e lelei, malo ni, fakaalofa lahi atu, ni sa bula, halo olgeta, aloha, mauri and warm Pacific greetings.

In 2012, the Ministry of Business, Innovation and Employment (MBIE) set an ambitious goal to increase the median real household income 40 per cent by 2025 as part of our vision to *Grow New Zealand for all*. In dollar terms, that means increasing the median New Zealand household income from around \$1,300 to \$1,800 a week.

It is important that on this journey all parts of New Zealand's diverse communities are able to contribute to their full potential and enjoy the benefits of economic growth. Pacific people are playing an increasing role in the New Zealand economy. As the Pacific population grows, so does its potential to make a material contribution to New Zealand's economic goals. To achieve this goal for New Zealand, it makes sense for us to look at what we can do to support Pacific communities' economic development.

Our broad scope of influence, our scale and our desire to grow the economy, means we are well placed to identify and deliver on what can make the greatest impact for Pacific people. The Ministry is committed to this work and we invite others to join us in supporting MBIE's Pacific Economic Strategy.



**David Smol**  
**Chief Executive**

**Ministry of Business, Innovation and Employment**



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# Introduction

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As the Pacific population grows in New Zealand, so does the potential of the Pacific community to make a material contribution to the country's economic goals. As one of the lead economic agencies, it makes sense for us to look at what we can do to support Pacific communities' economic development. We are clear that we need to both direct current effort to areas of most impact as well as bolster our efforts to support Pacific economic development. The purpose of MBIE's Pacific Economic Strategy (the Strategy) is to provide clear direction towards how we can support Pacific people to participate and share in New Zealand's economic success.

The Strategy explicitly aligns Pacific economic outcomes with broader Government goals (such as the Business Growth Agenda and Better Public Service Targets) and provides a mechanism to measure progress. The Strategy provides the direction for action and the framework for monitoring MBIE's work programmes that have the greatest potential to accelerate Pacific economic outcomes. Using this approach, the following are the key economic outcomes pursued by the Strategy:

- › more sustainable job opportunities for Pacific people
- › more affordable and suitable housing for Pacific people
- › more sustainable Pacific-owned businesses

The Strategy also provides a platform for bringing together existing information about Pacific economic development to assess opportunities for growth and innovation. The document incorporates Pacific perspectives and aspirations to contribute meaningfully to growing New Zealand for all.

The establishment of a strong Pacific Strategic Think Tank, and working closely with the Ministry of Pacific Island Affairs' interagency Senior Pacific Officials Group, has been integral to the Ministry of Business, Innovation and Employment (MBIE) developing this Strategy. This process has ensured good public sector alignment and expert community involvement.



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## Our context: the case for change

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### **New Zealand's special relationships with Pacific countries**

New Zealand plays an important role in the Pacific region due to its historic links and relationships with Pacific countries. New Zealand has a Treaty of Friendship with Samoa which reached its 50th year Anniversary in 2012. The Cook Islands and Niue enjoy full self-government in free association with New Zealand, while Tokelau is a non-self-governing territory of New Zealand. This means that all Niuean, Tokelauan and Cook Island people are citizens of New Zealand and enjoy the same rights and responsibilities as all other New Zealand citizens.

New Zealand also has bilateral and multilateral economic agreements with Pacific nations such as the Pacific Agreement on Closer Economic Relations (PACER plus) that aims to create jobs, enhance private sector growth, raise standards of living and boost economic growth in Pacific Islands Forum (PIF) countries.

### **Pacific migration**


Pacific migration into New Zealand has been part of the New Zealand landscape since the 1950s. Many Pacific people maintain strong links to their country of origin, including financial links through remittances. Research shows that income of new migrants tends to take time to converge with the national average. This is often due to the time it takes for new migrants to gain new skills and qualifications, and to become familiar with the new social, economic and cultural environment. Ensuring that immigration settlement policies are designed to reduce the length of time that migrants take to find suitable jobs and settle successfully into life here will help to provide opportunities for migrants to more easily contribute to New Zealand's social and economic development.

### **A flourishing Pacific culture**

Pacific people are a diverse population group with distinct socio-cultural, economic and linguistic histories. The majority (60 per cent) of Pacific people living in New Zealand were born here which is very different to the 1950s and 1960s when most Pacific people were born in the Pacific Islands. This changing dynamic creates a broad set of perspectives and experiences that characterize Pacific communities.

There is no one set of values that can fully capture the rich cultural tapestry of the Pacific. There are, however, a number of enduring cultural values that have become commonly associated with Pacific world views and ideas in New Zealand. Some of these cultural values include an emphasis on collective responsibility and building consensus in decision making. Spirituality and the value of reciprocity are also seen as important values for sustaining relationships. The nurturing of positive relationships with self, others, the physical and spiritual world are at the centre of Pacific understandings of prosperity and wellbeing.

Pacific people are contributing in fields as far reaching as the fine arts to world class academic inquiry. The unique mix of cultural values, linguistic capabilities and diverse experiences present opportunities to strengthen Pacific people's competitive advantage in the workforce and business sector. These features provide opportunities to contribute alternative Pacific models of best practice and innovative solutions to New Zealand society.



## The growing Pacific labour force in New Zealand

The Pacific population is the youngest and fastest natural growing population in New Zealand. One in three births in Auckland is of Pacific heritage and the median age for Pacific people is 22 years compared with 38 years for all New Zealanders.<sup>1</sup>

Work undertaken for MBIE by the New Zealand Institute of Economic Research (NZIER) has identified that by 2026 Pacific people will make up a significant proportion of the New Zealand labour force, and potentially 30 per cent of the Auckland working population. The Pacific youth population also means increased contribution to the labour force past the year 2026.<sup>2</sup> The large Pacific youth population is a pool of potential that needs to be supported effectively in order to grow New Zealand's economy both now and in the future.

### Qualification and skills

Successful educational outcomes, improving skill-sets and addressing emerging skills shortages can positively affect earning potential and employment outcomes. Pacific educational outcomes and participation rates within tertiary education are improving.

However, Pacific people's tertiary participation is concentrated in lower level qualifications such as certificate courses and still have lower completion rates than their non-Pacific counterparts which can affect earning potential.

After three years in the workforce median annual earnings are 16 per cent higher for those with a diploma compared to level 1–3 certificates and 51 per cent higher for those with a bachelor's degree.<sup>3</sup> Building qualification and skill levels will help Pacific people to secure sustainable employment, as higher skilled workers tend to be more resilient through periods of economic and technical change.

### Employment and incomes

Employment is the primary driver of income levels for Pacific people. Whilst there has been a recent decrease in Pacific unemployment rates, they remain disproportionately high (11.8 per cent) when compared to the national unemployment rate (5.7 per cent).<sup>4</sup> The Pacific labour force is concentrated in areas of manufacturing and labouring. Manufacturing is an industry that has recently been experiencing aggregate decline.<sup>5</sup> There is, however, an increasing trend for Pacific people to be involved in skilled and professional occupations, making them the second largest sector of work Pacific people are engaged in.<sup>6</sup>

Pacific people's average weekly incomes are 34 per cent lower than the national average<sup>7</sup>, and have shown a declining trend over recent years.<sup>8</sup> Differences in qualifications (lower level), age (youthful) and sector (low skilled) of employment help explain much of the income gap. For Pacific people's income to converge with median household incomes (taking into account age differences) real wages would need to rise by 4.4 per cent per annum between now and 2025 – an extra 1.7 percentage points per annum on MBIE's goal.

1 Statistics New Zealand, (2014). Census 2013

2 NZIER, (2013). *Pacific Economic Trends and Snapshot*

3 Scott, D (2009). *What do students earn after their tertiary education?* Wellington: Statistics New Zealand

4 MBIE, (2015). *State of The Labour Market Scorecard – February 2015*

5 NZIER, (2013). *Pacific Economic Trends and Snapshot*

6 Pacific People's in the Labour Market 2014

7 NZIER, (2013). *Pacific Economic Trends and Snapshot*

8 MSD, (2014). *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2013*



## Pacific people in quality, suitable and affordable housing

Access to affordable, quality, suitable and stable housing is a key indicator of economic well-being. At the 2006 census, only 21.8 per cent of the Pacific population owned or partly owned their own homes compared with 53.2 per cent of the total New Zealand population.<sup>9</sup> This number has fallen to 18.5 per cent of Pacific people owning or partly owning their own homes at the 2013 census.<sup>10</sup> Low purchasing power is also reflected in the number of Pacific people who currently access community housing.

A large number of community housing tenants are Pacific people. This number is greater in Auckland where Pacific people are also likely to live in areas of household overcrowding.

## Pacific business and innovation

Creating a business environment that is able to nurture and capitalise on the unique ideas and skills of Pacific people provides opportunities to develop competitive advantage, and to create or access innovative new markets.

Traditional economic measures may not fully capture the complexity of Pacific people's economic activity. Further research is needed to provide richer information on how best to uncover and leverage Pacific people's economic resources. What we do know is that there are large groups of Pacific families, Pacific cultural trusts and churches that use communal land, buildings and financial assets as capital for a number of different, usually social, enterprises. Government contracting for services eg, health education and social services, plays an important role in the development of many Pacific enterprises.

Pacific business owners can also play an important role in providing economic opportunities more broadly for Pacific communities. A 2014 survey of Pacific businesses conducted by MBIE showed that Pacific owned businesses tend to employ Pacific people. Operating sustainable businesses or social enterprises has the potential to create more Pacific employment opportunities, career pathways and self-determination of economic success.

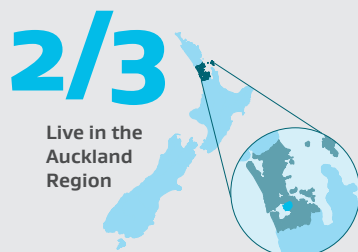
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9 Statistics NZ, (2014). 2006 Census QuickStats about housing

10 Statistics NZ, (2014). 2013 Census QuickStats about housing

## Statistics at a glance

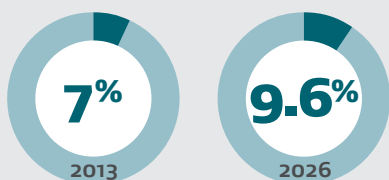
**300,000**  
Pacific people live in NZ



Of this Auckland population

**1/3** Live in South Auckland

### Growing Pacific population in New Zealand



Conservative projections forecast

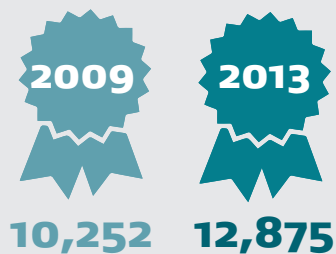
**13** different Pacific ethnic groups live in New Zealand

**22** is the average age of Pacific people in NZ – 38 is the national average

NZ's Pacific population is growing **3 times faster** than the national population



### EDUCATION



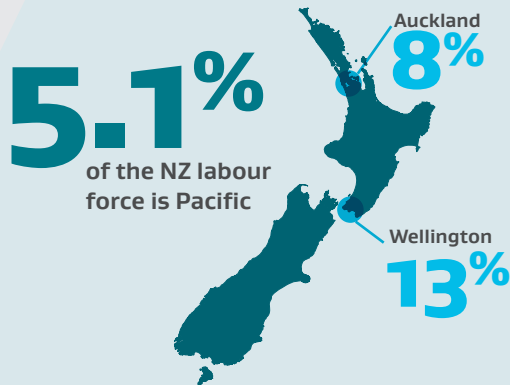
Pacific participation in level 4 and above tertiary qualifications has increased  
(ages 18–24 years)



In 2013, **Pacific students** accounted for **1 in 10** completed tertiary qualifications



## LABOUR MARKET



Pacific people's average **net worth** is an average of

**80%**

less than the national average in NZ

### Unemployment rate



## BUSINESS

**1.6%** of the NZ's Pacific population are either **self-employed** or an **employer**, of that, the majority of Pacific business are in...



Professional, Scientific & Technical Services



Transport & Warehousing



Construction

**400**

registered Charities with a Pacific specific component to their activities/services



Conservative estimates estimate they share a combined asset base of more than

**\$300 million**

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## The Strategy in practice: Spotlight on South Auckland

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The Pacific community in New Zealand is diverse and situated across a number of different geographical locations. Here we use South Auckland to demonstrate how the Pacific Strategy could be applied to one geographical area based on their specific context. This is where thinking differently taking a regional approach in determining the economic opportunities for Pacific people, and having an economic strategy to guide this thinking, is crucial.

Different Pacific communities across New Zealand will share varying aspects of the aggregate characteristics described in this document, similarly, their priorities and the outcomes they pursue will differ accordingly. South Auckland is one such region that can be easily used to illustrate this point.

South Auckland<sup>11</sup> is home to 101,937 Pacific people. Whilst nationally Pacific people constitute approximately 7.2 per cent of the population, and Auckland-wide they constitute 15 per cent, in South Auckland, they constitute 40.3 per cent of the total population. In local board areas like Mangere/Otahuhu Pacific people constitute over 60 per cent of residents.

The Strategy is poised to strongly support community, Auckland council, business and philanthropic interests to deliver economic growth, employment opportunities, better housing choices and build stronger communities in South Auckland. The high density of Pacific people in South Auckland and the preparedness of government to consider innovative approaches to economic development in the region present opportunities for greater cross government collaboration and high impact activity.

### Skills and employment

Pacific people in South Auckland show a concentration of participation in lower level qualifications with some progress being made towards increasing participation and achievement at higher levels of study. In recent years, a number of tertiary institutions have established and extended the facilities and range of services they provide to meet the needs of South Auckland residents including Auckland University of Technology's new Manukau Campus and Manukau Institute of Technology's Manukau Campus. A premium is placed on higher qualified employees, and this is reflected by the increased likelihood that they will earn above the region's median income.

However, South Auckland faces distinct challenges having the highest Pacific youth NEET<sup>12</sup> rate across the Auckland region. In this context, South Auckland becomes a prime site for tertiary education innovation and specific initiatives in response to this complex challenge, including increasing the connection to key employers in the area. There are local initiatives that are supporting this increase in connection between training, employers and wider communities. For example Māori and Pasifika trades training, with two South Auckland based consortia, and Counties Manukau DHB's programmes to increase South Aucklanders entering health professions by providing additional support and programmes for school students and their families.

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<sup>11</sup> South Auckland in this context includes the Local Board areas of Mangere, Otara, Manurewa and Papakura

<sup>12</sup> Not in Employment Education or Training

People in South Auckland are more likely to earn incomes of more than \$40,000 per annum working in secondary industry (i.e. manufacturing) than in any other set of industries, reflecting the industrial composition of the area. South Aucklanders working in Manufacturing however are lower skilled than other Aucklanders working in this industry. The sustainability of these opportunities and their potential to expand relies on the continued health of secondary industries in the area and that workers are supported to up-skill in the midst of ongoing technological change.

## Sustainable and suitable housing

Households in South Auckland are more likely to have more than one family resident within the same residence. This is a particular feature of areas within South Auckland that have higher Pacific populations. Pacific people also represent a large proportion of social housing tenants in South Auckland and have lower rates of home ownership (83 per cent do not live in homes they own or partly own). These features require close consideration as to how housing solutions can be designed to account for features such as, intergenerational living, affordable or suitable housing and support well integrated and functioning communities. The community housing developments that show partnerships between community, local and central government and the private sector in South Auckland represent a new way of thinking about Pacific housing solutions.

## Business and innovation

As a region South Auckland represents one of the fastest growing parts of the Auckland economy. Approximately 10 per cent of New Zealand's top 200 companies have their head offices based in South Auckland. It is home to Australasia's second largest airport. In 2013 the airport and its neighbouring businesses, added \$3.5 billion to the Auckland economy, employed more than 33,000 people, and helped lift the region's household incomes by \$1.9 billion. Furthermore, with diverse developments such as the Hayman Park Development, Te Papa North campus, FoodBowl Innovation<sup>13</sup>, and the improvement of transport to the area it is fast becoming a hub of business and innovation.

It is difficult to establish exactly how South Auckland's burgeoning Pacific population is contributing to and sharing in the benefits of these developments. What we know anecdotally however, is that a number of South Auckland based Pacific businesses operate as social enterprises<sup>14</sup> or in a consultancy capacity. These businesses often have a mix of both public and private funds that support service delivery. We also know that there are a number of Pacific churches that have significant financial, land and/or building assets that are leveraged to support community and church development. In a similar vein there are a number of ethnic specific groups that are established as trusts that have access to communally accumulated resources.

Within this mixed bag of business and enterprise there are significant opportunities for Pacific communities to capitalise on these assets to boost both social and economic development. With better access to government support there is great potential for Pacific people to enhance their economic contribution to South Auckland whilst developing their own social and financial capital.

<sup>13</sup> The FOODBOWL is an open access facility operated by NZ Food Innovation Auckland, part of the NZ Food Innovation Network; a national network of science and technology resources created to support the growth of Food and Beverage businesses, by providing both facilities and expertise. The FOODBOWL was designed as a facility where companies can produce commercial runs of new products for trial marketing and hence capitalise on both domestic and export opportunities.

<sup>14</sup> Social enterprises here are defined as initiatives that apply business strategies to achieve philanthropic goals. This includes the delivery of economic and social services, such as Early Childhood Education which are funded by the proceeds of commercial production or other sources. Surpluses are principally reinvested in the social/economic purpose rather than maximising profit for shareholders and owners"

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## Our role and where we fit

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MBIE's purpose is to *Grow New Zealand for all* to provide a better standard of living for all New Zealanders. Our overall target is to increase real household income by 40 per cent by 2025. We have set three supporting objectives:

- › to improve job opportunities for all, with unemployment falling below 4 per cent
- › to make housing more affordable in the form of a lower ratio of housing costs to income
- › to actively help businesses to be more competitive by doubling labour productivity growth to 2 per cent per year and to increase the value of exports to 40 per cent of gross domestic product.

To achieve these goals for New Zealand, it makes sense for us to look at Pacific opportunities and what we can do to support Pacific communities' economic development. Using this approach, the following are the key areas of focus for the Pacific Economic Strategy:

- › more sustainable job opportunities for Pacific people
- › more affordable and suitable housing for Pacific people.
- › more sustainable Pacific-owned businesses.

### Connections to other work

The Strategy supports the Government's priorities of building a more competitive and productive economy through creating jobs, raising incomes and building opportunities for young people. The Pacific Economic Strategy supports many of Government's Better Public Service results, such as, Result 1: Reducing long term welfare dependency, Results 5 and 6: Boosting Skills and employment, and Results 9 and 10: Improving interaction with government.

The development of the Strategy has included consultation with Senior Pacific Officials from across the public sector. Many of these officials, alongside key thought, business and policy leaders have been actively working on the Strategy through the Pacific Think Tank sessions over the past 18 months. The Strategy's collaborative design means that it easily aligns with other work across the public sector for example the Ministry of Education's Pacific Education Plan.

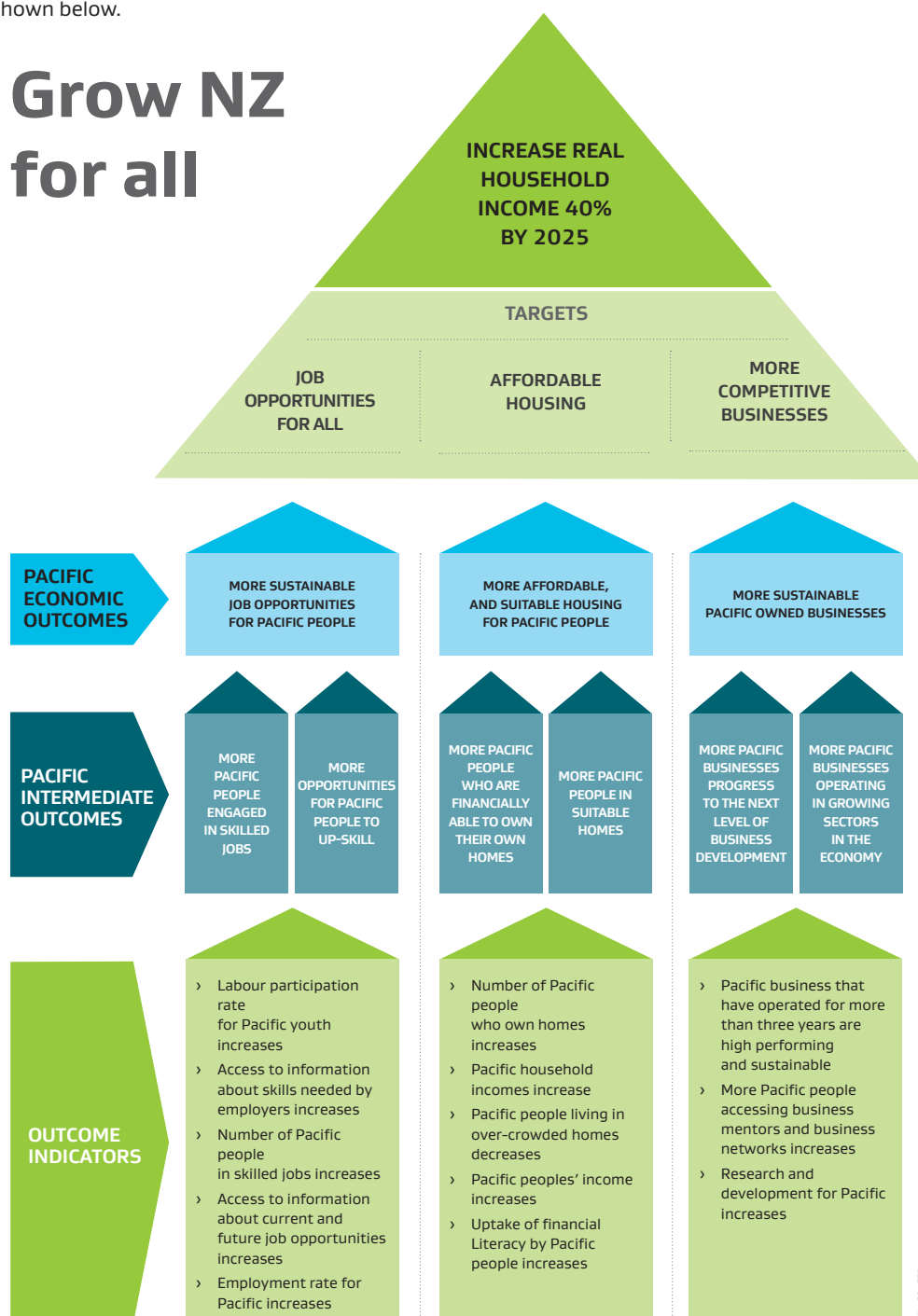


# Our approach

## The guiding framework

Using our MBIE overarching targets as a starting point, we worked with key stakeholders across the sector to develop our Pacific Outcomes Framework. They helped us identify the key areas where MBIE can make the biggest difference for Pacific communities' economic development – this is shown below.

## Grow NZ for all



## Breaking it down

### MBIE's key priorities

As a result of the consultation on the Pacific Outcomes Framework and the associated Pacific Economic Action Plan there were a number of themes and actions that will require MBIE to collaborate with others to effect change. From these discussions we heard the need to identify MBIE's top five priority areas for Pacific economic development. Our discussions with key stakeholders, analysis of available data as well as a pragmatic approach to what could be easily attributable to MBIE in the short to medium term lead to five key priority areas of work encapsulated in three primary outcome areas. MBIE's five priority areas of work include:

- › regulation of employment practices to ensure fair and safe employment environments
- › linking Pacific employees with employers and employer expectations
- › increasing the ability of Pacific providers to engage in the social housing sector
- › building Pacific people's financial capability and awareness of their consumer rights
- › supporting Pacific social enterprises and businesses to be sustainable.

### OUTCOME 1:

#### MORE SUSTAINABLE JOB OPPORTUNITIES FOR PACIFIC PEOPLE

At the national level, a highly-educated workforce boosts productivity and economic well-being. At the local level, people's physical, mental, and emotional well-being, as well as their income, are often better at higher education levels.

The educational participation and achievement outcomes of Pacific people have been steadily increasing, but are still below the national average. Despite some improvements in educational outcomes, Pacific communities still have the highest proportion of people that hold no formal qualifications. The Ministry of Education's *Pasifika Education Plan*, and *Tertiary Education Strategy* set out key actions required within the compulsory (primary and secondary) and tertiary education sectors to address part of this challenge.

MBIE's Pacific Economic Strategy links to these initiatives by connecting learners and their families to labour market opportunities, and by developing the policy conditions that promote increased labour market participation. However whilst progress is being made within tertiary participation and educational attainment rates, Pacific unemployment continues to be high particularly amongst Pacific young people.

| INTERMEDIATE OUTCOMES   | INDICATORS FOR SUCCESS  |
|---|---|
| <ul style="list-style-type: none"> <li>• more Pacific people engaged in skilled jobs</li> <li>• more opportunities for Pacific people to up-skill while working</li> <li>• more Pacific people gaining higher level tertiary education</li> </ul> | <ul style="list-style-type: none"> <li>• Labour participation for Pacific youth increases</li> <li>• Access to information about skills needed by employers increases</li> <li>• Number of Pacific people in skilled jobs and growth sectors increases</li> <li>• Pacific peoples' income increases</li> <li>• Pacific people's access to information about current and future job opportunities increases</li> <li>• Employment rate for Pacific people increases</li> <li>• Pacific migrants take less time to find jobs and settle in New Zealand</li> <li>• Increases in Pacific people engaged in post graduate studies</li> </ul> |



The following priorities have been identified as key areas that MBIE is either currently working in or where the greatest need can be met or impact can be achieved for Pacific people to reach sustainable job opportunities. In the short to medium term, MBIE can focus its efforts on the following areas of priority.

### ■ Outcome 1: Priorities

#### **Regulate employment practices to ensure fair and safe employment environments**

MBIE can have a direct impact on Pacific employment outcomes through its regulatory functions that help prevent exploitative employer practice, and through its work to improve employment conditions. Pacific workers on average earn less than their non-Pacific counterparts and are often in lower skilled occupations. These features of Pacific labour market participation often mean that Pacific workers are less likely to speak out about employer malpractice, particularly, if they are the sole income earner for their family and feel that their alternative employment options are limited.

MBIE's influence through its labour market regulatory function and work programme targeting exploitive employer practices can have a positive impact on Pacific workers' experience of work. Improving working conditions for vulnerable Pacific workers can play an important part in maintaining positive relationships in the work environment, ensuring Pacific workers remain engaged in the labour market, and by providing an atmosphere where up-skilling workers becomes a norm.

#### **Link Pacific employees with employers and employer expectations**

Anecdotal evidence suggests that Pacific workers need better support in order to access networks of influence that link them with employment opportunities by bringing them into direct contact with employers. These include linking Pacific people with employers in growth industry or areas where there are skill shortages.

The Māori and Pacific Trades Training initiative is an example of innovative engagement between Pacific employees, employers and education providers that enable positive and supported interactions between potential Pacific employees and employers.

As part of MBIE's immigration services work is being undertaken to link migrants and employers to enhance Pacific migrant's employment prospects. Learnings from this initiative will provide useful insights that can be used in similar initiatives in other areas to enhance employer engagement and Pacific labour market participation.

#### **Research and analysis of Pacific people's labour market participation and engagement**

More work is required to identify specific policy levers and settings that have the greatest impact on Pacific employment outcomes. This area of research is relatively underdeveloped but there is evidence that connecting Pacific workers with employers helps Pacific workers to understand what employers need and therefore better prepare themselves for the workforce. An employer's ability to better engage with Pacific people, and building working environments where Pacific people feel valued and included, have a positive impact on their continuing engagement in the labour market and earning potential<sup>15</sup>.

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15 Equal Employment Opportunities Trust, (2011). *Specifically Pacific: Engaging Young Pacific Workers*

## OUTCOME 2: MORE AFFORDABLE AND SUITABLE HOUSING FOR PACIFIC PEOPLE

Housing is a fundamental determinant of well-being, central to health, family stability and social cohesion.

Pacific people are more likely than the general population to be adversely affected by overcrowding, substandard housing and low levels of home ownership. These prevalent features of Pacific people's housing experiences provide some of the rationale and basis for providing housing solutions that cater specifically to Pacific communities. At the same time, new opportunities are emerging for Pacific organisations to play a greater role in developing housing that meets the needs of Pacific people as well as supporting Pacific people to be financially secure through better financial capability and skills acquisition.

| INTERMEDIATE OUTCOMES  | INDICATORS FOR SUCCESS   |
|--|--|
| <ul style="list-style-type: none"> <li>More Pacific people economically able to sustainably own their own homes</li> <li>More Pacific people living in suitable homes</li> </ul> | <ul style="list-style-type: none"> <li>Number of Pacific people who own homes increases</li> <li>Pacific household incomes increases</li> <li>Pacific people living in over-crowded homes decreases</li> <li>Uptake of financial literacy by Pacific people increases</li> </ul> |

### Outcome 2: Priorities

The priorities under outcome 2 are areas where we are either currently working, or where the greatest need can be met or impact can be achieved for Pacific people in order to enjoy affordable and suitable housing. In the short to medium term, MBIE can focus its efforts on the following priorities.

#### Increase the ability of Pacific providers to engage in the social housing sector

There is a clear rationale for focusing on Pacific people in social housing. Given the high concentration of Pacific people in this area particularly in South Auckland. One in four (25 per cent) of social housing tenants is a Pacific person. This number is greater in Auckland where Pacific people make up 40 per cent of social housing tenants. There is an opportunity for Pacific community organisations to explore social housing provision options in order to provide better wrap around services for Pacific people living in social housing, and to create a path to independence.

#### Build Pacific people's financial capability and awareness of their consumer rights

Financial capability is the ability to make informed judgements and effective decisions regarding the use and management of money.<sup>16</sup> Over time, increased financial capability can improve the housing options that are available to people. At present, Pacific people have the lowest (18.5 per cent) home ownership rate of any ethnic group in NZ (total population home ownership rate is 48.9 per cent). While there is limited data on the levels of financial literacy of Pacific adults, a 2014 OECD report found that 15-year-old Pacific students were lagging behind other students in their financial literacy performance.<sup>17</sup>

Improving financial capability can assist informed decision-making by consumers and improve confidence when making financial judgements. Anecdotal evidence suggests that certain lending practices, such as high interest rates and easily accessible loans, are having disproportionate and adverse effects on Pacific communities, further exacerbating low wage, asset poor households. More work is required to understand consumer behaviour amongst Pacific communities to assist in developing the correct policy settings going forward.

<sup>16</sup> Commission for Financial Capability, (2014) What is Financial capability? <http://www.cffc.org.nz/financial-capability/vision-and-values-3/>.

<sup>17</sup> Lynne Whitney, Steve May and Michelle Lamy. (2014) PISA 2012: Financial Literacy Report

**Protection of vulnerable tenants and landlords**

One of the practical steps MBIE can take to ensure Pacific people have access to suitable and affordable housing is through the security of tenure work that it is being undertaken. Security of tenure is a specific issue for Pacific people particularly in Auckland where the housing shortage is more pronounced than in other parts of the country. MBIE is well positioned to better inform Pacific communities of their tenancy rights and responsibilities as well as conduct research to better understand better housing solutions for Pacific people in New Zealand this could also alleviate pressures on the housing market.

## **OUTCOME 3: MORE SUSTAINABLE PACIFIC OWNED BUSINESSES**

In New Zealand, a successful business sector means thriving small business. The Small Business Sector Report 2014 notes 97 per cent of enterprises in New Zealand are small businesses and have fewer than 20 employees. These small businesses contribute 28 per cent to New Zealand's Gross Domestic Product. While they have higher birth rates than larger firms, they also have higher death rates. The acquisition of skills required to grow sustainable businesses is therefore critical for achieving this outcome.

For Pacific communities, ownership of business is an area of opportunity. Just 31 per cent of Pacific people report income from other sources such as self-employment and investments, compared with 66 per cent of the total population. Only 1.6 per cent (5,400) of the Pacific population are engaged in business (either self-employed, or as an employer). The majority (18 per cent) of Pacific businesses are in construction, 10 per cent are in Transport and Warehousing, and 9 per cent are in Professional, Scientific, and Technical services.<sup>18</sup>

| INTERMEDIATE OUTCOMES   | INDICATORS FOR SUCCESS  |
|---|---|
| <ul style="list-style-type: none"> <li>More Pacific businesses moving from 'start-up' to established and mature business</li> <li>More Pacific businesses operating in growth sectors of the economy</li> </ul> | <ul style="list-style-type: none"> <li>Increase in the number of Pacific businesses that have operated for longer than 3 years</li> <li>More Pacific people accessing business mentors</li> <li>Increase in Pacific business networks</li> <li>Increase in the number of Pacific people making productive use of business development tools and services</li> <li>Research and development into priority areas of Pacific economic development increases</li> </ul> |

**Outcome 3: Priorities**

Pacific sustainable business ownership has been identified as an area of aspiration for Pacific people. Within this context, the Pacific Economic Strategy will focus on the following areas of priority:

**Supporting Pacific social enterprises and businesses to be sustainable**

A 2014 MBIE survey of Pacific businesses showed that Pacific owned businesses tend to employ Pacific people. Supporting Pacific people to operate sustainable businesses or social enterprises has the potential to enable more Pacific people to create employment opportunities, establish career pathways and determine their own economic success. Access to capital and capacity building was also identified through a Pacific business survey as two of Pacific businesses biggest needs. It also showed that many Pacific businesses have low access of government tools and services. Facilitating access by Pacific businesses to existing services and commercial networks will help to stimulate the Pacific business sector.

<sup>18</sup> Statistics New Zealand, 2013 Census of Population and Dwellings

**Increasing understanding of Pacific businesses and the visibility of the Pacific business sector**

There is little information available about the Pacific business sector and what it needs in order to flourish. MBIE's work with New Zealand Institute of Economic Research to develop the Pacific Economic Trends and Snapshot report, and ongoing collaboration with the Pacific Business Trust are ways MBIE is working to enhance its ability to facilitate access to business information and resources provided by government. This ongoing work will help to inform the types of policy settings that can help generate long term sustainability and innovation within the Pacific business community.

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## Putting it into action

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The Strategy is underpinned by the MBIE Pacific Economic Action Plan (The Action Plan) which outlines key actions under each outcome. The Action Plan is a 'living document' that is flexible enough to adapt to new information on the best ways to pursue the Strategy's key outcomes. The Action plan will be monitored and reported on every 6 months providing updates on progress made in each of the Strategy's outcome areas.

Pacific economic development requires the support and active commitment from partner agencies working with Pacific communities to realise Pacific people's economic potential.

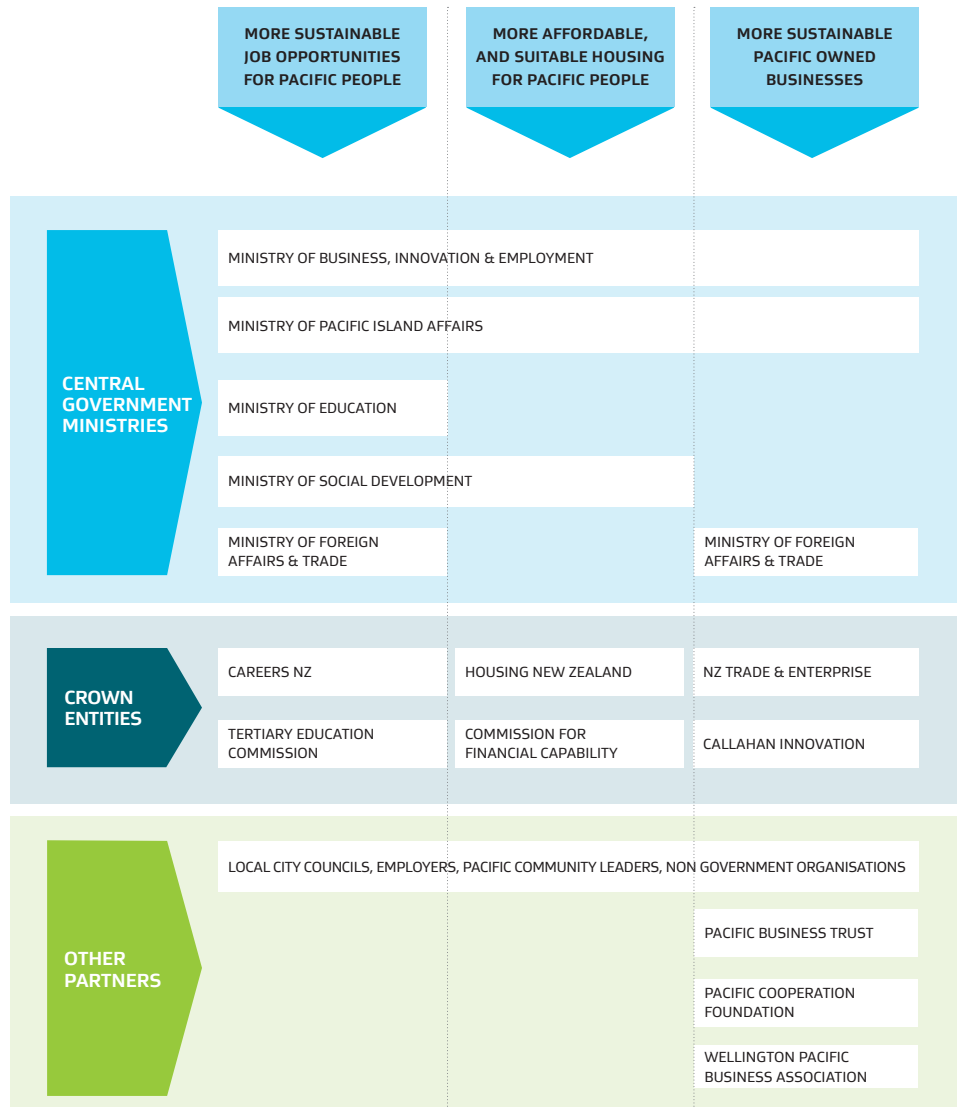
By working together, we can ensure that our key actions are able to effectively lift Pacific people's economic participation in a connected and cohesive way.

Part of MBIE's role is to facilitate effective collaboration and engagement with partners in the delivery and monitoring of the Strategy. MBIE together with its partner agencies all deliver economic outcomes for Pacific people.

The below diagram is a useful visual aid to show a broader spectrum of stakeholders that currently work in areas that contribute to outcomes pursued within this Strategy:



## HOW PARTNERS CONNECT TO PACIFIC ECONOMIC OUTCOMES



### Evaluation

An evaluation plan will provide regular reporting and monitoring for the Strategy against the Action Plan. Both quantitative data and case studies will be used to show the progress of the Strategy. External review and evaluation of the Strategy will be informed by the views of the Pacific Strategic Think Tank and other key stakeholders.

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