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Offering help: the Ministry of Social Development and Marlborough's viticulture industry

Seasonal issues in Marlborough

When Janine Dowding became Work and Income New Zealand (WINZ)'s Regional Operations Manager in the Nelson Region in 1998, she was "astounded by the seasonal issues we dealt with."¹ The office was responsible for delivering services across the upper South Island: Nelson, Marlborough and the West Coast. The economy of each region depended heavily on industries with high seasonal labour needs, such as horticulture, viticulture, fishing and tourism.

At the time, some 160,000 New Zealanders – about 8 percent of the workforce – were unemployed. In Nelson alone, over 5,000 people were registered as out of work. Yet employers such as orchardists had difficulty finding 100 fruit-pickers at the peak of the season, when as many as 5,000 workers were required. Under then-Regional Commissioner Mike Smith, a collaborative effort between WINZ, the Federated Fruitgrowers industry association and local employers began to turn things around.

A seasonal labour co-ordination service was established. Initially aimed at placing unemployed people into jobs, the service evolved, following the significant decrease in unemployed, to a co-ordination of all sources of labour with an increasing emphasis on permitted overseas visitors. By 2006, Nelson was described as having "considerable maturity in the organisation and management of its seasonal labour needs," with some workers able to secure virtually year-round employment by moving between seasonal jobs in different

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¹ Interview, 11 May 2007

horticultural industries.² In July 2007 the number of unemployed for Nelson/Tasman was 233.

In Marlborough, the region adjacent to Nelson, the booming wine industry also had major seasonal labour needs. As Janine Dowding moved into the Regional Commissioner's role in early 2004 she wondered: could the Ministry of Social

Development, of which WINZ was now part, help local unemployment and support a key industry in this region too?

The Ministry of Social Development

When the New Zealand Ministry of Social Development (MSD) was established in 2001, Social Services and Employment Minister Steve Maharey said that it would move the welfare system “from a passive income transfer model, to an active investing-in-people approach,”³ and lead the state sector in the direction of social development.

Social development had been a central policy theme for the Labour-led Government elected in 1999. It was not just about moving people off benefits; it was a whole-of-life, whole-of-government approach to coordinated social change aimed at enhancing the wellbeing of the population as a whole, and disadvantaged groups within it. It embraced many areas – social assistance, employment, health, housing, education, and safety. It saw income support not as a handout, but as “an investment in people’s potential, ensuring they can take up opportunities when they arise,” the Minister said. And social development was a necessary counterpart to economic development, he stressed: “Good social outcomes such as improved health and high levels of knowledge and skills are important for economic growth. Unemployment, poverty, criminal victimisation, poor health and housing are not just unjust – they are also likely to damage the future productive potential of our country.”⁴

The MSD’s goal was to build “an inclusive New Zealand where all people are able to participate in the social and economic life of their communities.” To realise this vision, the organisation would focus not on measurable targets, but on achieving better outcomes for different groups of New Zealanders – children and young people, working age people, older people, families/whanau and communities.

Focusing on social development outcomes, rather than specified performance targets, was a major departure for a Government social agency, and a challenge for Peter Hughes, who was appointed as the founding chief executive when the Ministry of Social Development was established in April 2001.

From social welfare to social development

MSD was formed by the merger of one of New Zealand’s largest government agencies, the Department of Work and Income (WINZ) and one of its smallest, the Ministry of Social

² Marlborough Regional Development Trust, ‘Seasonal Labour Market Co-ordination in Marlborough: Analysis and Options’, November 2006, p14

³ ‘Social development focus supported’, media release 2 May 2001, available on www.beehive.co.nz, accessed 24 May 2007)

⁴ ‘Creating a policy context for social development’, media release 8 Aug 2001, available at www.beehive.govt.nz, accessed 24 May 2007

Policy. WINZ itself was the result of an earlier merger of multiple agencies and departments – resulting in a “one-stop shop” where case managers would provide clients both with income support and employment services – benefits payments, skills training, job and community work placements. Enthusiasm for WINZ flagged in 1999 when it came under close scrutiny by the newly elected Labour/Alliance Coalition Government. The agency, which had been embroiled in several high-profile controversies, was harshly criticised in a subsequent Ministerial Review. Of particular concern was its “corporate” culture, deemed to be inappropriate for the public service. The incumbent chief executive’s contract was not renewed. As the Department of Work and Income, WINZ effectively made a new start, while the Government took the opportunity to make major structural change.

Changing society, shifting social needs

The Government was looking for an agency that could lead a more coherent approach across the social sector. It wanted national leadership, and leadership at a regional level, as it moved forward in a changing environment.

Major changes were taking place in New Zealand society, such as the development of new and different family units, and the arrival of migrants from diverse cultures. Since 1999, numbers receiving an unemployment benefit had been falling steadily. On the other hand, in line with an international trend, there was an increase in demand for other types of welfare such as the Invalid’s, Sickness and Domestic Purposes Benefit. Many of these beneficiaries had the potential to rejoin the workforce, but it would not be just a matter of matching them to a vacancy. It was a much more complex challenge to bring them out of welfare dependency.

The problems remaining to be tackled were likewise complex and often seemed intractable. They had a number of interrelated causes, with education, health or mental health and addictions, housing and often the justice system part of the mix. High-level outcomes, such as establishing financial literacy, or finding affordable childcare, need to be achieved to solve such problems. More than one agency, often a number of agencies, would be involved in achieving a successful outcome.

In 2005, MSD’s eleven Regional Commissioners for Work and Income became Regional Commissioners for Social Development, giving high-level regional representation for the full gamut of MSD functions and services: not just the “WINZ” services to employers, job-seekers and the community, but fraud and debt units, student support activities such as Studylink, and Family and Community initiatives such as Preventing Family Violence. The change was not simply cosmetic: it signalled that the social development approach had permeated the entire organisation, and was being driven not only out of Wellington but also at regional and local levels.

Within each MSD regional office, a leadership group led by the Commissioner was actively looking to identify shared outcomes and the leadership and team processes needed to work towards these. Similarly, outside the organisation, the regional offices encouraged the involvement of government and non-government agencies in working towards shared outcomes.

While they had always had authority to make some decisions independently, the regional commissioners could now act autonomously on a broader range of issues and make independent commitments to work with other agencies.

This was significant. Not all government departments could make those kinds of commitments without authority from their head office. The ability to do so encouraged trust and participation by other agencies, and ensured that local priorities and concerns were driving local actions.

Regional Social Policy Advisors were appointed in each region. Their role was to bolster key regional roles with policy advice, to ensure national policies accommodated regional differences, and also to feed back regional perspectives into the formulation of national policy. This cross-pollination between what happened “on the ground” and national policy development was also helped by EPINET, a web-based system that allowed regional operational staff to flag problems or raise queries directly with policy staff in Wellington.

By 2005, MSD was able to report to its new minister, David Benson-Pope: “We have improved our ability to make a real difference by developing ways for policy and delivery to work together, and for regional and frontline staff to input into the policy process. We have better informed our policy advice with the realities at the front line, and our service lines are better able to feed back on what works and what is needed.”⁵

MSD’s mandate *to lead a cross-sectoral approach* to social development acknowledged the inter-connectedness of many social problems. It also required it *to work more closely with communities* to help them fulfill their goals and potential. This meant taking a lead at regional and local levels, and developing strong ties with groups such as government and, non-governmental agencies, employers and industry groups, local groups representing Maori and other ethnic communities, and territorial and local authorities. It was in this context that Janine Dowding pondered the seasonal needs of her region’s vineyard industry.

The viticulture industry’s seasonal labour needs

Since the first commercial vineyards were established in 1973, Marlborough’s economic base had changed from traditional pastoral agriculture to viticulture. Its sunny, dry conditions were ideal for grapes (especially Sauvignon Blanc), and it soon became New Zealand’s largest wine-producing region. By 2007, with close to 14,000 hectares planted in grapes, there were around 119 winemakers, nearly 457 growers, and some 3000 workers (permanent and casual). The wine industry was the region’s largest employer.⁶

The seasonal workforce played a key role in the industry. Casual workers were hired by growers or contractors for winter pruning (mid-May to the end of August) and for the summer harvest and canopy maintenance (November to February). Allowing for industry expansion, it was estimated that nearly 2,500 workers would be needed just for pruning by 2008. Because of the rapid turnover of seasonal workers – some vineyards reported a 400 percent churn, with workers sometimes staying for only two weeks – between 3,000 and 5,000 individuals might be needed, depending on the rate of churn.⁷

⁵ MSD, ‘Briefing to the incoming minister: managing for outcomes, September 2005, p3

⁶ Marlborough Regional Development Trust, ‘Seasonal Labour Market Co-ordination in Marlborough: Analysis and Options’, November 2006, p5

⁷ op cit, p6

When unemployment was high and vineyards were fewer and smaller, viticulture's labour needs could be met locally. But as unemployment fell and the industry expanded, there was no longer an adequate pool of jobless to draw on. Growers and contractors increasingly hired overseas workers to pick and maintain the vines. This added to the social problems that had emerged as the industry grew – soaring land and house prices, increasing disparities in wealth, a shortage of rental accommodation. The community changed too: by 2006, fewer than half of Marlborough residents had lived there more than ten years.⁸ The influx of overseas workers⁹ brought more changes still, said Marlborough District Council planner Tim Leyland. “In the past, Marlborough was very homogeneous. Not all local people have welcomed the arrival of different cultures and ethnicities – they associate ‘difference’ with crime, gangs and other problems.” There were also regular allegations of growers and contractors exploiting foreign workers with the help of unscrupulous overseas recruitment agents.

Tony Smale, Chief Executive of the Marlborough Regional District Trust, believed the wine industry's seasonal labour problems were partly due to its youth. “Having a large itinerant workforce is a new phenomenon for Marlborough, unlike Nelson or Tasman where seasonal workers have been coming in since World War Two. That's allowed accommodation and support services to develop.” But he also noted a lack of forward planning by the industry.

“Like New Zealanders in general, the wine industry did not grasp the reality of unemployment falling to the point where there would be labour shortages. People saw it as a blip, not as the result of economic and demographic change. Therefore employers tended to ignore it in their strategic planning, or regard it as someone else's problem.”¹⁰

Dowding was well aware that many employers thought the labour shortage was the Government's problem. “That was probably a fair call back in 1998, when there were more than 2,000 unemployed in Marlborough and the industry needed fewer than 1,000 seasonal workers. They had every right to expect us to be more focused and to support their industry.”¹¹ But by the time she became acting Regional Commissioner in 2003, things were different: “There was growing alarm about the severity of the labour problem... We needed to find a way for Government and the different parts of the industry to come to the table, and start to think strategically about the industry, its labour needs, and how it could respond.”¹²

This was not just about WINZ finding jobs for the unemployed, Dowding emphasised. It was the Government recognising that a major export industry – the cornerstone of the local economy – was vulnerable if it did not better prepare for the future. In the absence of any alternative – there was “an enormous vacuum” in both the public and private sector, said Tony Smale – MSD was prepared to take the lead.

⁸ Tim Leyland, Marlborough District Council, interview with author, 7 June 2007

⁹ The “top four” source countries for people with Seasonal Work Permits are Brazil (28% in 2006-07), Malaysia (19%), the Czech Republic (6%) and Israel (4%). For those travelling on Working Holiday Schemes, the main source countries are the UK (29%), Germany (15%), Japan (10%) and Ireland (7%) (Department of Labour statistics).

¹⁰ Interview, 7 June 2007

¹¹ Interview, 11 May 2007

¹² *ibid*

The Viticulture Advisory Group

Working with the Marlborough Winegrowers Association, WINZ established a seasonal co-ordination service funded and delivered by WINZ. As the relationship grew there was increasing recognition of the need to strategically plan for the future.

In October 2004, Janine Dowding invited viticulture industry and related community stakeholders to a meeting in Blenheim. They included representatives of Wine Marlborough (the industry body, responsible mainly for marketing), the local contractors' federation, the union representing viticulture workers, accommodation providers, the District Council and the local economic development trust. Many other government agencies also attended, including the Department of Labour, New Zealand Trade and Enterprise, and Inland Revenue.

This 30-strong group became known as the Viticulture Advisory Group (VAG), and met every three months. Its mission was to help stakeholders share intelligence, influence sustainable growth strategies, and contribute to government policy affecting the industry's future viability. Over the next three years, the group's two major achievements were establishing an industry-owned seasonal coordination service and formulating the Viticulture Workforce Development Strategy.

WINZ set up and hosted the seasonal coordination service from 2003, seconding a staff member to manage it. It placed seasonal workers with contractors and growers, who paid a fee for the services they used. The fees collected represented a minor portion of the actual costs. At first, the service found work for local WINZ clients. But, as this labour pool shrank, it chiefly placed job-seekers from elsewhere in New Zealand and overseas, helping them with accommodation, taxation and immigration paperwork. Although the service was not the only way for growers and contractors to source seasonal workers (many employers had their own well-established networks), it placed a significant number: 500 in 2006.¹³

In line with the Government's 2005 National Seasonal Labour Strategy, MSD was keen for the industry to take over the service itself, although still with government support. Not without misgivings, the local industry began managing and part-funding the service in early 2007, securing a new coordinator and premises. WINZ purchased services for its clients to the tune of \$10,000, ensuring they had priority for jobs. As at June 2007, future funding options for the service were still being considered.

The other core achievement of the Viticulture Advisory Group was the Viticulture Workforce Development Strategy. This was developed by a small working group of VAG members, including Dowding, and was based on the three themes of "Gain, Train and Retain". As at June 2007, the strategy was still being finalised.

Former Marlborough mayor and subsequently chief executive of the Marlborough Wine Research Centre, Gerald Hope, became a member of the VAG early on. He said that while the wine industry was initially "a bit cautious", the VAG had proved a valuable forum for exchanging information and developing strategy. "Government has shown a keenness to support the industry as a major export earner. It's clear that the future success of this industry

¹³ Marlborough Regional Development Trust, 'Seasonal Labour Market Co-ordination in Marlborough: Analysis and Options', November 2006, p12

depends on the public and private sector working together. The VAG has provided the platform from which to grow that relationship.”¹⁴

However, he said that while industry leaders were actively tackling the need for a stable, skilled workforce, some in the industry still under-estimated the problem. “As long as they make it through each season, they tend not to worry about labour issues until next time. Perhaps it will take a crisis – the prospect of their vines not being pruned – to get them to appreciate the problem.”¹⁵

“We’re from the government and we’re here to help”

In helping Marlborough’s viticulture industry tackle its seasonal labour shortages, MSD was “definitely stepping into an area that was not our traditional business,”¹⁶ admitted Dowding.

The ministry’s collaboration with other government agencies, the local council and the private sector earned their praise. Tim Leyland of the Marlborough District Council said the MSD had shown it could work effectively with local government. “The understanding by central government departments of local government structures and constraints is one of the key determinants of how well services are delivered in the regions,” he said. MSD’s understanding was “sophisticated”, allowing “more of a collegial relationship” between central and local government.¹⁷

Another feature of the Ministry’s approach to its regional role was the connectedness of policy and service delivery, Tim Leyland said. “MSD has developed good ways of communicating intelligence between the centre and the regions, which means policy is developed in a way that allows it to be implemented in the regions.” Basing a policy officer in the Nelson office was helpful, he said, as was the leadership of MSD chief executive Peter Hughes, who regularly stressed the need for mutually supportive policy and service delivery.

WINZ has a service centre based in Blenheim with 27 staff including Work Brokers. While the local office staff link well to industry and contribute to strategy development, the Regional Office staff based in Nelson leads it. This structure allows “on the ground” intelligence supported by strategic capacity.

Tony Smale of the Marlborough Regional Development Trust noted the value of MSD’s on-the-spot representation in Blenheim. Most other agencies were based in Nelson, and while staff might visit Blenheim regularly, it was not the same. “They lack that intimacy of understanding of the community. They develop a very sterile view of the community and the issues it faces... [MSD] makes a very visible commitment to getting on the ground in the region.”¹⁸ This commitment was critical to industry support, he believed. “Janine Dowding’s work with the VAG has been one of the few occasions where a government agency comes into a community and says, ‘we’re from the government and we’re here to help’ – and it’s actually true!”¹⁹

¹⁴ Interview, 7 June 2007

¹⁵ *ibid*

¹⁶ Interview, 26 April 2007

¹⁷ Interview, 7 June 2007

¹⁸ Interview, 7 June 2007

¹⁹ *ibid*.

Closer collaboration between MSD and the Department of Labour (DoL) in Marlborough was another important outcome of the viticulture industry initiative. Peter Hall, the department's Nelson-based Labour Market Knowledge Manager, said that the two agencies had distinctive roles – “WINZ deals with getting people into work; DoL deals with what happens when they're in the workplace – especially employment relationships, and health and safety.”²⁰ However, their roles necessarily overlapped and they worked collaboratively wherever possible. Hall regularly worked out of the MSD Regional Commissioner's office, and collaborated particularly closely with WINZ's Nelson-based Labour Market Manager “to add value to her work wherever possible. The Nelson Marlborough region has the best government sector collaboration in the labour market area. Everybody's part of the picture.”²¹

Looking to the future

In mid-2007, Janine Dowding said she was heartened by the viticulture industry's progress on its seasonal labour issues, but there was “still a long way to go.”²² While there were now only three people under the age of 55 on the unemployment benefit in Marlborough, there were still plenty of people on other benefits (such as the domestic purposes benefit) who could contribute to the industry. “Employers need to be much more receptive to sole parents and people with disabilities,” she explained. The Government was also keen to work with the industry to develop career pathways, so workers could move from seasonal jobs to long-term careers.

The need to promote good employment practices also remained. The reputation of the industry was being impacted by regular prosecutions and negative media interest. The industry recognised the potential threat to its products in the marketplace if they were associated with “dodgy” work practices, she said, and it was encouraging to see its growing intolerance of such practices. In early 2007, the Government introduced the Recognised Seasonal Employer Programme (RSEP), a new viticulture and horticulture-specific regime for recruiting foreign workers for seasonal jobs that encouraged the employment of Pacific Islands residents. The aim was to improve standards by allowing only employers with acceptable employment and pastoral care practices to recruit foreign workers. The Viticulture Advisory Group had backed the RSEP's introduction, said Janine Dowding, and was helping to improve compliance with good work practices: “Through the VAG, high profile employers in the region are sending out messages that reinforce the way we want to go.”

Despite many remaining issues, the diverse interests represented in the Viticulture Advisory Group were adamant that the effort to solve the industry's seasonal labour problems initiated by the Ministry of Social Development was a success. Quite simply, said Steve McManus of the Amalgamated Workers' Union, “without this group, things would be a lot worse.”²³

²⁰ Interview, 7 June 2007

²¹ *ibid*

²² Interview, 11 May 2007

²³ Verbal statement at the Viticulture Advisory Group meeting, Blenheim, 6 June 2007