

INSIGHTS ON REGIONAL OPPORTUNITIES



Canterbury had one of the highest proportions of school leavers engaging in the construction industry according to data available from Scarlatti. This is likely due to the region's construction boom following the 2011 earthquakes. Data showed that 24 percent of the 2009 school leavers have at some point engaged with the construction sector within 12 years of finishing school, with 15 percent still remaining in the sector in 2021. However, when breaking down the national statistics by gender, a large imbalance can still be observed. For school leavers, only 9 percent of women will go into construction versus 31 percent of men. Canterbury's construction sector only has 14 percent women whereas 47 percent of Canterbury's total workforce are women. This shows the ongoing need to support initiatives that are designed to attract more women to the sector like Power Up, a ChristchurchNZ initiative, and Woman into Trades events like the one held in Timaru on 14 June 2023 which had approximately 100 attendees from seven different high schools.

Centre of Vocational Excellence for Construction (ConCoVE Tūhura) is using applied research to reimagine vocational education for construction and infrastructure. Their contestable research fund is open to industry, educators and others in the construction and infrastructure sectors. The fund supports projects that meet productivity and culture indicators across five strategic themes: Entry, Diversity Equity and Inclusion, Environmental Sustainability, Technology and Disruptive Innovation, and Career Progression. Focus areas are for Māori, Pasifika and women. Projects underway include Construction Entry points, models of support for Māori carpentry apprentices, and a large data project called Workforce Journey Indicators.

Regional Construction Data



The Canterbury region is currently experiencing a decline in residential building consents, with the March 2023 quarter figures showing a 30.9% decrease in the number of residential building consents compared to this time last year. Christchurch City in particular, showed a significant decrease of 35.9% which is considerably larger than the national decrease of just 21.2%. It is expected the June 2023 quarter figures will continue to echo this trend.

Source: Christchurch NZ Quarterly Economic Dashboard



The March 2022 data showed the number of regionally filled jobs in the construction sector averaged 39,380, (March 2023 data is not yet released on Infometrics) which accounted for 11.3% of total filled jobs in Canterbury. Employment in construction grew by 4.8% in the same period compared with overall growth of 3.1% across all sectors. Noting the average growth rate of 4.4% pa over the past 10 years in construction versus an overall growth of 2.1% pa.

Source: Infometrics



Forecasting for 2023 - 2028 is predicting employment in the construction sector to increase at a rate of 0.7% pa, which falls behind the forecasted overall employment growth in the Canterbury Region at 1.3% pa over the same period. Job openings in the Canterbury construction sector are expected to remain reasonably static over the next five years and will primarily be made up of replacement jobs i.e., replacing people leaving the sector.

Source: Infometrics



Forecasts for 2023 - 2028 are showing approximately 11,500 job openings in construction in the Canterbury region through job creation and replacement. The estimates say there will be approximately 1,700 new jobs and 9,800 replacement jobs.

Source: Infometrics and Statistics NZ



In 2022, approximately 9,770 people or 24.5% of the construction sector in Canterbury was self-employed which is significantly greater than the overall self-employment rate in Canterbury of 14.6%.

Source: Infometrics and Statistic NZ



In 2022, the construction sector contributed \$3,268m (in 2022 prices) to GDP in the Canterbury Region. This equates to 7.4% of Canterbury's total GDP.

Source: Infometrics and Statistic NZ

LABOUR MARKET CHALLENGES

Canterbury is experiencing a decline in residential builds, as expressed through the regional construction data. This is being reflected through business closures, construction and related companies liquidating, and staff layoffs occurring. Other signals of the decline are retail suppliers who are experiencing a drop off in demand for domestic related construction products as the market slows.

The need for labour remains tight for commercial construction. A major construction project underway in the region is the \$683m multi-use arena project which is utilising labour in Christchurch city. At its peak, the onsite labour required is estimated to reach between 400 – 450 people. Whilst some tradespeople can move from the declining residential market to support commercial builds, not all skills are directly transferable and not everyone has an interest in moving construction codes. It is reported that larger companies are seen to be absorbing and attracting labour by undercutting tenders and reducing profit margins to maintain employment levels, adding to competition for staff.

Some in the sector are also experiencing tighter than usual cash flow challenges. This is due to many clients settling accounts later than usual and suppliers shortening credit periods, fearing they may be left holding the debt as confidence weakens and forecasts remain grim. Both these elements are leading to a constrained financial environment, particularly for small businesses.

REGIONAL WORKFORCE PLAN UPDATE

Implementation of Canterbury's Regional Workforce Plan is progressing, with several actions gaining momentum. For example:

Career development support. In March 2023 the Canterbury RSLG partnered with the Ministry of Education, Ministry of Social Development, Connected and ChristchurchNZ to organise and host a Pathways Leadership Breakfast at the Christchurch Town Hall. The event brought together leaders from both schools and industry to identify and discuss opportunities on how to better connect.

Up to date training. The Canterbury RSLG partnered with Canterbury Tech to deliver a Techweek 2023 event in May. It was a facilitated tech workforce discussion that helped training providers gain insights into the specific needs of tech sector employers and vice versa. The event had speakers from industry, training providers and Toi Mai Workforce Development Council, providing a platform to discuss the challenges and opportunities for current and future tech workforce requirements.

Healthcare and social assistance. The Canterbury RSLG brought together a Health working group in June. The first meeting had representatives from Te Whatu Ora, University of Canterbury, Ryman Health, Toitū te Waiora, the Rata Foundation and others. The hui provided context on the RSLG and Regional Workforce Plan and the interest in progressing some collective thinking about potential initiatives and solutions to support the immediate and future health workforce needs in the region.

OUR FOCUS FOR THE NEXT THREE MONTHS:

- Progressing actions from the 2023 Regional Work Plan (RWP) Update.
- Data analysis for various sectors, including construction, as we consider options for the 2024 RWP Update.
- Conceptualising and planning for the 2025 revision of the RWP.