

TOP REGIONAL INSIGHTS



Workforce shortages remain a significant issue for all sectors. Employers continue to report difficulties in attracting and retaining skills required for roles. This is not isolated to one industry. Industries that were carrying skill gaps prior to COVID and have a high reliance on migrant workforce are experiencing pronounced shortages. e.g., hospitality, health, construction, fish processing, transport, primary industry. Despite concerted efforts to recruit and retain staff, low labour market availability and COVID isolation requirements mean workforce constraints are significantly impacting in a range of ways on many regional businesses. Some have been forced to reduce opening hours or reduce the provision of services.

Workforce constraints are especially being felt in the tourism and hospitality sectors across Nelson you a Tasman. The tourism sector is reporting having to reduce/reshape their usual offerings (e.g., one full day trip rather than two half day trips) to balance workforce shortages with maintaining profitability. Some are already receiving comments from disappointed customers at not being able to meet expectations, causing concern of reputational damage. Accommodation and hospitality venues are similarly reporting reducing their service offering due to staff shortages. Some venues are only offering breakfast or dinner rather than both, while others are reducing their opening hours. Some motels have reported putting up 'no vacancy' signs to reduce the load on their workers.

Some iconic long standing Nelson hospitality business are facing closure. As the photo shows, businesses are having to make some hard decisions. This is especially tough at a time when we are approaching our peak visitor season and forward bookings are looking strong. There is likely to be a resulting impact on the regional economy.

OUR TIGHT LABOUR MARKET

Unemployment rate
 Annual average rate



Annual average unemployment in Nelson-Tasman was 3.1% in the year to September 2022, down from 3.5% in the previous 12 months. Nationally the underutilisation rate (a broader definition including both unemployment and those who are employed but want to work more) fell to 9.0%, its lowest level since 2006. The number of filled jobs in Nelson Tasman increased by 1.5 percent (674 jobs) over the year to Oct 2022, while our Jobseeker benefit recipients decreased by 14.9 percent (-498 people) over the year.

Data provided by NRDA/Infometrics

TOP LABOUR MARKET OPPORTUNITIES

Employers are using a range of financial incentives to attract and retain workers. Signing bonuses and referral incentives to attract talent are being offered by many of our region's employers. Employers are also reporting offering higher wage rates, which are attracting more people into employment.

Some businesses are re-thinking their business models, so that they can offer flexibility in hours and conditions. Businesses are reporting that this flexibility is enabling them to appeal to a broader base of workforce talent e.g., processing industries who now offer 'school hour shifts' are successfully attracting a new range of workers.

Other changes in conditions, such as a 4-day working week, and working from home for roles where that is possible, are increasing success in recruitment and retention.

Some employers are providing the training for the skill sets they require, so workers can learn while they earn and the business benefits as their skills develop. This is particularly effective for employers who have the capacity to offer inhouse training. Other employers have created this opportunity to develop their workforce to meet the needs of their business, by building strong links with vocational education providers. This approach to building skills while you work has traditionally been focused on looking to attract younger workers e.g., the apprenticeship or internship models. Now employers are needing to offer training to mid-career and older workers as well, given the issue of being unable to find workers who already have the required skill set.

TOP LABOUR MARKET CHALLENGES

Workforce shortages continue at all levels of skill and experience. A tight labour market with unemployment and underutilisation at a near record low makes workforce supply a significant issue for most of our region's employers. Changes to immigration settings have not provided the bonus of workers that many SME and businesses had hoped, with employers describing the change as 'too little too late' for accessing migrant workers this summer.

Smaller businesses are concerned about retaining financial viability post COVID. Government loans, rental holidays, and bank loan arrangements for interest-only or payment breaks acknowledging hardship, are now ending. Businesses are facing rental or rates rises; most have workforces with increased wage expectations; and nearly all are seeing rising costs of the products or services they require to operate. Combined with workforce shortages impacting on income from production and sales, there is increasing concern about financial viability, impacting on mental health and wellbeing. The Reserve Bank has noted the ongoing struggles of smaller businesses, of which there are many in our region, while mid-sized businesses have reported strong performances.

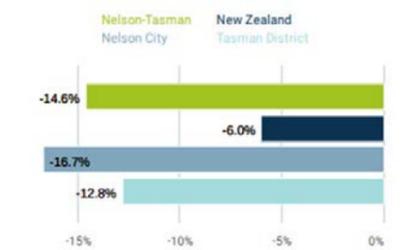
Rangatahi choosing to leave school without Level 2 NCEA for paid employment may limit their progress to higher skilled jobs in the future, creating the risk of low employment. The growth in filled jobs by those leaving school for paid employment without qualifications is an opportunity and a risk. Recent national research released by TEC shows one in five school leavers only achieve NCEA Level 1 or less, potentially impacting on their ability to gain recognised skills and qualifications and limiting progress to higher paid roles. The RSLG is working collaboratively to identify ways to support access to ongoing training and development for our regions rangatahi, to mitigate the risks of life-long lower earning.

VISITOR SECTOR DATA

Tourism expenditure
 Annual average % change September 2021 - September 2022



Guest nights
 Annual average % change September 2021 - September 2022



Total tourism expenditure in Nelson-Tasman decreased by 4.7% in the year to September 2022. Decreases of 0.7% in Tasman District and 8.6% in Nelson City compares with an increase of 3.3% in New Zealand. Total tourism expenditure was approximately \$282 million in Nelson-Tasman during the year to September 2022, which was down from \$296 million a year ago.

Total guest nights in Nelson-Tasman decreased by 14.6% in the year to September 2022. Decreases were 12.8% in Tasman District and 16.7% in Nelson City. This compares with decreases of 6.0% in New Zealand. Visitors stayed a total of 1,157,400 nights in Nelson-Tasman during the year to September 2022, which was down from 1,356,000 a year ago.

NB In the year period to September we still had border restrictions and lockdowns impacting on both domestic and international tourism. These decreases in tourism expenditure and bed nights have had a significant impact on the industry and our regional economy. Data provided by NRDA/Infometrics

The Nelson Tasman RSLG's six -monthly progress update is provided on the next page

MESSAGE FROM THE RSLG CO-CHAIRS

When we launched the inaugural Nelson Tasman Regional Workforce Plan in July, we said that it was just the beginning, as we work collectively across our region to identify and deliver actions and initiatives for our region's workforce to allow our economy, our businesses, and most importantly, our people to thrive. We started with a focus on two of our industry sectors (aquaculture and construction) and two of our demographic groups (rangatahi and older workers), reflecting the Te Taihū Intergenerational Strategy comment that *'transformative change often starts small, but it is strategic and enduring'*.

For anyone who was sceptical, we hope you are starting to see the value of the RSLG having a strategic view across our region's workforce challenges and opportunities. We are now being recognised as an important part of Nelson Tasman's strategic regional development landscape across every level of our community. We are being sought for our views, and invited into strategic conversations, enabling us to make our regional voice heard nationally. By informing, collaborating, and influencing to drive action as identified in our plan, in only 6 months we are already starting to see outcomes. These outcomes range from increased awareness and understanding of our labour market, assisted by great media coverage, to supporting connections resulting in \$210k enabling AQNZ's leadership in implementing a national workforce strategy, to creating a regional collaboration contributing to industry transformation plans for the tourism/visitor sector. It's great to see things beginning to grow. We will continue gathering our regional economic, industry and community plans into a wider framework, working collectively with the Workforce Development Councils and education and vocational training providers, to ensure what lands in our region is right for our region.

Justin Carter, Iwi Co-Chair and Ali Boswijk, Co-Chair - Nelson Tasman Regional Skills Leadership Group

PROGRESS ON ACTIONS FROM THE REGIONAL WORKFORCE PLAN

The [Nelson Tasman 2022 Regional Workforce Plan \(RWP\) 2022](#) sets out actions we will take to respond to our local labour market challenges and opportunities for two key sectors and two demographic groups. This update covers the actions that are the Group's current focus. Other actions set out in the RWP are scheduled in future years.

ACTION	KEY MILESTONE	ANTICIPATED OUTCOME
Aquaculture Partner with government and industry to develop and deliver a National Aquaculture Workforce Strategy and an agreed Workforce Action Plan to implement that strategy.	Endorsed by all parties in the working group, the National Aquaculture Workforce Strategy was then approved by the AQNZ Board and published on the AQNZ website. In October 2022 the strategy was presented at the National Aquaculture Conference held in Nelson, that was attended by more than 450 delegates over the two-day event. Funding from MBIE SWEP to support the implementation of the Aquaculture Workforce Plan has meant that the plan and the related RSLG aquaculture actions are now underway.	A National Aquaculture Workforce Action Plan is implemented with a new collective governance structure. This will result in increased understanding of industry workforce requirements now and in the future; awareness of industry roles and career pathways; access to training and education for those roles; and an increase in the contribution of aquaculture to the regional and national economy.
Support national collaboration and co-ordination with other RSLG that have regional aquaculture workforces.	Collaboration and information sharing to support co-ordinated action and advice from RSLG with a regional aquaculture workforce has been established. Regular monthly meetings have also been established between Murihiku/Southland RSLG Regional Lead; Nelson Tasman RSLG Regional Lead; MBIE SWEP; MBIE Just Transitions; Muka Tangata WDC; and AQNZ regarding opportunities for future investment.	The RSLG Aquaculture Collective will facilitate collaboration and co-ordination between RSLG who have a significant regional aquaculture industry. Shared information will enable better understanding of future workforce requirements regionally and nationally. Co-ordinated national advice for workforce training and development will support industry productivity.
Older Workers Collaborate to develop and deliver projects that support employers to attract and retain older workers, including showcasing successful examples.	November 2022 - A collaboration, led by the Chamber of Commerce in partnership with Business Assist and the Nelson City Council, and supported by the RSLG, submitted an RFP responding to an opportunity by the Office for Seniors to implement a pilot supporting older entrepreneurs. Notification of the outcome is expected in December 2022.	The pilot aims to support older workers in entrepreneurial activity. It will gather valuable insights for the RSLG to inform the desired outcome of attracting and retaining older workers in the workforce as the workforce ages.
The RSLG will lead a central and local government subgroup to collaborate in supporting older workers to participate in our region's economy.	July 2022 - The RSLG Older Workers subgroup was established, and a Terms of Reference formally agreed by the RSLG. September 2022 - A draft forward agenda was agreed by the Older Workers Subgroup with monthly meetings agreed and planned.	The subgroup's activity is aimed at creating an implementation plan across stakeholders to increase older workers participation in the region's economy.
Construction Be advocates for developing skills pipelines that support significant capital projects.	July 2022 - A collective regional bid for a Te Taihū Job and Skills Hub was submitted to MSD National Office supported by RSLG/Iwi/WDC/NRDA/Chambers of Commerce/Te Pukenga. October 2022 - The proposal was reshaped after discussion with MSD to focus on seeking the specific MSD Jobs and Skills Hub product for the Nelson Tasman region. Outcome pending.	A coordinated regional approach to construction workforce skills development and a collective regional response to construction procurement, in line with the objective of ensuring intergenerational benefits as outlined in the Te Taihū Intergenerational Strategy.
Rangatahi Work alongside and support regional youth-based organisations, such as the Nelson Tasman Youth Workers Collective, to collate better data on our rangatahi.	Established a working relationship with the Nelson Tasman Youth Workers Collective. RSLG provided letters of support for funding applications by Nelson Tasman Youth workers Collective. Aim to collect data and maintain engagement.	Through engagement with rangatahi, collect better data to support their transition from education to the workforce.

HIGHLIGHTS FROM THE LAST 6 MONTHS

OUR REGIONAL WORKFORCE PLAN HAS HAD STRONG AND ONGOING MEDIA COVERAGE, STRENGTHENING UNDERSTANDING OF RSLG AND OUR REGION'S LABOUR MARKET CHALLENGES AND OPPORTUNITIES

The launch of our inaugural regional workforce plan has generated regional conversation by communities and employers, supported by ongoing media coverage for the RSLG. Key messages have included

- **Our regional economic and workforce challenges** of a low productivity rate and a low median wage combined with high house prices creating housing affordability issues
- **Our construction sector workforce shortfall** (3,200 workers now, predicted to be 4,000 in 2023), highlighting the need for a skills pipeline to develop our regional construction workforce
- **The need to rethink 'sunshine wages' to compete nationally** as the workforce 'votes with their feet' moving to higher paid opportunities and remote working becomes more mainstream
- **Growing and retaining our own talent** by ensuring attractive training options and career paths for our rangatahi the enable them to stay in the region
- **Maximising the value of older workers** and enabling employers to plan for and support those who wish to keep working
- **The aquaculture workforce opportunities** and the plan and funding to implement action (with broad national coverage)

FUNDING TO IMPLEMENT THE AQUACULTURE WORKFORCE PLAN

Faced with the challenge of how to support implementation of the national aquaculture workforce plan developed by industry / employers /government agencies / RSLG, we were able to connect the MBIE Sector Workforce Engagement Programme with AQNZ and support discussions that resulted in a funding contract of \$210k for AQNZ to co-ordinate a 2year implementation programme.

COLLABORATION TO CONTRIBUTE A REGIONAL VOICE TO INDUSTRY TRANSFORMATION PLANS FOR TOURISM

We have begun our work to add sectors to our refreshed plan for 2023 by hosting a collective regional discussion including the Ringa Hora WDC. This resulted in the RSLG making a detailed regional submission on industry transformation for tourism and the wider visitor sector.