



Local Insights Report

Bay of Plenty interim Regional Skills Leadership Group

September 2020



Introduction

This report provides an overview of the current labour market in the Bay of Plenty region from the members of the interim Bay of Plenty Regional Skills Leadership Group (iRSLG). It focuses on the impacts of COVID-19 on the local labour market and is based on interviews with iRSLG members.

The purpose of this report is to identify Bay of Plenty's immediate labour market challenges and opportunities, and support Government agencies and local stakeholders in their decision making and workforce planning.

The majority of interviews with members were undertaken between 24 August and 1 September.

Highlights

- Primary Industries in the region have been impacted much less by COVID-19 than forecasted
- Some Primary Industries are struggling with on-going labour shortages
- Job losses are predominantly in tourism, retail, hospitality and construction sectors
- Employers are shifting to an increased use of casual and fixed-term workers
- The true picture of job losses and availability is being masked by the wage subsidy
- The most affected demographics are Māori, youth and women
- A new cohort of affected workers are sole traders or small business owners aged 40 years and over
- The high number of 'shovel ready' construction projects, Department of Conservation initiatives and other Provincial Growth Fund (PGF) projects represent excellent redeployment opportunities
- The Health and Wellbeing sector presents a redeployment opportunity for women displaced from sectors such as tourism and hospitality as they likely possess the soft skills valued by employers in the Health and Wellbeing sector.
- Returning Kiwi Expats represent an opportunity to attract skilled workers by positioning 'The Bay' as an attractive destination for them to return to
- Barriers to redeployment include social equity and deprivation challenges; geographic remoteness combined with the lack of public transport or access to vehicles/licences; and drug use.

Current regional labour market challenges

What sectors are being affected, and where?

A large portion of the labour market in the Region works in Primary Industries such as kiwifruit, dairy and forestry. Primary Industries in the region have been impacted much less by COVID-19 than forecast, and many report they are struggling with labour shortages, particularly horticulture, forestry and freezing works.

Members note that the job losses they see are predominantly in sectors where COVID-19 has had a larger impact such as tourism, retail, hospitality and construction.

A member noted that despite the better than expected localised recovery of sections of the retail sector after lockdown they were receiving reports of employers continuing to cut people's hours, or restructuring operating hours.

Employers are shifting to an increased use of casual and fixed-term workers and are not creating opportunities for permanent, full-time work. Some industries cut staff during the first lockdown, but then re-hired them when they realised demand had not decreased as a result of COVID-19. Members report in some sectors there is a negative culture of picking up and putting down of employees' which is creating insecurity for sections of the displaced workforce.

Specific areas that rely heavily on tourism, such as Whakatāne and Rotorua, are experiencing greater impacts. For example, Rotorua's infrastructure and service base is designed to support an annual visitor turnover of approx. 3.5 million people. With the loss of the international tourist market and a domestic population of around 70,000 there is now massive underutilisation of services and infrastructure with some capacity going into hibernation.

Other areas such as Western Bay of Plenty have been less impacted than forecast. The economy is reasonably diverse with no more than around 10% percent of people employed in any particular sector. In addition, the majority of large businesses/employing sectors were able to operate through lockdown, either as essential services or supply chains to essential services.

Members report the region is having difficulty attracting and retaining skilled workers. For example, although there is a shortage of skilled orchard managers in the region there is also a lack of clear pathways to vocational education and support. This acts as a barrier to attract labour into this particular market place. Other factors such as rationalised salary scaling, low housing stock and rental availability also have an impact on recruitment prospects.

The members agree that the true picture of job losses and availability is being masked by several factors and the COVID-19 wage subsidy is likely to be hiding the actual number of jobseekers. Businesses report they are not replacing staff, but are rescaling operations and reducing employee hours. The combination of these factors mean getting an accurate picture of the number of job losses may be difficult.

Who is being affected?

Members often note that the most affected group of people in the region are youth, in particular Māori youth. Members also note a growing displacement of female workers, who traditionally work in tourism, hospitality and retail occupations.

Another demographic being affected are those aged 40 years and over. These people were often sole traders or small business owners prior to the COVID-19 pandemic and are not used

to being out of work. A member noted that there is little government support for this skilled workforce and the reality of retraining in full time study is not always an option due to the group's higher likelihood of having mortgages and family commitments requiring them to work.

Overseas workers are significantly affected across multiple visa types. Prior to COVID-19, approximately half of the workforce in the horticultural sector was made up of overseas workers – with one quarter of the workforce being working holiday visa holders and a similar number being targeted visa holders.

Although a proportion of people holding targeted visas will have left the country, there are a number who have been impacted by border closures and it is estimated there are approximately 2,000 workers still in the region.

There are approximately 20,000 people holding working holiday visas still in the country, and a proportion of these are likely residing in the region currently. However many of these throughout the country are currently unable to work due to their visas expiring.

Another common source of labour that has been lost due to the pandemic are international students with the right to work on their visa. These workers often fill many seasonal vacancies as part of their visa work towards citizenship.

Current regional labour market opportunities

Labour shortages in the Primary Industries represent a clear opportunity for employment. In the period of time after the COVID-19 initial lock-down up to 70% of the kiwifruit sector's labour needs were at times being covered from the domestic labour market. Businesses need to think about how to retain these workers and attract them back for the next season.

The high number of 'shovel ready' construction projects, Department of Conservation initiatives and other Provincial Growth Fund projects represent excellent opportunities to redeploy sections of the local workforce impacted by COVID-19. There are potential opportunities to join up with supportive employment providers such as the Ministry for Social Development (MSD), DOC, and Primary Industry Training Organisations (ITO's) to develop and deliver training packages to build a skills pipeline that links directly to the employment being created by these projects. Members also identified an opportunity to attract returning Kiwi Expats into skilled roles by positioning 'The Bay' as an attractive destination for them to return to.

The Health and Wellbeing sector has the potential to create sustained employment opportunities. For example, with Aged Care facilities losing overseas workers as a result of COVID-19 there is an opportunity to train and redeploy domestically but at present there is little direct investment in a skills and training pipeline that targets this potential workforce.

Another potential opportunity identified by a member is the research industry, as it tends not to be impacted by short term disruption e.g. COVID-19. They note that most of the funded programmes are multi-year, multi-funder and longitudinal in their modelling and to date there has been little evidence of funding being pulled nationally or internationally. This presents an opportunity to focus on growing our own skilled researchers at PHD level by addressing potential barriers in both our Tertiary and Schooling sector, e.g. by promoting careers in science and research.

What are the barriers to realising these opportunities?

Barriers to employment identified by several members were:

- Social equity and deprivation challenges faced by significant sections of the displaced workforce
- The rurality/isolation of the potential workforce combined with the lack of public transport networks across the region and those without drivers licences and/or cars
- Drug use limits the available workforce in specific industries that require drug testing (e.g. forestry)
- The seasonality of available work restricts people's opportunity to shift to full-time, permanent positions
- The work readiness of the potential workforce and the need to provide ongoing pastoral support to retain talent and grow it.

The physical nature of the available horticultural and similar work will not suit all groups displaced as a result of COVID-19. Lessons learned prior to COVID-19 help to identify barriers that will need to be addressed to support displaced people into jobs in this sector. For example, in 2019 the Kiwifruit sector worked in partnership with MSD to transition people into the industry. During this trial the outcome was not always ideal and a number of issues and barriers were identified including that available work often requires travelling and staying away from home situations. This is not suited to all workers - for example, the 'Go with Dairy' campaign does offer the opportunity to transition into a new career path but there is an expectation of living on site and working in situ. Whānau separation is not always ideal as the support network for the worker is not there. Employers need to be willing to adapt to non-traditional workforces and approaches.

One member notes that many new initiatives are in the construction or land-based space (e.g. Department of Conservation work) - occupations predominantly held by men. While there are women currently displaced from sectors such as hospitality and accommodation, these opportunities may not necessarily fit with the needs of this workforce (e.g. women are more likely to be carers of children or the elderly so cannot travel and/or stay away from their homes). There is an opportunity here to consider investment in training and attraction into the Social and Healthcare sector as these displaced women may already possess some of the necessary soft skills, making redeployment an easier process to facilitate.

Where there are opportunities for horticultural contractors to offer some permanent positions the management and support of employees often becomes a barrier. There can be an unwillingness and possibly lack of capability to manage a permanent workforce due to current Labour and Employment Law.

Members note that, while there is government funding available, there is a capacity and capability barrier for accessing the funding. For example, members note that it is hard to keep on top of all the new funding opportunities available, and that the application process required resource and skills that may not always be available.

Members also note that there are regional issues in regards to cultural equity when it comes to the nature of investment and opportunities. For example, there is less resourcing for interventions for Māori, by Māori and to Māori.

The connection between industry and education and the ability to respond quickly is key to realising opportunities, but is difficult to achieve. For those that want to retrain, there are

opportunities, however a significant barrier is accessing these opportunities through in-place training in certain areas (e.g. Whakatāne, Taupō and Tūrangi).

Pathways to employment opportunities in regions need to be supported by tertiary and trades training in the geographical region (moving across or out of region to train is an additional barrier). There is also a gaping digital divide for training and education, particularly for rural youth. By offering in-region training opportunities, we can start to remove the challenges of rurality (e.g. digital connection and transport).

Whilst there is funding for apprenticeship training, many employers are not in a stable or confident enough position to take on the added responsibility of an apprentice in the current climate.

Short term regional labour market opportunities and challenges

Businesses that rely on tourism and domestic spending are still grappling with uncertainty and are planning for another wave, just in case. In order to compensate for the lack of international tourism, businesses need to help New Zealanders to spend money. Businesses need to do their part in terms of hiring and resisting large reductions to trading hours in order to build consumer confidence so the money spent on wages can go back into the economy.

The establishment of skills hubs was noted as an opportunity to connect employers and workers more strongly over the next three to six months. These hubs will have a particular focus on the horticulture and construction industries, and on Māori and youth demographics. One member notes that we should be careful that new jobs are fairly distributed across the different groups in need.

Due to the PGF investment in the region and the scale of that investment there are a lot of opportunities on the horizon. It will be a critical piece of work to have an overall timeline to map the start of different projects. This will ensure the region can plan, prepare and deliver relevant training and recruitment in time to have a trained and resourced workforce ready to jump onto the projects as they commence. This presents both risks and challenges, including the potential for gaps in the provision and delivery of training in the region that could compromise availability of workers. The other risk is projects overlapping to compete for workers at the same time, or to displace workers further.