



Local Insights Report

Canterbury interim Regional Skills Leadership Group

September 2020



Introduction

This report provides an overview of the current labour market in the Canterbury region from the members of the interim Canterbury 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 Canterbury's immediate labour market challenges and opportunities, and support Government agencies and local stakeholders in their decision making and workforce planning.

Interviews were undertaken with 12 Canterbury iRSLG members between 18 and 27 August 2020. The interviews occurred following the Government's announced changes to COVID-19 Alert Levels from L1 to L3 in Auckland and to L2 for the remainder of the country. Business confidence has certainly reduced following the re-emergence of COVID-19.

Current regional labour market challenges

Displacement is occurring in the aviation, tourism and hospitality industries directly with indirect impacts on other industries such as retail and transport. Highly skilled people losing jobs from some industries, e.g. aviation are taking up lower skilled roles and are displacing others.

The impact from displacement is more significant for women, youth, Māori, Pasifika, people in the 45-55 age bracket and graduates leaving universities and tertiary institutions going into the labour market with no jobs. Students relying on seasonal tourism/retail jobs to pay for university/tertiary education are also impacted resulting in a reduced number of students continuing their education.

In the community public services there has been significant reduction in domestic assistance care resulting in an overall FTE drop including instances of home care support services previously undertaken by paid employees being provided by volunteers. Many people are working reduced hours receiving reduced wages.

Within the region there are notable sub regional differences:

- Kaikoura and Hamner have been impacted by border closures
- Waimakariri are in a good position due to low reliance on tourism and reasonably strong commercial and domestic building activity
- Canterbury is experiencing difficulties employing people in rural communities on farms, calving, plus other roles impacted e.g. specialised heavy driver's license related work such as operating heavy machinery
- Mid Canterbury businesses are impacted by struggling to find people for vacancies which has resulted in some instances of businesses not being able to open for the full extent of their hours and for agricultural businesses, a significant concern about filling seasonal skilled jobs as workers on visas are not able to return from overseas
- 65% of the South Canterbury workforce was deemed essential services (primary, food processing, manufacturing, transport and logistics, trades, and health services) during lockdown periods and therefore had not seen the highs and lows experienced by others.

Across the region, small to medium sized businesses are in a holding pattern waiting for the impact of the end of wage subsidies. Significant job losses are anticipated in some sectors such as the manufacturing sector, which employs over 36,000 people in the Canterbury region.

In some areas employers are struggling to fill vacancies, particularly in sectors which have relied on migrant workers, such as agriculture, healthcare, tourism and hospitality. There are indications that the pressure point will be filling vacancies in the September/October 2020 seasonal period due to a number of the people displaced by COVID having since been redeployed.

There are concerns about migrant workers already in New Zealand. Businesses currently employing migrants need to know if they can keep them employed. Equally, impact is also being felt by migrants looking for work, as employers are reluctant to take them on if their visa status is unclear. The restrictions on where the worker can transfer their visa to are also preventing people from moving inter-region and between employers. Given a shortage of trained people, work visa extensions are also an area of concern.

Across the region job security is declining, especially in the private sector. This will have flow on effects on the local economy, particularly retail and hospitality. There have also been indications that some industries are using COVID as an excuse to re-align business and reduce staff numbers. A

further effect of this is that employers are seeing a concerning increase in mental health issues and burnout.

Suggestions on interventions that could assist in mitigating the challenges include:

- addressing gaps in the labour market supply pipeline, for example by:
 - opening up opportunities for “training grand-parenting” by retaining skilled migrants (currently on temporary work visas) to help train local talent in areas/skills that we are unable to obtain locally in the short term
 - ensuring skills that are needed are on skills shortage lists to enable them to meet the exemption criteria and to ensure we do not lose sight of migrant pathways.
(Providing others looking for work in those sectors cannot be redeployed.)
- educating displaced workers on other career paths through seminars and expos in person or online to channel information through to lead to informed decisions by displaced workers.
- pre-emptive work to gather data from local businesses on the potential loss of jobs when the wage subsidies end.
- identify employment opportunities for women, encouraging them towards industries that are predominantly filled by men.
- encouraging a government policy change promoting local procurement (manufacturing)/ lifting trade agreements.
- funding to assist employers to upskill existing employees.
- be more assertive in making people aware of employment opportunities within the region, and utilising the relocation allowance available from MSD.
- create fully functioning collaborative regional skills hubs connecting employers/employees, i.e. hubs to identify the skills needed to transfer to different industries of work that are providing more vacancies in the current market.
- connect industry with tertiary institutions to address the transferable skills issue.
- provide support for groups/agencies that employ and train people in meaningful employment who would not normally be considered, i.e. people previously within the criminal justice system.
- continuation of wage subsidy to assist employers with retaining staff.
- identify and address the inequities experienced by students unable to access technology to learn on line –i.e. Māori and Pasifika.
- promoting wellbeing resources that are readily available, i.e. allright.org.nz website.

Current regional labour market opportunities

Informed by economic development plans in the region, there are opportunities in construction, health, primary industries, food, robotics, maintenance and the supply chain.

Most members believe that there are opportunities to re-train and re-deploy displaced workers, however, there needs to be more visibility of what skills and people are available to fill vacant roles, and more local coordination to ensure this takes place. Those who are continuing to employ people (other than those experiencing skills shortages, as noted above) are seeing good response rates, and well-qualified candidates applying for available roles.

The 10 Rūnanga across the Canterbury region are looking at funding opportunities including working with Environment Canterbury and DOC on Jobs for Nature, cadetships and training opportunities, and partnering with DOC in nursery development – making application to the Billion Trees project.

Funding of \$4m has been assigned each year for the next 3 years for Jobs for Nature. A Rūnanga Regional Alliance will be established to work with the Department of Conservation and Environment Canterbury to support businesses that are contributing to Jobs for Nature projects. There are also discussions relating to making project applications to the freshwater fund.

A challenge and opportunity is finding ways to encourage women into traditionally male orientated roles, such as those that would be created by Jobs for Nature and infrastructure projects.

Other opportunities could be created by students in the region who have a strong sense of entrepreneurship by providing an environment that allows them to express and build on their ideas.

Looking forward, predictions of opportunities and challenges in six months' time

Notwithstanding the country reverting back to Covid-19 restrictions, iRSLG members are still reasonably optimistic, however they have reservations about how many times businesses and the community could make that transition between Covid alert levels.

Opportunities

- Opportunity for displaced workers to be employed in seasonal roles.
- Businesses retaining the flexibility to ways of working adopted during the lockdown period.
- Procurement – importance of sourcing locally with a strong social procurement lens. Time is rife for genuine and robust conversation and implementation of social procurement policies.
- Upskilling.
- Opportunity for repurposing and strategic thinking.
- Enable stronger worker voice on business process changes.
- Recalibration of regional economic development plans.

Challenges/Concerns

- Covid and the levels will create massive challenges.
- The true extent of displacement is likely being masked by the Wage Subsidy. There are particular concerns about the flow on effects of a second round of redundancies on retail, hospitality and domestic tourism.
- Concern at the ability of healthcare to maintain a skilled workforce, e.g. experienced nurses and caregivers with reduced immigration opportunities.
- Having as close to real time data as possible to allow identification of sector pressure points.
- Gaining business confidence. More signals from Government are need to create confidence to invest (e.g. greater transparency regarding Government forecasts of how long “yo-yo-ing” between Alert Levels might go on, to allow for forward planning)
- A sense of ‘ground-hog day’.
- We know what we know today – but we don’t necessarily know tomorrow (the biggest challenge is the unknown).
- Supply chain disruptions – unavailability of critical equipment and components.
- Difficulties for providers in adapting quickly, and having the resources to meet the demands for upskilling/developmental training due to job losses.

- There is a perceived opinion of what a ‘student’ is. Many students face problems due to inequities, e.g. accessing technology outside the tertiary institutions and living in overcrowded homes which are not favourable to studying.
- Need to support students succeed in their study and their wellbeing to equip them through the seesaw between Covid alert levels.

Conclusions/recommendations

The group identified and recommended the following as priorities to be addressed locally and/or nationally, requiring policy or other interventions:

Local

- Look at initiatives for employment over the summer season including support for relocation. [Short term - Intervention]
- Promotion of summer internships/gap years at home for youth. [Short term - Intervention]
- Endorse the establishment of skills hubs – including Māori skills hubs. [Short term - Intervention]

Local/National

- Encouraging local procurement utilising local industry and resource including a review of government policy at a national level [Short to long term – Policy]

National

- Investigate ways to address gaps in the labour supply pipeline for particular industry groups - agriculture, healthcare, specialist heavy machinery driver/operators. [Short to long term – Policy]
- Promotion of opportunities for all affected groups including encouraging women into roles in sectors that have been predominately male focussed [Short to long term – Intervention]
- Advocate provision of wellbeing support to small/medium businesses and employees [Short to long term – Intervention]