



**SKILLS  
LEADERSHIP  
GROUP.**

# Local Insights Report

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Nelson-Tasman interim Regional Skills Leadership Group

September 2020



# Introduction

This report provides an overview of the current labour market in the Nelson-Tasman region from the members of the interim Nelson-Tasman 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 Nelson-Tasman'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 the 1 and 14 August.

## Highlights

- Predominance of seasonal work in the region creates difficulty attracting and retaining workers
- Changes to contracting arrangements seen as businesses cautiously rebound and rehire staff – on short term contracts only
- Softening in off-shore markets create challenges for local businesses forecasting demand
- Geographic remoteness adds additional challenge to filling high skill vacancies
- Youth demographic are most affected in region - particularly young expats returning to their family
- Opportunity to rethink careers, life-long learning and resilience
- Increasing numbers of displaced people are seeking to pivot into self-employment and establish their own business.

# Current regional labour market challenges

## Seasonality is one of the main challenges

Members identify the most common barrier to attracting and retaining workers is the seasonal nature of the work available. Seasonality affects a number of industries across the region - in 2019 ~20% of all employees in the region worked in industries with high proportions of seasonality<sup>1</sup>.

The primary concern of members is the labour supply pipeline for the 2021 season of the Horticulture, Viticulture and Fishing industries. This pipeline has traditionally relied on temporary migrant workers, particularly those through the Recognised Seasonal Employers (RSE) scheme and people on working holiday visas. Given that the supply of overseas workers is likely to be significantly affected by border restrictions, there is a need to attract and retain more local talent.

## Business perspective

Business confidence appears to have dropped significantly as a result of the recent COVID-19 Alert Level changes.

Most businesses interviewed report they let workers go earlier in the year in response to the restrictions of higher COVID-19 alert levels, but are now trying to rehire them due to increased demand from domestic markets. Businesses are hiring staff back on short-term contracts to ensure they retain the flexibility to respond to demand. However, with the resurgence of COVID-19 on 12 August 2020 and the return to higher alert levels, members report that business confidence appears to have dropped significantly.

Decreased demand for some export items and products is being seen as a result of contraction in economies in off-shore markets. The decrease is reducing immediate export returns and challenging forecasting.

Members note that some highly skilled occupations have vacancies that are hard to fill, chefs and horticultural roles for example. In particular members discussed the difficulties in filling vacancies in geographically remote areas in the region such as Murchison and Takaka.

## Who is being affected?

Members identify that youth in the Nelson-Tasman region are being hit particularly hard by the COVID-19 situation. Young people, for example, school leavers, are anxious about future job prospects. Youth coming back from overseas have returned to their families and are unsure about the future and what they can offer. There are also a high number of youth not in employment, education or training (NEETs). We need to think about how best to engage with this population.

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<sup>1</sup> Stats NZ Business Demography Statistics: this figure includes the employee count for the Agriculture, Forestry and Fishing industries, and the Accommodation and Food Services industries.

Other barriers noted by members include:

- Drug use (due to the drug testing requirements of some employers)
- Transport to jobs (including lack of licences, access to suitable vehicles, and public transport availability)
- There are a number of people currently seeking work that are not the type that employment agencies are traditionally used to working with
- An increased number of low skilled workers seeking employment – they are the first to go and the hardest to get back into the workforce.

## Current regional labour market opportunities

Members note there are an increasing number of requests for support from people seeking to establish their own business. These people may have lost their jobs and are seeking to pivot into self-employment. Additionally, due to COVID-19 forcing a shift to more online trading, businesses are now seeking to stand out in the digital space and are seeking support in that area.

Agile businesses seem to pivot quickly and are utilising short term contracts for staff engagements. Whilst this can be a dis-incentive for employees it can be an opportunity to “re-package” work/job modules to form a career, and supplement these modules with education and training (on-job, modular etc).

The importance of good customer and stakeholder relationship management has been highlighted by members, especially with off-shore partners, so that demand and supply chains can be maintained and fostered as much as possible.

The opportunity to stop and refocus the business and employees on resilience and agility was noted and a “Re-Set” of priorities was encouraged.

Members advocate this as a time to rethink the regions current strategies for providing career advice and education - specifically to look at what we need to be providing and how. Sectors and employers need to show they have viable careers that people can stay in and upskill. We should facilitate opportunities for people to stop and re-think their futures – no matter what sector they came from, and what sector they’re interested in.

There are employment shortages ahead, so we need to create pipelines into the roles with intensive career training. While people will need to retrain, this takes time and requires strategy. If the pathways to transfer were easier, more people may transfer. Retraining could be a focus area to ensure we have the people we need in the roles that they want. We should use initiatives such as the flexi-wage scheme as an incentive to help people pivot between industries (eg from tourism to fisheries) and step into those roles with a longer-term career plan.

To assist labour supply and demand across the seasonal peaks there is an opportunity for a neutral entity to coordinate and manage both employee opportunities and job vacancies. The current Work the Seasons webpage informs potential workers about potential jobs. This coordination could facilitate meaningful seasonal careers, secure seasonal workforce supply, and align ongoing training, education and development models.

Now is the time to think about new employment and training models. As the 40+ age group is a significant Nelson Marlborough Institute of Technology cohort, our approach to education and training has to change.

Possible examples include:

- Career change training
- Short-term training with apprenticeships
- Residential short-term intensive training
- Student/education structures to allow people to work and train simultaneously
- Filling seasonal gaps with disengaged groups but support with training.

## Short term regional labour market opportunities and challenges

Right now, there is a lot of uncertainty about the actual labour market situation. Some businesses may be taking a shorter-term view with planning than usual, and the recent changes to alert levels has resulted in a noticeable decline in business confidence.

Members note that once the wage subsidy ends there will be stress on smaller businesses in particular. Smaller businesses can lack resilience, and they may be less inclined to take risks, so they will need support. Government systems seem to be focused on big entities, and the Ministry for Social Development is individual-focused – there is a need for a similar Small and Medium Enterprise (SME)-focused model.

### Qualitative data sources:

1. Interviews with all 13 members (not including the Regional Public Service Lead)
2. Notes from iRSLG meetings