



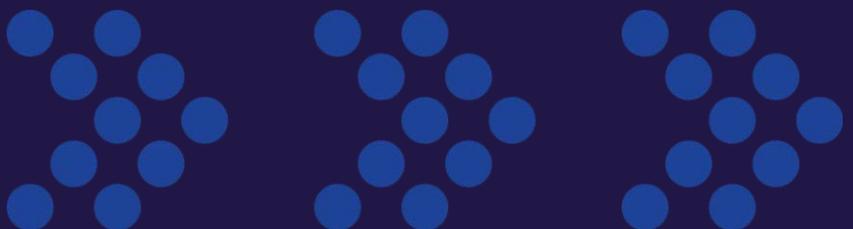
# Canterbury REGIONAL SKILLS LEADERSHIP GROUP.

## Local Insights Report

Canterbury interim Regional Skills Leadership Group  
November 2020



Photo credit: Venture Timaru and Angelica



## Introduction

This is the second Local Insights Report for Canterbury. It provides an overview of the current labour market in the region from the members of the Canterbury interim 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.

Insights from this report are drawn from discussions with 11 Canterbury iRSLG members between 5 and 13 October 2020. These discussions occurred following the Government's announcement of the change to COVID-19 Alert Level 1 (L1) nationally. Business confidence has increased following the move to L1.

We welcome comments on this report. Please email feedback to: [CanterburyRSLG@mbie.govt.nz](mailto:CanterburyRSLG@mbie.govt.nz)

Further information about the Canterbury iRSLG can be found here:

[www.mbie.govt.nz/Canterbury-RSLG](http://www.mbie.govt.nz/Canterbury-RSLG)

### About RSLGs

Regional Skills Leadership Groups were formed in June 2020 on an interim basis to gather intelligence about the impacts of COVID-19 on the regional labour market, and to identify and support better ways of meeting future skills and workforce needs. They are part of a joined-up approach to labour market planning which will see our workforce, education and immigration systems working together to better meet the differing skills needs across the region.

Functioning independently, the groups are regionally based and led, and supported by data analysts, advisors and workforce specialists at the Ministry of Business, Innovation & Employment.

## Key themes and trends

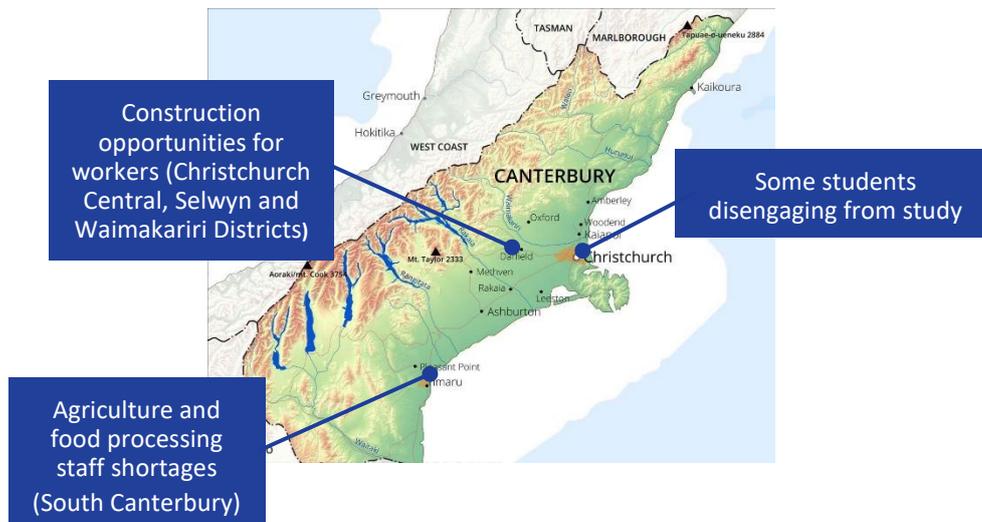
A key theme highlighted during the period of this report was that the labour market across the region had not been as adversely impacted by the impacts of COVID-19 as earlier projected.

**4.5%** - Canterbury's unemployment rate at the September 2020 quarter, an increase from 3.6% in September 2019. Over 16,000 of New Zealand's unemployed adults live in Canterbury. The Canterbury rate is less than New Zealand's overall rate of 5.1% (trend series).

**12.2%** - Canterbury's underutilisation rate at September 2020. This includes all unemployed adults, potential and currently unavailable jobseekers, and all underemployed workers (who work part-time but would like to increase their hours). Canterbury's rate is less than the national rate of 12.7% (trend series).

**197k** – over 197,000 jobs in Canterbury were covered by the Wage Subsidy scheme, representing 61% of all Canterbury jobs.

## Emerging sub-regional trends



## Current regional labour market opportunities

There continues to be opportunities in construction, health, aged care, primary industries, food and fibre, robotics, maintenance and the supply chain.

It is important to undertake a gap analysis to recognise the skills and support required to ensure displaced workers are transitioned into other roles seamlessly. It is also vital to provide existing employees with continued on-the-job training, and the development of programmes to connect and retain well-educated, high-potential young people to longer lasting employment and new skills in the region. This is something we are looking at doing.

The construction and building sectors continue to be buoyant with the convention centre and Ara Institute rebuild as well as new subdivisions in Selwyn and Waimakariri opening opportunity for civil and construction workers. Property values are high and holding e.g. in the Selwyn District there has been a high housing demand with 160 building consents issued per month making it harder to attract workers.

There are also indications that the Australian Defence Force are exploring procurement opportunities within Australia and New Zealand due to international border restrictions which could provide business opportunities for the region.

A significant, long-standing barrier in the region is driver licencing. There also continues to be challenges and opportunities in finding ways to encourage women into traditionally male-orientated roles.

## Current regional labour market challenges

Displacement continues to occur in the aviation, tourism and hospitality industries directly with indirect impacts on other industries such as retail and transport. With Air New Zealand announcing a second round of layoffs prior to the end of 2020, highly-skilled people from the aviation industry are likely to take up lower-skilled roles, displacing others.

The impact from displacement is more significant for youth, women, Māori, Pasifika, people in the 45-55 age bracket and graduates leaving universities and tertiary institutions going into the labour market with no jobs. Also of concern is the population of women categorised as underemployed.

Students relying on seasonal tourism/retail jobs to pay for university/tertiary education were also impacted, resulting in a reduced number of students continuing their education. Significant concern was also highlighted at the number of students leaving education to support families financially noting the difficulties experienced in re-engaging with education and the lifetime impact.

Employers continue to report struggles filling vacancies, particularly in the agriculture, healthcare, aged care and food processing industries. There are indications from the agricultural sector that has been reliant on migrant workers, that the pressure point will be filling vacancies over the 2020 seasonal period due to a number of the people displaced by COVID-19 having since been redeployed. Notwithstanding the government's extension of recognised seasonal employer (RSE) work visas in the agriculture sector, this remains a significant area of concern.

Across the region, medium/small businesses continue to be in a holding pattern - not yet seeing a significant impact of the end of wage subsidies, although there continues to be indications that some industries were using COVID-19 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.

The retail sector has seen a spike in spending but is now noticing a reduction in spending resulting in some smaller businesses (employing 5-15 staff) experiencing financial difficulties. Larger businesses (employing 80-100 staff) appear to be holding their own but are concerned at the effect of border closure and the sourcing of machinery and parts from overseas.

There is general agreement among iRSLG members of the importance of employers providing well-paid, high-value permanent roles for people (rather than the national trend towards fixed-term roles). The availability of MSD funding for employers to upskill at-risk employees on the job via new "flexi-wage" products will be instrumental in ensuring people are matched to roles rather than filling gaps.

## Labour market opportunities and challenges over the next six months

With the country now back in COVID-19 L1 restrictions, members are largely still reasonably optimistic about the Canterbury economy and labour market. However, the Canterbury iRSLG members are concerned about the potential for further oscillation between alert levels and the impact any need for repeated transitions would have on the region's economy.

### Opportunities

A joint working group comprising representatives from tertiary institutions, Ministry of Social Development, Tertiary Education Commission, Unions and Economic Development Agencies has been established to consider labour interventions in the Canterbury region, both short and longer-

term to support graduates and students. This initiative will also provide greater connection of vocational and tertiary providers with employers and encourage employers to provide work experience for graduates.

The iRSLG notes the importance of sourcing locally and in this regard made a formal submission to MBIE in November 2020 on a discussion document proposing the extension of government procurement rules. The group endorsed the potential benefits and opportunities of extending the mandatory application of rules to a wider set of government entities ensuring an 'All of Government' approach that would be better for New Zealand.

The cross-agency review led by MSD to address driver licensing issues will provide additional driver training/licensing support. The iRSLG has contributed to this review, and will continue to contribute, through local insights.

Other opportunities in the region include providing opportunities for displaced workers to be employed in seasonal roles, and the promotion of voluntary work as a pathway to paid employment. There is also potential to establish community social groups to provide a voice of wider communities which will assist in informing redeployment or suitable voluntary work opportunities.

## Challenges/Concerns

There is uncertainty among iRSLG members on how the world economy will impact on New Zealand over the next 6 months highlighting imminent difficulties with international freight systems. Also of concern is the impact of displaced, highly-skilled workers taking jobs historically filled by lower-skilled workers with people requiring support to find new opportunities.

Other challenges noted by members include the provision of support and advice for small business, flexibility in migrant rules to enable businesses to continue, and identifying ways to promote post-graduate study as attractive, ie no fees, government support.

## Our focus over the next two months

- Ensuring all displaced vulnerable groups have been identified.
- Making a submission on MBIE discussion document 'Extending the Government Procurement Rules to government entities in the New Zealand public sector'.
- Raising the issue of the food and fibre and horticultural sectors struggling to get workers, the imminent expiry of visas for current migrant workers and information on immigration pipelines with Immigration NZ.
- Advocating for investment in engagement on transition pathways earlier – from years 7 and 8 of education onwards to assist rangatahi in understanding opportunities and choice.
- Continuing to develop an engagement strategy to include a combination of approaches to support engagement with a wide range of stakeholders.