



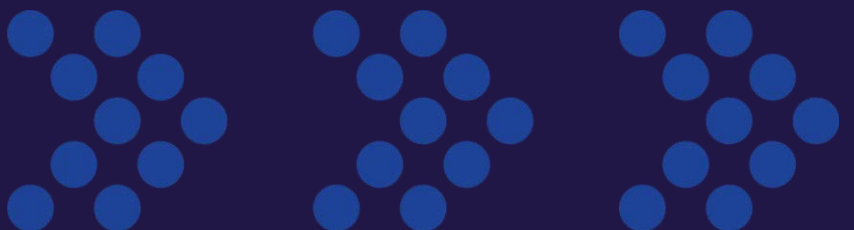
Hawke's Bay REGIONAL SKILLS LEADERSHIP GROUP.

Local Insights Report

Hawke's Bay interim Regional Skills Leadership Group
December 2020



Photo credits:
Hawke's Bay Tourism
Business Hawke's Bay



Introduction

This is the first Hawke's Bay Local Insights Report (LIR) and it provides insights into the current labour market in the region from the members of the Hawke's Bay interim Regional Skills Leadership Group (iRSLG), other regional stakeholders and central government.

The purpose of this report is to outline immediate labour market challenges facing Hawke's Bay, identify opportunities, and support the region, government agencies and local stakeholders in their decision-making and workforce planning.

The Hawke's Bay iRSLG is committed to ensuring that the LIR and other work of the group is complementary to and aligned with Matariki, Hawke's Bay Regional Development Strategy for economic, inclusive and sustainable growth.

We welcome comments on this report. Please email feedback to:
HawkesBayRSLG@mbie.govt.nz

For more information about the interim Hawke's Bay iRSLG, visit:
www.mbie.govt.nz/hawkes-bay-RSLG

Purpose of the 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 in our regions. 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 country.

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

Key points

Current labour market challenges

- Demand for housing (social housing and emergency housing) is increasing and is a significant constraint on labour supply and economic development across the region.
- Lack of clarity around the construction pipeline, particularly in Wairoa.
- Skill shortages are presenting themselves across multiple sectors, particularly construction, manufacturing, agriculture and horticulture, technology and service sectors.
- Seasonality remains one of the main regional challenges – due to COVID-19 travel restrictions, employers can no longer rely on migrant labour to fill seasonal or other vacancies.
- Uncertainty in the tourism sector – accommodation providers seem to be doing well due to domestic demand; tourism activity providers appear to be under more stress.
- There is an increase in social and mental health issues due to COVID-19 challenges alongside a rise in Jobseeker recipients which, alongside other regional impacts such as

the recent Napier flooding, are factors which affect some of our most vulnerable communities.

- Hawke's Bay is experiencing a mismatch between employer demand for in-work training and provision of supported apprenticeships funded in the region.
- The impact of closed borders is felt across numerous industries in Hawke's Bay with critical skill gaps arising. The pinch point will be in the 3-5 year period between the sudden closure of the borders and the stage where domestic workers have adequate training and experience.

Regional labour market opportunities

- Significant work is underway through the Matariki group and the associated Matariki Action Plan which provides a navigational map to the Matariki Hawke's Bay Regional Development Strategy for economic, inclusive and sustainable growth.
- Hawke's Bay has established the 'Harvest Hero' campaign, to help solve immediate seasonal labour market shortages.
- People who lost their job due to COVID-19 may need to retrain to gain employment – this creates opportunities for education providers to provide relevant training courses.
- Providing skills and employment equity for Māori and Pacific peoples is a regional priority.
- Investment and potential investment across the region is high and can support skill and labour development.
- Existing collaborations around housing development are providing opportunities for upskilling and small increases in property volume in the region.
- Youthful population coming through provides an opportunity for a skilled workforce.

Priority areas of focus for the Hawke's Bay and the iRSLG

Priority areas for Hawke's Bay have been identified through Matariki – Hawke's Bay Regional Development Strategy for economic, inclusive and sustainable growth, and include **construction/housing, technology, health, and horticulture/viticulture**.

Over the next few months, the iRSLG will build on the work undertaken by Matariki, including gathering up-to-date information across the skills and labour market elements of the priority areas and bringing industry, iwi, and community players together for a series of hui between February and May 2021.

The iRSLG will start with the workforce needs of the **construction** sector, which will include the housing sector and infrastructure sector needed to support solutions to the housing crisis in Hawke's Bay.

The iRSLG will then look to engage with industry and providers to understand opportunities to develop necessary skills across the **technology** and **health** sectors. The **horticulture and viticulture** sector will be the final priority area to be addressed as considerable work is already being undertaken on addressing short term pressures.

The work of the iRSLG over the next six months will also consider the skills capability, capacity, and opportunities across Māori businesses and the population of 50-60 year olds across the regional labour market.

Immediate labour market regional challenges

Housing is a significant constraint

There is a sense that there is a lot of internal migration and New Zealanders returning to Hawke's Bay. Greenfield developments are coming on. Examples include: the Iona development, Flaxmere development, Papakāinga housing, 3 Waters, and a new hospital. So there is lots of demand for construction and civil infrastructure roles. However, these take time to deliver so there is not a short-term response for the housing problem. An inadequate supply of a local trade workforce means labour needs to come from other regions. Providing housing for this workforce will be problematic.

Hawke's Bay has a critical housing shortage which is a significant barrier to meeting the labour and wellbeing goals for the region. Councils have seen growth in both building and resource consents, tracking four months ahead of last financial year. Despite this, there is a substantial shortage of housing in Hawke's Bay.

Across Hawke's Bay there are around 2,500 people eligible for social housing who would get a home if there was one. Within this population there are over 1500 people living in emergency accommodation/hotels and other accommodation that might need new accommodation soon. Ministry of Social Development (MSD) is currently spending around \$20m a year in Hawke's Bay on emergency housing.

The 12-18 months' forward plan for building is resulting in builders, imported into Hawke's Bay from other areas due to insufficient local labour supply, taking up accommodation. Accommodation is the major constraint in terms of building and supporting social needs. Over 100 houses were red-stickered from the recent Napier flooding, adding to this pressure.

Meeting seasonal labour demands is a challenge

In the past (pre-COVID), the primary sector, particularly the horticulture and viticulture industries, have been heavily reliant on migrant labour to fill seasonal vacancies. Continued border restrictions mean that employers can no longer rely on this source of labour to the same extent.

The upcoming harvest season is top of mind for the region. Work is underway to plan for this, but the likelihood is that a significant deficit of available labour will still exist in January/February. The recent announcement of RSE workers provides some support, but will still mean that Hawke's Bay is looking at a loss of around \$300m across the horticulture and viticulture sector over the next six months. To help address this, NZ Apples & Pears is developing initiatives with MSD and Corrections to help people on home detention to get into work. Employers are also looking at 'grey nomads' to help with harvest. They are also working with small to medium growers on less than 12 hectares to develop workforce development plans, demand/supply needs and working with MSD to find staff.

The financial and mental wellbeing of small growers is at risk with the reduced workforce supply. Employers and NGOs are also reporting challenges of mental health when the pressure is on in the peak season. Efforts are being made to establish, then hook farmers into, rural support networks to provide ways to support smaller employers who are struggling to find workers and whose wellbeing is suffering as a result.

There has been strong interest in local employment campaigns around viticulture and horticulture. Local industry is making a big commitment to lifting to a living wage, improved

piece rates and picking up costs for accommodation of overseas workers who need to remain here. They are also looking to lift investment and create 1,000 new permanent jobs for locals.

Significant work is underway across the region to address the labour needs of the horticulture sector in the short term. The full RSLG will need to engage in the development of longer term supply responses.

Uncertainty in the hospitality/tourism sector

The impact of COVID-19 has been mixed to date. International travel restrictions, and previous domestic travel constraints have had an impact on the tourism industry in the region with tourism expenditure down by about \$50m during the year to September. However, tourism spend in the September quarter is up on the same period last year.

Although current spending is positive, Hawke's Bay will miss out on approximately 72 cruise ships this summer with a drop of around 100,000+ visitors. It is likely that this impact won't be felt fully until early 2021.

Local intelligence indicates that the effects of these restrictions are uneven across sections of the industry and that a lot of uncertainty remains although the sector has been helped by increased domestic visitor spend.

Restaurants/food outlets in the main centres are doing well. In some cases, there appears to be an increased demand for services that provide food and opportunities for people to socialise with friends and family. This is reflected in the ongoing demand for skilled labour in the industry (e.g. chefs, maître d's). On the other hand, some tourist event businesses are not faring as well.

Tourism around Rocket Lab was a priority for Wairoa, but is on hold since COVID-19 closed the borders. Overall, the Wairoa tourism picture is mixed, with bookings coming through domestic tourism for Great Walks, including Lake Waikaremoana, and Mahia Peninsula, but no international tourism.

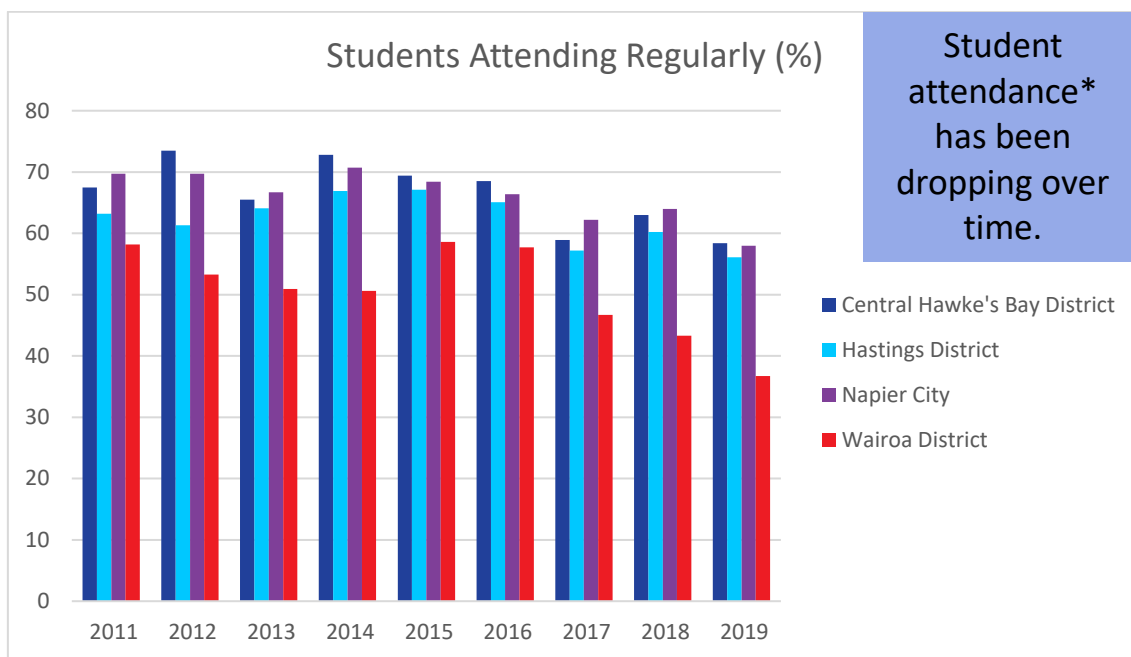
Skills shortages are being exacerbated by border closures

Businesses are facing ongoing skill shortages that cannot be fixed overnight. It is critical that the region can continue to fill the skill gaps with skilled overseas labour to bridge the gap to the point where we have successfully developed the skills we need. It is likely to take between one to five years to train local workers in common skill gap jobs such as forklift driving, timber machining, and truck and machine driving, etc. Employers need time and assistance to work with new staff to develop the skills that are lacking. There are currently two forklift training courses operating in Hawke's Bay and over the past 12 months a transport course in Tairāwhiti added 20 truck drivers and 70 'wheels, tracks, and rollers' places so with a strong industry commitment, it is possible to bring down the timeframe from five years.

Failure to address the immediate skill needs will have flow-on effects through the economy in terms of supply of goods, particularly in regards to construction, tech, and food sectors.

Education to employment pathway needs to be a focus

The education sector in Hawke's Bay has similar challenges around attendance, retention, achievement that other regions have. The national average attendance for 2019 was approximately 65%.



* Attendance is the percentage of students who have attended more than 90% of term 2, where time is measured in half-days. A half-day can either be the minimum two hours before, or after, noon contributing to the minimum four hours of a school day. <https://www.educationcounts.govt.nz/indicators/definition/student-engagement-participation/3925>

The downward trend in attendance is not unique to Hawke's Bay and possibly signals a need to think differently about the delivery of education and opportunities for more hands-on experiential learning. Unless something is done urgently, Hawke's Bay will see a steep increase in the number of disengaged young people and a major loss of potential skilled workforce.

Beyond schooling, there is a significant challenge around employers linking with pre-employment training. Employees need support to understand and be prepared for the culture that comes with being part of the workforce. They often need support with practical aspects such as contracts and budgeting and other general life skills. Ongoing engagement and pastoral care is needed right from pre-employment through to work and within work. Using the experience of some iRSLG members, it demonstrates it's not about work brokers so much, but about direct engagement, understanding expectations and what work will look like.

NGOs and some education providers are reporting that a number of young people lack confidence, haven't touched technology, and need to get driving licences before they can easily engage in employment. Central Hawke's Bay has run a successful driver's licence model for secondary school students that supports students to gain their restricted licence before they leave school. This has been successful due to community-wide engagement and support. Establishing similar approaches across the region will require strong partnerships and can be supported by addressing systemic issues through changes in national level policy and funding settings.

The responsibility for supporting the region's young people through education and into employment sits with everyone across the region, but also requires central government responsiveness. Investing in tamariki early – providing them with information on work/career opportunities, enabling and rewarding industry engagement, and investing in partnerships with school and tertiary facilities and pathways is needed. The skills shortfall is a long-standing issue that requires ongoing commitment to fix now and for the future.

The argument is that employers need to invest in the development of young people; kōhanga to career because people are worth investing in.

A potential solution could be to bring industry into programmes early on. ‘Train the trainer’ programmes have found that supervisors often don’t know how to build culture and positive environment and work needs to be done with both employers and employees/trainees. The region is seeing some evidence of the difference investment in supervisors can really make.

Emerging regional pressures

The region has seen an increase in Jobseeker Support numbers due to COVID-19, although there has been a slight reduction in work-ready Jobseeker Support recipients between September and October 2020. It is likely that the number of Jobseeker Support recipients will increase over the Christmas period as often happened in previous years even without the additional challenges brought about from COVID-19.

Family violence may become worse over the medium term. Hawke’s Bay has historically had higher than average rates of family violence. NGOs have been reporting that, while whānau have been quite resilient during COVID-19, there is concern that the ongoing impact of the pandemic, in conjunction with the chronic housing pressures and stresses around Christmas, are likely to result in increased family violence and the need for more social supports. One iwi service provider is continuing to deliver around 40 food parcels on Fridays and a bit less during the week.

There is an acute shortage of all trades. A current marae improvement project is on-track through the planning stage, but trades are difficult to get. Only one painter and one electrician turned up to a recent hui around marae improvements. This illustrates a massive mismatch between a build programme and available staff, exasperated by a significant planned build programme and further demand resulting from the recent Napier flooding. In addition to labour and skill shortages, recent funding from central and local government has provided a lot of opportunities, but there are significant wider constraints – particularly around the supply chain and the ability to import resources and export products.

The 50-60 age group have lower levels of employment. There is an opportunity to work with them to identify opportunities and needs in order to assist them to remain in/return to employment. Support around skills development and wider needs, including health needs are being provided through some groups across Hawke’s Bay, but more could be done.

There is a growing shortage of skilled people across the health sector in Hawke’s Bay. This is partly the result of people not understanding the range of work in health, particularly around the allied workforce. For example, there are roles such as play specialists, technicians, art therapists, as well as a shortage of Māori staff working in the mental health sector. Improving the awareness of opportunities and earnings in this area could help address these shortages.

Current regional labour market opportunities

The Hawke’s Bay region is well-served by the Matariki Hawke’s Bay Regional Development Strategy and the networks around the Action Plan.

Investment and upskilling in technology

Investment in technology and technology-supported industry and services provides a wide range of opportunities across the region if the corresponding skill development can be

adequately supported. For example, there are opportunities in Wairoa to further embrace emerging industry opportunities around land use changes – moving away from labour-driven businesses through to more tech-driven, higher-skilled, higher-paid roles using tech-based tools and the latest equipment in the orchards and in post-harvest opportunities around high-value goods.

The Food and Fibre CoVE (Centre of Vocational Excellence) at EIT is going well with Dr Mark Paine, looking to build a well-constructed Board to develop a vocational education approach; finding out what good education programmes look like and informing Te Pūkenga.

Utilising our local people, especially youth

Hawke's Bay has a population bubble of young people likely to enter the workforce in five to ten years, presenting an opportunity to support a more integrated approach to skill development. Examples of local solutions to supporting their pathway to employment includes a local teacher in Central Hawke's Bay who has engaged with a blueberry farm to support 56 students aged 15-16 years old to undertake work experience and employment, travelling from Central Hawke's Bay to Hastings with the transport cost met through the Mayors' Taskforce for Jobs funding.

NZ Apples & Pears are working collaboratively to ensure the 2,000 visiting RSE workers are utilised efficiently. They are also working with local whānau across Hawke's Bay and Central Otago regions to support the 'train the trainer' programmes. This activity will be increasing in the New Year. Furthermore, work is underway to develop a proposal with Hastings District Council to collaborate with secondary school principals to create an opportunity for senior secondary school students to undertake work experience with horticulture businesses in early 2021.

Opportunities provided by infrastructure investment

The combination of locally and centrally-funded infrastructure works. Increased focus on social procurement also provides an opportunity to engage more with companies to train and upskill people in a range of industry roles from heavy vehicle and machinery driving to professional services, engineering, planning and consenting. Examples include a programme supporting 12 people working in next two months on nature trails around Central Hawke's Bay.