

TOP REGIONAL INSIGHTS



Manufacturing is a key sector within the Waikato economy that employs over 25,000 people and is the second largest contributor to regional GDP. Manufacturing has been crucial in cementing the Waikato as New Zealand's 'Agricultural Powerhouse', with Dairy Product Manufacturing accounting for 62 per cent (\$9,295.3m) of the sector's contribution in 2020. Despite being portrayed as a sector in decline, manufacturing remains a key contributor to the economy.

In May, the Waikato Engineering Careers Association (WECA) and Employers & Manufacturing Association (EMA) repeated a survey they conducted amongst their members in September 2020. Some of the key workforce challenges arising from the survey responses that employers wanted to highlight are Employers seeking:

- **support for visas for skilled migrants, whom businesses have invested heavily in, to enter or remain in the country.** This is especially important for specialised roles such as Computer Numeric Controlled Machinists and Plastic Technicians.
- **funding to assist businesses to train people quickly in-house.** A mentoring system would support highly skilled workers, with a career's worth of experience, to pass their skills through to younger workers entering the sector.

TRENDS AT A GLANCE

Research from the Productivity Commission indicates that New Zealand's productivity is not keeping up with international competitors. Increasing the uptake of Industry 4.0 needs to be a priority if the Waikato manufacturing sector is to maintain a competitive edge. Waikato has an international reputation for making high-quality, highly customised devices and components for high-value niche markets. Increased uptake overseas of Industry 4.0 is enabling international competitors to undertake highly customised manufacturing at mass production cost.

Manufacturing in the South Waikato and Matamata-Piako Districts combined, contribute over 50 per cent to Waikato's Manufacturing GDP.

35% of all Employer Assisted Temporary Work Visas in the region are Technicians and Trades Workers. Top occupations in this group include machinists, fabricators, and mechanics.

(Source: Immigration NZ, Employer Assisted Temporary Work Visas July 2021)

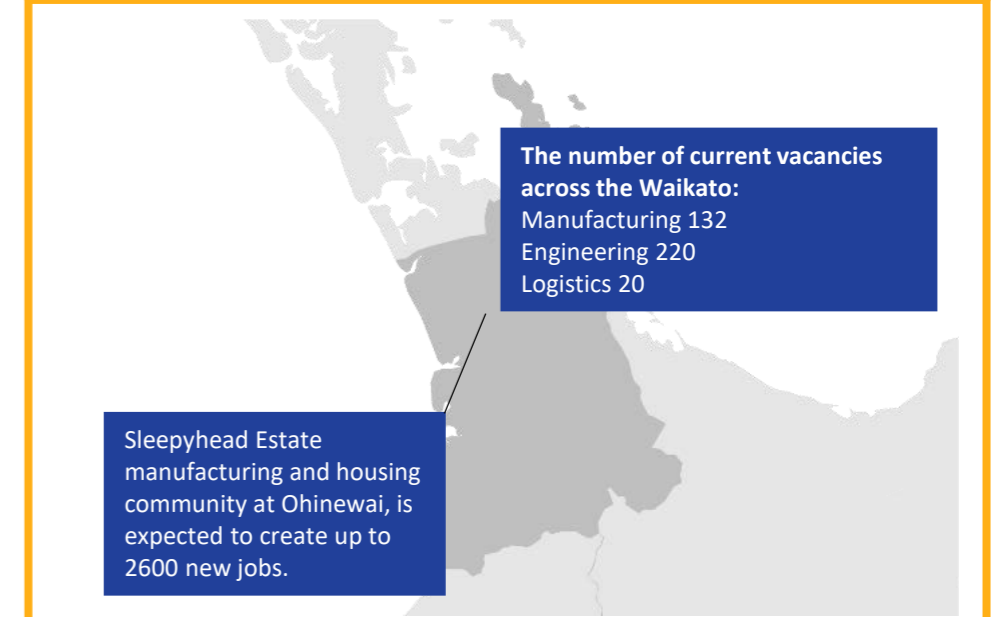
TOP LABOUR MARKET OPPORTUNITIES

1. **Funding businesses to train people quickly in-house is a priority across the region.** The iRSLG member for Manufacturing, Engineering and Logistics (MEL) sector has surfaced the concern of retaining institutional knowledge such as highly specialised, high value skills within the industry.
2. **WECA members have voiced the need for support to see highly skilled aging workers moving away from the tools and more towards a teaching/mentoring role.** They not only appreciate the value that these workers add to their industry, they are acutely aware of the physical toll that their industry can have on the body. The sector has been consistent in their commitment to worker wellbeing, and see the benefits of a mentoring scheme as aging workers being able to physically continue in their careers longer; younger people gaining valuable, specialised skills; and retaining institutional knowledge.
3. **A working group is investigating the development of a pilot programme.** It will be led by the member for MEL, and be focussed on skills transfer between aging skilled staff (55 year +) and young people in workplaces in the MEL sector. The working group has already held its first meeting and is a collaboration between WECA, MBIE, MSD, SMART Waikato, and with support from Competenz.

TOP LABOUR MARKET CHALLENGES

1. **Labour and Skills shortages continue to be the top workforce challenge.** The September 2020 survey showed 22 per cent of businesses report finding entry and mid-level staff has become more difficult for businesses; while 32 per cent report finding highly skilled staff is extremely hard. Collectively, 37 respondents are carrying a total of 198 vacancies that they need to fill.
2. **Staff Health and Wellbeing** continues to be of significant concern for business owners generally, but more so for smaller businesses where absorbing the impact of the shortage of skilled workers is more challenging than it is for larger ones.
3. **Businesses need support to promote trades and apprenticeships as a valuable pathway.** They would like to see more young people being encouraged to consider a career in the trades whilst at school, through promoting subject choices and their practical application in a work life setting. For example, Mathematics and English, and a grounding in productivity and financial literacy are a must. Pastoral care is strongly viewed as a critical factor in ensuring a young person's success in the industry.

THE WAIKATO REGION



OUR FOCUS FOR THE NEXT 2 MONTHS:

- Construction and infrastructure
- Primary sector
- Transition to the permanent RSLGs