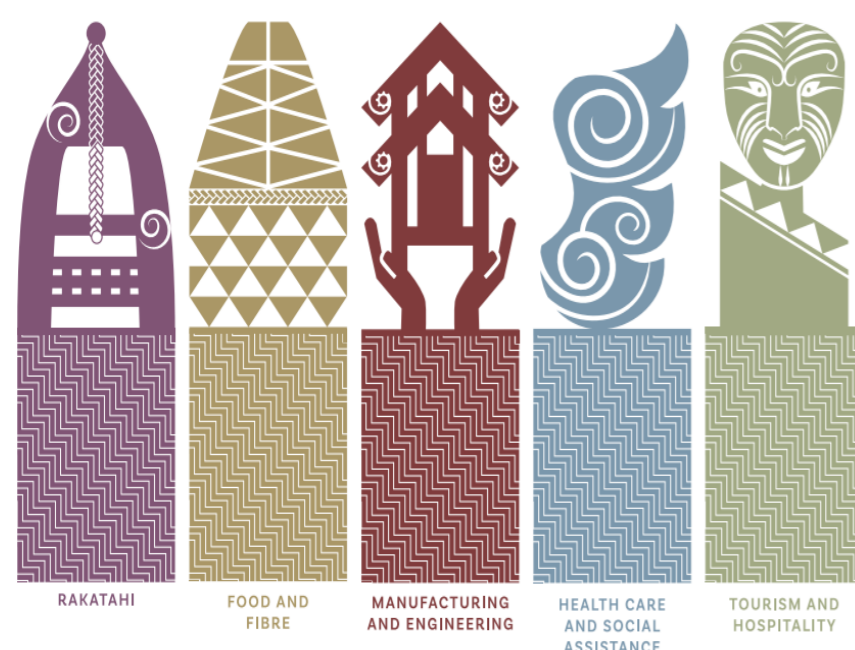


## TOP REGIONAL INSIGHTS




**The 2023 Budget announcements offer significant economic benefits to Murihiku, but rely on attraction and retention of a skilled workforce.** One hundred million dollars has been allocated to a green hydrogen consumption rebate, focused on supporting the transition from fossil fuels to Hydrogen (H<sub>2</sub>). The rebate will aim to meet the price gap in H<sub>2</sub> production and will be allocated on an auction basis due to commence early next year. The focus of the initiative is on creating skills, jobs and industry experience in Southland. Though the rebate can be paid nationally, recipients will have to show how they are contributing to Southland's transition. The H<sub>2</sub> announcement was discussed during a recent Energy and Innovation Wānanga hosted by Murihiku Regeneration and Invercargill City Council, which considered opportunities for the region through the production of green energy, particularly H<sub>2</sub>. A key message was the importance of our region's ability to attract and retain an appropriately skilled workforce - not only to produce green energy, but in all associated construction, planning and management requirements.


**Rakatahi need the right support to help them towards better outcomes.** Recent Ministry of Social Development (MSD) analysis of benefit data has found that young people who receive a Main Benefit have more complex challenges than their peers and will likely need more support to re-enter the labour market. 2023 MSD research shows that rakatahi are 2.4 times more likely to have intergenerational Main Benefit history, are 2.2 times more likely to have not achieved NCEA level 2 (or equivalent), and will have an estimated 19.1 future years receiving a Main Benefit. 2021 research by MSD also showed an increase in the percentage of people who remained off-benefit 12 months after exiting the benefit system (to go into work, tertiary education, or apprenticeship/industry training), compared to 2019 and 2020. This supports the notion that better outcomes are possible for young people when given the right support.

## TRENDS AT A GLANCE


### February 2023 Migrant Workforce data for Murihiku shows:


Overall, the **Agriculture, Forestry and Fishing Industry** has the largest share of migrant workers in Southland District (23.8% of the workforce are migrant workers) – the greatest share across all recorded industries in the region.

 **Dairy** has the highest percentage of migrant workers within the Agriculture, Forestry and Fishing Industry. 25.8% of the dairy sector are migrant workers.

 Within the **Aged Residential Care** sector, 19.3% of the workforce are migrant workers.

The **Horticulture** sector has 13.3% migrant workers.

 Within **Tourism**, 12.4% of the workforce are migrant workers.

 In **Construction**, 3.8% of the workforce are migrant workers.

## TOP LABOUR MARKET OPPORTUNITIES

**Eight million dollars has been allocated to Murihiku Just Transition projects, including support for the aquaculture industry, an engineering and manufacturing cluster, the region's innovation ecosystem, and implementation of the regional long-term plan.** Combined, these projects will raise confidence in the region by driving outcomes such as strengthening regional resilience, developing pathways for decent work, and building economic diversity. Each have significant labour market considerations, and the RSLG will continue to work alongside Just Transition projects, focusing on the associated workforce and skills needs.

**An employee-focused workforce survey has been launched to help understand worker perspectives in Murihiku.** The Murihiku RSLG have helped develop and launch a co-branded (E Tū/RSLG/Beyond 2025/Southland Business Chamber/Just Transition) Southland Murihiku Decent Work Survey focused on jobs and working conditions, to understand what decent work looks like for people across the region. Results are due out in July 2023 and will help inform the region in its delivery of the associated actions within the 2023 Regional Workforce Plan Update.

**Businesses are sourcing skilled labour from countries such as the Philippines to help meet national and regional gaps in labour market supply.** While this approach supports sectors such as healthcare, manufacturing, and construction, it does require adequate pastoral care measures to support, protect, enable and retain a migrant workforce.

## TOP LABOUR MARKET CHALLENGES

**Finding labour is the number one factor limiting business growth.** Results from the Southland Business Chamber's eighth Southland Business Confidence Survey show a continued drop in business confidence. 80% of businesses responding to the survey, which covered three months ending 31 May 2023, expected the general business situation in New Zealand to deteriorate in the next six months. The remaining 20% expected things to stay the same. This is the highest level of pessimism since the survey first commenced in August 2021. The survey found: "Businesses are continuing to struggle to find skilled/specialist staff, with 60% finding it harder to find skilled/specialist staff than three months ago. This trend continues for unskilled staff, with 40% finding it harder to find unskilled staff than three months ago. Not one single respondent has thought it is getting easier to find skilled or unskilled staff since commencing the Southland Business Confidence Surveys in August 2021." Capacity, finance and sourcing supplies were also identified as factors holding businesses back.

**The H&J Smith department stores have signalled their closure by November 2023 which could leave 220 employees out of work.** While a final decision is due at the end of June, early indications are that closure is likely to occur. Of the 220 workers, 190 are based in Invercargill with the remaining numbers spread across Gore and Queenstown. MSD have engaged with MBIE, the CEO of H&J Smith, local council Mayors and Chief Executives, the Southland and Queenstown Chamber of Commerce, and Great South (Southland Regional Development Agency) on the topic. Plans are progressing to respond collectively should the closure proceed, to ensure those impacted by the closure are supported to transition into new employment opportunities.

**Labour market shortages continue to impact workforce wellbeing and organisational capability across multiple sectors.** Nursing shortages, particularly in residential aged care, continue to have a significant impact on service provision and the overall wellbeing of the existing workforce. In manufacturing, engineering and construction, an increase in the number of apprentices and less qualified staff is putting pressure on existing experienced, skilled staff, and limiting the overall capability of businesses in the short term.

## REGIONAL WORKFORCE PLAN (RWP) UPDATE

**The draft 2023 Southland Murihiku Regional Workforce Plan Update has been completed, with the final document due for publication at the end June.**

The Update provides an opportunity to reflect on RSLG mahi to date, reshape our areas of focus, and begins workforce planning for emerging and evolving sectors. It builds on the original RSLG aspirations and priority pou, and is designed to be read alongside the inaugural 2022 RWP.

Three regionally significant sectors have been spotlighted in the document:

- Te Pūkao Whakahou – Te Hauwai | Renewable Energy – Hydrogen
- Te Ahumoana | Aquaculture
- Kā Mahi Waihaka | Construction

Workforce and skills requirements associated with these sectors have been connected to the original RWP pou, and have been woven across a series of new actions.

Actions in the 2023 Update build on the 2022 RWP. The iterative nature of the RWP process has enabled the development of more targeted actions focused on the workforce and skills needs of Murihiku businesses and organisations across specific sectors (pou). This includes the needs and perceptions of existing and future employees, across multiple demographics, in urban, rural and remote parts of Murihiku.

## OUR FOCUS FOR THE NEXT THREE MONTHS:

- Publishing the 2023 RWP Update. Continuing to work alongside key partners in delivering the RWP, including the Beyond 2025 Southland regional development plan being launched at the end of June 2023.
- Working with Just Transition project teams to support the development and implementation of recently funded projects, as more details and opportunities emerge.
- Drafting the second six-monthly RWP progress report, due for publication mid-2023.