

TOP REGIONAL INSIGHTS



Labour market shortages are easing across the region. After a sustained period of almost no slack in the Otago labour market, conditions appear to be easing. Respondents to Business South's latest Quarterly Southern Business Survey indicated that while labour market shortages continue to cause challenges for Southern businesses, finding staff is starting to get easier. Accordingly, 47 percent of SMEs plan to hire staff over the next three months, along with 80 percent of larger businesses in the region. This positive news was balanced by concerns around increases in operational and compliance costs, including salaries and wages. Wage growth has slowed significantly as margin pressure begins to bite for Otago employers, requiring them to look at other initiatives to sure up their workforce requirements.

Staff retention is emerging as a focus for employers and generating positive outcomes for employees. Otago has experienced several consecutive quarters of very tight labour market conditions, and employers have responded by finding ways to encourage people to stay. Anecdotal feedback from Otago employers and business associations suggests that employers are beginning to focus on staff retention initiatives, with in-work training and upskilling being a common example. Business South data shows that 73 percent of SMEs in Otago plan to invest in training and other initiatives over the next 12-months, while up to 88 percent of larger businesses are preparing to do the same. These efforts are having positive flow-on effects which was reflected in the recently released Queenstown Lakes District Council Quality of Life Survey, where higher-than-average, and growing, levels of worker sentiment in the district were reported.

The Otago workforce is becoming increasingly diversified. Otago employers have responded to prolonged workforce shortages by tapping into previously underutilised parts of the labour market. Household Labour Force Survey (HLFS) data for the March 2023 quarter shows that workforce participation by women and youth in the region has recently risen sharply. The seasonally adjusted labour force participation rate for women increased to 67.7 percent — the highest rate since the series began in 1986. As per the [2023 Regional Workforce Plan \(RWP\) Update](#), the Otago RSLG will be exploring how the region can better utilise these and other untapped labour sources in its mahi this year. Workforce diversification is seen as a key element by the RSLG to creating a sustainable labour market in the region. The full version of the 2023 RWP Update can be viewed [here](#).

NUMBERS AT A GLANCE



For the March 2023 quarter, unemployment in Otago remains at 3.4%, equal to the national rate.

Source: Household Labour Force Survey, Statistics New Zealand, March 2023 quarter



Otago's regional economy saw 6.3% GDP growth in the March 2023 quarter, compared to 5.3% GDP growth nationally.

Source: Statistics NZ



Employment in Queenstown-Lakes has risen by a rapid 11.4% pa over the past year. Almost 2,500 additional jobs have been filled, with close to 1,000 of these in the Accommodation & Food Services sector.

Source: Queenstown-Lakes labour market snapshot to March 2023, QLDC

TOP LABOUR MARKET OPPORTUNITIES

Queenstown Resort College (QRC) are developing a further thirteen micro-credentials. They are applying to NZQA for approval to build on their existing tourism programmes by providing validation of entry level hospitality and service skills; and expand on their current machine learning micro-credentials to include cloud computing and data fundamentals among other topics. In the Regional Workforce Plan, the Otago RSLG has called for innovation and upskilling of capability in changing technologies to be priorities in vocational education provision. The development of these micro-credentials aligns with these actions.

Otago RSLG is collaborating with agencies to provide foundation-level skills and locally facilitated in-work learning in Waitaki. The RSLG is in early discussions with a range of stakeholders to help build foundation-level skills in the Waitaki district. In-work provision of transferable foundation skills was identified as a key requirement for employers and employees in recent engagements by the RSLG with the community. The initiative will look to deliver a package of micro-credential training across a range of subject areas, with learning facilitated locally.

Otago RSLG co-hosted a successful Pathways Leadership Breakfast event in Dunedin. Over 100 business and education leaders attended the June event which showcased a range of initiatives occurring across the region to open and clarify pathways from formal education to work. Delivered in collaboration with Ministry of Education, Ministry of Social Development, Business South and Enterprise Dunedin, the organisers were thrilled with the level of engagement on the day and are now planning further events in Waitaki and Central Otago.

TOP LABOUR MARKET CHALLENGES

Redundancies at the University of Otago may impact future enrolments. The region's largest tertiary education provider, the University of Otago, is currently working through a voluntary and involuntary redundancy process as it seeks to reduce costs, following the reporting of a substantial loss in the previous financial year. Lower enrolment over the past few years has been cited as one factor behind the University's financial woes, but it is unclear how future enrolments will be affected by the wider economic slowdown. The Ministry of Social Development (MSD) report that they are working with the University and also with a range of other public and private sector employers in the region as these redundancy processes are worked through.

Workers' inability to find accommodation in Queenstown Lakes is ongoing as the housing shortage continues to make national and international headlines. News stories also focus on the reputational hit that the resort district is taking, as it struggles to cope with the immense strain the post-pandemic influx of population is putting on the housing and rental markets. MSD and other agencies are continuing to respond, and the Queenstown Chamber of Commerce recently provided a series of recommendations to central and local Government regarding worker accommodation and the Queenstown Lakes Joint Housing Action Plan (JHAP). These include amendments to tenancy legislation, and the timing of housing rules to encourage more property owners to develop and provide appropriate rental accommodation.

THE OTAGO REGION

The Waitaki District Council has released their June 2023 Economic Update which indicates good progress is being effected on the 10-year Uplifting Waitaki: Hāpaitia te Waitaki Economic Development (WED) strategy
Source: [Waitaki District Council](#)

The Clutha District experienced the biggest boost in popularity in all of New Zealand's tourist destinations for May 2023. Domestic guest numbers grew 97% compared with 2019, beating second-placed Fiordland (92%).
Source: MBIE

Te Whatu Ora and MSD recently committed to providing co-located services at Te Kaika, a kaupapa Māori organisation that supports Māori, Pasifika and low-income Dunedin communities. *Source Regional Public Service Commissioner*

OUR FOCUS FOR THE NEXT TWO MONTHS:

- Continue to progress the Otago Regional Workforce Plan actions, detailed planning to achieve this is underway.
- Progress and build on engagement with local rūnaka
- Further research and analysis of the themes identified in the 2023 Regional Workforce Plan Update.