

## TOP REGIONAL INSIGHTS



**A draft Queenstown Lakes Economic Diversification Plan is now available for public consultation.** The impact of border closures relating to COVID-19, and subsequent interruptions to workforce supply, have hit the Queenstown Lakes economy hard in the past four years. This has incentivised a desire in the district to lessen the reliance on tourism by developing alternative industries.

The draft diversification plan has been developed by the Queenstown Lakes District Council Economic Development Unit (EDU), in partnership with the local community, mana whenua, businesses and global experts. It aims to align with the district's spatial, destination management, and workforce plans by creating a resilient and sustainable economy that offers a diverse range of career and income opportunities by 2050. It identifies three key pillars to underpin diversification - creation of conditions to enable economic diversification; diversification in travel-reliant industries and growth of travel adjacent businesses; and the growth of niche industries for a diversified and resilient economy. Fifteen projects have been identified across the three pillars, and more detail can be found in the [draft plan](#). Consultation closes on 8 December 2023.

**Events are highlighting diversification initiatives already underway in Queenstown Lakes District.** As part of the engagement process to develop the economic diversification plan, the EDU hosted a series of "Diversification Snapshot" events to highlight diversification in action. At the [most recent event](#), speakers emphasised the need to develop solutions that are locally focussed; highlighted innovative environmental projects that tap into cutting edge tech; and demonstrated that sectors such as the film and creative sector are maturing rapidly. For example, the Queenstown Lakes film production hub is now New Zealand's third largest, with substantial infrastructural development projects underway that will boost sector employment in the district.

## NUMBERS AT A GLANCE



**Employment growth across Otago remains high,** increasing by 8.8% from September 2022 to September 2023 (from 139,200 to 151,400 people employed).

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



**Unemployment also increased,** with 3,600 people unemployed in Otago as at 30 September 2023, an increase of 1,300 from the same time the previous year.

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



**97% of Otago businesses report rising costs and inflation as the primary issues impacting their business,** with wages and salaries being a substantial contributor.

Source: Business South business survey, September 2023.

## TOP LABOUR MARKET OPPORTUNITIES

**Central Otago District Council recently launched a new digital connectivity project.** The project will assess the limitations of the existing infrastructure and the impact this has on underserved populations. It will also identify the speed of connectivity required for today's households and businesses and develop a plan for how digital connectivity could be increased in the district. Equitable digital access was identified by the RSLG as a key barrier to workers finding employment and businesses adopting technology across Otago. It is pleasing to see this initiative progress in Central Otago, and a report is expected next month.

**Secondment and job sharing are being investigated as possible tools to increase Otago rūnaka capacity and support capability development.** As we reported in our [August Local Insights Report](#), the RSLG has engaged with Otago rūnaka, and the development of capacity and capability to meet demands placed on them was identified as a fundamental issue. These demands include Tiriti partnership mahi, economic and business development projects and the substantial work required in managing marae. The RSLG is investigating how secondment or job sharing between substantive employment roles and rūnaka roles could benefit rūnaka, employees and employers in the Otago region.

**Te Pūkenga-Careerforce is piloting an innovative model to support ākongā in their work-based learning programmes.** At the November RSLG meeting, Te Pūkenga-Careerforce presented on a Dunedin based pilot to imbed specialist mental health provision into pastoral care delivery to Careerforce ākongā. They also advise that they will be looking into how they can integrate the Te Whare Tapu Whā model into their ākongā onboarding process. The programmes involved have historically seen high withdrawal rates, with stress and workplace pressures identified as leading causes. Te Pūkenga hopes learnings from this pilot can be applied to all in-work learning models in future to improve completion rates.

## TOP LABOUR MARKET CHALLENGES

**Bumper fruit crop will provide substantial logistical challenges for Central Otago growers.**

Growers in the district are reporting large crop loads for all stonefruit, with some cherry growers likely to have twice the load originally predicted. Growers have indicated to the Ministry of Social Development (MSD) that staffing levels are strong with a large volume of applications. The Growers main concerns are a lack of transport and logistics options to get the fruit out of the district and to market, and the continued lack of accommodation for workers. The Self-contained Motor Vehicles Legislation Act 2023 is now law – which means anyone camping on council land must have a certified self-contained vehicle. This will further restrict accommodation options for harvest workers.

**Potential for drought could compound tight financial conditions for Otago farmers.** A return to the El Nino weather pattern has increased the potential for drought in Eastern and Central Otago this summer. High operating and interest costs are already impacting farmers and rural service businesses throughout the region, and the onset of drought conditions could further impact their ability to engage seasonal workers and contractors. MSD report that they are working with the Rural Advisory Group (RAG) to prepare for impacts from potential drought conditions this summer.

**Softening economy in Otago is easing pressure on workforce demand.** Increased costs driven by inflationary and interest rate pressures continue to place pressure on business viability, and MSD report that redundancies are continuing to occur across the region. This is reflected in an uptick in unemployment figures, but employment levels continue to grow in the region. This disparity can be attributed to an overall growth in working age population driven by migrant arrivals, and lifting business activity in Inland Otago.

## Advice to Tertiary Education Commission (TEC)

*The RSLG has submitted advice to TEC relating to Otago vocational education provision for the 2025 year\*. The advice was developed following engagement with regional stakeholders and consultation with Workforce Development Councils. Highlights from the advice are as follows:*

- The advice outlined the Otago RSLG's thematic approach to our Regional Workforce Plan, addressing issues that cut across Otago's diverse sub-regions and employment sectors.
- We provided recommendations for changes in provision across 59 existing and/or new qualifications and credentials.
- The advice supported an increase in provision of kaupapa Māori qualifications in Otago, especially those that support pathways to and through the healthcare sector.
- We emphasised the need mana whenua has for whānau capability development, especially in Otago's smaller, isolated communities.
- We highlighted the impact that the Dunedin Hospital rebuild will have on regional skill requirements, and the need for flexible provision to support in-work learning on this project.
- We supported the development of new credentials that provide for upskilling in emerging technologies, which will support initiatives such as the draft Queenstown Lakes Economic Diversification Plan.

TEC is currently considering the Otago RSLG's advice, along with that received from other RSLG's across the motu and from the Workforce Development Councils. This advice will help to shape TEC's engagement with Otago vocational education providers as their planning for provision in 2025 takes shape.

\*Note that advice on provision for the 2024 academic year was provided in April 2023.

## OUR FOCUS FOR THE NEXT TWO MONTHS:

- Planning for a Central Lakes Pathways Leadership Breakfast in March 2024
- Build on recent engagement with local rūnaka, including holding an Otago Māori Workforce hui in early 2024
- Further research and analysis of the themes identified in the 2023 Regional Workforce Plan Update