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Executive Summary

Methodology

During October 2022 and February 2023, Beyond 2025 Southland undertook an online survey and interviews with 50 businesses throughout the region to better understand the opportunities and challenges Southland businesses face with recruiting and retaining employees.

The initial online survey attracted 146 respondents from Southland, with businesses of all sizes taking part. The survey asked questions regarding each businesses current staffing situation, the challenges they are facing when recruiting, staff retention, and some insights into factors such as how housing and immigration settings are impacting their business.

In February 2023, McElrea Consulting followed up this survey by conducting 50 phone or video interviews with businesses employing over 20 staff. The purpose of this was to see if there were particular challenges for larger organisations that hadn't been highlighted within the online survey. 20 of the businesses that we spoke to had completed the online survey, and the remaining 30 businesses had been selected by Beyond 2025 Southland for the number of people they employ, the spread across the region, and the range of industries that they represent.

To gain a better understanding of where Southland sits within a wider context, global, national, regional, and local research was also analysed.

Strategic Context

There are continuing global pressures from the pandemic around the labour shortage, with the shortfall expected to continue with a reducing global workforce.

Globally, we have an aging population and a declining birth rate, so this combination will result in a much smaller workforce, in the next decade or two.

As more of our roles become automated and the use of technology increases, the aging population becomes more evident. Technology improves processes and efficiency, however, there still needs to be people to work with, and alongside, the technology. The skills gap in this area is expected to increase significantly in the next few years.

Nationally, we are starting to see some of the same trends around labour shortages. Prior to the pandemic, New Zealand enjoyed a free flow of backpackers, working holiday visa holders, and skilled migrants coming into the country. As the borders closed in 2020 and the immigration settings have become more restrictive, it has highlighted shortages for some industries that are reliant on those workers coming into the country, which include medical staff, qualified specialists like engineers, and staff for our hospitality industry such as chefs.

New Zealand's unemployment rate at 3.4% is currently one of the lowest in the world! This, along with the other points above, is compounding the labour shortage within the country.

Two other regions within New Zealand were compared with Southland, to see if Southland's challenges are unique or if they are representative of what is happening throughout the country. The two regions are Taranaki, due to its comparative population and supporting industries. The other is Otago, a neighbouring region. Taranaki is facing the same issue regarding worker shortage, however, according to their latest business confidence survey, not as many businesses are looking for employees as in Southland. This could be due to a number of factors including the influx of international students to Taranaki and the fact that it seems to be harder to attract people to move to Southland.

Otago is also grappling with the same issues, however, workers are likely to flock back to the region (especially Queenstown) before the overflow effect is felt in Southland.

Attraction

In terms of attracting staff to Southland, there have been some strong themes coming through in both the online survey and the one-on-one interviews.

Businesses would like to see increased regional promotion as a tool to help attract staff to Southland. While there is a lot of tourism promotion, they would like to see more about what it is like to work, live and play in Southland and what people's daily life looks like.

This would also go some way to dispelling the myths and perceptions of Southland, which appears to be another barrier to attracting staff. The perception from those that don't live in Southland can be that Southland has an undesirable climate, that it is geographically remote, there isn't anything to do, and a general lack of understanding about the types of businesses and opportunities that are available in Southland.

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Settlement support would run alongside this, so when people move to the region, either from around New Zealand or internationally, they know where the good suburbs are to live, what the schools and preschools are like, where can they register for a doctor or dentist and how do they find their church or social network. Probably most importantly, for immigrant staff, is help with getting an IRD number and bank account in a timely manner, so they can get paid and apply for a rental property. While many businesses are attempting to do this themselves, a more cohesive approach is required so the information is standardised and updated as things change.

Employing younger people, older people and those with health and disability challenges

Nearly two thirds of businesses who responded to the survey indicated that they are already involved with, or would be open to being involved with the Gateway program through schools.

Businesses would like opportunities within Southland to be better highlighted through the program. As an example, many of the bigger factories offer many career paths including design, operations and logistics, food tech and chemists as well as a pathway to apprenticeships.

Some of the larger companies also have their own training programs and career pathway incentives for young people to work their way through the company.

Older people are a vital part of the Southland workforce with nearly all of the companies we interviewed saying that they employ older staff members. This is not surprising given the ageing workforce, the low unemployment rate, and the increased cost of living. They are a valued part of the workforce with many businesses saying they couldn't operate without them as they come with a wealth of knowledge and expertise, and have great work ethic.

Many organisations admit that they will be required to start succession planning as these staff (who fill management and executive roles) decide to retire in the next few years. There will be a lot of intellectual property lost as they leave and it is vital that this is passed on and recorded in some way.

Almost three quarters of organisations said that they do, or are open to, employing people with health and disability challenges. Having people with physical disabilities is more challenging for some businesses due to the type of work they do (a lot of physical work), or that the older buildings they are based in need significant work to be more accessible, but some businesses are already in the process of upgrading the buildings to make this possible.

For those with mental health issues, the overriding factor was that if the person was the most suitable candidate and doesn't pose a health and safety risk to themselves or their colleagues, then they would work to accommodate them as much as possible. Many organisations already employ people with health issues and this is not a barrier to employment.

Migrant Workers

The number of businesses that are using the accredited employer work visa program is much higher in larger organisations. This is not surprising, purely based on the numbers of staff required to work in the larger companies. A lot of the positions that they use this program for are specialist roles that they are unable to recruit for locally or nationally. Nearly three quarters of businesses that employ over 20 staff use this program with mixed results. Most organisations have said that the program is expensive and administratively complex, with some bringing in outside HR expertise to help with the paperwork.

The assumption has been that by becoming an accredited employer, it would make bringing staff into the country a more seamless experience, but that does not appear to be the case with visas for some staff taking upwards of 6 months to be approved and processed.

Those that are not currently using this program have said that the high wage requirements are prohibitive for their business.

Suggestions included being able to have someone in the Southland region who knows this system intimately and can give advice to those who require it. It was mentioned that this would be a huge help to those companies who would like to complete this process in-house, but have questions about a part of the paperwork or need some clarification.

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Housing

Housing was highlighted as an issue in both the online survey and one-on-one interviews but was more prevalent in larger companies.

Smaller, owner-operated businesses often don't have a lot of executive team members or large management departments, and they are often able to find staff to fill their labour gaps from the local talent pool, who already live in the region.

The larger businesses, based outside of Invercargill (e.g. Gore and Te Anau) find it particularly challenging to find their staff suitable rental properties. Availability and choice were the main issues. Those who are moving into the region for work would prefer to rent for the first year or two, but there is a lack of high-quality, executive family homes for rent.

All businesses interviewed in Te Anau stated that there has been a noticeable increase in the number of long-term rentals being repurposed as holiday homes, contributing to the already tight rental market. Some businesses mentioned that there are employees living in tents and caravans on people's lawns, and a large portion living in the camping ground.

While lack of availability was highlighted, choice of housing stock was also an issue. There is a distinct lack of higher density, fully furnished housing options available for employees coming to Southland on the accredited employer visa program and for industries like the medical profession.

Retention

Just under half of respondents to the interviews and online survey are experiencing issues retaining their staff.

Companies are coming up with incentives and ways to ensure they are creating a business where their staff want to stay. Some are offering incentives in the way of insurance for both the employee and family, work vehicles available for private use, with the company paying the FBT, life insurance, annual bonuses, increased KiwiSaver contributions, and signing bonuses as well.

While organisations know they can't stop staff from leaving to further their career, for family reasons or to travel, there are some industries that have agreed not to shoulder tap or poach staff from their competitors. This would only move the issue from one organisation to another and not help solve the overall shortage of staff.

The lack of public transport options is a consideration for those that work outside of Invercargill. There are some large employers outside of the city whose staff travel for work, but the increasing cost of living (particularly fuel) is beginning to be a consideration when applicants are applying for work. This is also highlighted when there are limited housing options closer to the place of work, for example, organisations based in Winton, Gore, or Bluff.

Challenges within the next few months...

The most prevalent concern for businesses in the next three months is the effect the minimum wage increase will have. This does not just affect those on the minimum wage but has a ripple effect throughout the company as those on the pay brackets above, also require pay increases and so on. This will have a huge impact on the bottom line of a lot of businesses, with increased costs being passed on to the consumers at some point. This changed between the initial online survey and the interviews as the 'minimum wage increase' was announced by Central Government in between the online survey and the business interviews being conducted.

Attracting and retaining staff is front of mind for most businesses. Ensuring that they have enough staff to operate, attracting the right talent for their organisation, and retaining the staff they have is of utmost importance.



GLOBAL

When comparing the results of the business interviews and the online survey to other local, regional, national and global research, it became clear that recruitment challenges for Southland are not entirely unique.

As markets begin to stabilise and production levels are slowly rebounding to pre-pandemic levels, companies from around the world have yet another challenge to navigate: the ongoing labour shortage. In fact, studies show that there will be an estimated shortage of 85 million workers around the globe by 2030.²

There are many common factors across economies spurring the talent shortage, as well as unique challenges to specific regions, industries, and job roles.

Here's a look at some of the factors driving the labour shortage.

COVID-19

It would be impossible to discuss the current labour shortage without acknowledging the global pandemic's role in it. As of March 2022, WHO has reported more than 6 million people deceased due to pandemic-related issues, while millions of others are dealing with the long-term effects of the virus.

This factor alone has caused major disruptions to workplaces around the world. The lingering global pandemic has spurred a number of challenges for employers and employees, including:

Mental Health Issues

Early into the pandemic, mental health professionals started to express concerns regarding the global pandemic's impact on workers' mental health. Today, it looks like these warnings are proving true. The U.K.'s Office of National Statistics reports that one-half of the over 400,000 employees who left the workforce between February 2020 and November 2021 did so due to long-term mental health issues. In the U.S., a recent survey revealed that two-thirds of millennials who quit in 2021 cite mental health as the primary reason.

Immigration Disruptions

Migrant workers make up 5% of the global workforce. Countries such as the United States, Saudi Arabia, United Arab Emirates, Canada, Germany and the United Kingdom depend heavily on these workers to meet production demands. The pandemic significantly hindered this dependency as countries set stricter immigration policies to control the spread of the virus within their borders. In the UK, the combination of COVID and Brexit caused immigration rates to fall by 90% in 2020. Many countries are now taking steps to loosen immigrant restrictions, but it could still take years for migrant rates to return to pre-pandemic levels.

Shifts in Workers Expectations

Throughout the pandemic, many employees faced additional pressures at work, such as sudden layoffs and lockdowns and extraordinary personal challenges, including homeschooling their children and caring for aging parents. These stressors have spurred a shift in workers' expectations. At the forefront of these expectations is the desire to maintain a healthy work-life balance. Today's workers are looking for greater flexibility by means of remote work options, flexible schedules, additional paid time off, and greater autonomy to set their own schedules.

Furthermore, some workers are willing to change jobs to get the flexibility they need or leave the workforce altogether if they can't find it.

Low wages

While some workers are leaving the workforce altogether, the majority are simply changing jobs due to better job opportunities. Some are leaving for higher salaries.

The ongoing labour shortage has created a candidate-driven market in most areas of the world. Many employees and job seekers are requesting higher wages and improved benefits. However, these wage increases vary across the globe.

Aging population

Another factor impacting today's labour shortage is the world's aging population. For years, employers in many countries have had concerns about replacing record numbers of retiring workers. The aging population is expected to increase in the upcoming decades. Studies estimate that by 2030, one in six people in the world will be aged 65 or over, and by 2050, this number will double. On top of this crisis, birth rates in many countries are falling. The combination of an aging population and a falling birth rate means that there will be fewer people available to work. This issue will continue to plague employers for at least the next few decades.

Technology skills gap

According to a recent study, 87% of global employers admit that they are currently struggling with skills gap issues or expect to within just a few years. While the loss of skills and experience through retirement is certainly a contributing factor, the main cause of the skills shortage is the integration of advanced technology, AI, and automation in the workplace. While this emerging technology definitely helps to streamline business processes and improve workplace efficiencies, it also requires workers with the skills to operate it.

This is not a new challenge facing employers, but it is one that has intensified since the pandemic.

Which industries are most impacted by the labour shortage?

While nearly every industry is affected in some way by the growing labour shortage, there are a few sectors where the impact is larger:

Manufacturing

Even before the pandemic hit, experts were predicting a global labour shortage of over 8 million workers in the manufacturing industry. Today, the labour shortage is even more problematic. In the United States, there could be over 2 million unfilled jobs in manufacturing by 2030 and manufacturers in the UK are facing the largest labour shortage in over 30 years.

Supply chain

Logistics is another sector that is struggling to attract workers before and after the pandemic. This labour shortage is not isolated to just one region of the world. For instance, employers in the U.S. are struggling to fill 80,000 open trucking vacancies, while the U.K. is seeing a shortage of over 100,000 truck drivers. This ongoing labour shortage is expected to bring an 18% shortage of truck drivers in Mexico and a 24% shortage of drivers in Turkey.

Healthcare

The healthcare industry was hit hard during the pandemic. Not only did these essential workers risk their lives, as well as those of their families, by going to work every day, but many also had to work long hours due to staffing shortages. Now, as the effects of COVID-19 start to subside, many of these workers are leaving the profession.

Globally, the International Council of Nurses warns that as much as half of the current nursing workforce could leave the profession within the next few years. This issue could lead to a global crisis in under a decade.

Southland Context

Covid-19 and the issues associated with the pandemic, especially regarding immigration disruptions and shifts in workers' expectations came out strongly in both the interviews and the online survey.

Low wages did not come up as an issue in attracting or retaining staff when interviewing businesses. Some of the bigger companies have good competitive salaries, good career pathways, and even sign-on bonuses. The issue they saw is that they cannot compete with wages in Australia and have staff moving there to start on very comparatively high wages. Also, employers in Southland are competing with businesses in other more attractive regions in New Zealand. So while the wages might be competitive, it is not always easy to 'sell Southland' as a place to move to.

Southland's aging population was highlighted as an area of concern in retaining staff as people move towards retirement age. However, many businesses interviewed already employ people over 65 and accommodate them in various ways (such as job share).

The technology skills gap was mentioned as employers have noticed a distinct lack of technical skills coming from our graduates. Having to teach graduates how to use computer technology within their areas of trade (e.g diesel mechanics) puts a lot of extra strain on a business when employing.

While most industries were struggling to attract staff, engineers, healthcare workers (in line with global shortages mentioned above), and hospitality staff were highlighted as being the areas of major shortage in Southland. The hospitality worker shortage was directly put down to immigration settings and unsociable hours.

NATIONAL

Nationally, we are having the same challenges in New Zealand regarding recruitment as the workforce is globally with some causes more pertinent to us than others.

Generally, there has been a labour shortage in New Zealand for quite some time. However, due to travel restrictions implemented during the first stages of the pandemic and the resulting closure of New Zealand's borders in March 2020, this problem has compounded for New Zealand employers.

Immigration

The workforce in New Zealand prior to 2020 had been topped up with migrant workers entering on visas such as the Skilled Migrant Category Resident Visa. However, coupled with the after-effects of the closure, we are still seeing major employment gaps across the board and new immigration policies that have caused further delays for New Zealand employers, which are not expected to improve until this year.

New Zealand citizens are enjoying a high rate of employment. However, we are in desperate need of more people from overseas to fill vacancies. Immigration NZ introduced a Green List to prioritise some specific skilled labour roles. However, this is not a quick road to recovery for our Kiwi companies.

Reduction of qualified skilled workers

Due to border closures, New Zealanders are now finally able to take steps to move overseas themselves. It has always been important for Kiwis to travel and experience overseas work opportunities due to the nature of our location in the world. However, for our employers, this is another issue compounding labour shortages.

With skilled jobs, proper training and education are vital to the supply of labour across different industries across New Zealand. However, the number of apprenticeships has also been falling, and graduates in engineering, education and healthcare are too few to meet the demands.

With New Zealand's ageing population, we are heading for a high retirement rate within the next decade, which will also impact the availability of skilled workers. Highly skilled degrees take time to nurture. Therefore a longer-term strategy is needed to educate New Zealanders and, at the same time, increase immigration to counteract this drop in the workforce to meet demand.

General practitioners, for example, are estimated to see their workforce reduced by fifty per cent in the next ten years due to retirement. The lack of new graduates in this area will push New Zealand to look to international shores to fulfil their health care needs.

Low rates of unemployment

Most industries across the country are dealing with staff shortages as low unemployment and wage rises from inflation put increasing pressure on employers. This has created an employee market, and with it comes high levels of turnover (20% as of 2021 - New Zealand Staff Turnover Survey Report 2022), as employees switch jobs based on better pay and working conditions.

Tourism and hospitality have been particularly hard hit and are facing a busy season as international tourists flock into the country over the busy summer period. The Tourism Workforce and Industry Readiness Survey Report identified that there is a lack of applicants for roles, and that the quality of the applicants is poor or below the requirements levels. Challenges of finding skilled staff, staff willing to work flexible hours and businesses struggling to pay high enough wages to attract and retain staff were also highlighted within the report. Comments were also made about the challenges around the accredited employer programme and the realities of going through the process of hiring this way.

Southland Context

When looking at what is happening nationally, it is apparent that Southland has similar issues in attracting employees to the region.

The lack of migrant workers, the increased complexity and time it takes to become an accredited employer, and the time it takes for migrant workers to receive their visas were all highlighted as barriers to recruitment.

In terms of skilled jobs, Southland is on par with New Zealand in that there are not enough graduates coming through, especially in the engineering industry. In terms of healthcare and nurses, the sector acknowledged that there were enough graduates coming through in Southland, however, there is a lack of skilled, experienced nurses within the healthcare system to be able to teach and guide the graduates.

Most organisations interviewed in Southland already employ older people over the age of 65 and many offer job share positions. Southland's turnover rate is comparable with the national turnover rate, apart from the agriculture industry. This industry sees a much higher turnover rate in line with the seasonality of the industry.

REGIONAL

Comparison with Taranaki

When researching whether Southland is unique to other areas in New Zealand, Taranaki was used as a comparative area. Taranaki was chosen as a comparison region because it shares a lot of similarities with Southland.

The population of Taranaki is approximately 122,700, while Southland is approximately 102,600, both regions are rurally based, with agriculture, forestry, and fishing being the main industries. This is closely followed by manufacturing for both regions.

In their respective online surveys, Southland respondents indicated that 70% were having trouble recruiting staff to their businesses, while in Taranaki, that figure is 36% (as of December 2022). When interviewing businesses in Southland, over 80% stated they were looking to recruit.

In terms of relying on working holiday visa employees or bringing in staff from overseas, 64% of businesses interviewed within Southland indicated that they are, or were about to sign up to the accredited employer scheme to look internationally to fill their vacancies, while in Taranaki, 50% of respondents indicated that they would need to search overseas for suitable applicants for their roles.

Taranaki has the lowest unemployment rate in the country (as of June 2022) so is still struggling with a worker shortage. While businesses, especially retail, have been through some challenging times, Taranaki is well supported by the dairy industry. The international education sector contributes hugely to Taranaki's economy, and since July 2022, Taranaki has welcomed back over 120 international students to the region. These students are then able to fill some of the vacant roles.

Comparatively, Southland seems to be struggling more than Taranaki in terms of attracting people to the region. This could be due to several reasons, including dispelling current perceptions and myths of Southland.

Comparison with Otago - our neighbouring region

Across the Otago region, workforce shortages remain a foremost concern for businesses and employers, especially in the healthcare, horticulture and viticulture, and tourism sectors. In the Otago Regional Leadership Group's engagement with stakeholders and partners last year (Local Insights Report 2022), staff shortages were observed across almost all sectors.

Immigration was seen as a solution prior to the COVID-19 pandemic, but closed borders and more restrictive immigration settings have exposed more immediate flaws of this strategy. Along with much of the developed world, New Zealand faces declining birth rates and a high average duration of retirement. This has resulted in a decreasing available workforce for industry and increasing competition for workforce globally and domestically.

Lack of housing is also seen as a major barrier to businesses' ability to attract staff, especially in Central Otago and Queenstown Lakes.

Southland Context

As mentioned, staff shortages are a global issue and regions such as Southland, Taranaki, and Otago are no exception. Contributing factors such as lack of housing, lack of skilled employees, low rates of unemployment, complex immigration settings etc. are common issues all regions seem to be grappling with.

According to the Otago RSLG insights report of November 2022, over 40% of Working Holiday Visa Holders intend to come to Otago, which will help ease summer labour shortages. As more workers come to Otago, Southland will slowly begin to see the flow on effect as jobs fill within the Otago region. Businesses in Southland cited that they were feeling the effects of no workers in Queenstown as they would normally see worker shortages be filled by these migrants.

Attracting people to come and live in Southland is difficult due to the perceptions of the region. Bad weather, 'nothing to do' and other perceptions such as being a friendly, yet unwelcoming community (people say hello, but don't invite you to their homes), and being geographically remote are each a deterrent for people moving to Southland. This has been highlighted in both the Gore District Welcome Plan 2021, as well as the Southland District Welcome Plan 2022 and the interviews that were undertaken for this project.

LOCAL

Local strategies and reports

The table below categorises the main barriers and concerns to attracting and retaining staff and identifies local reports and strategies where these barriers have also been highlighted as an area of concern.

BARRIERS TO ATTRACTING & RETAINING STAFF	Southland Murihiku Workforce Demand Report 2021	Southland District Welcome Plan 2023	Gore District Welcome Plan 2022	Gore District - Closing the Gaps Report 2021	The Fiordland childcare services capacity report	Southland Murihiku Employer Workforce Research 2023
Perception of poor climate	1	1	1			/
Ageing population	1			1		/
Geographically remote	1	1	1			/
Perception there is nothing to do	1	1	1			/
Lack of skilled workers	1			1	1	1
Remuneration better elsewhere	1			1		,
Language barriers	1	1	1	1		1
Shift in worker expectations (e.g. hours, work from home)	1			1		,
Lack of childcare options	1				1	
Poor attitudes to working	1			1		1
Shortage of housing stock	1	1				/
Immigration settings	1	1	1			1

Positive aspects of Southland were highlighted in most of the above reports including better work/life balance, easy access to lakes and mountains, good climate, beautiful environment and a settled, less hectic lifestyle compared to the larger centres. These reasons could contribute to positive regional promotion in attracting and retaining staff in Southland.

Southland Murihiku Employer Workforce Research - Business Interview Analysis



In February 2023, McElrea Consulting conducted 50 phone and video calls with businesses throughout Southland. Twenty of these businesses replied to the Southland Murihiku Employer Workforce online survey in September and October 2022. The remaining 30 businesses were selected by the Beyond 2025 team for the number of staff they employ, from a range of locations throughout Southland, and covering all sectors. Below is a summary of those interviews:

50 Businesses

No. of employees

Invercargill
Gore District
Te Anau Majority of interviewees are from these towns

STAFFING

Businesses currently recruiting 85%

CURRENTLY RECRUITING 15% NOT currently recruiting



77%

Indicate it is challenging to recruit staff

Total number of full-time vacancies

418

*Southland Hospital is excluded from this number as they need staff in almost every department and didn't know the exact number.

- · Replace natural attrition
- Employ new roles (priority is to build up existing staffing levels first)

Most vacancies are to:



High vacancy numbers are due the following:

Low numbers of unemployed in Southland



Businesses receiving few or no applicants for positions, commenting that if people are not already employed, then they are unemployable.

The quality of applicants



Many businesses are struggling to attract qualified staff with 3-5 years of experience in their chosen field. Graduates come for 2-3 years of experience and then move on, making succession planning challenging.

Lack of unskilled/entry level employees



Entry level/unskilled workers, whom businesses rely on to run business are not in the market for jobs.

Competition for staff



With many organisations advertising for staff, there is an agreement among some industries not to shoulder tap staff from other companies. Organisations, such as Te Pukenga are competing with commercial entities for the same staff (e.g. qualified nurses in high are competing with commercial entities for the same staff (e.g. qualified nurses).

Employees market



Some larger employers cite that recruiting for shift work is hard. Similarly for businesses needing qualified staff for weekends or after normal business hours work. Employees want more sociable hours or are realising, since COVID, they can work from home and

Specialty roles hard to recruit for



Roles such as engineers, finance, and technical roles with councils are hard to recruit for. Some of these roles can be recruited for from overseas, while some roles require specific qualifications and only sourced from specific countries. One prefers employing Mandarin speaking staff as it is chinese owned.

Lack of backpackers & working holding visa holders



As a result of the border closures the normally large contingent of international staff are not in the Queenstown Lakes region. Queenstown businesses have employed New Zealand staff leading to a vacuum of staff in Southland, who has previously benefited from the overflow of staff from these popular regions.

Visa holders change plans



Current working holiday visa holders have their pick of jobs, changing their plans according to what seems best or based on accommodation. Te Anau is one of the areas that is suffering with the lack of housing and lack of staff.

HOUSING

52%

Of businesses interviewed cited housing as a challenge to recruitment. For the purposes of this summary, these have been analysed by townships to ascertain whether there are any discrepancies.

Challenges/comments regarding housing when recruiting

- The lack of rentals for executives, families, young workers, and working holiday visa holders (especially visa holders in Te Anau), was strongly identified as the major constraint in relation to housing within Southland.
- **Limited choice of housing** was cited as a barrier as most migrant workers who come to Southland want 1- or 2-bedroom furnished apartments, not 3-bedroom unfurnished homes with gardens.
- · The quality of housing (including age) was mentioned, along with the increasing costs of rent.
- Interviewees specific to Te Anau cited that many rentals have been repurposed by their owners to cater to **holiday accommodation** (such as Air B&B's), contributing to an already tight rental market.
- Business citing housing was not a challenge, many stated that their staff already live locally.
- More than half of the businesses interviewed provide temporary housing to employees (e.g. provide four weeks' accommodation at a motel or Air B&B, or fixed-term rentals) while they find rentals.
- A few businesses provide long-term accommodation for their staff, however, this is not a long-term solution as they are not fit for purpose (e.g. hard for families).
- · Many businesses also provide relocation costs for employees to move to the district.

Bluff

- Businesses located in Bluff cited availability, choice and quality of housing as constraints to recruiting, with lack of rentals for families, executives and young people (from outside the district) being the main challenge.
- This is less of a challenge for staff working on production lines as they tend to live locally.
- Businesses interviewed pay relocation costs for their executive managers

Gore District

- · Ten businesses were interviewed within the Gore District.
- Larger companies who recruit from outside Southland identified the lack of available rentals and the quality of houses as major barriers to the recruitment process.
- Two businesses employing 51+ employees mentioned that most of their employees live locally already, so
 housing is not a challenge during the recruitment process.
- The lack of flats for younger staff members was cited as an issue by some businesses
- · One business was unaware of any issues regarding housing for their staff.
- The Matai Ridge development in Gore was cited by some businesses as not addressing the real issue of
 housing in Gore. Most of the sections in this development have already been sold to people living within the
 district, or developers for land and house packages. The concern is that this will not address the rental, quality of
 housing, or choice issue in Gore.

Invercargill

- 14 out of 26 businesses interviewed cited housing as a major challenge to recruitment.
- Lack of rentals strongly came out as the main challenge, followed by a lack of housing choices.
- A number of businesses cited that their employees **do not want** a 3-bedroom house. They would like fully furnished 1- or 2- bedroom apartments located within the city centre.
- Not enough housing for executive staff was cited, with one business losing its CEO due to not being able to find an appropriate house.
- Quality and age of houses is also a factor as is the high cost of rentals.
- Nine businesses cited that housing was not a challenge
- A comment was made that a lot of young workers live with their parents.
- · A few businesses were unsure whether housing was a challenge or not.

Te Anau

- All Te Anau businesses interviewed agreed that housing was a challenge to recruitment.
- A major lack of rentals for families, executives, and working holiday people came out strongly. In Te Anau, businesses are concerned that a lot of the 'rental' market has disappeared due to owners now renting them out as Air R&Rs
- · Most businesses pay for relocation costs for their staff, especially in the upper management level.

ACCREDITED EMPLOYER PROGRAM

34

Businesses indicated they were either accredited through this program or had started the process of becoming an accredited employer. Feedback from those that are already accredited and have used it to employ staff, is that it is administratively complex and expensive, with the minimum wage requirements making this scheme prohibitive to some organisations.. Comments and suggestions below on how to overcome these challenges:



Helpful

An idea mentioned multiple times was that it would be useful to organisations to have someone within the region who has a deep understanding of this scheme and the paperwork involved, who they could call on to ask questions to get guidance. Not all want to fully outsource this and would like to understand it so they can seamlessly undertake this process themselves.



Visa Issues Once organisations have committed to employing someone from offshore, the time and resources to get that person here can be exhaustive. One hospitality business revealed that they had started the process to bring in 11 chefs, in October 2022. By February 2023, only one had received their visa and was due to arrive in March 2023.



Language

Employees on accredited employer programme are required to go through several modules to understand their employment rights in New Zealand. These modules are only available in English. While most can speak English, it is a second language for most. It would be helpful if these were available in other languages. Other resources like health and safety information, induction posters in other languages and access to translation services would also be very helpful to these organisations and employees.



Residency Uncertainty Once the employees arrive, the process to get their residency is costly and time consuming. While the employee is waiting, it creates uncertainty about the future as they cannot completely settle and do things like purchase a house. One organisation has helped 14 staff gain their residency and can now employ their family members as well, because they are residents. This in turn, helps with this business staffing.



In-house Solutions Some businesses have their own schemes. One such business works closely with the Red Cross and their refugee scheme. They employ several refugees through this program and help them through English language, literacy, numeracy, and tech courses.

CONCERNS FOR BUSINESSES

Southland businesses have a wide range of challenges in the next three months: These include:



Minimum wage increase Organisations are aware that the minimum wage rise has a huge impact on business and can cause a ripple effect which will ultimately have an impact on the bottom line. Those who are paid in the tiers above the minimum wage want to keep the gap between pay levels, and so on. Everyone within the business wants a pay rise. This will get to a point where the business can no longer absorb and will pass on to customers.



Increased Cost of living The cost of living is having an impact on staff, particularly for those that travel to work. Fuel prices are starting to dictate where people apply for jobs, out of town businesses are very aware of this. Businesses in Bluff recognise that most of their staff travel from Invercargill, while some businesses in Winton also have commuters from the city. Because of no public transport options, they are encouraging staff to carpool.



Recruiting and retaining

Retaining current staff is high on the list for employers. They are aware that if they lose staff, it will cost them in time, production, and staff morale.



Supply issues

Businesses are concerned about freight issues in relation to receiving stock in a timely manner. Cafes are concerned about not getting enough food supplies due to the floods in the North Island. Other businesses mentioned that stock for retail and construction was slow to arrive.

REGIONAL PROMOTION

Many businesses cited regional promotion as critical to attracting staff

businesses suggested

- The promotion be a snapshot of what it's like to live, work and bring up a family in Southland.
- · Showcasing amenities shopping, schools etc. and breaking down 'myths' (e.g. letting everyone in on 'Southland's Secret'), and ensuring the promotion was not solely tourism focused was mentioned as important.
- Some businesses cited that it is important for councils and elected members to cohesively work together as this impacts on how Southland is perceived.
- Many businesses indicated they would like to work with local councils, Great South and each other to develop regional promotional videos to be marketed on various platforms (such as Tik Tok) to attract families to Southland.

SETTLEMENT SUPPORT

Many businesses mentioned settlement support as critical for when someone moves to the district. Some businesses offer this service themselves but recognise that they do not do this very well as they don't have the time and resource to do so.

Directing employees to a one-stop shop with consistent messaging (could be a page of Great South's website) to answer questions such as:

- Where are the good suburbs to live in?
- How can I find accommodation?
- How can I get registered at the Dr's without having to go through a friend of a friend who knows someone, and not wait 3 years?
- What daycares can I get my child into?
- Where can I meet people and create my own network?

It was also suggested that spousal support is essential in retaining our workers. Knowing the skillset of spouses, whether they would also like to work (as they may be available for school hours), and ensuring they have the information and resources to know how to connect, should they wish to do so.

WORKING WITH SCHOOLS, UNIVERSITIES & POLYTECHS

Almost 66% of businesses stated they are already, or that they are willing to be, a Gateway employer.



Businesses would like there to be better relationships with schools and would like the programme to be driven by students so that businesses are taking on gateway students who are interested in their particular industries, therefore wanting to be there.



Businesses recognise that it is important to promote all the opportunities available within their workplace. For example, factories employ all manner of positions (HR, management, design, building etc.), not just working on the production line. Ensuring students understand what career pathways are available within these industries is important for businesses. Attending career expos was suggested as a method of doing this.



Some businesses stated that they would also be interested in putting school leavers through their training courses.



Developing closer relationships with Te Pukenga and other universities was mentioned.



Some businesses cited that the courses, and/or modules within courses offered, need to be looked at and consideration given as to whether they are still fit for purpose. Some businesses were concerned that some of the courses were not teaching the practical skills needed when entering the workforce. For example, the diesel mechanics course does not offer any modules on operating computerised agricultural equipment which is important to a rural region that relies on these types of technologies.

Older People

98%

of businesses interviewed stated they either already do, or are willing to, employ older people. Some businesses that already employ older people have put in place measures such as job sharing to accommodate the needs of some. Some businesses offer training or retraining and others simply don't discriminate on age as long as the older people they employ have the right skillset and qualifications. Some businesses mentioned that older people need to be able to work in physical roles so this may be limiting, however, are happy to place older people into less physically demanding jobs if they have any available.

Most businesses recognise older people as experienced with great work ethics and believe that as a sector, they are valuable to their industries.

Health and Disability

74%

of businesses stated they are open to employing people with disabilities, depending on the demands of the role and whether disabled people have the right skillset.

Some businesses suggested they support an inclusive workplace and already employ people with health and disability challenges. These businesses offer training and flexible working options to accommodate the needs of people with disabilities. Other businesses would like to employ and support those with health and disability challenges, however, it would depend on the role and whether it was safe for the potential employee to fulfil the role. Some businesses mentioned that they would like to employ those with physical disabilities, however, the older buildings they work from are not fit for purpose. One business stated that their only disabled bathroom was on the fourth floor of their building.

RETENTION OF STAFF

of businesses interviewed say that they are not having any issues with o retaining their staff.

of businesses say they are having challenges with keeping their current



Suggestions and challenges around staff retention

Ideas to retain staff

Companies are looking at ways that they can incentivise their staff to stay with many offering bonuses or subsidised extras to boost the employee's package. These include subsidised or fully paid health care and life insurance, work vehicles that can be used for private use (company pays the FBT), increased Kiwisaver contributions and bonuses. They also indicated that their organisations have a great team culture. This is especially true for those that are family-owned businesses as their staff often become an extension of their family who they genuinely care about and treat them as such.

Turnover challenges Those who have higher turnover rates often have circumstances beyond their control, such as reforms within local government and the tertiary sectors that create a perception of job insecurity.

Graduate student challenges

All organisations who employ graduate students said that they don't have a problem attracting people straight out of university but holding on to them after 2 years can be hard. They gain experience and then either move on to get a variety of experience or go overseas on an OE

Loyalty programmes

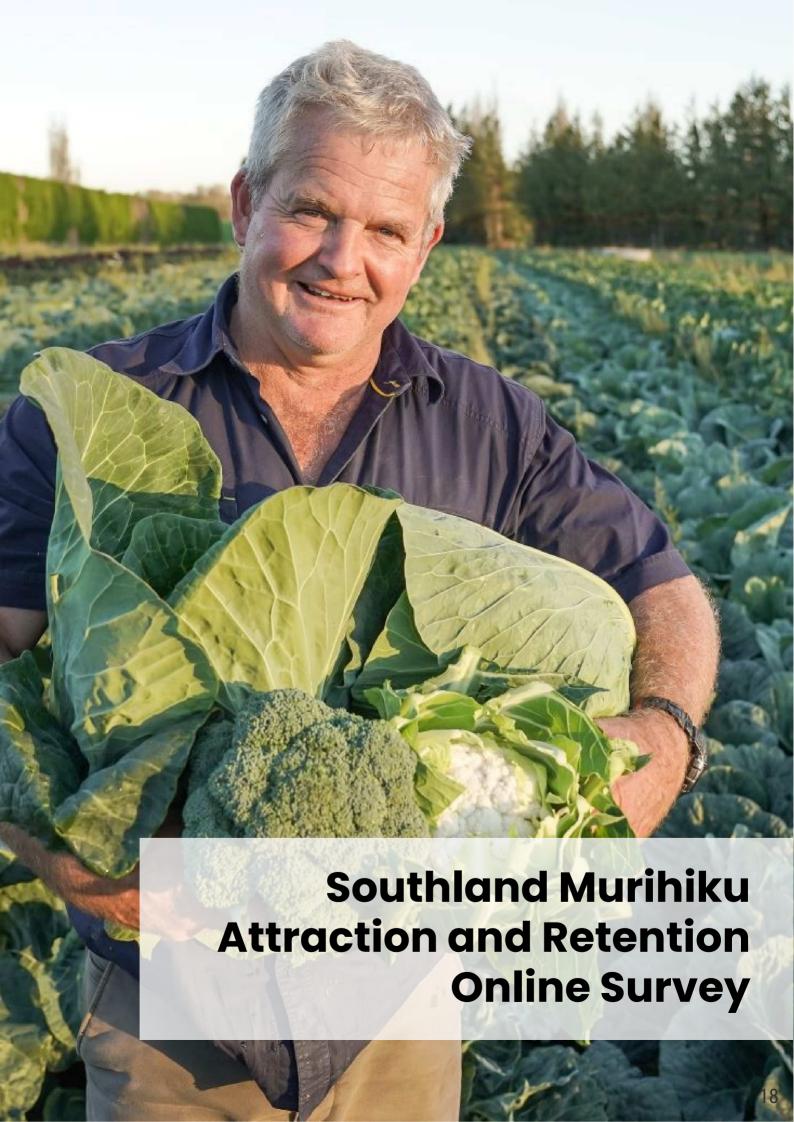
To try and stem the exit flow and to ensure there is talent coming into the business, many have adopted the philosophy of 'grow our own'. This concept of bringing young staff into the business and supporting them through training and development, means that they can get the staff they require, trained for their specific needs and create loyalty from the support that is offered. Companies also try to promote from within their current talent pool and offer development and career pathways that might not otherwise be on offer.

other opportunities

There is sometimes nothing that can be done to keep staff and, with the borders opening, the opportunity to travel has been a big drawcard to those who may have missed their OE's in the last few years. Other reasons include those who are moving on to other opportunities that can't be offered within the business, or for family reasons.

There are, of course, much larger, national issues that cannot be solved at a regional level, such as the shortage of medical staff and teachers, or that there are much bigger pay packets waiting on the other side of the Tasman.

While there are not enough people to employ, retention of staff will continue to be a challenge.



Types of businesses completing survey

The business types represented indicate that there are a vast variety of business types who completed this survey.

Accommodation Motels

Hotels

Camping grounds

Agriculture, Forestry & Fisheries

Dairy farming Dairy Industry Servicing Sharemilkers Fertiliser

Arts & Recreation Services

Museum and visitor information Movie / event center Public Gallery/Incorporated Society

Construction

Floor/wall tiling Retail and Laying Rural Trades Joinery Engineering Drainlaying Building

Retail Trade

Tractor & Agriculture Machinery Sales & Service Industrial equipment Marine, Boating & pleasure Convenience stores Vehicle sales Petrol Stations

Healthcare & Social Assistance

Massage & skin therapy Veterinary practises Dental practice Aged Care Health and wellness

Information Media & Telecommunication

Internet Service Provider Marketing Agency Technology and service Web/app design and digital marketing IT design, installation, and support

Manufacturing

Fibreglass repair and manufacture Dairy Manufacturing Aluminium Smelting Kitchen Manufacturing Sawmill Stock feed manufacturing **Boat Building** Food Manufacture Manufacturing fences and gates

Automotive Auto Repair Digital Engagement for GLAMs & Automotive Electrical Services Automotive

Financial and Insurance Services

Bookkeeping Accountants Insurance

Education

Swim School Tertiary Education Provider Childcare and education

Professional, Scientific and Technical Services

Recruitment & Health + Safety / Environmental Testing Environmental Consultancy Land Development Consultants Law firm Management Consulting Business Advisory

Hospitality

Food Truck Ice Cream Milkshake Parlour Cafe/gift store Pizza restaurant Restaurant and Bar Bakery

Tourism

Sightseeing and Wildlife Tour Operator Visit Fiordland - Regional Tourism Organisation

Transport, Postal and Warehousing

Road Transport - Rural Bus charters and tours Airport and transportation

Rental, Hiring and Real Estate Services

Property maintenance company Event Rental Property management / real estate sales

Public Administration and Safety

Local government Regional Development Agency/Regional Tourism Organisation

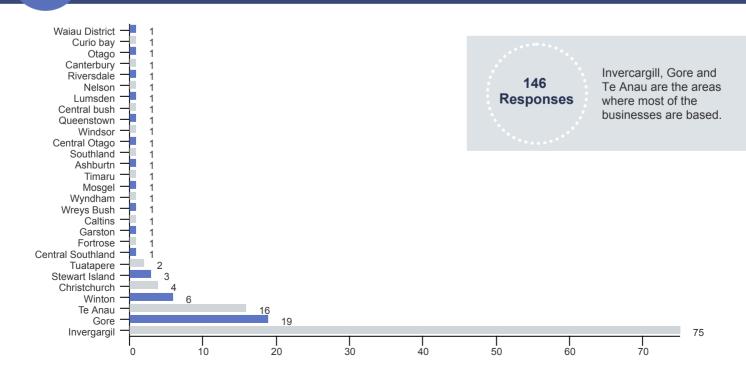
Wholesale Trade

Clothing Wholesaler Seafood Wholesaler and retailer

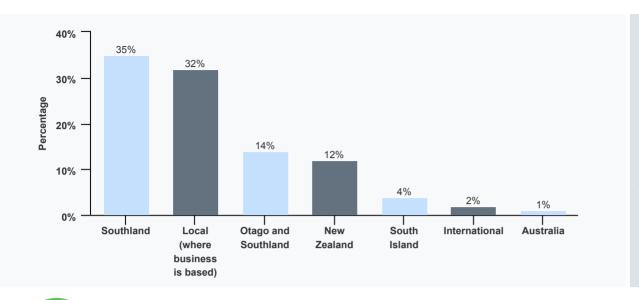
Other Services

Self-funding Charitable businesses in housing sector Radiator Repairs Restoration Industrial Electric Contracting Non-profit community

Where is your business based?



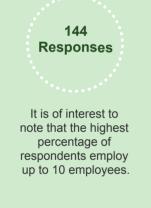
3 Where is your area of business?

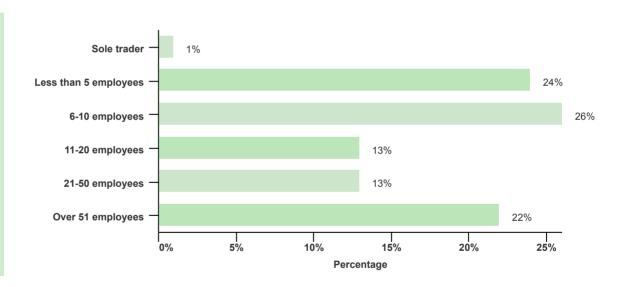




The main areas where local businesses conduct their business is within Southland, locally (where the business is based) and around Otago, Southland and around New Zealand.

4 What is the size of your business?





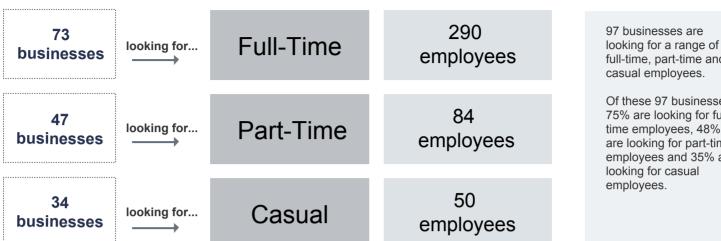
5 Are you currently recruiting?





The survey results indicate that 67% of business who responded are currently recruiting, while 33% are not.

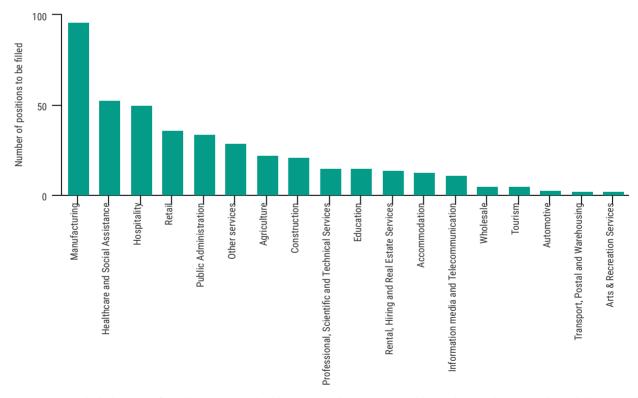
How many vacancies are you currently recruiting for?



full-time, part-time and casual employees. Of these 97 businesses,

75% are looking for fulltime employees, 48% are looking for part-time employees and 35% are looking for casual

Number of positions to be filled by sector



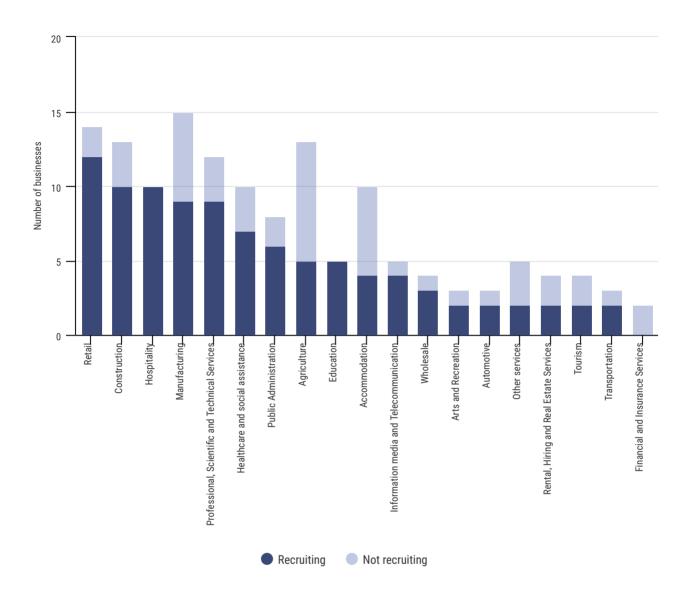
Of those who responded, the manufacturing sector is looking to recruit the most positions. It must be noted that this includes Tiwai Aluminium Smelter which is looking to recruit 50 employees including operators, electrical tradespeople, mechanical tradespeople, environmental advisors, and graduate engineers.

Healthcare and Social Assistance sector is looking for the next highest amount of staff ranging from nurses, care workers, physio assistants, and marketing coordinators.

Hospitality is also looking for a significant number of employees including chefs, baristas, duty managers, kitchen staff, and restaurant staff.

A full list of the types of positions businesses are looking for is located within the appendices.

Number of businesses within each sector recruiting



The above graph shows the number of businesses that responded to the survey who are recruiting / not recruiting within each sector. On the whole, most sectors are recruiting and cite a shortage of workers as a challenge.

Retail, construction, hospitality, maufacturing and professional, scientific and technical services, healthcare and social assistance, and public administration are stand-out sectors that are looking to recruit. This could be reflective of who and how many respondents answered in each section.

Interestingly the accommodation and agriculture sectors have more businesses that are not recruiting than those that are recruiting. It would be good to explore this further in the second stage of this project.



Yes 70%

No 3%

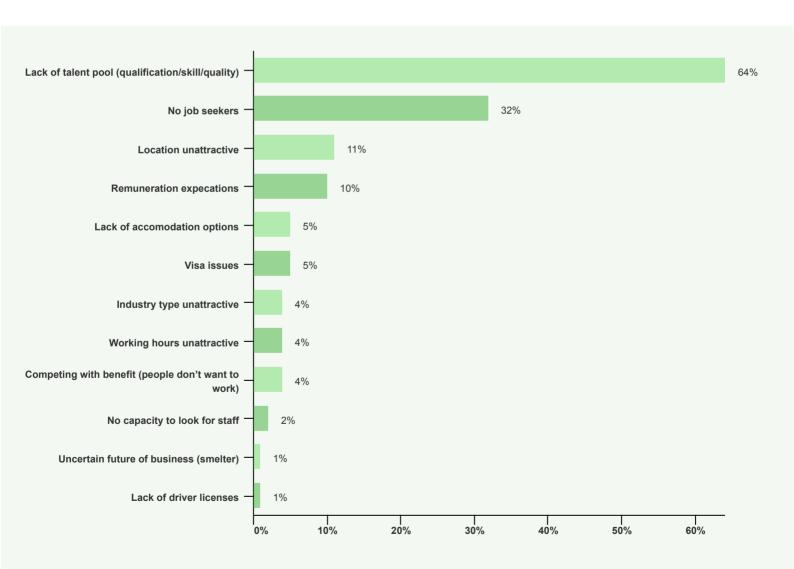
Sometimes 27%

70% of respondents indicated that they have challenges recruiting applicants.

9 For what reasons is it challenging?



The main challenges associated with recruitment are the lack of a skilled talent pool, the lack of job seekers, the desirability of location, and high remuneration expectations.



10 Is housing a constraint to recruiting?

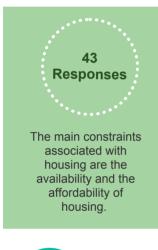


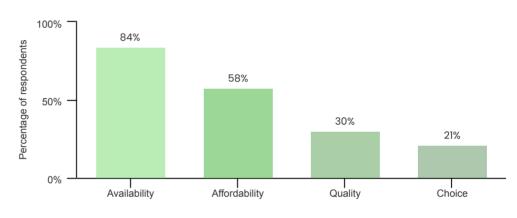


No 69%

According to the survey results 69% of businesses indicated that housing is not a constraint to recruiting. Question 24 indicates that 70% of businesses employ locally and therefore housing is less of an concern.

What are the constraints in relation to housing?

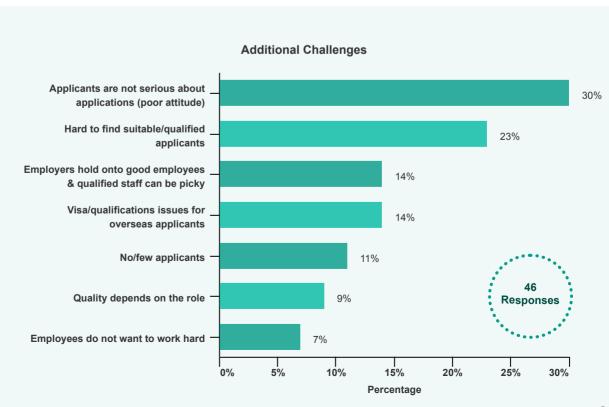




Please note that respondents could choose more than one category. This is why the percentages don't add to 100.

When recruiting, how would you assess the overall quality of applicants?





If your business is seasonal, how many vacancies will you be recruiting for the upcoming season?



Full Time

37

Part Time

Casual

46

A total of 30 respondents indicated they are planning to recruit for a total of 130 seasonal vacancies between them.

14 What positions will you be recruiting for?



- Apprentice
- Agricultural loading
- Cafe assistant
- Calf Rearing
- Farm Assistant
- · Casual customer service position
- · Chef and barista
- · Relief managers
- · Diesel Mechanics
- Driving
- General housekeeping
- GeneraGuides
- Housekeeper
- Kitchen hands

- Milk Harvester
- Management
- Marine technician
- Mechanics
- Office staff
- Quarry operator
- · Relief managers
- Relief milker
- Salesperson
- · Senior management
- Restaurant servers
- Service Station Attendant
- Swim instructor
- Technician



Do you intend on becoming accredited so that you can hire migrants on the Accredited Employer Work Visa?



Will you be applying for a Standard or High Volume Accreditation?

No

52%

Undecided 29%

Yes

19%



19% of businesses indicated they are planning to hire migrants on the accredited employer work visa, while 52% said they are not. Standard (5 or less overseas employees) High Volume (6 or more overseas employees)

High Volume

19%

Standard

81%



It was indicated by those who responded that 81% would apply for a standard accreditation and 19% a high volume accreditation.





Yes

82% percent of businesses said they are not reliant on working holiday visa holders to fill positions, while 18% said are.

How confident are you that you will be able to attract and retain the workforce you need?

120 Responses

The results indicate that 59% of businesses are somewhat confident they will be able to attract and retain their needed workforce, while 33% indicated they are not confident.

Extremely Confident

Somewhat Confident

Not Confident

32%

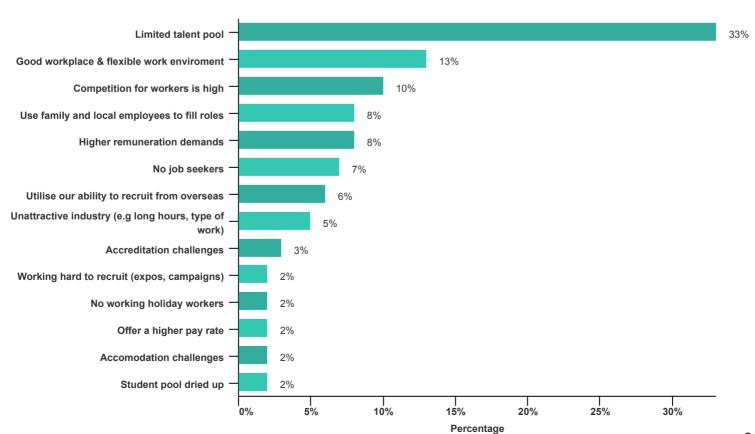
Not **Applicable**

6%

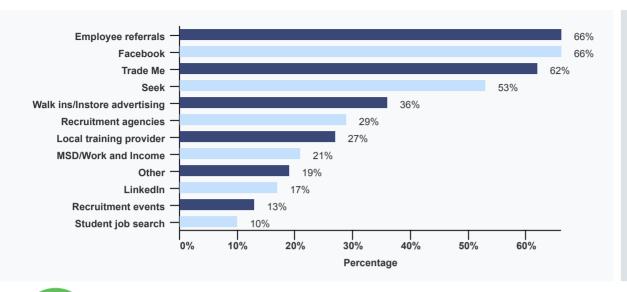
Please explain why?

67 Responses

The most common reason affecting employers confidence to attract and retrain staff is the limited pool of talent available.



20 Which platforms do you use for recruitment?



118 Responses

The most common recruitment platforms are employee referrals, Facebook, Trademe and Seek. Examples of 'other' platforms include local newspapers, farming groups, Farmsource, Governing bodies (NZPI).

21 How does your business recruit employees?

120 Responses

61% of businesses indicated they recruit themselves and don't have a dedicated HR specialist.

We have an internal Human Resources specialist/s within the business

12%

We use both internal and external recruitment resources

22%

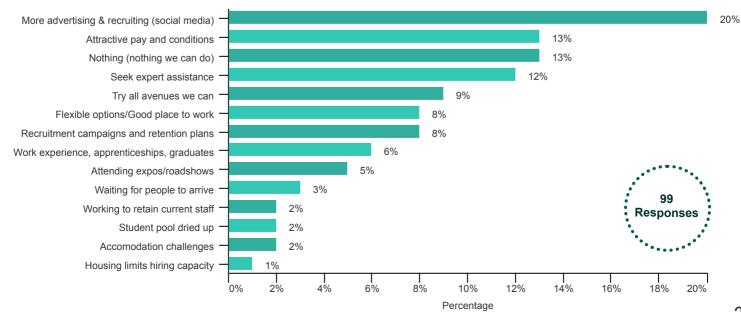
We recruit ourselves but have no dedicated internal Human Resources specialist/s within the business

61%

We use outside recruitment resource to assist with the recruitment process

5%

22 What are you doing to improve your recruiting efforts?





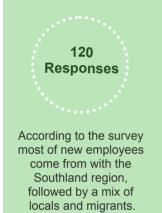


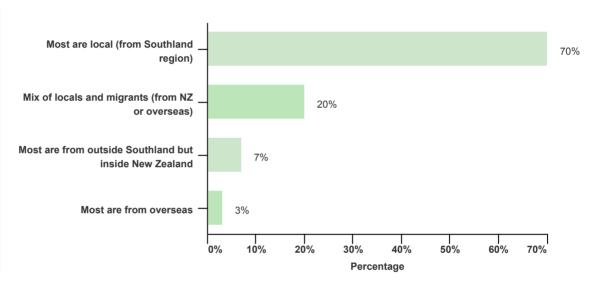
Yes 29%

No 22% Maybe

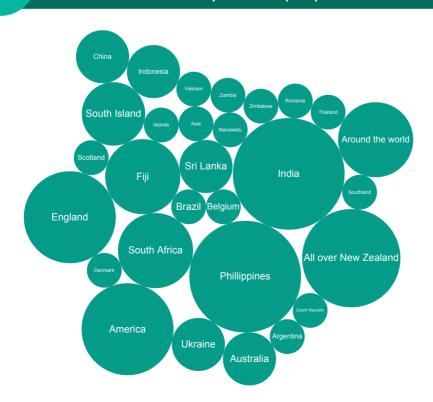
Forty-nine percent of employers indicated may be interested in upskilling their employees, while 29% said they are interested.

24 Where do your new employees come from?





25 If they are not local, which New Zealand region or countries have your employees come from?



47 Responses

The main areas employees come from are India, the Philippines, New Zealand, America, England, South Africa, Fiji and from within the South Island. Some responses indicated they employed from 'around the world' which is more general and doesn't pinpoint the exact countries. Other countries include Sri Lanka, Indonesia, China, Australia and Ukraine.

Are you finding it challenging to retain current employees?



Yes 16%

No 53%

Sometimes

31%

Over half of the respondents indicated they do not find it challenging to retain their current employees, whereas 31% said they sometimes are. Sixteen percent said they did find it hard to retain current employees

What sorts of positions are you finding challenging to retain?

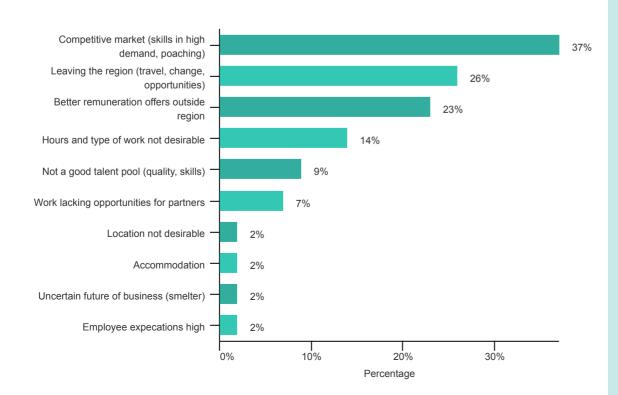
- 3 Waters staff
- Administration
- Aged care workers
- · Agricultural loader
- · All positions highly skilled to entry level
- Apprentices
- Branch Managers
- Cafe staff
- Carpenters
- · Cleaners / house maids
- Consulting roles
- · Crew leaders
- · Dairy farm workers
- Designers
- Duty Managers
- Electricians
- Enrolled nurses

- Experienced class five drivers
- Finance
- Food science roles
- Foremen
- Marketing consultants
- · General farm managers
- General farm managers
- Health and Safety
- HR/HSE
- Inventory persons
- 17
- Kitchenhand's
- Mid-tier lawyers
- Operators
- Part time staff
- Process workers
- · Qualified Carpenters

55 Responses

- Quarry operators
- Registered nurses
- · Relief milkers
- Sales
- Supervisor roles
- Teachers
- Technical positions
- Tradespeople
- Truck drivers
- Veterinarians
- Veterinary Nurses
- Web developers
- Youth coaches

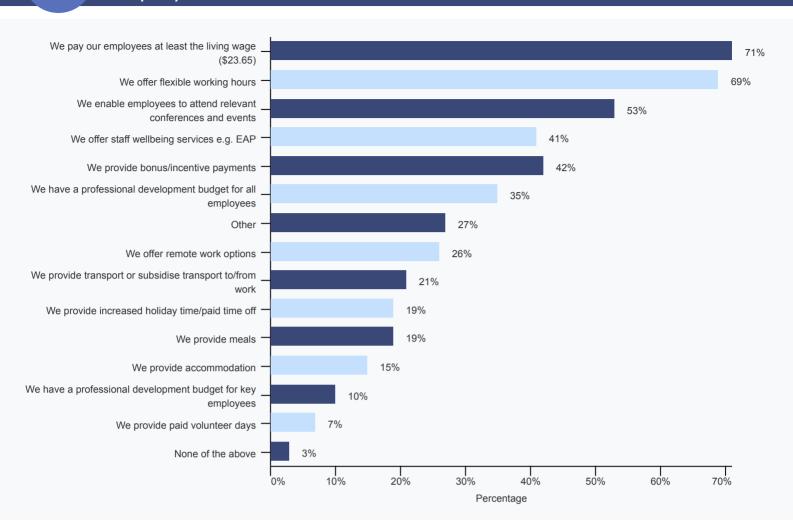
Why are you finding it challenging to retain current employees?



50 Responses

The main challenge facing employers is the current demand for workers, whether skilled or unskilled, this was mentioned by 37% of employers. This was followed by the desire for many people to leave the region in search of better opportunities, change and/or travel. Twenty-three percent of employers mentioned that the main challenge they face in retaining staff is that employees are getting higher remuneration and benefit packages elsewhere.

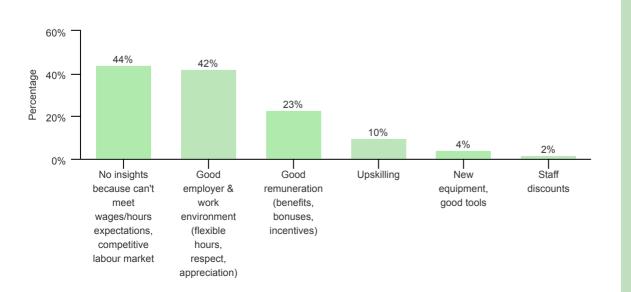
What are you currently doing to ensure you are an employer of choice?





The main mechanism employers are using to be an employer of choice is to pay at least a living wage of \$23.65 per hour. This was indicated by 71%, followed by offering flexible working hours, at 69%. Other mechanisms include offering employees to attend conferences and events at 53% and providing bonus/incentive payments & offering staff well-being services. Some of the other mechanisms listed under 'other' include uncapped sick leave, health insurance, staff share schemes, staff discounts, higher than the average wage, high kiwisaver contribution, providing morning tea, free vehicle WOF, life insurance, travel insurance, and income protection insurance.

Do you have any other insights or commentary around retaining employees?



63 Responses

44% of respondents didn't have insights to offer. Many commented they didn't have ability to meet the expectations of employee or compete in the current labour market. A good working environment and being a good employer was mentioned by 42% of employers.

When employees leave your organisation, do you conduct exit interviews?



Yes 63% No 37%

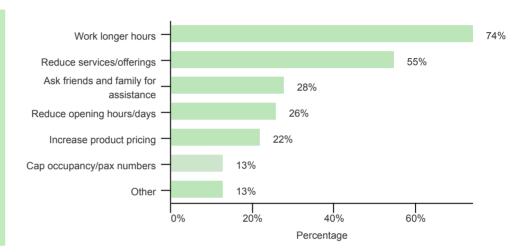
It was indicated that 63% of employers did exit interviews with those leaving the organisation, while 37% of employers did not.

What actions will you need to take within your business if you cannot fulfill your workforce requirements?

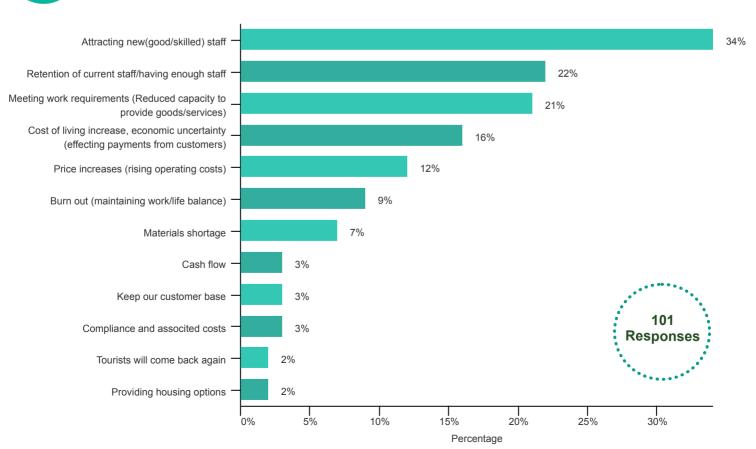


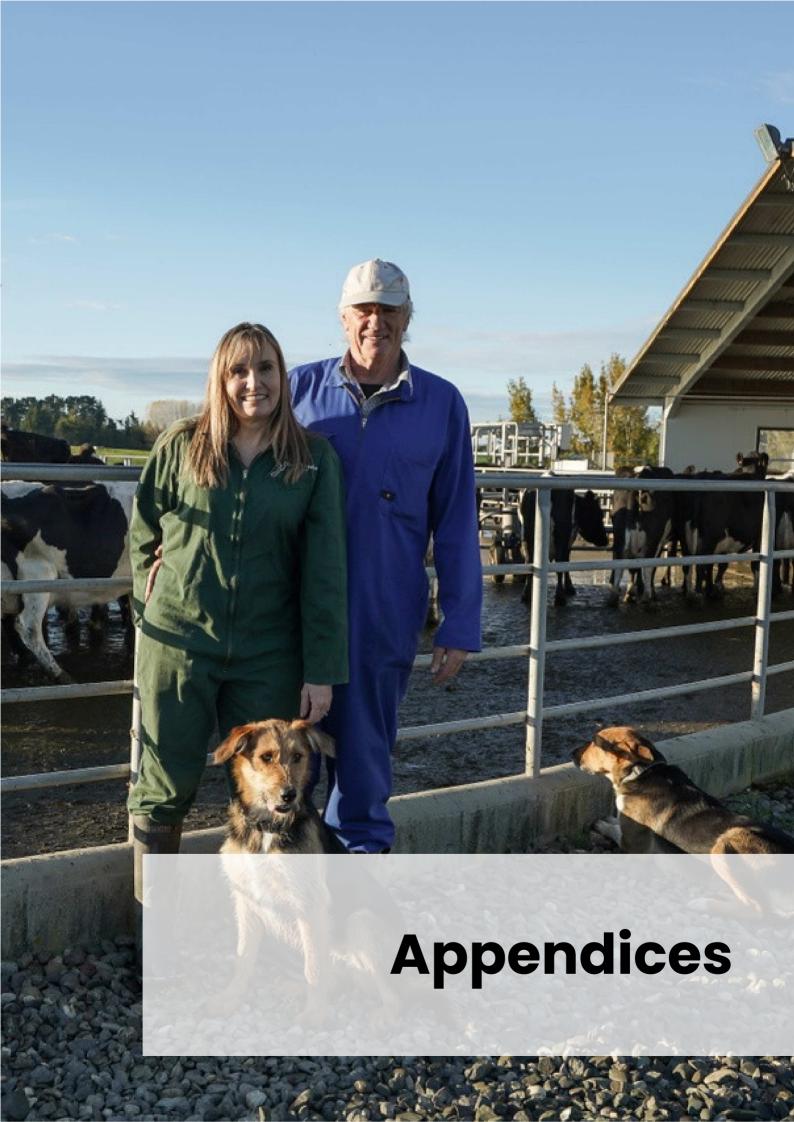
Seventy-four percent of employers indicated they would have to work longer hours to fulfill workforce requirements,

while 55% indicated they would need to reduce services/offerings. Other actions under 'other' include: increase compensation for more shifts, hiring contractors, outsource work, extend completion dates/lead times and slowing down production.



What are the main concerns/challenges for your business over the next three months?





Appendices

Types of positions businesses are looking for:

- · Abrasive blaster
- Accounts officer
- Administration
- · Aged care workers
- Apprentice
- Art Curator
- Barista
- · Bar staff
- · Beauty therapist
- · Bikram yoga teachers
- Cafe assistant
- Casual pool staff
- Carpenters
- Cashier
- Ceiling fixers
- CEO
- Chartered accountant

- Chef Cleaners
- Cook
- · Cleaning staff
- Courier Driver
- · Customer service
- Dairy Assistants
- Dairy Technicians
- Delivery drivers
- Developer
- Digital marketer
- Diesel Mechanic
- Drivers
- **Duty Manage**
- Educators
- Electricians
- **Enrolled Nurse**
- · Environmental advisor
- Estimators
- **Factory Workers**
- Financial Controller
- Food Technologists
- Food service person
- Foreman

- · Forklift Operators
- Front of hours
- General assistant
- · Graduate engineers
- · Graphic Ux/UI designer
- Groomer
- Guides (driving)
- H&S Coordinator
- Hairdressers
- · Haz Areas Ammonia Engineer
- Herd Manager/2IC
- · Health and Safety
- Health Care Assistant
- Housekeeping
- Industrial Electricians
- IT
- Joiners
- Labourers
- · Laundry worker
- Law Clerk
- Machine safety engineer
- · Manufacturing team members
- Marketing and community manager
- Marketing coordinator
- Marketing consultant
- Marquee installers
- Mechanic
- Mechanical tradespeople
- Operators
- · Parts Person,
- Painters
- Physio Assistant
- Plumbers
- · Plant operator
- Plant Operators
- Powders Coaters
- · Professional and administration
- · Process Manager
- · Project Management
- Quality Associates
- · Qualified Carpenter

- · Quality Inspectors
- · Qualified Veterinary Nurse Diploma
- · Qualified Small Animal Veterinarian
- · Roading Manager
- Reception
- · Recruitment Consultant
- Registered Nurse
- Restaurant Staff
- Retail
- · Risk Management
- Sales Assistants
- · Senior Accountants
- Senior Engineer
- · Senior Solicitor
- Service Person
- · Service Station Attendant
- Software Consultants
- · Swim instructor
- Sustainability Manager
- Systems Engineers
- Teachers
- · Technical food science roles
- Technical
- · Tiling Apprentice
- · Tourism Marketing
- Tradesman
- · Youth Coach
- · Warehouse Assistant