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People & Places

# Queenstown-Lakes' labour market snapshot to September 2022



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Council

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## 2. Labour market snapshot to September 2022

Winter 2022 was more than Queenstown-Lakes could have hoped for. The best snow in decades lured the crowds and, despite acute staffing shortages, record levels of winter visitor spending returned.

But moving up another gear to get ready for the peak summer season ahead will be tougher. Although businesses are slowly creeping up their headcounts, job ads are going unfilled as businesses continue to report difficulty finding workers. It is becoming increasingly apparent that staffing shortages aren't going to go away anytime soon and businesses would be wise, wherever possible, to invest in systems and technological solutions to help them be able to maintain their yield with a leaner workforce.

### 2.1. Overview of recent data to September 2022

Selected indicators of labour market conditions in Queenstown-Lakes			
<i>Stats NZ, MSD, Immigration NZ, JobFix, and Queenstown Chamber data, available at 1 November 2022</i>			
	Sep-22	Sep-21	% change
<b>Overall employment and wages</b>			
Total employment (filled jobs)	23,090	22,289	3.6%
Earnings (average annual wages)	\$63,805	\$58,431	9.2%
<b>Demand for workers</b>			
Job ads (number of online job ads, weekly average)	223	52	330.4%
<b>Worker availability</b>			
Employer-assisted visas (people in district on such a visa)	827	1,308	-36.8%
Jobseekers (number of 'work ready' on this benefit)	150	318	-52.8%
<b>Difficulty in finding workers</b>			
Skilled/specialist (net % of businesses saying hard to find)	65%	55%	22.0%
Unskilled roles (net % of businesses saying hard to find)	49%	49%	11.0%

- There were 23,090 jobs in Queenstown-Lakes businesses in September 2022, up 3.6% on a year ago. A general upward trend in employment has persisted since 2021.
- Job numbers during September 2022 were above their pre-Covid level from September 2019. However, the headline masks diverging industry employment trends. For example:
  - Accommodation and food service employment in September 2022 was still 1,043 jobs below its September 2019 level.
  - Construction (up 582 jobs), professional services (304), recreational services (211 jobs), manufacturing (191), and health (190 jobs) saw big increases over the same period.
- A changing composition of industry employment is a tentative sign of diversifying opportunities in the local economy, but it is also causing supply issues for local businesses.
- The September 2022 Queenstown-Lakes Business Confidence Survey by the Queenstown Business Chamber of Commerce showed that a net 49% of businesses are finding it difficult to fill unskilled roles and 65% are finding it difficult to fill skilled or specialist roles.
- Accommodation and food service businesses are especially struggling to find staff to serve visitor numbers which have returned to pre-Covid levels and there are concerns that visitor experiences will suffer. Over 70% of local job ads on Jobfix were in accommodation and food services.
- The pool of workers available to fill vacancies remains extremely tight, as evidenced by the continued reductions to 'work ready' Jobseekers and employer-assisted visas holders.
- Wages in the district grew by 9.2%pa to September, above 6.8%pa growth nationally. Growth is fastest in administration support, professional services, and accommodation and food services.

### Employment in Queenstown-Lakes businesses by industry, September 2022 compared to pre-Covid

*Stats NZ Monthly Employment Indicators, Filled jobs in businesses, available at 1 November 2022*

Industry	Sep-22	Sep-19	Change
Accommodation and Food Services	4,024	5,067	-1,043
Construction	3,332	2,750	582
Retail Trade	2,666	2,598	68
Professional, Scientific and Technical Services	1,751	1,447	304
Arts and Recreation Services	1,702	1,491	211
Health Care and Social Assistance	1,216	1,026	190
Education and Training	1,215	1,072	143
Administrative and Support Services	1,127	1,328	-201
Manufacturing	1,047	856	191
<i>All other</i>	<i>5,009</i>	<i>5,322</i>	<i>-313</i>
<b>Total</b>	<b>23,090</b>	<b>22,959</b>	<b>131</b>

### Total jobs in Queenstown-Lakes

*Source: Stats NZ monthly employment indicators, filled jobs*



### Wage growth in Queenstown-Lakes businesses by industry

*Stats NZ Monthly Employment Indicators, % change in annual wages (12 months to September 2022)*

Industry	Wage growth (%pa)
Administrative and Support Services	17.7%
Professional, Scientific and Technical Services	10.0%
Accommodation and Food Services	9.9%
Manufacturing	8.6%
Health Care and Social Assistance	7.2%
Construction	7.0%
Arts and Recreation Services	6.1%
Education and Training	5.1%
Retail Trade	4.6%
<i>All other</i>	<i>8.7%</i>
<b>Total</b>	<b>9.2%</b>

## 2.2. Gearing up for summer and beyond

The labour market shortages we are currently seeing will remain a challenge for Queenstown-Lakes as we gear up for the even busier peak summer season.

The hospitality and accommodation sector alone would need to expand its headcount by 1,500 workers just to return to its pre-Covid summer level. And on top of these new hires to scale up, businesses must also hire to account for churn of workers who leave existing jobs because of seasonality or because they want to do something else. Recent data from Statistics New Zealand shows that over 4,000 jobs across the Queenstown-Lakes economy are affected by workforce churn each quarter from people leaving an existing role<sup>1</sup>.

Workers are in scarce supply, both in Queenstown-Lakes and across the rest of New Zealand. Queenstown-Lakes' businesses have been competing hard for workers by lifting wages faster than other parts of the country over the past year and that still hasn't been enough to entice enough people into the local workforce.

Furthermore, even if the anticipated influx of working holidaymakers<sup>2</sup> across the border over the coming months give some businesses a welcome reprieve, this will only be a band aid, rather than a long-term fix.

The reality is that labour shortages are a global phenomenon that isn't going away. Populations in developed nations are aging rapidly, which has sparked a global war for talent as countries seek to replace retiring workers<sup>3</sup>. Competition for workers is particularly fierce in Canada and Australia, which are key markets for many of the same backpackers and other short-term migrants New Zealand targets.

We need to be realistic that, while Queenstown-Lakes is an attractive place that will always entice some workers, we can't rely on this as our only strategy for fixing our labour market shortages. Businesses need to accept they may need to operate with a perpetually leaner workforce and should begin to focus their investments accordingly. Many people think about investment as a tool for expansion. But instead, businesses who aren't already doing so should also challenge themselves to think about technologies, processes, and systems improvements they could invest in to maintain their yield with fewer staff.

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<sup>1</sup> This estimate comes from Statistics New Zealand Linked Employer Employee Data, which can be downloaded [here](#). Workforce churn in recent estimates in Queenstown-Lakes affects about 20% of jobs each quarter, down from 25% before Covid-19.

<sup>2</sup> There are currently over 65,000 active working holiday visas that have been issued, and a recent [Immigration New Zealand survey](#) showed that more than half of those with working holiday visas expect to arrive in New Zealand during summer. The survey also showed that most will work in hospitality and tourism, with Otago being the most common place these people want to visit after Auckland and Wellington.

<sup>3</sup> In New Zealand, currently about one in every six people are aged over 65 and Statistics New Zealand median [population projection](#) shows that this share will consistently rise to one in every four people over the next thirty years.