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People & Places

Queenstown-Lakes labour market snapshot to June 2023



Credit: Matariki Arrowtown Lights Festival

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Council (QLDC)

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2. Introduction and overview

This snapshot gives an overview of current conditions in Queenstown-Lakes' labour market to June 2023. It also puts the spotlight on earnings across Queenstown-Lakes to show how wages have risen rapidly over recent times across all industries and the wage gap with other parts of New Zealand is closing.

2.1. What are current labour market conditions?

Worker shortages in Queenstown-Lakes are largely behind us. Employment is now 6.4% above its pre-Covid peak, with job numbers over the past year having grown at their most rapid rate in 20 years. To put things in perspective, Queenstown-Lakes businesses have expanded their headcounts by 2,701 workers in just 12 months.

Capacity issues in the tourism sector in particular have dissipated, and the stories of visitors not being able to find an open café are no longer. Accommodation and food service employment in June 2023 was sitting at 98% of its 2019 winter level, while retail employment was sitting at 114% of its pre-Covid level.

But employment growth is likely to be more modest in the second half of the year, with fewer businesses anticipating lifting their headcounts. Queenstown-Lakes businesses are reporting that profit margins are squeezed as input cost pressures remain, while businesses feel they have less opportunity to lift prices given consumers are being more cautious with their spending. These sentiments are echoed in other parts of New Zealand, and are consistent with the Reserve Bank's assessment that it has probably increased the official cash rate enough and that it anticipates inflation will soon begin tapering off.

Already wage pressures in Queenstown-Lakes have moderated somewhat. Wage growth is running at 7.6%pa, which is its slowest in almost two years and well down on the 11%pa+ growth from early 2022.

2.2. Spotlight on earnings

This quarter we put the spotlight on wages across Queenstown-Lakes. Average annual earnings for Queenstown-Lakes employees (\$67,130) are below the national average (\$73,542). But bear in mind that the national average is pushed up by high paying jobs in Auckland and Wellington.

Queenstown-Lakes workers earn similar to the nearby cities of Dunedin and Invercargill, as well as substantially more than other places with a high orientation towards the tourism sector. Strong wage growth in Queenstown-Lakes has also helped the district make up ground with the rest of New Zealand.

In 2013, Queenstown-Lakes jobs paid 84% of the national average, while by June 2023 Queenstown-Lakes jobs paid 91% of the national average.

Pay differences between Queenstown-Lakes and elsewhere in New Zealand vary between industries:

- The average accommodation and food services worker in Queenstown-Lakes earns 138% of the national average, while arts and recreation service workers earn 112% of the national average.
- Professional service, public administration, and manufacturing workers earn 86% to 96% of their counterparts elsewhere in New Zealand.

In charting their pathways forward, it is important that employers are competitive with their wage packages and the progression they offer locally. Appropriate benchmarking of remuneration is important, not just for attracting workers, but also retention of existing workers. Some industries with below average earnings are conducive to remote work where existing residents could be tempted by higher paying work opportunities by employers based outside the district.

3. Labour market data to June 2023

Selected indicators of labour market conditions in Queenstown-Lakes

Stats NZ, MSD, JobFix, and Queenstown Chamber data, available at 31 July 2023

	Jun-23	Jun-22	% change
Overall employment and wages			
Total employment (filled jobs)	24,918	22,217	12.2%
Earnings (average annual wages)	\$67,130	\$62,362	7.6%
Demand for workers			
Job ads (online job ads, weekly average across quarter)	81	165	-50.9%
Worker availability			
Jobseekers (number of 'work ready' on this benefit)	111	195	-55.3%
Difficulty in finding workers			
Skilled/specialist (net % of businesses saying hard to find)	11%	78%	-67.0%
Unskilled roles (net % of businesses saying hard to find)	-18%	57%	-75.0%

- There were 24,918 filled jobs in Queenstown-Lakes businesses in June 2023. Employment has risen at a rate of 12.2%pa (2,701 jobs) over the past year – this was the fastest growth rate in New Zealand and the most rapid growth in Queenstown-Lakes in 20 years.
- Employment within Queenstown-Lakes is now 6.4% above its pre-Covid peak from February 2020.
- Capacity issues due to short staffing have dissipated, particularly in the hospitality sector:
 - Accommodation and food service employment in gearing up for winter 2023 was sitting at 98% of its 2019 winter level. Retail employment was at 114% of its June 2019 level.
 - Queenstown-Lakes expanding population has also supported higher employment in a range of other industries, including: professional services, health, and education.
 - Construction employment remains well above its pre-Covid level, but in recent months has been tracking sideways in line with a moderated trajectory for building consents.
- Businesses are reporting that finding workers is easier. A net 18% of firms reported ease in filling unskilled roles, while only a net 11% reported any difficulty filling skilled or specialist roles.
- But as we look to the future, businesses are somewhat hesitant about the economic outlook. The most recent Queenstown Business Chamber of Commerce Business Confidence Survey highlighted:
 - Queenstown-Lakes businesses are anticipating profit margins will be squeezed in the months ahead, as input cost pressures remain, while businesses have less opportunity to lift prices given consumers are being more cautious with their spending.
 - Fewer businesses intend to lift their headcount, with just a net 6% expecting to increase staffing levels in the next few months, compared with 19% over the past three months.
- Reflecting a more cautious approach to the future, job ads have come back down. After having reached record highs during 2022, the most recent data from Jobfix highlighted an average of 81 job ads each week across the June 2023 quarter, compared to 165 a year ago.
- As labour market pressures ease and the outlook for employment demand is softer, wage growth has moderated. Wage growth is running at 7.6%pa, which is its slowest in almost two years and well down on the 11%pa+ growth from early 2022.
 - Although wages in Queenstown-Lakes (7.6%pa) are still growing above the national average (5.8%pa), the two growth rates are beginning to converge again.
- The next section of this report puts the spotlight on earnings in Queenstown-Lakes to demonstrate how the district's wage gap with New Zealand has reduced over recent years.

Employment in Queenstown-Lakes businesses by industry, June 2023 against pre-Covid (June 2019)

Stats NZ Monthly Employment Indicators, Filled jobs in businesses, available at 31 July 2023

Industry	Jun-23	Jun-19	Change
Accommodation and Food Services	4,717	4,815	-98
Construction	3,386	2,710	676
Retail Trade	2,926	2,574	352
Professional, Scientific and Technical Services	1,861	1,456	405
Arts and Recreation Services	1,552	1,372	180
Administrative and Support Services	1,446	1,247	199
Health Care and Social Assistance	1,277	976	301
Education and Training	1,219	1,029	190
Manufacturing	1,127	838	289
Transport, Postal and Warehousing	1,020	831	189
All others	4,386	4,085	301
Total	24,918	21,932	2,986

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 June 2023)

Industry	Wage growth (%pa)	
	Queenstown-Lakes	New Zealand
Transport, Postal and Warehousing	14.2%	8.1%
Arts and Recreation Services	11.4%	4.4%
Accommodation and Food Services	11.3%	7.1%
Health Care and Social Assistance	10.6%	8.1%
Administrative and Support Services	10.3%	7.1%
Manufacturing	8.4%	5.0%
Construction	6.9%	6.2%
Retail Trade	5.9%	3.4%
Professional, Scientific and Technical Services	4.5%	5.7%
Education and Training	3.9%	2.8%
All other	7.6%	5.8%
Total	7.6%	5.8%

4. Spotlight on earnings

This section puts the spotlight on earnings. The purpose is to raise awareness about how Queenstown-Lakes' earnings gap with New Zealand is closing and how pay rates compare between industries.

4.1. How do earnings in Queenstown-Lakes compare?

Average annual earnings of someone employed in Queenstown-Lakes are currently \$67,130, which is slightly lower than the national average (\$73,452). It is not uncommon for places in provincial New Zealand, such as Queenstown-Lakes, to pay less than national averages, which are pushed up by high paying jobs available in the big cities – for example, Wellington (\$92,105) and Auckland (\$80,534).

Average annual wages in Queenstown-Lakes (\$67,130) are:

- Similar to the nearby small to mid-sized cities of Dunedin (\$67,570) and Invercargill (\$65,565).
- Higher than provincial Otago: Central Otago (\$63,932), Waitaki (\$61,409), and Clutha (60,039).
- Above other places with a high orientation towards the tourism sector, including: Mackenzie (\$59,150), Kaikoura (\$54,484), Ruapehu (\$58,523), and Rotorua (\$64,943).

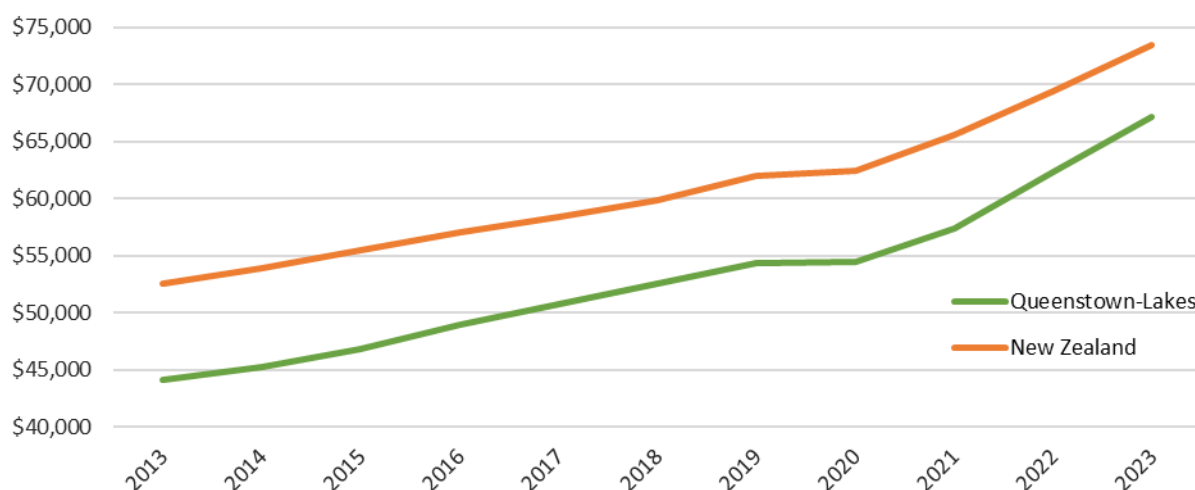
Strong wage growth in Queenstown-Lakes has helped to make up ground with the rest of New Zealand.

The wage gap between Queenstown-Lakes and New Zealand has closed over the past decade. In 2013, Queenstown-Lakes jobs paid 84% of the national average, while by June 2023 Queenstown-Lakes jobs paid 91% of the national average.

Wage growth in Queenstown-Lakes over the 10 years to June 2023 averaged 4.3% per annum, compared to 3.4%pa nationally. There has been particularly strong wage growth since Covid-19, with average wage growth in Queenstown-Lakes of 7.2%pa over the past three years compared to 5.6%pa nationally.

Average annual earnings in Queenstown-Lakes

Stats NZ LEED & monthly employment data, average annual earnings per job



4.2. What are earnings differences between industries?

There are significant differences in earnings between industries. Although average earnings in Queenstown-Lakes are \$67,130, the highest paying industry (financial and insurance services) pays an average of \$123,912 per annum, while the lowest paying industry (retail trade) pays workers \$50,899.

Large earnings differences between industries persist across New Zealand. Of more interest is how earnings in Queenstown-Lakes compare to that same industry nationally.

Industries with a high orientation to the tourism sector pay more in Queenstown-Lakes than their counterparts in other parts of the country.

For example, the average employee in accommodation and food services in Queenstown-Lakes earns 138% of the national average, while arts and recreation service employees earn an average of 112% of the national average. Tourism roles are relatively low paying nationally, so industry leading pay is necessary for Queenstown-Lakes employers to attract and retain staff in a high living cost area.

There are fewer high earning roles in industries such as professional services, public administration, and manufacturing than elsewhere in the country.

Professional service, public administration, and manufacturing workers earn more than the Queenstown-Lakes average, but only 86% to 96% of their counterparts elsewhere in New Zealand. Lower relative earnings will be partly due to the types of roles available, with fewer senior roles compared to elsewhere.

Earnings in Queenstown-Lakes by industry compared to New Zealand
Stats NZ Monthly Employment Indicators, average annual earnings (June 2023)

Industry	Queenstown-Lakes	New Zealand	As % of NZ
Accommodation and Food Services	\$52,989	\$38,441	138%
Arts and Recreation Services	\$59,326	\$52,848	112%
Administrative and Support Services	\$65,051	\$58,926	110%
Agriculture, Forestry and Fishing	\$63,928	\$58,613	109%
Retail Trade	\$50,899	\$49,679	102%
Financial and Insurance Services	\$123,912	\$122,020	102%
Other Services	\$58,737	\$57,843	102%
Construction	\$79,381	\$78,242	101%
Professional, Scientific & Technical Services	\$95,209	\$98,927	96%
Health Care and Social Assistance	\$67,966	\$74,599	91%
Education and Training	\$56,882	\$62,654	91%
Mining	\$106,847	\$118,210	90%
Manufacturing	\$71,393	\$79,512	90%
Wholesale Trade	\$75,367	\$84,163	90%
Transport, Postal and Warehousing	\$71,653	\$81,351	88%
Public Administration and Safety	\$80,610	\$93,200	86%
Information Media & Telecommunications	\$82,011	\$95,508	86%
Electricity, Gas, Water and Waste Services	\$82,100	\$101,297	81%
Rental, Hiring and Real Estate Services	\$62,636	\$79,162	79%
Average earnings across all industries	\$67,130	\$73,452	91%

In charting their pathways forward, it is important that employers are competitive with their wage packages and the progression they offer locally. Some of the industries with average earnings below the national level are conducive to remote work, so our employers need to be cognisant that appropriate benchmarking of remuneration is undertaken. Improving retention of staff within roles is crucial to build local expertise and reduce reliance on people attraction for key existing and emerging industries.