

## Queenstown-Lakes' labour market snapshot – April 2022



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Council

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April 2022

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## 2. Key findings and considerations

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### What has recent data shown us?

Demand for workers in Queenstown-Lakes has remained high, despite the Omicron outbreak having reduced visitor numbers. There were 2.0% more people employed in February than a year ago.

Businesses need more staff to remain operational and gear up for our returning international visitors but finding more workers is going to be difficult.

We know this because:

- Job ads have risen almost four-fold since last year
- Jobseeker numbers have fallen more than 40% in 12 months
- The number of migrant workers on employer-assisted visas is 15% lower than last year.

### What are the key challenges?

- Accommodation and hospitality have shown the greatest lift in vacancies and the biggest reduction to migrant workers. Without more workers, these industries won't have the capacity to provide returning international visitors with a quality experience.
- Competition for workers is pushing up wages in Queenstown-Lakes at almost twice the national rate of growth (11.3%pa vs 7.4%pa). Increased wages alone have not been sufficient to encourage enough workers into roles.
- Seasonal churn of workers between summer and winter roles is exacerbating Queenstown's recruitment challenges. Around 25% of roles in Queenstown-Lakes turnover each season, compared to about 19% across other tourism districts in New Zealand.

### How can we reduce Queenstown-Lakes' worker shortages?

To prepare itself for the busy winter season, Queenstown-Lakes needs:

1. **Better access to temporary workers** – including offshore campaigns to encourage working holiday visa (WHV) holders, and recognition of the visitor sector as a seasonal employer so that it can more readily access temporary workers in the country. *NOTE: Immigration NZ announced on 11 May 2022 a delay to the introduction of the minimum wage requirements of \$27.76p/h for the tourism and hospitality, construction and care sectors. Until April 2023 they will instead need to meet a minimum wage threshold of \$25p/h. Tourism NZ have also launched an offshore campaign to attract working holidaymakers.*
2. **Better co-operation and co-ordination between employers** – for example, businesses with different weekly trading patterns sharing staff, or helping staff transition from their summer employment and into another business with more winter opportunities. *NOTE: The ['Locals keeping Queenstown open'](#) Facebook group has launched to support sharing of staff and enable casual work.*
3. **Businesses to talk holistically with their staff about their wellbeing** – rising wages are helping raise workers' living standards, but alone aren't enough to retain staff. Businesses need to talk to their staff and listen to what aspects of their working environment and work-life balance would encourage them to remain even a few months longer in their role. Reducing workforce churn each season to a level closer to other tourism districts would result in 350+ fewer vacancies needing to be filled each month!

4. **More inclusion of older workers** – Just over half of Queenstown-Lakes' population growth in the past year was aged over 55. Employers should consider how they can adapt their hiring and workplace practices to better tap into the older workforce. There is a long-term trend of people wanting to work until a much older age so better inclusion of older workers won't just be a temporary phenomenon.

## Further considerations

There are existential issues in workforce supply that are not unique to Queenstown-Lakes. Without an influx in new workers, we need to consider:

- Educating and preparing employers to operate with a leaner workforce. Put simply – there are not enough people to go around.
- What impact do these labour shortages have on the Queenstown Inc and NZ Inc visitor brands more broadly? How do we address customer service decline and/or limited capacity?
- What policy support do we need? For example, an extension of WHV, sector recognition as seasonal employers, and waiving of visa processing fees for WHV holders?
- The ability of Queenstown-Lakes' businesses to be in a position to capitalise on any additional trade as further relaxation to borders occurs.

## Structure of the remainder of this report

The next section of this report provides a more detailed snapshot of recent labour market data.

The final two sections provide short overviews of two themes which are important considerations for improving conditions in Queenstown-Lakes' labour market. These are:

- What is an appropriate reduction of churn to aim for in Queenstown-Lakes' labour market?
- Contributors to workplace satisfaction.





### 3. Labour market snapshot – recent data

Despite disruptions from the Omicron outbreak, labour demand in Queenstown-Lakes has remained strong. Not only is overall employment higher than last year, but wage growth has accelerated. The pool of people currently available for work in Queenstown-Lakes is small and many displaced tourism workers have already been absorbed within other growth industries or have moved away.

**Table 1**

Selected indicators of labour market conditions in Queenstown-Lakes			
<i>Sources: Stats NZ, MSD, Immigration NZ, and JobFix data available as at 11 April 2022</i>			
	Feb-22	Feb-21	% change
<b>Overall employment and wages</b>			
Total employment (filled jobs)	21,779	21,354	2.0%
Earnings (average annual wages)	\$60,685	\$54,528	11.3%
<b>Demand for workers</b>			
Job ads (number of online job ads)	506	132	283.3%
<b>Worker availability</b>			
Employer-assisted visas (people in district on such a visa)	1,250	1,466	-14.7%
Jobseekers (number of 'work ready' on this benefit)	234	405	-42.2%

Key points to note from recent data include:

- There were 21,779 jobs in Queenstown-Lakes businesses in February 2022, up 2.0% from a year ago. There has been a general trend of improvement since mid-2021.
- Employment growth continues to be driven by construction and professional services.
- Average earnings rose at a rate of 11.3%pa, well above wage growth nationally of 7.4%pa.
- Sharper growth in local wages is likely to be due to shortages of people available to fill vacancies.
- Job ads have almost quadrupled from a year ago. The roles with the biggest lift in job ads include industries worst affected by the pandemic – such as food and beverage, and accommodation.
- Fewer migrant workers on employer-assisted visas are exacerbating challenges, particularly as visa number falls are concentrated among industries with the sharpest increases to job ads.
- Only 234 Jobseekers on benefits are classified as being 'ready for work', which is the lowest since the pandemic began.

**Graph 1**

#### Annual percentage change in filled jobs in Queenstown-Lakes

*Source: Stats NZ monthly employment indicators*



## 4. What is an appropriate reduction of churn to aim for in Queenstown-Lakes' labour market?

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This section contains background information regarding an appropriate level of churn to aim for in Queenstown-Lakes' labour market.

### How big is workforce churn in Queenstown-Lakes?

Taxation data from the Linked Employer-Employee Dataset showed that the worker turnover rate in Queenstown-Lakes each quarter averaged 25% over the September 2019 year before COVID-19, compared to 16% nationally. This worker turnover rate is representative of workforce churn.

### What are the benefits of lowering churn?

Lowering churn in Queenstown-Lakes could help to reduce recruitment costs and challenges because every job that is not turned over each quarter represents one fewer vacancy that needs to be filled.

It will never be practical to completely get rid of churn because some roles are highly seasonal by nature. Furthermore, there are reasons that some level of churn is desired, to align with employee preferences for change and diversity, as well as to ensure we have a flow of new ideas and experiences into the local labour pool.

### What is an appropriate level of churn to aim for?

Any targets for reducing workforce churn must consider that the inherent seasonality of visitor demand means that churn is more prevalent in a tourism town, as opposed to the New Zealand economy as a whole. As such, it would not be practical to reduce churn in Queenstown-Lakes to the New Zealand average.

But a comparison of Queenstown-Lakes to other tourism towns shows:

- Churn is more of a problem in Queenstown-Lakes than in other tourism areas. The average churn across a cohort of Thames-Coromandel, Taupo, Rotorua, Ruapehu, Kaikoura, Westland, and Mackenzie is 19%, compared to 25% in Queenstown-Lakes.
- Queenstown-Lakes' churn is even higher than other destinations with starkly different winter and summer seasons that need different types of skills for winter and summer activities. For example, Queenstown-Lakes' average quarterly churn (25%) sits above both Mackenzie (23%) and Ruapehu (21%).

On this basis it seems that it is appropriate to aim for a reduction of Queenstown-Lakes average quarterly workforce turnover rate from its pre-Covid level of approximately 25% to a level of 20%.

To put this reduction of churn into perspective – if a business had 20 staff then it would reduce the number of roles they need to fill from 5 to 4 each quarter. This might not sound like much at an individual business level, but collectively across the district that type of reduction to churn would mean that just over 350 fewer vacancies need to be filled each month.

## 5. Contributors to workplace satisfaction

This section explores contributors to workplace satisfaction. Research has shown that workers who are more satisfied generally stay longer in their roles. As such, any steps that Queenstown-Lakes' employers can take to improve workplace satisfaction may help to reduce churn in their workforce.

The evidence in this section has been drawn from Statistics New Zealand's 2018 Survey of Working Life<sup>1</sup>. The insights can be used as a starting point to guide any Queenstown-Lakes and industry-specific interventions.

### How satisfied are workers in general?

Some 88% of employed New Zealanders reported being satisfied or very satisfied with their job in 2018.

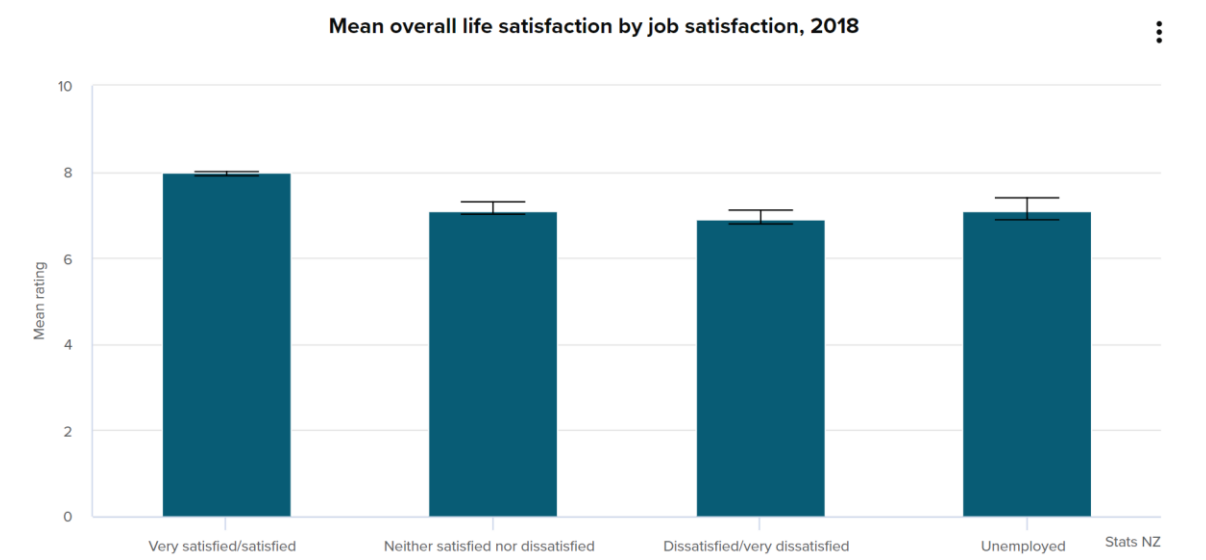
Satisfaction varies between industries. Of relevance to Queenstown-Lakes, satisfaction was lowest among retail, accommodation and food service workers (82%), with construction (92%), and arts and recreation service (92%) workers reporting above average satisfaction.

### What can low work satisfaction do for general wellbeing?

Job satisfaction matters for people's general wellbeing.

Recent results from the General Social Survey 2018 showed that people who were dissatisfied with their job had life satisfaction similar to those who were unemployed.

**Graph 2**



<sup>1</sup> See here for more: <https://www.stats.govt.nz/reports/job-satisfaction-and-wellbeing>



## What do we know about worker satisfaction and attachment to a job?

The Survey of Working Life highlighted that people with lower attachment to their job are more likely to be less satisfied with it. For example:

- Satisfaction is lower among casual (83%) and fixed term/temp agency (86%) workers than permanent employees (87%).
- Employers (92%) and self-employed (91%) both reported high satisfaction.
- Unsurprisingly, only 69% of employees who expect a high chance of not having a job in 12 months reported being satisfied, compared to 92% who are confident of still having a job.

## Which factors can increase worker satisfaction?

Pay is not the be all and end all. Although people earning more than \$1,500 per week report being the most satisfied, the results across various income brackets from \$500 to \$1,500 are mixed, with no discernible trend of increased satisfaction at higher income brackets.

Statistics New Zealand also found other characteristics of people's jobs, such as hours and times of work, job security, workplace autonomy and relationships, and work-related stress and tiredness, that can influence job satisfaction. These include:

- **Working longer hours** makes no significant difference to dissatisfaction levels.
- But **working at a non-standard time** (outside the hours of 7am–7pm, Monday to Friday) has a slight impact on dissatisfaction – 4.8% of those who had worked at non-standard times were dissatisfied compared with 3.2% of those who hadn't. Dissatisfaction increased slightly with frequency of non-standard working times, up to 5.3% for those who worked non-standard times on more than 10 occasions in the previous four weeks.
- **Flexibility of work hours** matters for job satisfaction - only 3.0% of those who had flexible hours reported being dissatisfied compared with 6.1% of those with no flexi-time.
- **Workplace autonomy** is important to job satisfaction – only 77% of people with little or no control over how their work is organised were satisfied with their job, compared to 92% of people with a lot of control over how their work is organised.
- Unsurprisingly, those employees who have good overall **workplace relationships** (eg. a good or very good relationship with their manager, and a good or very good relationship with their colleagues) had much higher rates of satisfaction (91%) than those who did not (55%).
- **Work-related stress** can increase dissatisfaction. Of those who always experienced work-related stress in the previous 12 months, 19% were dissatisfied with their main job, and only 1.5% of those who hardly ever or never experienced it were dissatisfied.
- Being so **tired from work** that a person is unable to enjoy the things they like to do outside of work showed similar patterns to work stress. Of those who were always too tired from work in the previous 12 months, 21% were dissatisfied with their job. Only 2.0% of those who were hardly ever or never too tired were dissatisfied.
- Those who feel their **skills were well-matched** to the requirements of their job have higher job satisfaction than those with more or less skills than are required. Ninety percent of those who felt their skills were well-matched to the work they do were satisfied with their job. This compares with 86% of those who felt they had the skills to cope with more demanding work (over-skilled) and 82% of those who felt they needed further training to do their job well (under-skilled).