



**Benje
Patterson**

People & Places

Queenstown-Lakes labour market snapshot to September 2023



Prepared for: Queenstown Lakes District
Council (QLDC)

Prepared by: Benje Patterson
Benje Patterson | People & Places
www.benjepatterson.co.nz
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2. Introduction and overview

This snapshot gives an overview of current conditions in Queenstown-Lakes' labour market to September 2023. It also puts the spotlight on commuting into the District.

2.1. What are current labour market conditions?

Queenstown-Lakes' labour market continues to have the fastest employment growth in the country. Over the past 12 months, there has been an 11% increase in employment within the District, backed up by a surge in working age people moving into the local area. Nevertheless, employment growth has still moderated slightly and follows 13%pa growth in June. All industries are growing, but the pace of growth in construction and professional services has slowed.

Business confidence has lifted following a mid-year lull. Such a lift in confidence usually occurs heading into summer, but it is especially good to see businesses feeling a wee bit more confident ahead of summer given they are still battling with input cost pressures and relatively squeezed margins.

But one cost pressure that is dissipating are wages. Wage growth experienced double digit growth rates at the start of 2022 and was still at 9.2%pa in September 2022, but is now sitting back down at 6.3%pa. Reduced wage pressures has occurred as businesses get back up to full capacity and are not quite as eager to hire at all costs. The availability of workers has also improved significantly, with businesses now reporting that it is relatively easy to fill unskilled roles.

2.2. Spotlight on commuting

This report also contains a snapshot section on commuting into Queenstown-Lakes from neighbouring areas which, anecdotally, has been driven by the limited availability and high cost of housing in the District. Comprehensive data on commuting is difficult to find, but what has been shown is that:

- Census 2018 identified at least 321 people who travel every day from a residential address outside of Queenstown-Lakes to a fixed workplace address located within the District. Of those employees identified as commuting, 93% (297) were reported to be from Cromwell and its surrounds.
- The commuter cohort from Census 2018 is an underestimate because some people, for example builders, may not have a fixed workplace address and so are not captured as a commuter. Taxation records suggest that the scale of commuting when Census 2018 was performed could have been multiples of the 321 commuters identified by the Census.
- Taxation records show that there were 1,924 more jobs in businesses operating within Queenstown-Lakes in the March 2018 year than there were employed local residents. These jobs need to be filled by people residing outside the District, although not all will involve a regular physical commute as people could work from home or only periodically travel.
- The number of excess jobs within Queenstown-Lakes businesses above and beyond the number of jobs held by local residents has risen sharply recently, reaching 3,321 in the June 2023 year. The magnitude of this increase suggests commuting could have lifted more than 50% in five years.

Given evidence that there is likely to be a growing cohort of commuters, it is recommended that a business case for a public transport route between Wānaka, Queenstown and Cromwell is considered, in line with the action identified in the MahiQL Workforce Strategy.

3. Labour market data to September 2023

Selected indicators of labour market conditions in Queenstown-Lakes

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

	Sep-23	Sep-22	% change
Overall employment and wages			
Total employment (filled jobs)	25,765	23,163	11.2%
Earnings (average annual wages)	\$67,834	\$63,828	6.3%
Demand for workers			
Job ads (online job ads, weekly average across quarter)	81	248	-67.3%
Worker availability			
Jobseekers (number of 'work ready' on this benefit)	120	150	-20.0%
Difficulty in finding workers			
Skilled/specialist (net % of businesses saying hard to find)	29%	65%	-36.0%
Unskilled roles (net % of businesses saying hard to find)	-1%	49%	-50.0%

- Employment in Queenstown-Lakes businesses lifted 11% (2,602 jobs) in the September 2023 year. Although growth is the fastest in the country, it has eased since 13%pa growth was recorded in June.
 - Recent employment growth is no surprise, given that the District has experienced 8.0%pa population growth (3,900 additional people) over the past year, with 3,490 of these people aged across core working years (15-64 years).
- All major employing industries within Queenstown-Lakes continue to grow, however, the pace of growth for construction and professional services has slowed.
- Accommodation and food services employment was up 894 jobs (22%) compared to a year earlier. Employment in the sector has recovered to pre-pandemic levels, sitting at 98% of its level from September 2019.
- Wage pressures continue to dissipate. The 6.3%pa wage growth seen in Queenstown-Lakes over the past year was the slowest since July 2021 and well down on 9.2%pa growth a year ago.
- Falling wage pressures is no surprise, given that the most recent Queenstown Business Chamber of Commerce Survey shows that businesses are reporting that it is much easier to find workers than this time last year, with a net 1% saying it is easy to fill unskilled roles and less than one third saying it is difficult to find skilled/specialist staff.
- The most recent Queenstown Business Chamber of Commerce Business Confidence Survey shows that business confidence has improved in recent months. It is common to see confidence increase nearing summer, but this result is particularly pleasing amid overarching recent concerns regarding the effects of cost pressures on profit margins. Nevertheless, it is important to bear in mind that:
 - Margins are still anticipated to be more squeezed than they were last summer, and
 - Although input cost pressures are not as acute as they were, a net 60% of businesses are still expecting cost increases.
- Employment will continue to rise over summer, but the pace of growth may not be as rapid as has recently been experienced. Job ads are tracking lower, with Jobfix data highlighting an average of 81 job ads each week across the September 2023 quarter, compared to 248 a year ago.
- The next section of this report puts the spotlight on commuting in the Queenstown-Lakes labour market. Given that we know the availability of housing for workers is a key concern for employers, it is interesting to know what evidence there is regarding how many people might commute into the district from places like Cromwell and whether commuting has grown over recent times.

Employment in Queenstown-Lakes businesses by industry, September 2023 against September 2022

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

Industry	Sep-23	Sep-22	Change
Accommodation and Food Services	4,951	4,057	894
Construction	3,379	3,301	78
Retail Trade	2,972	2,652	320
Arts and Recreation Services	1,906	1,779	127
Professional, Scientific and Technical Services	1,855	1,766	89
Administrative and Support Services	1,453	1,131	322
Health Care and Social Assistance	1,323	1,210	113
Education and Training	1,244	1,217	27
Manufacturing	1,147	1,037	110
Transport, Postal and Warehousing	1,097	905	192
All others	4,438	4,106	332
Total	25,765	23,163	2,602

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 2023)

Industry	Wage growth (%pa)	
	Queenstown-Lakes	New Zealand
Arts and Recreation Services	12.1%	4.2%
Health Care and Social Assistance	9.9%	8.2%
Transport, Postal and Warehousing	9.7%	6.3%
Accommodation and Food Services	7.9%	5.7%
Education and Training	7.9%	5.4%
Construction	6.9%	5.3%
Administrative and Support Services	6.4%	5.9%
Retail Trade	5.4%	3.7%
Manufacturing	5.3%	4.4%
Professional, Scientific and Technical Services	3.1%	4.6%
All other	6.1%	5.3%
Total	6.3%	5.4%

4. Spotlight on commuting into Queenstown-Lakes

This section puts the spotlight on the extent to which the employment needs of Queenstown-Lakes businesses are met by people residing outside the District. We know that anecdotally, the limited availability and high cost of housing in the District, has pushed many workers to live in places like Cromwell and commute to Queenstown and Wānaka. The intent of this section is to use what limited data is available to identify how relevant this cohort of commuters is to the overall labour market.

4.1. Where do people commute from?

Some data on where people commute from is available in the Census. Unfortunately Census 2023 data is not yet available, but Census 2018 gives some baseline understandings of historical commuting patterns.

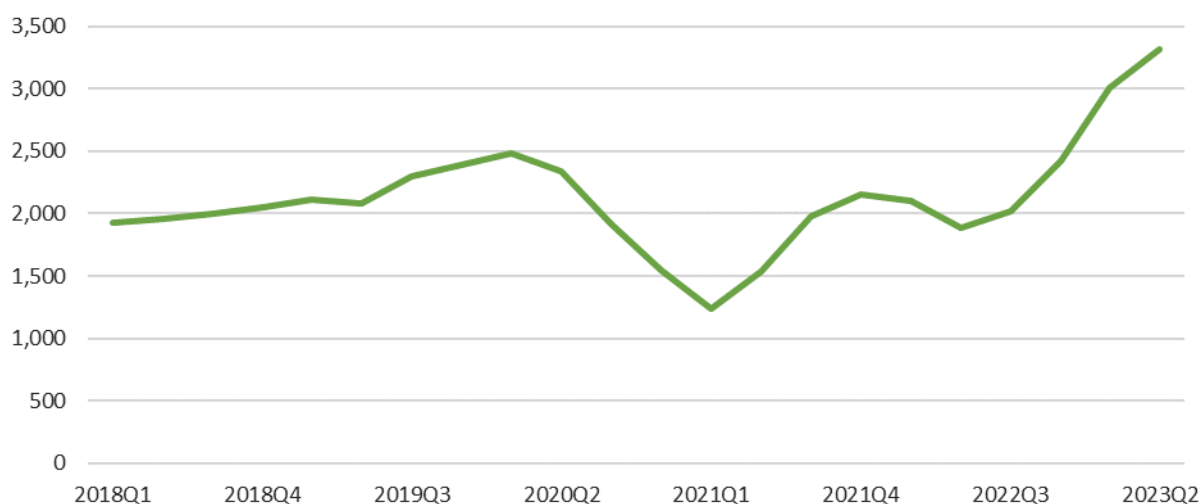
Census 2018 identified at least 321 people who travel every day from a residential address outside of Queenstown-Lakes to a fixed workplace address located within the District. Of those employees identified as commuting, 93% (297) were reported to be from Cromwell and its surrounds.

4.2. How many people commute into Queenstown-Lakes?

Although Census 2018 helps us to understand where people commute from, unfortunately the Census wildly underestimates the overall quantum of commuters. This underestimate is because some people, for example builders, may not have a fixed workplace address and so are not captured as a commuter.

A quick analysis of taxation data from Statistics New Zealand's Business Data Collection (BDC) framework shows that there were at least 1,924 more jobs in businesses operating within Queenstown-Lakes in the March 2018 year than there were employed local residents. These additional jobs within Queenstown-Lakes businesses need to be filled by people residing outside of the District. Not all the 1,924 additional jobs will involve a physical commute from one place to another (some people could work from home), but even so it is easy to see that the scale of commuting in March 2018 could have been multiples of the 321 commuters identified by the Census.

Potential (physical & tele-) commuter cohort to Queenstown-Lakes
Annual average jobs in QL businesses minus jobs held by residents, Stats NZ



A further analysis of the BDC framework since March 2018 shows that the excess employment in Queenstown-Lakes' businesses not filled by local residents peaked at 2,487 jobs in March 2020 as the pandemic first hit before falling to as low as 1,237 in March 2021. Since the pandemic ended the BDC framework points to a sharp escalation in the likely cohort of commuters.

Across the June 2023 year, there were a record 3,321 excess jobs within Queenstown-Lakes businesses above and beyond the number of jobs held by local residents. The magnitude of the increase over the past five years suggests commuting could have lifted more than 50%. These excess jobs, potentially held by commuters (physical or telecommuters), is the equivalent to 13% of jobs for Queenstown-Lakes' businesses.

Interesting to note is that Central Otago appears to show the opposite trend, with Central Otago residents across the June 2023 year, holding 1,753 more jobs than there were jobs available within local businesses in Central Otago – many of these people will potentially commute to places like Queenstown and Wānaka.

4.3. Public transport may be needed to support commuters

The historical Census data, coupled with recent taxation records suggests that there has likely been growth in commuting between the Cromwell Basin and Queenstown-Lakes District. This clear economic connection confirms the need to consider a broader geography when undertaking economic and workforce development initiatives. Already this broader geography is reflected in the working relationships between economic development staff at Queenstown Lakes District Council and Central Otago District Council, as well as in initiatives such as the recently developed MahiQL Workforce Strategy¹.

A key action in the MahiQL Workforce Strategy was to work with Otago Regional Council to influence consideration of a public transport route between Wānaka, Queenstown and Cromwell. Given evidence in this report that there is likely to be a growing cohort of commuters on these routes, it is recommended that a business case for such a commuter route is developed. A commuter service could bring not only social and economic benefits, but there would also be potential safety and environmental considerations from reducing traffic on the roads.

As part of the development of a public transportation business case between Wānaka, Queenstown and Cromwell, it would be necessary, among other inputs, to perform further more detailed analysis of vehicle movements. Such analysis would need to pay attention to the volume of traffic flows along key transport corridors into the District at peak times compared to other times, as well as the types of vehicles people are driving (eg. cars, utes, and tradespersons' vans).

¹ The MahiQL Queenstown Lakes Workforce Strategy is the result of collaboration across a wide range of stakeholders including business, employers, government agencies, Queenstown and Wanaka Chambers of Commerce, the Arrowtown Promotion and Business Association, Destination Queenstown, Lake Wānaka Tourism, and Queenstown Lakes District Council.