



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI

Quarterly Canterbury Job-matching Report

December 2013



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**MINISTRY OF BUSINESS,
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Executive Summary

This report provides an outline of the latest employment demand and supply information available on the Canterbury rebuild and wider recovery, in order to inform decision-making and provide an update of the progress on the rebuild.

The main findings are:

There is strong demand for labour – driven by the needs of the construction sector.

This is shown in:

- Continued growth in online job vacancies, particularly for construction and engineering.
- Growth in job vacancies posted by Work and Income.
- Consistent demand for services offered by the Canterbury Hub.

There is limited supply of labour

This is shown in:

- Latest labour force statistics showing very low unemployment in the region (i.e. reduced source of potential workers).
- Increasing levels of immigration – reflecting businesses unable to get workers through the domestic labour market
- Falling beneficiary numbers (i.e. reduced source of potential workers).
- Industry Training Organisations and Polytechnics are not producing graduates at a rate to meet the required demand.

Impacts on labour market

The Canterbury labour market is tight, with low unemployment, and strong demand for labour. In these situations we would normally expect to see a significant increase in the cost of labour. While the construction industry labour costs are increasing, they are not increasing at a rate that would offset increases in living costs over the same period. This suggests that either construction labour increases have yet to hit the market, or that prices have been kept low through some other means, such as immigrants. We would expect that, due to high living costs, and the additional demand for the construction sector when the rebuild hits full swing, prices are likely to increase at a greater rate over the next year.

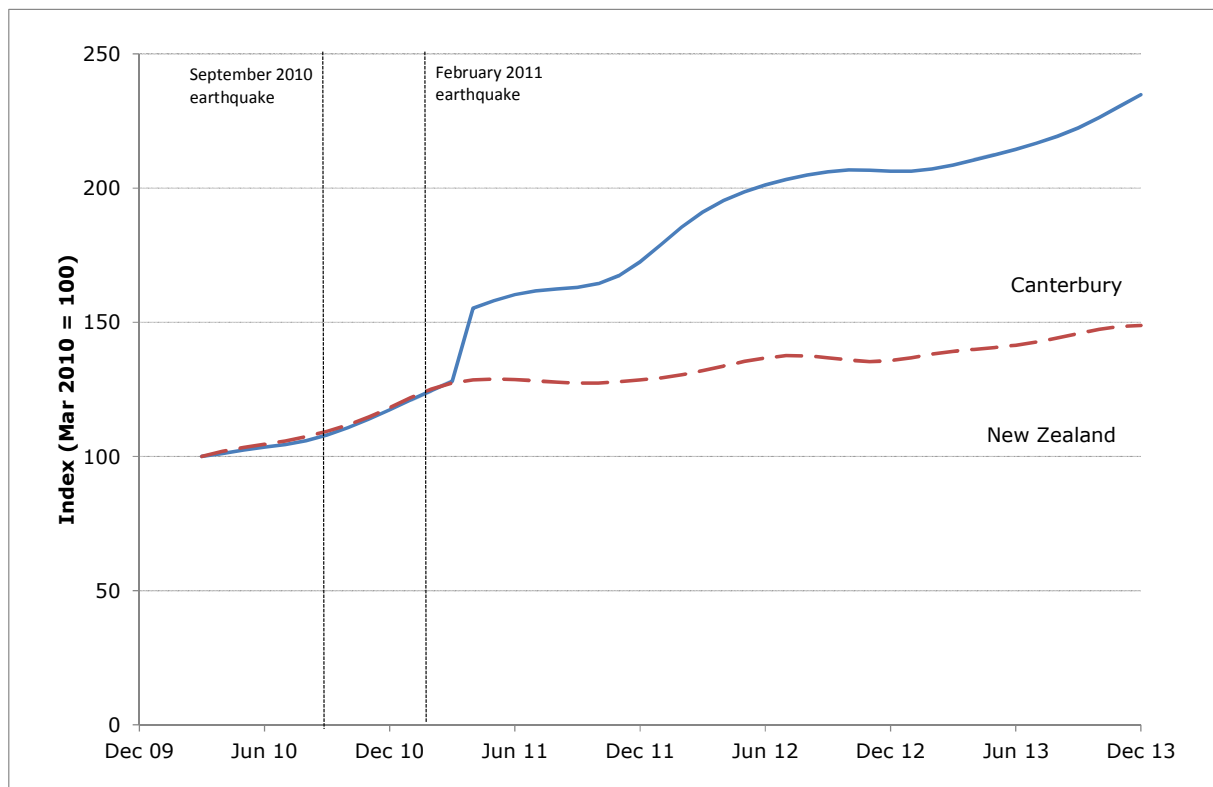
Demand for Labour

Jobs Online

Job vacancies in Canterbury are continuing to ramp up, reflecting the increased activity at the end of the year, following the long slow period from early 2013. Canterbury vacancies are growing at a much higher rate than nationally. Particularly strong vacancy growth was seen in rebuild-related occupations and industries.

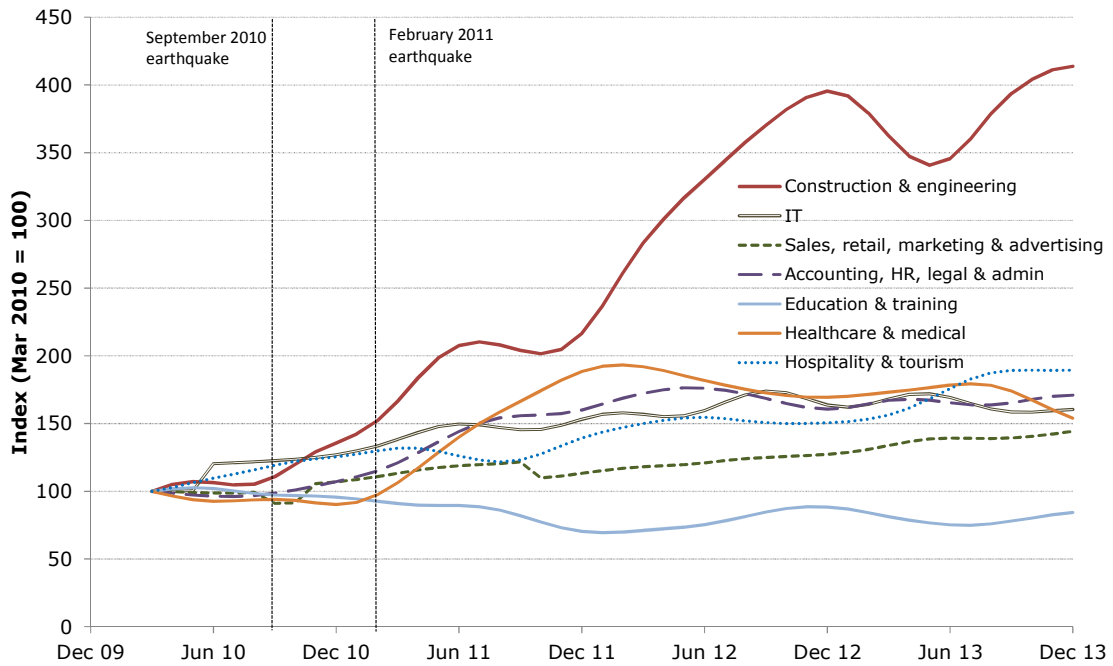
1. The *Jobs Online* indices showed an increase for Canterbury in December, continuing the trend seen last quarter. Canterbury vacancies are growing at a greater rate than the rest of New Zealand, reflecting the pick-up in the Canterbury rebuild in the last quarter of 2013. The region remains well above the New Zealand average (see below).
2. An improved method of seasonal adjustment has uncovered a previously unidentified shock after the second Canterbury earthquake. This new method better reflects the immediate impact of the earthquakes - a rise in vacancies for trades workers in March 2011.

Figure 1: Jobs Online Canterbury skilled vacancies trend index



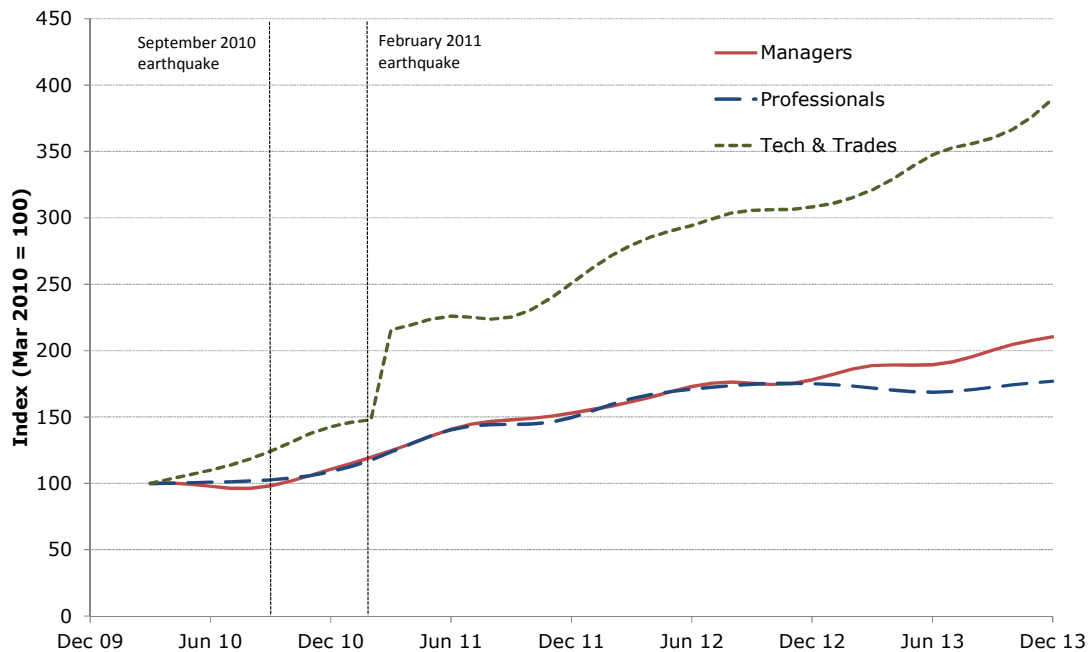
3. The growth in December was largely due to the continued recovery in construction and engineering vacancies since mid-2013. That said, the industry has flattened off in December. Hospitality and tourism is the next largest category of vacancies but far below construction and engineering.

Figure 2: Jobs Online Canterbury skilled vacancies trend index - Industries



- In the occupation categories, the main source of new vacancies is in technicians and trades categories, which continue to increase at a much greater rate than other occupations. The graph below clearly shows the impact of the 2011 earthquake on technicians and trade workers vacancies in Canterbury.

Figure 3: Jobs Online Canterbury skilled vacancies trend index - Occupations

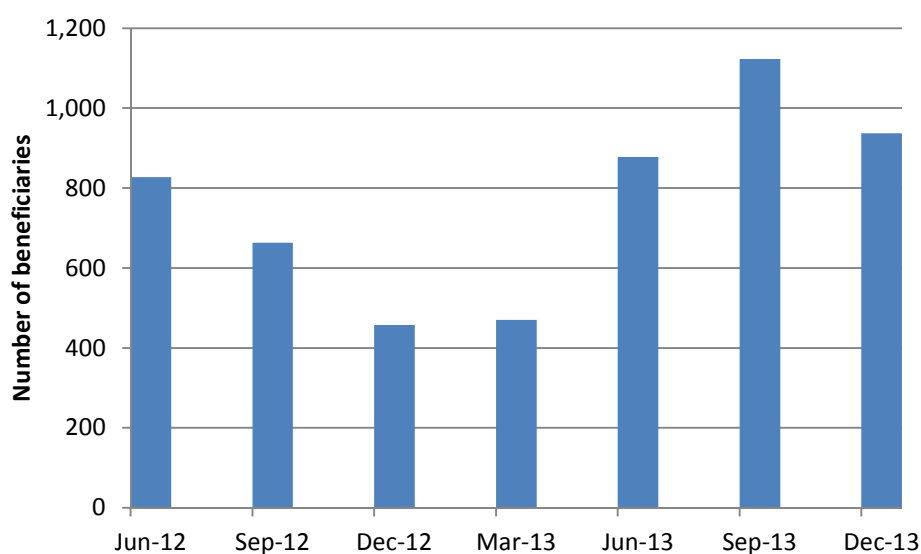


Work and Income vacancies and job placements

Vacancies listed with Work and Income rose in the December quarter, while exits to work by Work and Income beneficiaries remained stable.

5. The Canterbury labour market continues to offer job opportunities across a variety of industry areas. Although the bulk of the opportunities are linked to the rebuild there are enough jobs in other areas to match the skill sets and career aspirations of a broader group of jobseekers.
6. There appears to be increasing difficulty in finding appropriately qualified staff. According to Work and Income, vacancies related to the rebuild are taking longer to fill.
7. In the December 2013 quarter, 937 vacancies offering 1,396 positions were listed by Work and Income in the Canterbury Region. This includes selected listings from the Canterbury Skills and Employment Hub (the Hub) that are most likely to match with beneficiaries. The top industries were construction, retail and manufacturing.

Figure 4: Vacancies listed with Work and Income in Canterbury



8. During the period 1 July 2013 to 31 December 2013, a total of 290 people had started a Skills for Industry programme¹, resulting in 99 outcomes from participation. Most of those who started the programme were in transport and logistics (99), retail and hospitality (96), or construction (48).

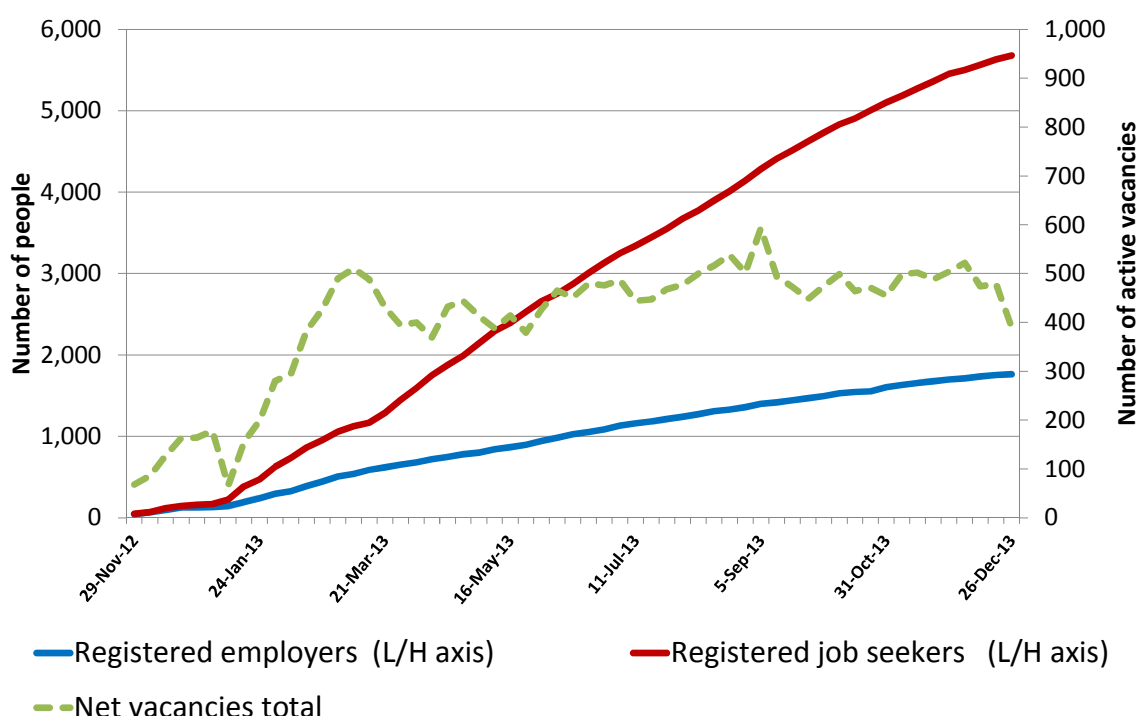
¹ Training courses developed by Work and Income and employers to train beneficiaries with the skills required for employment. More information is available here : <http://www.workandincome.govt.nz/business/develop-your-workforce/training-and-wage-subsidies/skills-for-industry.html>

Canterbury Skills and Employment Hub

The Hub has continued to grow, but at a relatively muted pace, reflecting the “slow burn” nature of the rebuild and wider recovery to date. Officials expect the Hub will see increases in volume in early 2014.

9. Over the December quarter, the Hub has continued to grow, but at a muted pace. As at 26 December 2013, the Hub had 1,764 registered employers, 5,680 registered jobseekers and 390 active vacancies. There has been an expected drop in vacancies over the month of December, with many businesses closed for the holidays.

Figure 5: Weekly stocks of employers, job seekers and vacancies



10. This performance is broadly in line with the *Jobs Online* results for December 2013. Officials expect that both the Hub and the *Jobs Online* data for Canterbury will see increases in volumes through to 2014.
11. During the December quarter, 1,045 jobseekers and 299 employers registered with the Hub and 1,623 vacancies were posted. Vacancies listed with the Hub cover a broad range of roles and skill levels, and differ from the ones listed with Work and Income.
12. The table below shows Hub job listings by sector. Healthcare (419) had more vacancies than construction (396) this quarter, though numbers for both industries were comparable to previous quarters. These were followed by the manufacturing and retail trade and accommodation sectors.

Table 1: Quarterly Canterbury Skills and Employment Hub Postings by Sector

	Construction	Health care and social assistance	Agriculture, forestry and fishing	Manufacturing	Administrative and support services	Transport, postal and warehousing	Retail Trade and Accommodation	Professional, scientific and technical services	Other	Total
Mar-13	380	288	67	54	124	48	0	21	172	1154
Jun-13	512	383	144	162	88	79	68	41	154	1631
Sep-13	425	401	130	240	88	106	99	60	125	1674
Dec-13	396	419	83	244	42	77	94	64	90	1509

Note: The total vacancies in Table 1 are an administrative count that does not tally exactly with published figures. They should be treated as indicative.

Supply of Labour

Canterbury Economy and Labour Market

A number of announced new projects and the scale up of the rebuild should have a positive impact on the Canterbury economy, though there may be supply constraints.

13. December saw the announcement of significant projects including:
 - The redevelopment of Burwood Hospital (\$650 million) is now underway and scheduled to open in 2015.
 - Aged care provider Summerset revealed their intention to build two retirement villages at a total investment of \$200million.
 - Christchurch Central Development Unit (CCDU) projects being constructed are expected to peak between 3rd Quarter 2014 and the 3rd Quarter 2015.
14. Other industries, such as agriculture and manufacturing, are experiencing some staffing pressure as they lose staff to the construction industry. The hospitality sector continues to grow as more venues are opened.
15. The lack of accommodation and high rental costs continue to make it difficult for people to relocate from other areas to work in Christchurch, according to Work and Income.
16. Electronic transaction provider Paymark announced that the number of transactions in December 2013 in Canterbury was 7.4 percent higher than the same month in the previous year. Likewise the value of transactions increased 8.1 percent. This suggests a recovering retail sector in the region.

Household Labour Force Survey

The Household Labour Force Survey shows that employment continues to grow strongly in the region, while unemployment rates are very low, suggesting there may be constraints on available supply in the domestic market.

17. This section presents results from the Household Labour Force Survey (HLFS) produced by Statistics New Zealand.
18. In the year to December 2013, Canterbury employment rose by 19,200 (5.9 percent) unemployment fell by 4,700 (27.8 percent), and the number of people outside the labour force fell slightly. The unemployment rate for Canterbury was 3.4 percent, the lowest since the September 2008 quarter. None of these movements were statistically significant.
19. The increase in Canterbury employment included a 7,600 rise in the retail trade industry, and accommodation and food services industry group and a 7,400 rise in the construction industry. The total number of actual and usual hours worked per week increased in Canterbury, up 5.2 percent and 7.1 percent, respectively.
20. Tables 2 and 3 below outline the most recent Canterbury labour market results from the Household Labour Force Survey.

Table 2: Annual movements in Canterbury labour market indicators – Dec-12 to Dec-13²

Indicator	Canterbury		NZ	
	(000)	(%)	(000)	(%)
Employment	+19.2	+5.9	+67.0	+3.0
Unemployment	-4.7	-27.8	-15.0	-9.3
Working Age Population	11.5	2.6	+41.0	+1.2
Labour Force Participation Rate	+1.3 pp. (71.5)		+0.7 pp. (68.9)	
Unemployment Rate	-1.5 pp. (3.4)		-0.8 pp. (6.0)	
Employment Rate	+2.3 pp. (69.1)		+1.1 pp. (64.7)	
Labour Force	+14.5	+4.2	+52.0	+2.2

Table 3: Canterbury indicators by gender – Dec-13 (changes since Dec-12)

Indicator	Male	Female
Labour force participation rate (%)	77.0 (n/c*)	66.1 (+2.9 pp.)
Employment rate (%)	75.2 (+1.2 pp.)	63.0 (+3.7 pp.)
Unemployment rate (%)	2.3 (-1.7 pp.)	4.7 (-1.5 pp.)

*n/c= no change

² The Household Labour Force Survey is primarily designed to measure changes in labour market outcomes at a national level. Regional estimates are subject to a relatively high margin of error. For example, the number of people unemployed in Canterbury is subject to sampling error of $\pm 21\%$ whereas the national estimate is subject to sampling error of $\pm 7\%$. This can lead to some seemingly spurious changes in regional population, employment and unemployment levels. For this reason the Ministry tends to focus on employment and unemployment rates. The Ministry advises caution when interpreting movements in the levels between two quarters. Numbers in this table are not seasonally adjusted.

Figure 6: Unemployment rate in Canterbury and New Zealand

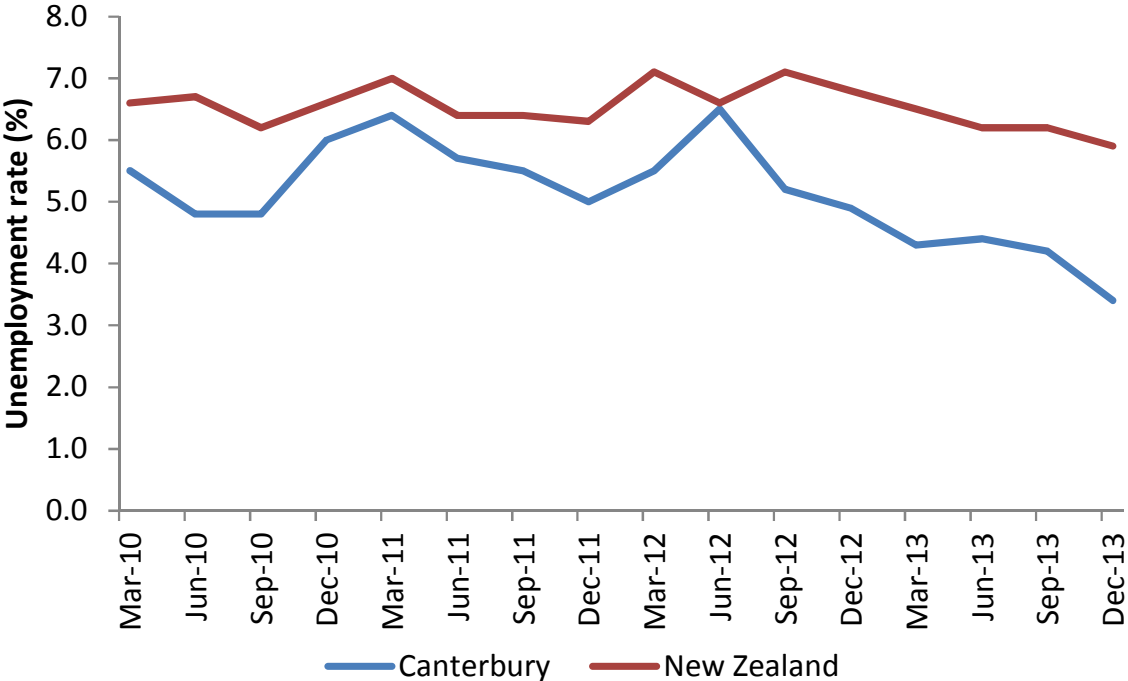
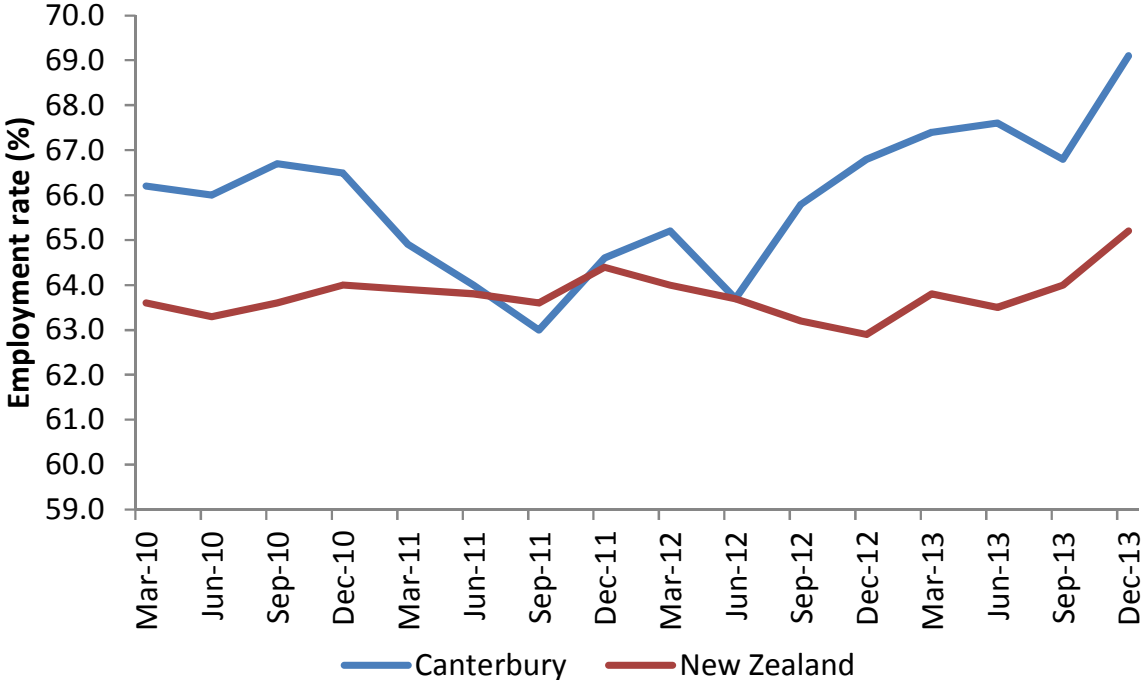


Figure 7: Employment rate in Canterbury and New Zealand

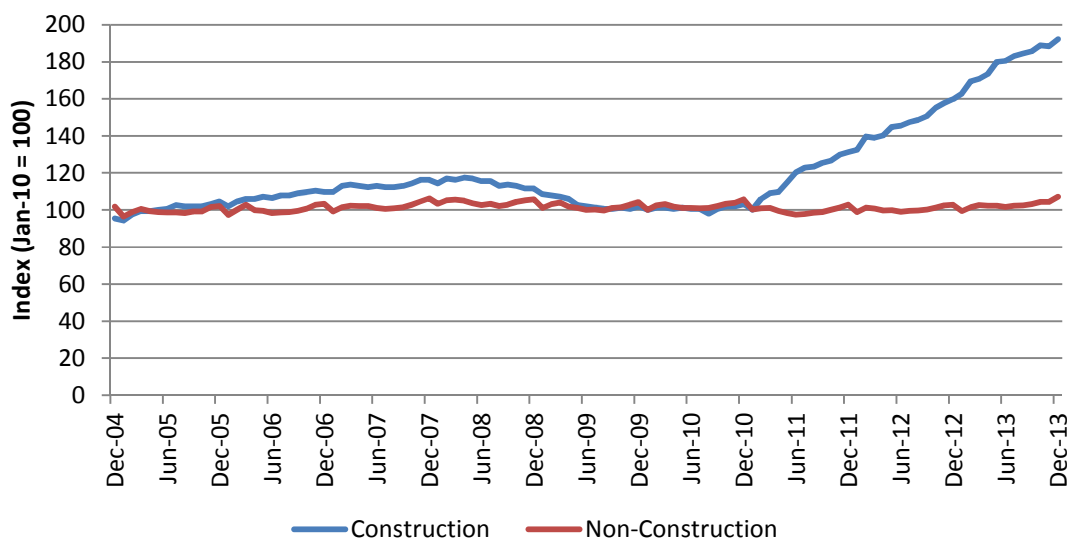


Canterbury Experimental Employment Indicator

The experimental indicator shows a massive increase in construction filled jobs since the 2011 earthquake, although average earnings have not increased as much as expected.

21. This section presents experimental indicators using the Linked Employer-Employee Database (LEED) produced by Statistics New Zealand. As the data source is administrative, the indicator provides a more accurate view of Canterbury construction sector growth than is available for the HLFS, and timelier than LEED results which are usually a year out of date.
22. However, the LEED data source excludes self-employment, which makes up a significant part of the Canterbury construction industry. Because the dataset is incomplete, it is not sensible to look at absolute levels. Therefore, the data here is presented as indexes.
23. The experimental employment index shows that there has been a massive increase in construction filled jobs over the last three years. From September 2010 to December 2013, filled jobs in the construction sector grew by 91.0 percent, almost double pre-earthquake levels. This compares to an almost stagnant 4.9 percent growth in filled jobs for non-construction industries.

Figure 8: Experimental Canterbury Construction Employment Indicator (January 2010 = 100)

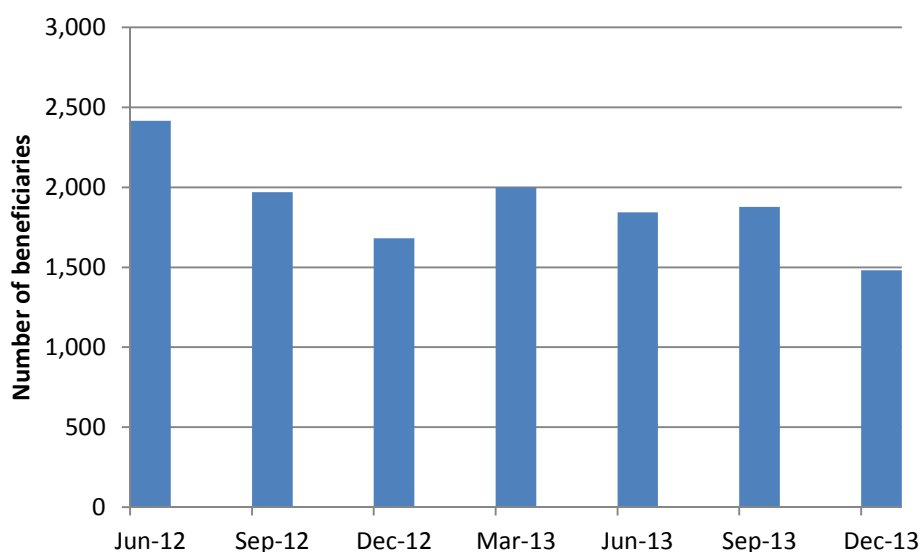


Work and Income benefit exits

The number of clients exiting benefits into work continues to be strong. Falling unemployment rates in the region has reduced the overall number of beneficiaries in Canterbury to significantly lower levels than a year ago.

24. At the end of December 2013, 24,492 Cantabrians were on benefits (down 12.8 percent, from 28,073 in September 2013), with 8,505 on Jobseeker Support benefits (down 12.9 percent, from 9,771 in September 2013).
25. This is a continuing trend, and coincides with falling unemployment rates and increased employment in the region.
26. The number of beneficiaries in Canterbury exiting into work in the December 2013 quarter was 1,481, substantively lower than the previous quarter, but reflective of the lower numbers generally seen in December quarters. As the overall number of beneficiaries becomes fewer, the number of work exits should also reduce. The numbers include both short and long-term beneficiaries – we cannot differentiate between those beneficiaries who were temporarily on benefits in between jobs, and those who are longer-term beneficiaries.

Figure 9: Exits to Work by Work and Income beneficiaries in Canterbury



Trades training

While there has been solid numbers of enrolments in ITPs and ITOs over the last year, completions do not appear to be making a significant impact on the supply of trades workers in Canterbury.

27. Over 2,000 enrolments were in priority trades at Institutes of Technology and Polytechnics (ITP) for the 2013 year, down by five from the previous month. Of these, around 500 were expected to complete their course in the year.

28. Most students were in carpentry (424), construction and building (316), electrical (including electrical engineering) (303), and engineering (general) (292).

Table 4: Canterbury ITP priority trades student achievement component enrolments and forecast completions, as at December 2013

Trade	EFTS		STUDENTS	
	Plan - Total 2013 ¹	Latest TEO Forecast - Total 2013 ²	2013 Enrolments Year to Date ³	2013 projected completions ⁴
Architectural Technology	215	162	187	42
Brick, Block, Paving and Masonry	-	-	-	-
Carpentry	203	224	424	87
Construction and Building	146	159	316	88
Electrical (incl. Electrical Engineering)	148	182	303	71
Engineering (Civil)	-	-	-	-
Engineering (General)	199	198	292	44
General Trades/introductory	25	41	83	-
Joinery	17	12	19	17
Painting, Decorating and Design	49	51	72	48
Plumbing, Gasfitting and Drain laying	42	62	149	80
Quantity Surveying	46	83	165	24
Welding	20	19	41	35
Grand Total	1,109	1,193	2,051	536

[1] This is the number of EFTS in priority trades qualifications that ITPs indicated at the start of 2013 they intended to deliver (this number is fixed).

[2] This is the number of EFTS in priority trades qualifications that ITPs forecast that they will deliver in 2013 (updated monthly).

[3] This is the number of individual enrolments in priority trades qualifications in 2013 that ITPs report to date (updated monthly)

[4] This is the number of individual completions in priority trades qualifications that ITPs project for 2013 (updated monthly).

29. There were 4,229 enrolments in priority trades at ITOs for the 2013 year, up 52 from the previous month. Around 400 of these enrolments were completed in the year.

30. Most students were in carpentry (1,817), civil construction (612), electrical (including electrical engineering) (533) and painting and decorating (422).

Table 5: Canterbury ITO priority trades student achievement component enrolments and forecast completions, as at December 2013

Trade	Enrolments in 2013 to date	Projected 2013 completions in Canterbury	
		Jan - June	July - Dec
Brick, Block, Paving & Masonry	101	-	1
Carpentry	1,817	26	41
Civil Construction	612	95	116
Construction & Building	284	20	23
Electrical (inc Electrical Engineering)	533	10	17
Joinery	99	5	8
Painting and Decorating	422	4	15
Plumbing, Gasfitting & Drainlaying	361	11	10
Grand Total	4,229	171	231

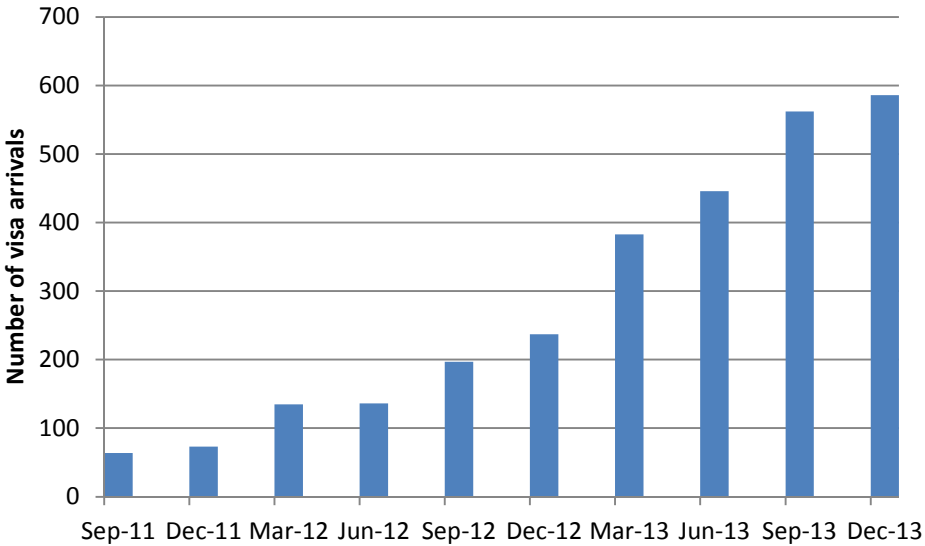
31. As most students of ITOs are usually already at work, completions from courses are unlikely to make a significant impact on the supply of trades workers in Canterbury. Completions in 2013 was around 400 out of a pool of over 4,000, reflecting that most apprentices train over a period of four years. This suggests it may be some time before workers from these programmes are fully productive.

Immigration New Zealand

The number of work visas this quarter continued the positive trend and reflects a ramping up in Canterbury immigration. This growth occurs despite a drop off of numbers over the month of December.

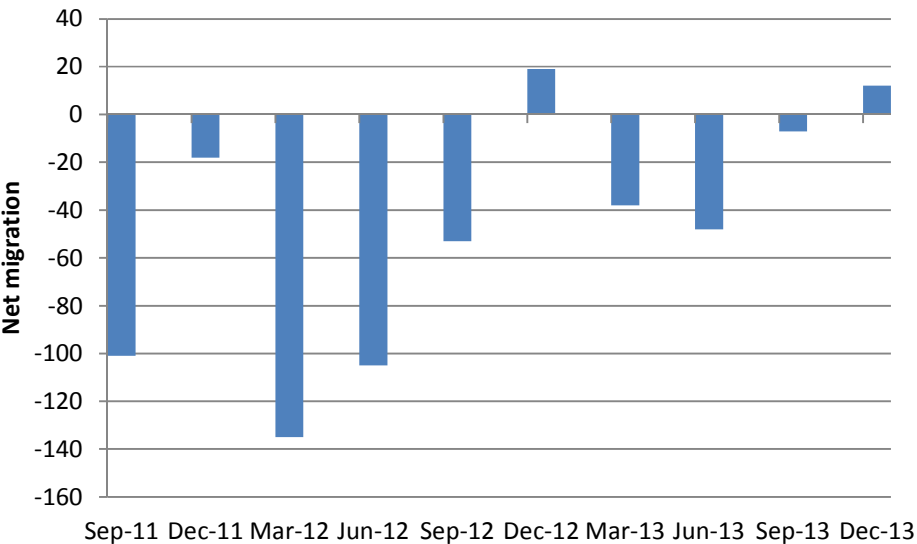
32. The December quarter saw a rise in the level of construction-related Essential Skills visa arrivals compared with the September quarter, further evidence that the number of immigrants are rising to fuel the rebuild. There were 586 work visa arrivals for the rebuild in the December 2013 quarter, up from 562 in the September quarter. This is despite a drop off of numbers over the December month, due to fewer Immigration NZ offices open over the holidays. There continues to be an increasing trend in immigration numbers which shows that migration into Canterbury has been ramping up over the last few quarters as the rebuild gathers steam.

Figure 10: Construction-related Essential Skills visa arrivals in Canterbury



33. Over 2011 and 2012, few construction workers of New Zealand nationality were returning to help with the rebuild. According to latest migration data, a net 30 New Zealand construction workers were leaving the region each month. In recent months, however, this trend has reversed, with an average net inflow of construction workers returning to New Zealand since mid-2013, which suggests that ex-patriot New Zealanders may be an increasing source of labour for the rebuild. The main driver to New Zealanders coming or staying home in Canterbury will be the increasing demand for construction workers in Christchurch, coupled with deteriorating conditions in Australia.

Figure 11: Net migration of construction-related New Zealanders in Greater Christchurch



34. There is no evidence to suggest that it is more difficult to find workers through immigration. For instance, there does not seem to be a drop off in workers from the Philippines following the typhoon that occurred in November 2013.

Impact on Labour Market

Cost of labour

35. The cost of labour in Canterbury construction continues to increase, but at a lower rate, according to the latest LCI. In the year to the December 2013 quarter, salary and wage rate growth (including overtime) in the Canterbury construction industry increased 2.8 percent. This increase is down from 3.7 percent in the year to the September 2013 quarter. For the rest of New Zealand, wage growth in the construction industry rose 1.4 percent in the year to the December 2013 quarter, down from 1.6 percent in the year to the September 2013 quarter.
36. The first earthquake in Canterbury occurred in September 2010. Salary and wage rates for the September 2010 quarter were collected as at 15 August. Since then, wage rate growth has increased 12.2 percent in the Canterbury construction index. This compares with a 6.6 percent increase for the rest of New Zealand.
37. The growth in construction wage rates does not seem to have been as significant as expected. This is further evidence that growth in the construction sector output has not translated into increases in salaries and wages for construction workers. This could partially be due to immigration having a dampening effect of wage rates. As the rebuild reaches full swing over the next few months, there may be a corresponding increase in wage rates in order to increase the supply of workers and to offset discouragement caused by the high cost of living in Canterbury (due to continually growing rental prices).

Next release

38. The next release will cover the performance of the Canterbury labour market in the March 2014 quarter. We expect to publish this in May 2014, shortly after the HLFS release.

