

## **1.6 ECONOMIC DEVELOPMENT UPDATE - JUNE 2023**

**Author: Melanie Jones, Business Attraction and Recovery Manager**

**Authoriser: Alex Parmley, Chief Executive**

### **PURPOSE**

The purpose of this Economic Development update is to keep the Governance Team informed of economic development matters and activities within Council.

### **ECONOMIC DEVELOPMENT REVIEW**

#### Project Update

The 10-year Uplifting Waitaki: Hāpaitia te Waitaki Economic Development (WED) strategy, adopted in September 2022, sets ambitious targets for delivering economic growth and aims for growth that is sustainable and inclusive of all the district and its communities. The strategy and proposals for optimised delivery were developed over several months with partners and engagement of the business community. The implementation of the strategy and realising the projected benefits for the economy and community are recommended to be enabled through the establishment of an Economic Development Agency (EDA) as a Council Controlled Organisation and through a partnership approach.

The EDA would include tourism and destination management, and this would necessitate the disestablishment of Tourism Waitaki Ltd (TWL), a Council Controlled Organisation, with Regional Tourism Organisation (RTO) and Destination Management functions moved to the new agency. The Ōamaru Blue Penguin Colony (OBPC) is currently operated by TWL and new arrangements for the OBPC would also be required.

Creation of a new CCO requires a Special Consultative Procedure and the consultation on 'new ways to support economic growth in Waitaki' ran in parallel to the Annual Plan process from 6 April 2023 to 7 May 2023. 200 submissions were received and Deliberations took place on 16 May 2023.

At the Council meeting on 13 June 2023, results from the submissions and deliberations were summarised and Council asked to consider the following recommendations. i) To establish two new Council Controlled Organisations, one set up as an Economic Development Agency (EDA) and another for the Ōamaru Blue Penguin Colony (OBPC). ii) To Investigate Partnership opportunities to protect, enhance, and grow the OBPC as a cornerstone attraction for the district was also recommended. iii) To disestablish Tourism Waitaki Ltd once the other Council Controlled Organisations are established and all operational and other matters have been resolved.

Following discussion, Council resolved the following:

- a) The Council agrees that it will not sell the Ōamaru Blue Penguin Colony (OBPC) and that it remains an important conservation facility.
- b) Requests a further report on how Council can stage the implementation of the Economic Development function with the intention of it becoming a Council Controlled Organisation (CCO) in due course.
- c) Agrees to bring the OBPC in house in the short term.
- d) Requests the Chief Executive to investigate opportunities for funding partners in the EDA.

Council officers are now considering the next steps and the resources required to meet the resolution of Council.

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**Waitaki Economic Development (WED) Strategy activation**

Through the use of Better Off Funding, Council has commenced work to realise some of the ambitions and opportunities of the WED.

A Placemaking Lead, Cyndi Christensen, has recently been appointed and brings a wealth of experience in CBD revitalisation and development with her. Her on-boarding programme recognises the importance of collaboration and partnership and is focused on making connections both internally and externally to facilitate delivery.

Progress is being made across the five key programmes of work set out in the WED.

**Land and Water**

An exploratory meeting with farmers, including North Otago Sustainable Land Management (NOSLaM) in May ratified two priority areas – skill build/career pathways, and Land use optimisation. Scoping work is underway to progress these opportunities with a Land use workshop to include farmers and representatives from key organisations including universities, targeted for Quarter 1 2023/4.

**Business Innovation and Growth**

An *Inspire Waitaki* event is taking place on 22 June 2023 in The Business Hive for Start Ups, Mentors, Supporters, and Investors. We have collaborated with five businesses to run this “Ideation” and networking session focused on sustainable solutions to improve our environment that also represent business opportunities. Further opportunities to support Entrepreneurs (young and old) will be explored as stage two.

**People (skill build and career development)**

Developing Career Pathways –

- i) We supported Inspiring the Futures – an in-school programme developed by the Tertiary Education Commission (TEC) and delivered by My Next Move for year 9 and 10 Students. The first session ran at St Kevin’s College. The ED team sourced role models living and working in Waitaki for a range of career pathways. The fun event was well received, with Waitaki Boys’ High School looking to replicate the event.
- ii) Central Otago has a well-developed Cadetship/Partnership programme. Opportunities for Waitaki to replicate and evolve for other businesses are being explored.
- iii) Early discussions are underway with the Otago Regional Skills Leadership Group (RSLG) to build foundation-level skills and deliver locally facilitated in-work learning which would be validated by micro-credential assessment.

**Place and Visitor – Promoting Waitaki**

**Waitaki Whitestone Geopark**

On 25 May 2023 the Executive Board of UNESCO officially endorsed the Waitaki Whitestone Geopark as New Zealand’s first and Australasia’s only UNESCO Global Geopark. There are only 19 others in the Southern Hemisphere and New Zealand is now one of only 48 countries globally that has this distinguished UNESCO designation. This milestone was celebrated with a ceremony, lunch, and guided bus tours the following week in Ōamaru. Around 200 people attended from across the district and beyond, including the Minister for Tourism, the Hon Peeni Henare, to acknowledge the work by volunteers and to raise the profile of the Geopark nationally. The Trust is looking forward to building on its relationships with central government and national organisations from the day.

The Geopark is currently planning a further celebration weekend at the end of October, when the temperatures are warmer, with a variety of events and activities planned to be on offer. It will be an opportunity for the entire community to celebrate, to learn more about our backyard, and to feel part of a global network of Geoparks that cares for the environment and the community.



### Evolving the Geopark offer

The application to the Tourism Innovation Fund (TIF), which was prepared in partnership with the Geopark Trust, Council, Te Rūnanga o Moeraki and Tourism Waitaki, was successful. Funding of \$25,000 from Stream One (Discovery) has been approved to develop a business case for the feasibility of a Geopark Discovery Hub and this will be matched by equal contributions from the Waitaki Whitestone Geopark (WWG) Trust, Tourism Waitaki, and Council. The Discovery Hub was one of the key recommendations following the UNESCO assessors' visit in July 2022 and is crucial to unlock the social and economic benefits of the UNESCO Global Geopark. The funding will be used to develop a business case for the Discovery Hub which will enable an application for Stream Two (Development) funding (between \$100k and up to \$10 million). The full business case is due by 15 December 2023.

### Promoting the Geopark

In May, the Geopark and Tourism Waitaki joined forces to represent the district at TRENZ (tourism trade event) in Christchurch and showcase our district to buyers from around the world. Tourism New Zealand and buyers from Asia and Europe were particularly interested in the new UNESCO designation and provided great insights as the Geopark works towards facilitating additional experiences and products.

### Storytelling

Another interpretative sign has been installed at Te Kaihīnaki / Moeraki Boulders inside the waharoa by the Department of Conservation (DOC) carpark in collaboration with Te Rūnanga o Moeraki and DOC. The site is becoming a great tourist facility with waharoa and plantings thanks to Te Rūnanga o Moeraki (TRoM) and DOC.



The Geopark has also supported an application by Council to the Tourism Infrastructure Fund to install toilets at this site. If successful, the project will be 50/50 funded with DOC, TRoM and Council and the Geopark all contributing.

### **Neat Places**

The Neat Places brochure has been reprinted to promote the Waitaki Whitestone Geopark more overtly, and it will be complemented with a new video. The social media campaign continues to promote the local businesses and what makes our district unique.

### **Country House Hunters New Zealand – Season 2**

Following the success of the first season in January 2022, Council has supported an episode in a second series which will feature both Otematata and Duntroun. Deputy Mayor Hana Halalele and Geopark Manager Lisa Heinz were both interviewed for the new series which is due to air in January 2024.

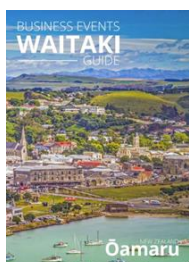


### **Events**

Congratulations are due to the Steampunk NZ organising committee for this year's Steampunk NZ Festival. Aided by perfect weather and additional funding of \$26,000 from the Government's Regional Events Fund, this year's festival had added vibrancy with new reusable assets (Steampunk NZ gates made by Apex Engineering) and experiences appealing to both locals and visitors.



Planning is also underway for this year's Ōamaru Victorian Heritage Celebrations, the final recipient of the Government's event funding. In tandem, as part of Placemaking, the ED team is investigating piloting Pop-Up opportunities in vacant outlets in Ōamaru's Central Business (CBD) District CBD to add vibrancy and drive increased footfall on the main street during the festival period. Learnings from flagship events are being reviewed to inform this and future CBD activations.



### **Business Event opportunity**

Given constrained resources at Tourism Waitaki, the Economic Development and Communication teams have supported development of a Waitaki Business Events brochure following enquiries from several organisations. Waitaki is currently being assessed by the Master Woodturners' Association for an event in 2024 for up to 400 people. The brochure will be modified for use by other event organisers.

### **2023/24 ED implementation**

Below is a summary of priority initiatives and focus for the coming quarter.

The Visitor pillar of work is included below as it forms part of the WED strategy and is currently being led by Tourism Waitaki (TW). The Waitaki Destination Management Plan (DMP) will be scheduled to be adopted by Council early fiscal 2023/4 and core elements will then be prioritised for development. To support TW, a member of the ED team is participating in Te Ūnga Mai Professional Development Programme designed to support Regional Tourism Organisations (RTO) to develop and implement future-focused and action orientated DMPs.

Visitor oriented collaboration opportunities with WWG, Alps2Ocean(A2O) and the ED team have been identified for further discussion with TW.

Programme of Work	Outcome	Priority Initiatives	Next 3 months focus
<b>Land &amp; Water</b>	Fostering growth & innovation in the primary sector	Land & Water use feasibility studies	Primary sector/key stakeholder workshop Audit of Manufacturing businesses supporting Primary sector
<b>Place</b>	Increase the occupancy & vibrancy of Oamaru CBD and rural communities	Placemaking Plans	Oamaru, Otematata & Omarama Plan review / Stakeholder engagement Oamaru vacant space stocktake & plan development Winter hospitality activation pilot Palmerston - Puketapu Trail and Mountain Bike track prioritised*
<b>Business</b>	Foster business innovation & support entrepreneurship	Entrepreneurship ecosystem development	Inspire Waitaki Start Up June 22nd event & ecosystem development Explore Senior Entrepreneurship programme for Waitaki
<b>People</b>	Improve opportunities for skill development and attraction	Skill Development & Career pathways	Assess Cadetship/Sponsorship programmes and pilot new career pathways in Council Partner with SW to evolve Mayors Taskforce for Jobs/ Apprenticeship programme Partner with SW to pilot Career Transitions programme for Employers and Employees
<b>Visitor</b>	Increase visitor spend and overnight stays	Tourism Waitaki Statement of Intent	Destination Management Plan adoption and priority initiative alignment District Marketing & Promotion leveraging UNESCO Global Geopark status
<b>Enablers</b>	Putting Waitaki on the map as the best place to live, work and visit	Developing our story	Business & People storytelling Create project team and develop District Identity brief
	Trusted relationship building towards shared community goals	Collaboration	Partnering with key stakeholders & organisations ( eg A20, Geopark, Stronger Waitaki, Business South, Tourism Waitaki, Waitaki ED) on core initiatives

\*Projects prioritised by the Waihemo Community Board

## Enablers

### Collaboration to accelerate implementation

The WED strategy recognises the importance of partnerships to enable sustainable and inclusive growth. Following the Waitaki Economic Development Forum on 27 April, 17 people from local businesses and organisations expressed an interest in supporting core workstreams, with over 40% interested in supporting the Skill build. Initiatives are currently being scoped in collaboration with key partners and stakeholders.

### The Waitaki Story

Developing the Waitaki Story as an umbrella proposition for the district is an overarching initiative from the Economic Development strategy in order to attract new businesses, residents, and visitors to the district. This initiative will be managed by the Placemaking Lead but will be developed in collaboration with key internal and external stakeholders. Outputs from this work will include new district messaging, branding that will enable and inform new entry signage to the district and rural townships that represent the district and community identity.

While the project is being scoped, the About Waitaki section on Council's website continues to promote new business- and work-related stories. <https://www.waitaki.govt.nz/About-Waitaki>

**WAITAKI ECONOMIC SITUATION AND OUTLOOK OVERVIEW**

The latest Infometrics Quarterly Economic Monitor shows Waitaki’s economy grew by 1.0% in the year to March 2023 according to provisional GDP estimates. This was driven by a strong March quarter with March 2023 GDP up 1.5% versus the March 2022 quarter. Growth was lower than in New Zealand (2.9%) and Otago Region (3.8%).



Global dairy prices have fallen over the past year, with the 2022/23 season expected to pay to \$8.30kgms, taking Waitaki’s dairy pay-out down \$46m to \$356 million. Across the primary sector, high farm expense inflation of nearly 15% per annum, staffing challenges and climatic conditions are key pressures limiting farm capacity.

Local businesses continue to be challenged with sustained increases in input costs, interest rate rises, labour and skills shortages across sectors, and supply constraints. Cross-sector feedback from 27 Waitaki businesses in Business South’s Quarterly Southern Business survey run in May confirmed these challenges. More encouragingly, over 80% of participating businesses expected their earnings to be the same or better than today and over 65% expect to invest in their business (in plant equipment, training/upskilling or additional resources) in the next 12 months.

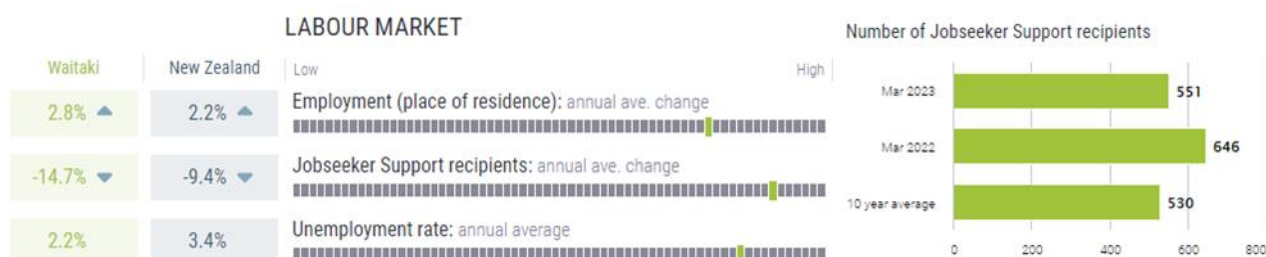
Consumer spend over the year to March 2023 increased by 9.2% ahead of general inflation of 6.7% indicating an increase in spending volumes. This was behind Otago (17.4%) and New Zealand (11.6%). Visitors spend buoyed consumer spending in Waitaki, reflecting the first summer with international visitors since the start of the pandemic. Ongoing inflation, the effects of higher interest rates, and changes to the official cash rate are likely to impact consumer demand over the coming months.

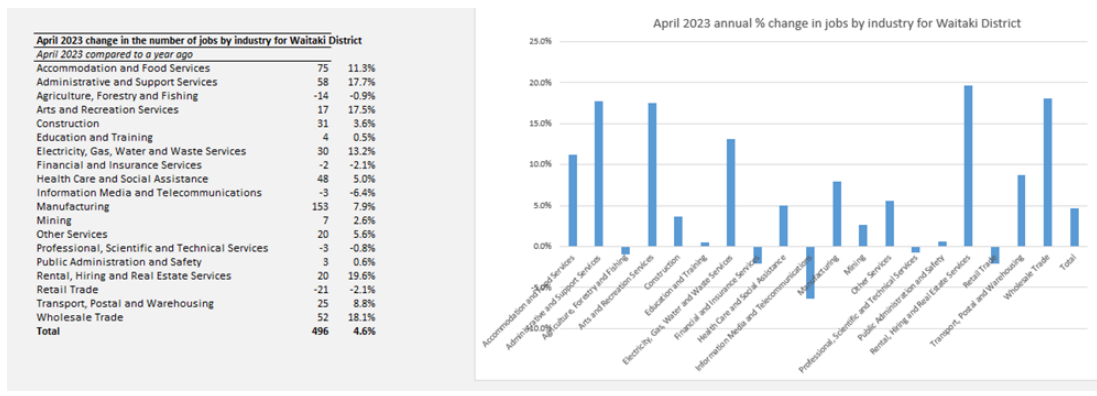
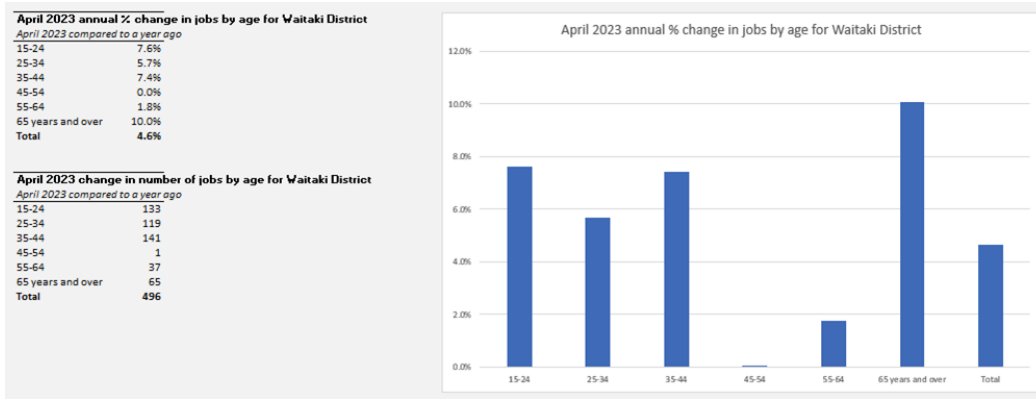
**Employment**

Employment growth has been slowing across New Zealand as a tight labour market constrains growth and deteriorating economic conditions discourage business expansion. Employment of Waitaki residents grew 2.8% over the year to March 2023, underpinned by 17 out of 19 industries expanding. Employment growth has been led by manufacturing, accommodation and food services, and health.

As in the previous quarter, all age groups (except 45–54-year-olds) saw the number of filled jobs increase, with strong growth in the younger cohorts.

Waitaki’s unemployment rate has continued to fall, down to a very low 2.2%, over the year to March 2023. The number of Jobseeker Support recipients also fell, down 15% over the year to March 2023. Waitaki jobseekers fell below pre-pandemic levels for the first time in the March 2023 quarter.

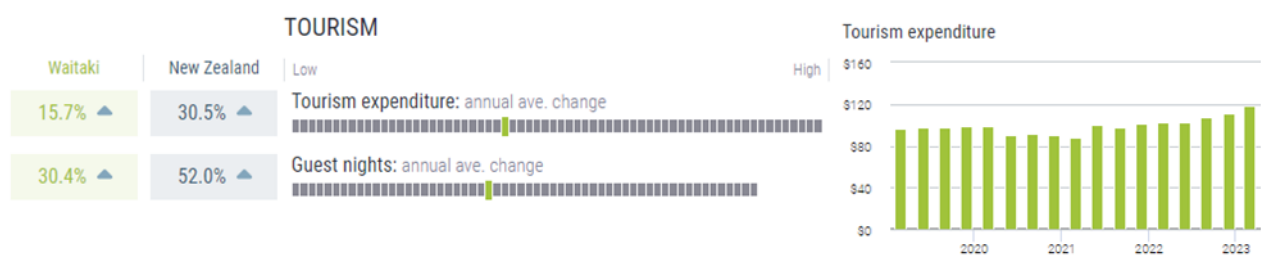




Source: Stats NZ April 2023

**Visitor economy**

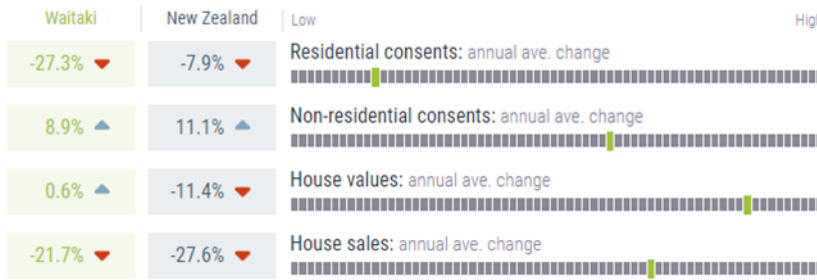
Guest nights at commercial accommodation in Waitaki are up 30.4% over the year to March 2023, and tourism expenditure is up 15.7%. Tourism spending in Waitaki was boosted by an increase in both domestic and international visitor spending in the year to March 2023. Latest Marketview data (see below) shows this trend continuing through April.



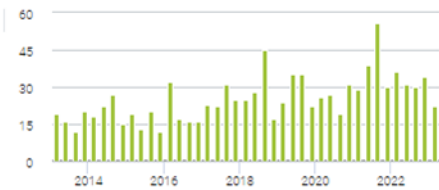
**Housing**

Waitaki’s house values have held steady over the past year, with only a 0.6% increase between the March 2022 and March 2023 quarters. This slight increase brings Waitaki’s average house value to \$491,900 in the March 2023 quarter, or 5.2 times Waitaki’s average household income. As house price growth has slowed over the past year, sales volumes have fallen by 22% and residential consents by 27%. Just 22 new dwellings were consented in Waitaki in the March 2023 quarter.

**BUILDING AND PROPERTY**



Residential building consents



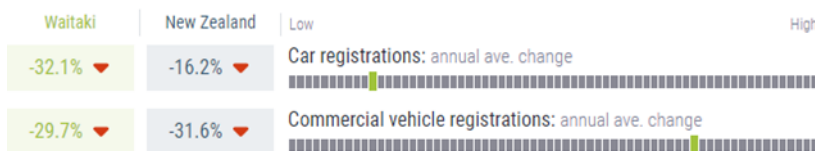
Average house value

\$491,926 Waitaki | \$928,656 New Zealand

**Car and Commercial vehicle registrations**

The number of commercial vehicles registered in Waitaki District declined by 32.1% in the year to March 2023 to 551 compared to 812 registrations a year earlier. The decline was greater than in the Otago Region (24.3%) and New Zealand (16.2%).

**VEHICLES**



Non-commercial car registrations

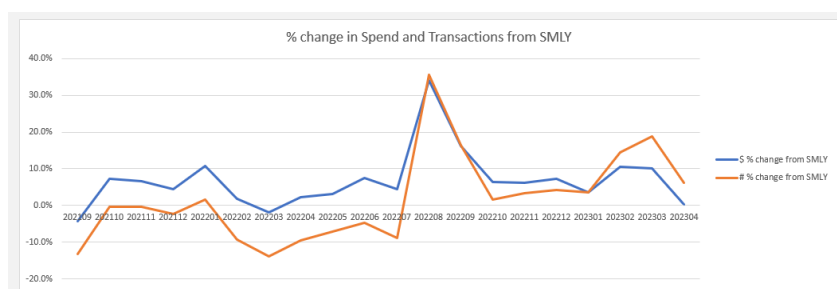
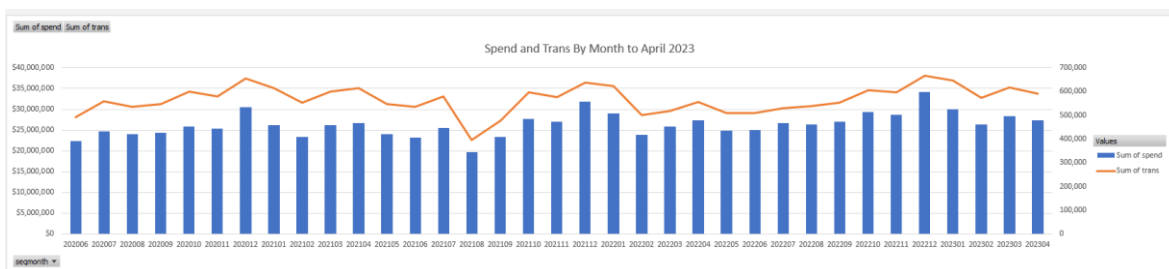


**Consumer Spending to April 2023 – Marketview data**

Electronic card consumer spending, as measured by Marketview, was stable (+0.3%) versus April 2022 and +2.5% ahead of April 2021. Encouragingly, the number of transactions increased by 6.1% to \$27.4 million.

Out of district spend continues to grow strongly as visitation increases post-COVID. Spend from International visitors is particularly encouraging, quadrupling versus April 2022.

Customer Origin Breakdown	202204 Spend	202204 Trans	202304 Spend	202304 Trans	\$ % change from SMLY	# % change from SMLY
Local Spending	\$17,077,864	343,500	\$16,224,316	336,450	-5.0%	-2.1%
Domestic Tourism	\$9,932,384	208,033	\$26,000,086	224,485	161.8%	7.9%
International Tourism	\$258,373	3,899	\$1,348,758	28,305	422.0%	626.0%

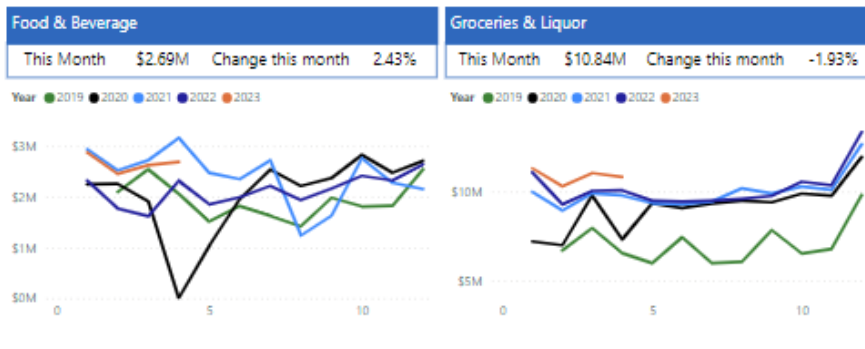




Groceries & Liquor and Fuel & Automotive remain the highest spend sectors at \$16.2 million (~60%) reflecting the high cost of fuel and soaring food costs. Food & Beverage and Takeaways were again the strongest sectors, growing 16.1% and 15.4% versus last April, no doubt boosted by out-of-town visitors. After international customers, spend from Wellington and Christchurch based customers grew the strongest (+6.8% and +5.7% respectively). However, Dunedin still accounts for the highest out of district spend at \$1.5 million and also grew (+4.5%).

In the graphs below, the green line is 2019 (a pre-COVID-19 baseline), the black line is 2020 (a COVID-19 year), the light blue line is 2021, and the dark blue line is 2022 (current conditions). To get back to pre-COVID patterns, the green line and the blue line would meet.

KEY. This Month = April 2023 spend. Change this month = change versus previous month.



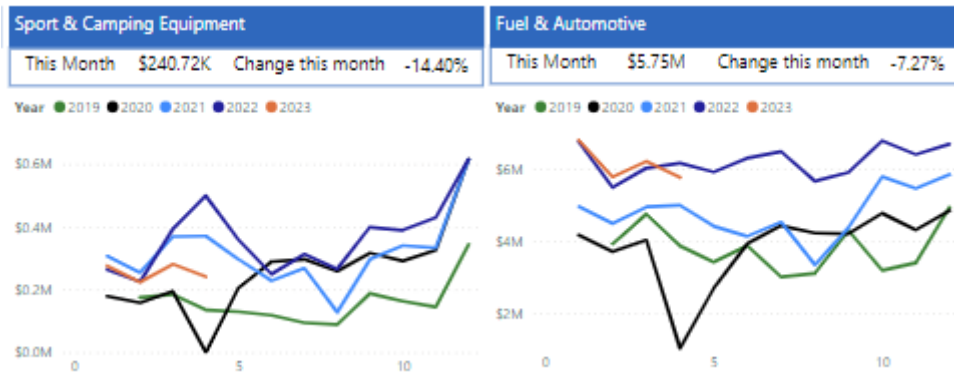
Food & Beverage \$ Change vs April 2022 + 16.1%	Groceries & Liquor - \$ Change vs April 2022 + 7.5%
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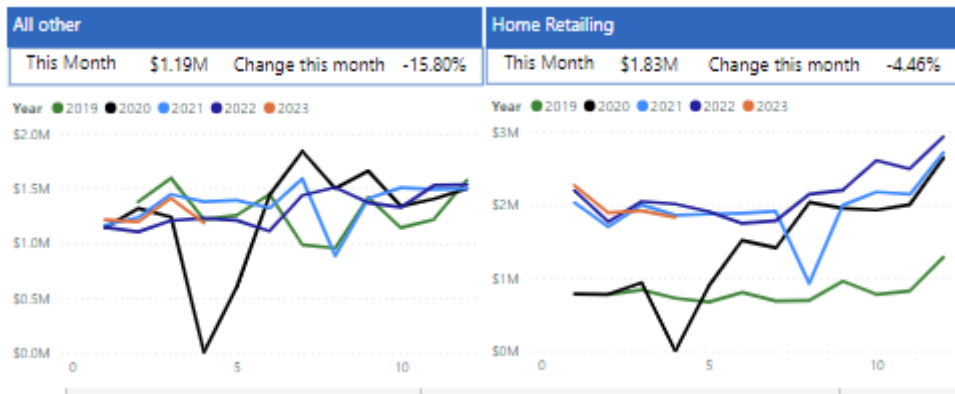
Takeaways \$ Change vs April 2022 + 15.4%	Accommodation - \$ Change vs April 2022 -6.8%
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Clothing + \$ Change vs April 2022 -8.5%	Pharmaceutical + - \$ Change vs April 2022 -27.1%
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Sports & Camping + \$ Change vs April 2022 – 51.8%	Fuel & Automotive - \$ Change vs April 2022 -6.6%
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All other Change vs April 2022 -3.3%	Home Retailing Change vs April 2022 -9.0%
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