

**1.6 ECONOMIC DEVELOPMENT UPDATE - 30 AUGUST 2022**

**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 Elected Members informed of economic development matters and activities within Council.

**ECONOMIC DEVELOPMENT REVIEW**

Project Update

The purpose of the Waitaki Economic Development Strategy review (the review) is to develop a clear and focused Economic Development Strategy (including the tourism sector) that is evidence-based and has the engagement and support of stakeholders. There are two key outcomes:

1. To produce an easily understood, evidence-based Economic Development Strategy (including tourism) for the district (i.e., Not just a Council strategy), developed in partnership with stakeholders.
2. To identify and recommend fit-for-purpose and optimised arrangements to deliver the strategy that make the most effective and efficient use of the resources available.

Business and Stakeholder Engagement has been implemented across the district since the Waitaki Economic Development strategy was adopted in June 2022. Briefings have taken place in Palmerston, Ōmārama, Ōamaru and two workshops were run for participants in the qualitative groups. More than 45 responses have been received through an online survey and via email. Overall responses have been positive. Those supportive of the strategy scored it 8.3/10 and those supportive of the governance model scored it 7.6/10. Feedback has been incorporated into the iterated Waitaki Economic Development strategy and workshop paper for final review and discussion with elected members on 30 August. The Waitaki Economic Development strategy is scheduled for adoption on 6 September.

Project Timeline summary

Polis Consulting Group appointed	8 December 2021
Qualitative research & Analysis; Workshop One	December 2021 – February 2022
Quantitative Modelling & Prioritisation; Workshop Two	March 2022 – April 2022
Core Programmes; Action Plan; Governance recommendation; Workshop Three	May 2022 – June 2022
Council adoption of draft strategy	7 June 2022
Business & Stakeholder Engagement	June – August 2022
Iterated strategy; Workshop Four	30 August 2022
Final ED strategy adoption	6 September 2022

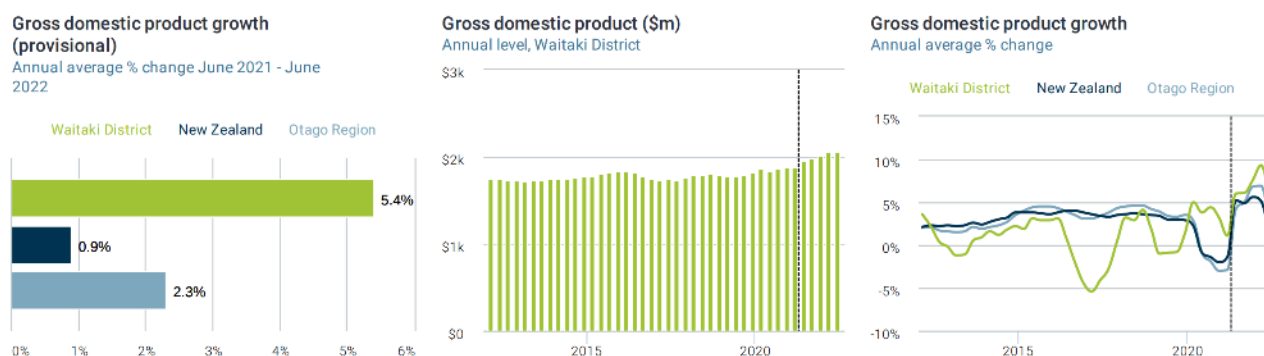
**WAITAKI DESTINATION MANAGEMENT**

The Waitaki Economic Development strategy provides the context and framework for the Waitaki Destination Management Plan. Stafford Consulting has been appointed by Tourism Waitaki to develop the Plan. The Plan includes recommendations on new product development opportunities to enhance the visitor experience and ensure longer term sustainability. The final plan has been approved by the governance group prior to review and adoption by elected members.

Margaret Munro, GM of Tourism Waitaki, has resigned and will leave the business at the end of August. Philippa Agnew is interim acting GM and will assume responsibility for the RTO functions.

**WAITAKI ECONOMIC SITUATION AND OUTLOOK OVERVIEW**

Waitaki’s economy grew by a 5.4% in the year to June 2022 according to Infometrics provisional GDP estimates well ahead of the Otago Region (+2.3%) and national growth (+0.9%). This strong result was driven by the primary sector and the flow on effect to manufacturing and other support service industries. Growth has slowed over the past year, with GDP in June 2022 quarter only 0.4% higher than June 2021 as rising costs and scarce labour make growth more difficult.



Higher global dairy prices are estimated to have boosted the dairy payout in Waitaki for the 2021/2 season by \$64 million to \$401 million although a large part of this increase will go towards servicing higher input costs especially feed, fuel, and fertilizer.

Waitaki consumer spending grew by 2.3% in the year to June 2022, notably behind consumer price inflation of 7.3%. Consumer spend nationally was flat highlighting that Waitaki households are doing better than most but are still paring back on their spending in real terms.

Despite the strong GDP growth, key underlying issues continue to impact across the country. Household budgets remain under pressure with higher interest rates eating into budgets. In July 2022 inflation hit a 32 year high at 7.3% and the Reserve bank has now raised its interest rate to 3%, the highest since 2015, to rein in inflation. Businesses continue to struggle with intense cost pressures, persistent supply chain issues, staff shortages and on-going Covid-19 challenges (especially absenteeism). There are job vacancies across sectors and wages are rising. Wage inflation was 3.4% in the year ended June 2022 increasing in response to the tight labour market. Recent reduction in fuel prices is bringing some relief to businesses and households.

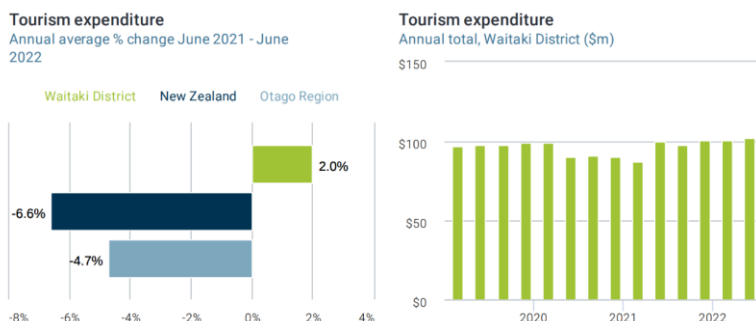
Employment

Employment of Waitaki residents was up 2.8% over the year to June 2022 to 10,681 people, driven by manufacturing (+250 jobs) and to a lesser extent construction (+58 jobs) and wholesale trade (+48 jobs). The average unemployment rate in Waitaki fell to 2.6% in June 2022 (compared to 3.3% nationally) down from 4% a year ago. 618 people received Jobseeker Support down 10.3% over the year to June 2022 versus a 9.7% decline nationally.

Visitor economy

Visitor expenditure in Waitaki grew by 2.0% over the year to June 2022 to ~\$102 million compared to a 6.6% decline nationally and a 4.7% decline across the Otago region. The autumn Tourism New Zealand advertising campaign promoting Clay Cliffs and the Hot Tubs at Ōmārama supported this

growth. Guest nights in commercial accommodation also bucked the national trend falling 1% to 303,200 overnight stays over the year compared to a 19% decline nationally. The development of Nest Tree Houses and Valley Views Glamping are attracting new visitors to the district with high quality experiences, and it was good to see them being recognised in this year’s Waitaki Business Awards. The cost-of-living squeeze is likely to impact Domestic tourism in the coming months, but the return of international visitors should provide a boost, notably for the A20 cycle trail.



**Housing**

Waitaki’s housing market has been relatively resilient over the last year with house values rising 21.5% compared to a 9.6% rise nationally and 13.3% in Otago. House prices are starting to turn negative nationally and the market has slowed in Waitaki. House sales decreased by 27.2% (versus a 26% decline nationally) in the year to June. The average house value was \$497,075 in June 2022 compared to \$1,009,662 in New Zealand and \$978,444 in Otago Region. Local Real Estate agents are reporting an increase in out-of-town enquiries and our relative affordability is no doubt a key contributing factor.

**Residential consents**

Residential building consents remain elevated from the district’s long-term average. 31 dwellings were consented this quarter compared to 39 in the same quarter last year. Consents increased by 29.7% over the 12-month period ahead of 14.4% increase nationally.

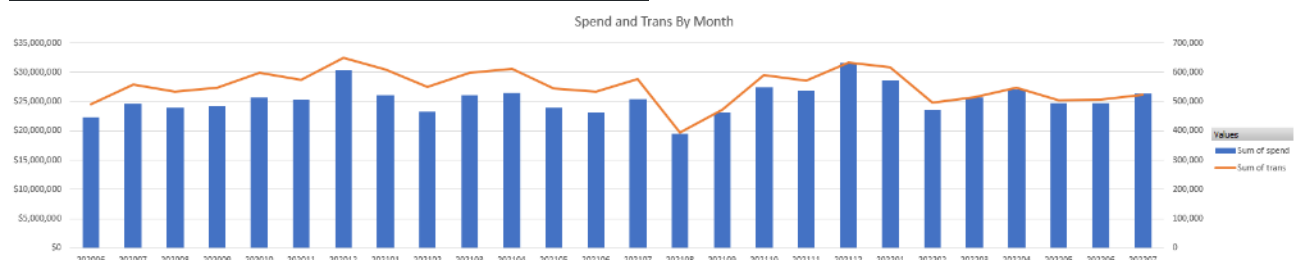
**Non-residential consents**

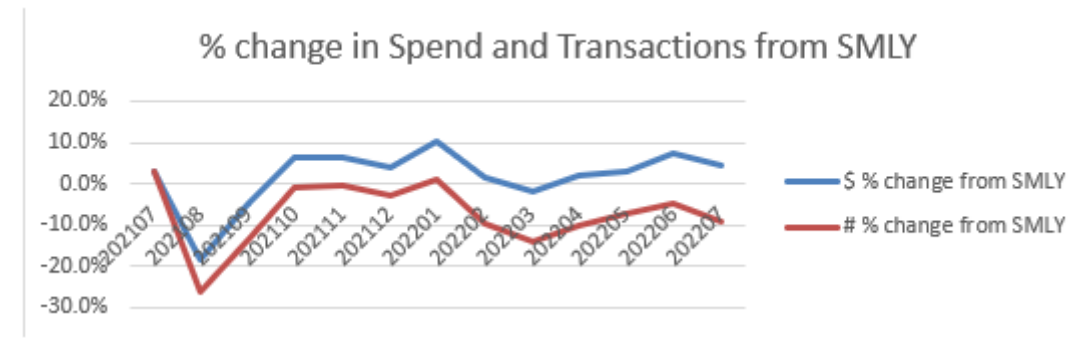
Non-residential building consents to the value of \$18.4 million were issued in Waitaki over the year to June 2022 (-17.5% year on year). The market has continued to soften with consents below the district’s long-term average of \$20 million. Nationally, consents grew by 15.8% over the same period with strong growth in hospitals and warehouses.

**Commercial vehicle registrations**

The commercial vehicle market remains strong. 339 commercial vehicles were registered in the Waitaki District +22.8% versus June 2021 (compared to 6.9% nationally). Purchasing decisions are being brought forward ahead of new fees on higher emitting vehicles.

**Consumer Spending to July 2022- Marketview**



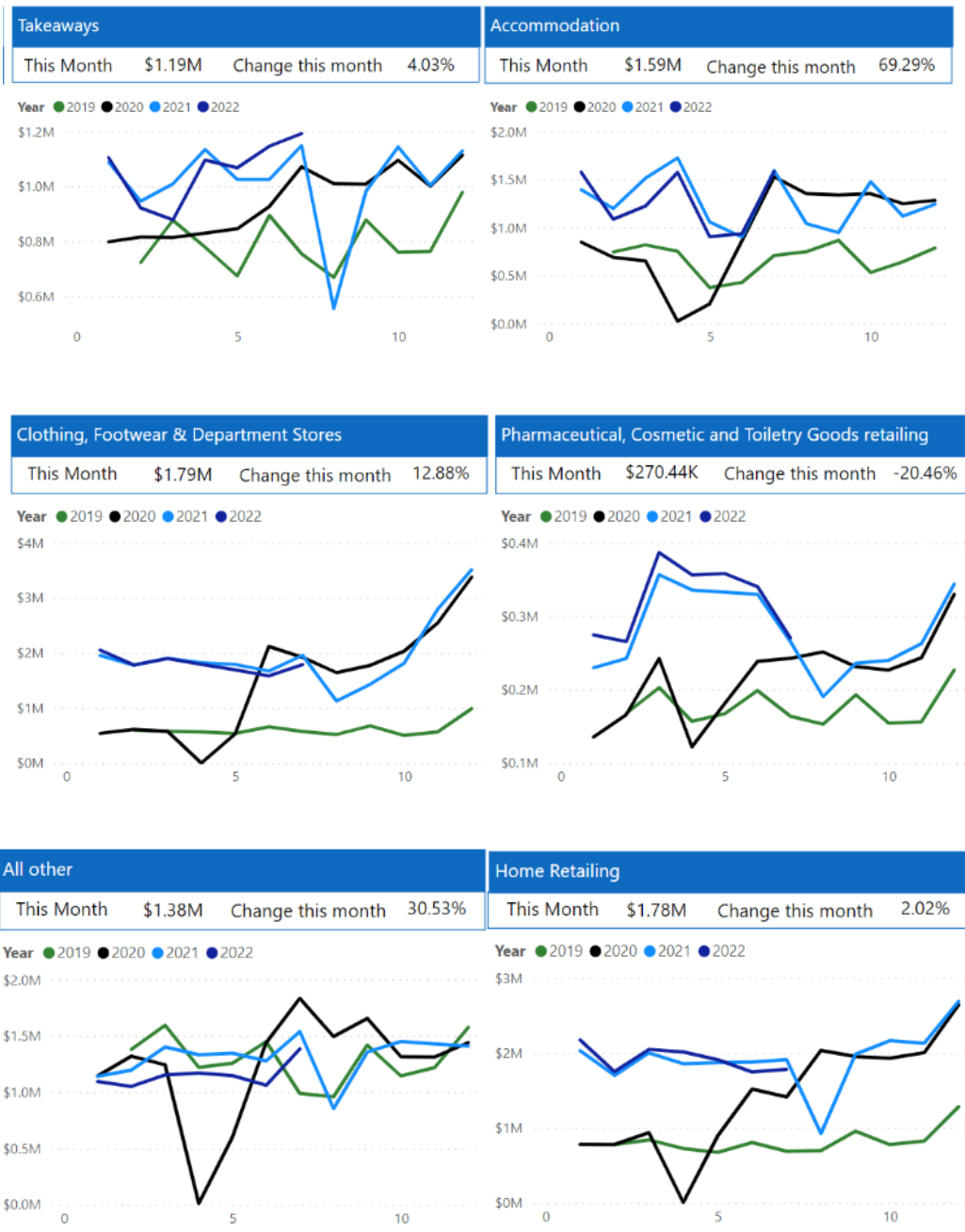


Electronic card consumer spending in the Waitaki district, as measured by Marketview, increased by 6.5% in July 2022 versus June 2022 to \$26.4 million and up 4.2% versus July 2021. More than 60% of total spend (\$16.3 million) was from Waitaki locals, up 4.7% versus July last year. International spend doubled versus July 2021 to \$571k, as borders opened, while Domestic tourism spend was flat year on year.

The number of transactions was down 9% versus SMLY with Food & Beverage showing the greatest decline -23.4%. Conversely, Takeaways spend was up 3.8% vs July last year. Groceries & Liquor and Fuel & Automotive were the highest spend sectors at \$15.9 million accounting for 60% of total spend reflecting the high cost of fuel and soaring food costs.

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





**EVENTS ECONOMY**

A Waitaki Regional Events virtual workshop was hosted by the Events Board on August 17<sup>th</sup> and was well attended. \$165k is still available from the Government’s Regional Events fund with the next round of funding open from 3-31 October 2022. The webinar shared best practice and provided guidance and advice to support potential applicants’ ability to benefit from this next funding round. Sustainability was noted as a key requirement for funding to be successful. Response was positive and highlighted an opportunity for greater collaboration in event development to support delivery of increased visitation and more overnight stays in the district.

**WAITAKI WHITESTONE GEOPARK**

A UNESCO evaluation mission was held 2 - 4 July 2022 and was an important part of the Trust’s aim to become New Zealand’s first UNESCO Global Geopark.

The visit formally began with an opening ceremony and Pōwhiri at Te Rūnaka o Moeraki marae before visiting various sites and places across the district. Waitaki District Council's contribution and support during the evaluation mission was greatly appreciated by the WWG Trust. Local, regional, and national media all covered the visit. A report and recommendation from the evaluators which will be presented to the Global Geoparks Council in the first week of September for consideration.

Geopark work continues in the community. The collaboration with The Forrester Gallery - *Earth: caught in stone exhibition* - and support from The Lion Foundation, enabled 494 local students to benefit from the on line and in person education programmes. Geopark public talks have continued around the district in Ōamaru, Kakanui and most recently Ōmārama sharing the stories of our land and people. New signage has also been installed at some of the key geosites and on the Vanished World Trail. The increase in signage will raise visibility of the Waitaki Whitestone Geopark and boost awareness and visitor appreciation of the sites.



UNESCO evaluators with Geopark team // Unveiling of new Geopark signage at Lookout Point

## **PROFILING WAITAKI**

Waitaki's reputation as a "neat place" is growing. Ōamaru has been chosen as one location in New Zealand for filming of a new series, *Country House Hunters*, which profiles residents seeking to relocate from the hustle and bustle of urban cities to a regional location. Filming will take place in Ōamaru in early September and will air on prime time TVNZ1 and TVNZ on Demand in 2023. Assets from filming will be made available for council use to support ongoing profiling of Ōamaru and the Waitaki district.