

**1.6 ECONOMIC DEVELOPMENT UPDATE - 20 DECEMBER 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 Uplifting Waitaki: Hāpaitia te Waitaki Economic Development (WED) Strategy was adopted by Council in September 2022. The evidence-based strategy was co-designed with Te Rūnanga o Moeraki and is ambitious. Five core strategic programmes, if implemented, should create \$70-\$145m additional GDP (Gross Domestic Product) and 1350 additional jobs in 2032 above projected growth (up to 8% additional direct growth above projected growth. Five interconnected programmes of work are identified - Land & Water, Place, Visitors, Business and People development – and a topline action plan for each is recommended to support implementation.

New organisational arrangements are also proposed to deliver the strategy and ensure the most effective and efficient use of available resources. These include disestablishing Tourism Waitaki Ltd and creating a new EDA (Economic Development Agency) “Venture Waitaki” - name tbc - as a Council Controlled Organisation (CCO). This requires a Special Consultative Procedure, and this will be included as part of the Annual Plan process in March/April 2023. The future and management of the Ōamaru Blue Penguin Colony (OBPC) will also form part of the consultation process. A new governance and operational structure will support delivery of the strategy.

A workshop is scheduled on December 20<sup>th</sup> to discuss the Economic Development strategy, priority outcomes, resources, and transition actions. A separate workshop paper will be circulated.

Project Timeline summary

Final ED (Economic Development) strategy adoption	20 September 2022
Council workshop with elected members	20 December 2022
Community Consultation	March/April x 4 weeks
Consultation decision and adoption	June 2023
New EDA established	July 2023

**WAITAKI DESTINATION MANAGEMENT**

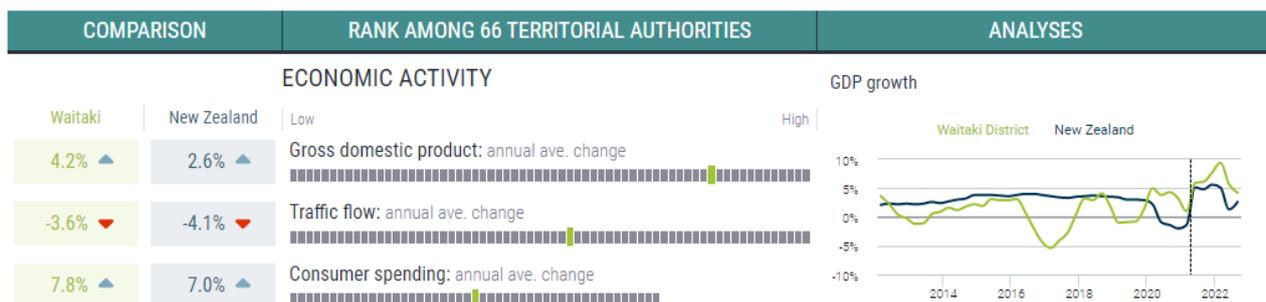
The Waitaki Economic Development (WED) strategy provides the context and framework for the Waitaki Destination Management (DM) Plan. Stafford Consulting was appointed by Tourism Waitaki to develop the DM Plan. The Plan has been finalised and includes recommendations on new product development opportunities to enhance the visitor experience and ensure longer term sustainability. The Plan has yet to be reviewed by elected members. Once adopted, agreed priority initiatives will be integrated into the Visitor Programme of work in the WED strategy.

**WAITAKI ECONOMIC SITUATION AND OUTLOOK OVERVIEW**

Waitaki's economy continues a positive trend, growing by 4.2% in the year to September 2022 according to Infometrics provisional GDP estimates. This is ahead of the Otago Region (+3.0%) and national growth (+2.6%). Provisional GDP was \$2,063 million for the year to September 2022, however, this was flat compared with the year to June 2022 indicative of more constrained economic activity.

The primary sector continues to be a key driver of the district's performance with the flow on effects noticeable to manufacturing and other support service industries. While the majority of consumer spend is from locals (65%), Waitaki has also benefitted from stronger international visitor activity than expected, and increased guest nights has had a positive impact.

Local businesses are challenged with sustained increases in input costs, labour shortages across sectors (up to 30% vacancy rates reported) and reduced capacity as a result. Wage inflation is increasing in response to the tightening labour market with private sector wage growth currently at 8.6% per annum.



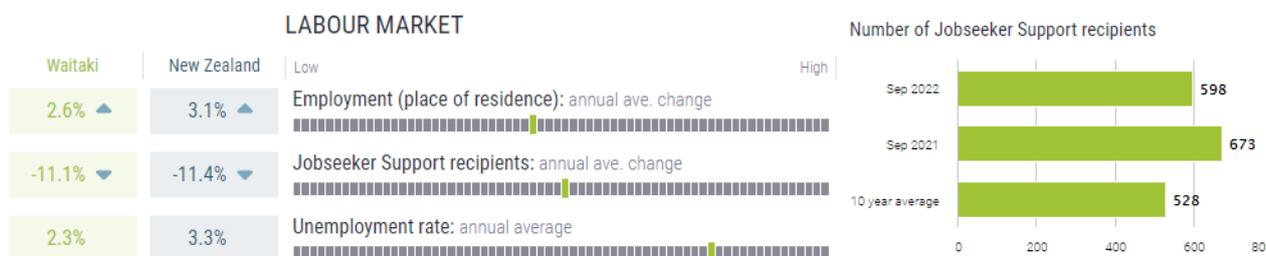
The total dairy payout for the 2021/2022 season is estimated to have been \$398 million. However, the payout for the coming 2022/2023 season is projected to be \$5 million lower reflecting lower milk prices from Fonterra. Nationally milk production is down and increasing farm costs with higher input costs from fuel, fertilizer and finance continue to impact farmers.

Household spending remains solid. Waitaki consumer spending grew by 7.8% in the year to September 2022 ahead of 7.0% nationally and persistent consumer price inflation of 7.2%. The strong spending activity indicates that Waitaki residents have kept up with inflation to date. However, the Reserve Bank's recent 75 basis point increase to the official cash rate is designed to reduce demand to bring inflation under control.

Waitaki's population slowed to 0.4% (compared to 0.2% growth nationally) to 24,000.

**Employment**

Employment of Waitaki residents was up 2.6% over the year to September 2022 to 10,804 people employed on average with job increases across most industries. The average unemployment rate in Waitaki fell to 2.3% in September 2022 (compared to 3.3% nationally) down from 3.4% a year ago. An average of 598 people were receiving a Jobseeker Support benefit in the 12 months to September 2022, compared to 673 a year ago.



Latest Stats NZ data (October 2022) shows an increase of 2.7% in jobs across age groups with the highest gain in the 15–24-year-old groups (+11.7%) and over 65-year-olds (+9.2%). Growth in the younger and older cohorts reflect changes nationally in the composition of the workforce.

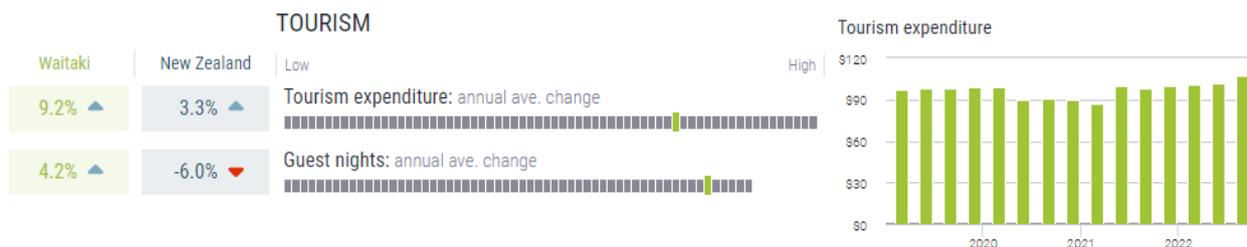


There were 293 additional jobs compared to October 2022 with the biggest increase in Manufacturing (108), Wholesale Trade (44) and Electricity, Gas, Water and Waste Services (36). Jobs in the Agriculture, Forestry and Fishing industry were broadly flat year on year compared to a decrease nationally of 5.3% in October 2022 compared to October 2021.

**Visitor economy**

Visitor expenditure in Waitaki grew by 9.2% over the year to September 2022 to ~\$107 million compared to a 3.3% increase nationally. Otago region grew by an impressive 11.7% over the same period. Guest nights in commercial accommodation also bucked the national trend up 4.2% against a 6% decline nationally. There were 325,700 overnight stays up from 312,700 a year ago.

The visitor economy has performed better than expected and the return of international visitors over the summer will benefit the district. Pre Covid, international visitors accounted for 31% of Waitaki’s tourism expenditure. Continuing to attract Kiwis to holiday in Waitaki will also be important (see Marketview data below). A recent survey of 1200 Kiwis by Tourism New Zealand noted 71% were planning a domestic holiday in the next 12 months. Weekend, short and trips up to seven days were preferences and Waitaki is well placed to take advantage of this.



**Housing**

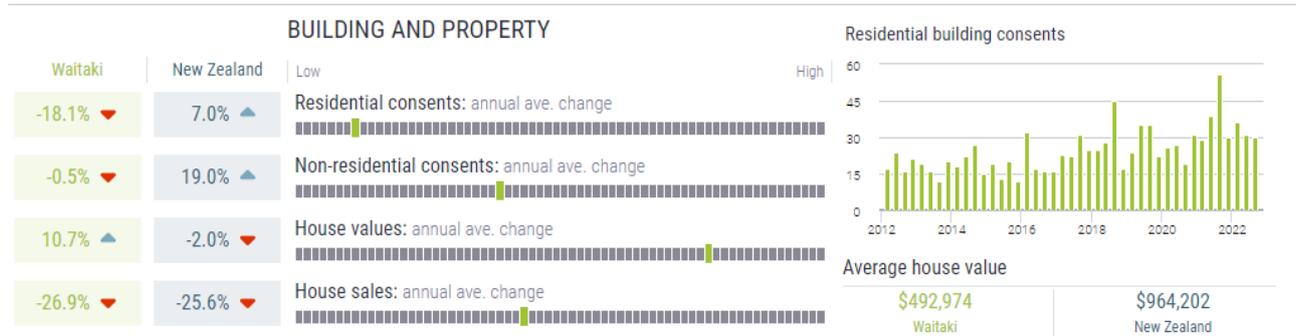
Waitaki’s house prices have been resilient over the last year with September 2022 house values rising 10.7% compared to a 2.0% fall nationally and a 2.1% fall in Otago. However, the market has slowed with house sales decreasing by 26.9% (versus 25.6% decline nationally) in the year to September. The average house value was \$492,974 in the 12 months to September 2022 compared to \$964,202 in New Zealand and \$926,029 in Otago Region. Local Real Estate agents are reporting an increase in out-of-town enquiries and our relative affordability remains a key contributing factor to relocation.

**Residential consents**

30 new dwellings were consented this quarter, a fall from the record peak of 56 in the same quarter last year. This is in line with 10-year average. Consents decreased by 18.1% over the 12-month period compared to a 7% increase nationally where smaller, more affordable housing is growing in popularity.

**Non-residential consents**

Non-residential building consents to the value of \$21.4 million were issued in Waitaki over the year to September 2022 (-0.5% year on year). This is still ahead of the district’s long-term average of \$20 million. The value of consents in New Zealand increased by 19% over the same period despite capacity constraints in the construction industry. Non-residential consents in Otago also decreased by 2.7% over this period.



**Commercial vehicle registrations**

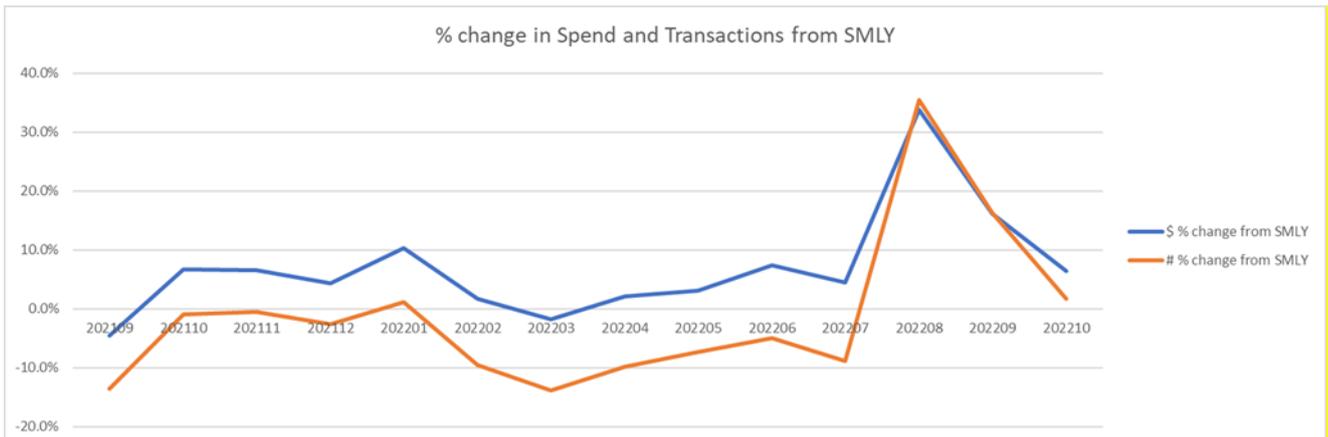
Commercial vehicle registrations recovered substantially in the September 2022 quarter from the impact of the Clean Car Discount. The number of commercial cars registered in Waitaki increased by 18.9% to 321 in the year to September compared to +6.5% in Otago Region and +6.3% in New Zealand. This is well ahead of the 10-year average in Waitaki of 257.

**Consumer Spending to October 2022- Marketview data**

Electronic card consumer spending in the Waitaki district, as measured by Marketview, increased by 8.8% in October 2022 versus September 2022 to \$29.2 million and was up 6.4% versus October 2021. October 2020 spend was \$25.7m.

Transactions increased by 1.7% vs October 2021. Two thirds of the spend is from Locals with International spend quadrupling to \$783k vs October 2021. Domestic Tourism spend (~31%) was down 4.9% vs last year.

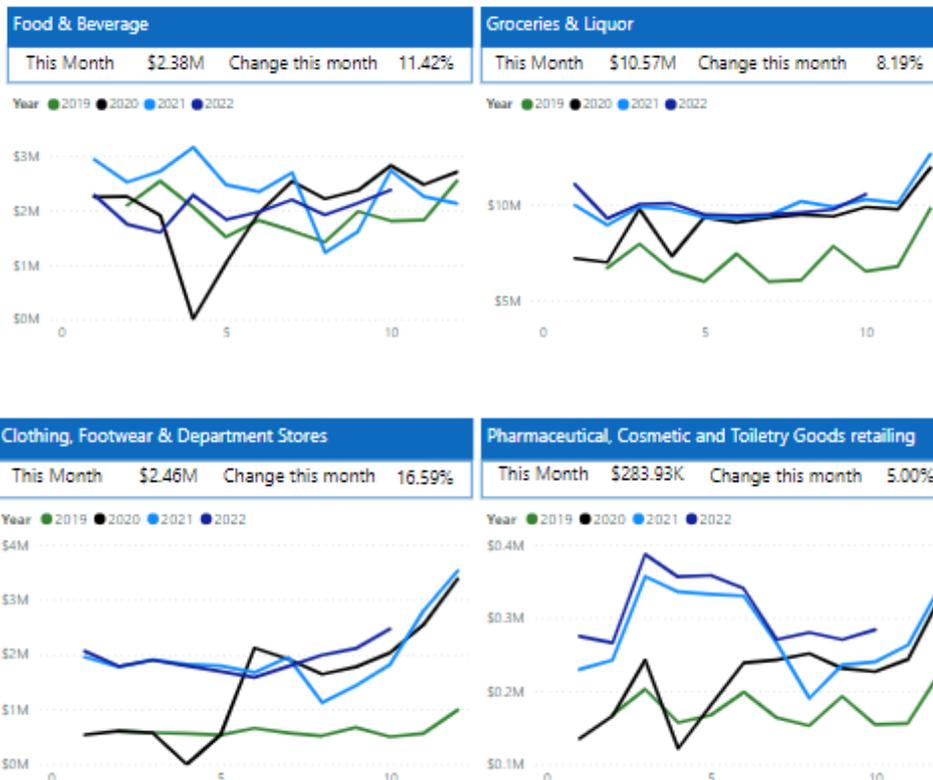


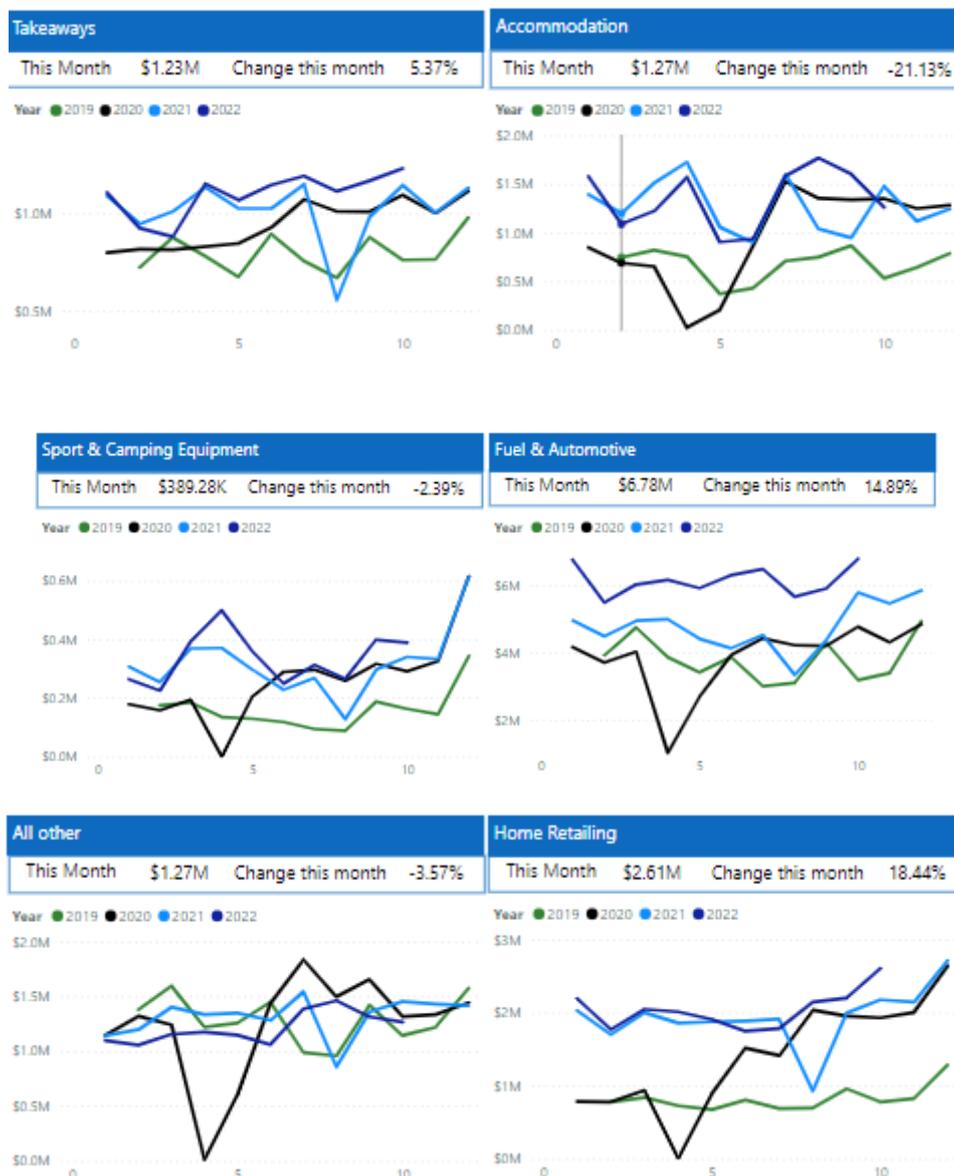


Groceries & Liquor and Fuel & Automotive remain the highest spend sectors at \$17.3 million (59%) reflecting the high cost of fuel and soaring food costs. Clothing, Footwear & Department stores were particularly buoyant in October with spend up 35.7% and number of transactions up 40.5%. 75% of the spend was from Waitaki locals. Transactions and spend in the Accommodation and Food & Beverage sectors showed double digit decline vs October 2021 impacted by declines in visitors from Christchurch, Dunedin, and the Otago region.

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.

KEY. This Month = October spends. Change this month = change vs previous month.





**EVENTS ECONOMY**

It was good to see the Victorian Heritage Festival in full swing and the added vibrancy from visitors. Tourism Waitaki received \$183k from the Government’s \$50 million Regional Events Fund which aims to drive out of town visitation and more overnight stays. Post a second funding round in October 2022 all monies have now been allocated to support 5 events in 2023. One new event, Spring Challenge, is being hosted in Waitaki in September 2023. Over 5000 participants will take part in an adventure race for women that includes rafting/kayaking, mountain biking, hiking and navigation. An opportunity now exists for tourism operators to collaborate and offer weekend packages to encourage participants and their families to stay and explore the district.

**WAITAKI WHITESTONE GEOPARK**

Following the UNESCO assessors’ visit in July and a detailed report, the Global Geoparks Council met in September 2022 to consider new applications for UNESCO Global Geopark accreditation. The Waitaki Whitestone Geopark (WWG) is now one of seven new UNESCO Global Geoparks proposed for ratification by the Executive Board of UNESCO when it meets in May 2023. The Waitaki Whitestone Geopark would be New Zealand’s first and Oceania’s only UNESCO Global Geopark with the potential to be a key driver for the visitor economy. The Geopark team are

exploring opportunities to celebrate this important milestone with the community and partner with key stakeholders to deliver on the assessors' recommendations.

Community work continues. In 2022, the Geopark has reached 768 pupils (21% of all school age children) with its education programmes. Recent public events included International Geodiversity Day, to raise awareness of our different rock types and their importance, and a guided tour of the Waitaki Power Station. Over 300 people have attended public talks across the district in 2022. The new Geopark signage is almost complete and will raise visibility and visitor appreciation of the key sites.



Ōrore/All Day Bay

Hutcheson's Quarry

The Geopark team was also able to attend two conferences this year – The Asia Pacific Geoparks Network Conference in Thailand in September and the New Zealand Geographical Society Conference in Christchurch in November. Sharing and exchanging information, experience and knowledge among other professionals is helping the team to grow its network and raise Waitaki's profile at a national and international level.

### **PROFILING WAITAKI**

Waitaki's reputation as a "neat place" is growing and a refreshed campaign will launch in time for the summer season profiling 32 Neat Places. Tourism Waitaki Ltd is funding 50% of the costs and participating businesses the remainder. Twelve new places will be featured included two geosites, Moeraki Boulders (the district's most visited site) and Elephant Rocks. The ED team has supported the development and implementation of the campaign.

2023 will also see Waitaki being profiled in a new TV series, Country House Hunters NZ, on prime time TVNZ1 (and on demand). One episode is shot in Ōamaru and profiles 2 couples who have moved here from the hustle and bustle of urban cities to a regional location. Assets from filming will be made available for council use to support ongoing profiling of Ōamaru and the Waitaki district. Discussions are also underway with a Taiwanese film crew planning to film a Road Trip Reality show for Disney+ early in 2023.