

#### **4.1 ECONOMIC DEVELOPMENT AND COMMUNICATIONS UPDATE**

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#### **RECOMMENDATION**

That the Executive Committee receives and notes the information.

#### **PURPOSE**

The purpose of this Economic Development and Communications 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 (ie 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.

##### Project Status

Work on the project is on track and on budget. In January and February, focus has been on analysis of the local economy and understanding the strategic context. There has been extensive engagement with Te Rūnaka o Moeraki, business leaders and groups representing the diversity of the economy. Ten (10) group discussions and 24 interviews have taken place over a ten-day period. Three workshops have been scheduled – in February, March, and April – to ensure timely input from Elected Members.

Workshop 1 focused on sharing baseline data and findings from qualitative field research. A decision on the success definition/prioritisation metrics as well as additional optional analysis components is required to inform Workshop 2. The timeframe for the development is:

Polis Consulting Group appointed	8 December 2021
Stakeholder Engagement	By end February
Council workshop 1 on general direction	22 February 2022
Council workshop 2 on draft Economic Development Strategy	29 March 2022
Final Economic Development strategy	By Friday 1 April 2022
Receipt of Draft delivery arrangements report	By 15 April 2022
Council workshop 3 on draft delivery arrangements	19 April 2022
Receipt of Final delivery arrangements report	By 29 April 2022

**WAITAKI ECONOMIC SITUATION AND OUTLOOK OVERVIEW**

This section will be updated with Waitaki statistics and submitted as an additional appendix to this report due to a delay in the publishing date for the December 2021 Quarterly Economic Monitor data from Infometrics. The below summarises key national trends impacting locally.

Nationally, COVID continues to negatively impact and is estimated to be costing the economy \$190 million a week. The psychological impact is also now more evident. Hospitality is suffering significant cancellations, with New Zealanders hesitant to go out and travel far from home. Nationally, restaurant activity in January was down 25% versus 2019.

The agriculture sector (including dairy) continues its strong performance and the positive flow-on effect to services, engineering and manufacturing businesses supporting this sector is evident. Border restrictions continue to impact international supply chains and stock availability and increased shipping costs are now adding to inflationary pressures.

The business market is tight, and a shortage of skilled labour and staff retention are key challenges. Absenteeism due to illness is forecast to rise, exacerbating current staff shortages. Poaching amongst businesses is on the rise and wages are forecast to increase as a result. However, nationally, unemployment is still expected to be below 3.5%. A Business South survey has just been completed with local businesses to quantify skills gaps across sectors. Results will be available in March.

Construction

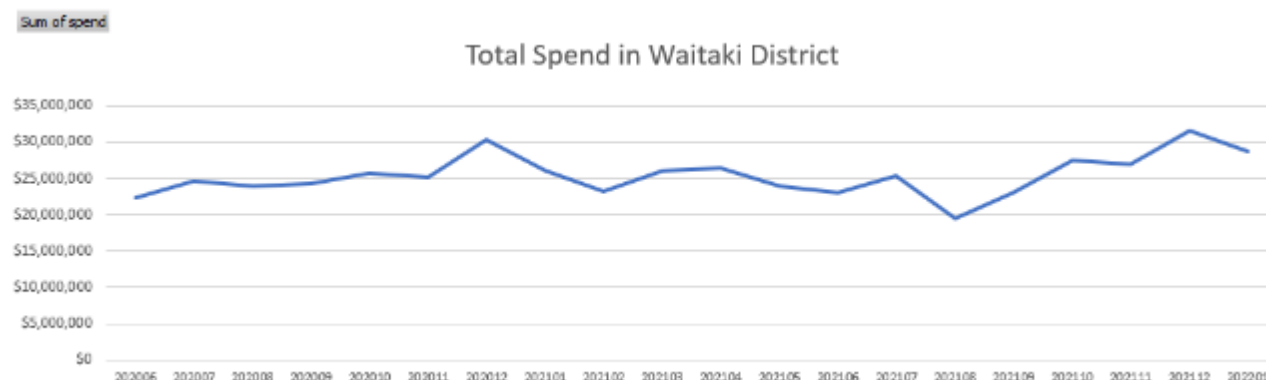
Nationally, a peak in residential building consents is predicted this year. Finding a builder and materials is challenging and there is a risk for developers of not being able to sell for the costs they need to cover.

Housing

Nationally, the housing market is forecast to slow this year, with buyers less able to get finance due to changes in regulations, taxes for property investors and a change in bank lending behaviour. Housing remains unaffordable for many.

Consumer Spending

Electronic card consumer spending in the Waitaki district, as measured by Marketview, increased by 10.3% in January 2022 versus 2021 to \$28.7 million. This follows a strong December month with a spend of \$31.6 million recorded. The bulk of the spend in January (- 58%; -(\$16.7 million)) was from Waitaki locals. Waitaki is attracting spend from neighbouring districts. Spend from Christchurch residents showed the strongest growth year on year: + 25.8% to \$1.7 million. Dunedin City resident spend grew by 21.7% to \$2.2 million. Auckland and Wellington spend remains low at \$538k but is up 21% versus January 2021.



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 blue line is 2021 (current conditions). To get back to pre-COVID patterns, the green line and the blue line would meet.

While overall spend is up 10.3% versus January 2021, the Food & Beverage sector showed the strongest decline (-22.2%), followed by Sport & Camping Equipment (-13.8%). The Accommodation sector improved versus December when it was down 22% to increase by 12.8% versus January 2021.

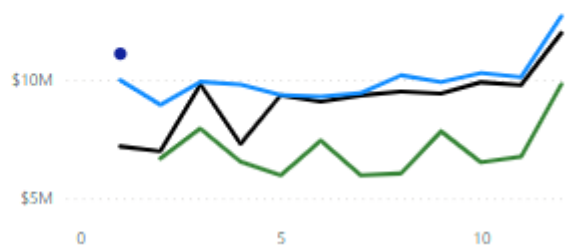
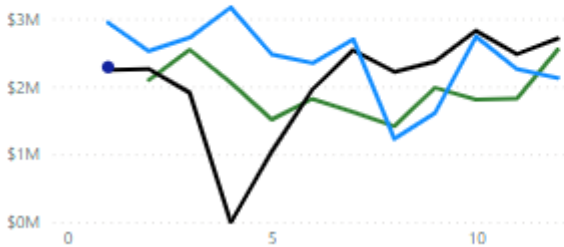
Groceries & Liquor and Fuel & Automotive were the highest spend sectors at \$17.8 million. Both showed double-digit increases versus a year ago (+11.1% and +36.3%) reflecting record high petrol prices and shopping costs which are putting household budgets under pressure. Pharmaceutical, Cosmetic and Toiletry Goods Retailing grew by 19.7%, possibly reflective of households stocking up ahead of an anticipated Omicron outbreak.

Food & Beverage			
This Month	\$2.29M	Change this month	7.42%

Groceries & Liquor			
This Month	\$11.1M	Change this month	-12.43%

Year ● 2019 ● 2020 ● 2021 ● 2022

Year ● 2019 ● 2020 ● 2021 ● 2022

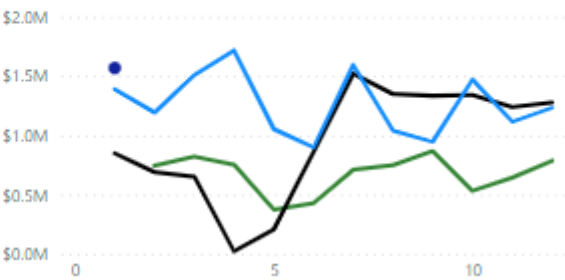
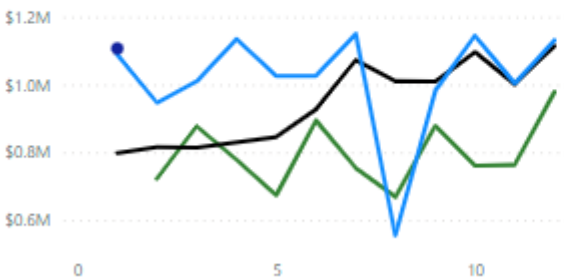


Takeaways			
This Month	\$1.11M	Change this month	-2.12%

Accommodation			
This Month	\$1.57M	Change this month	27.17%

Year ● 2019 ● 2020 ● 2021 ● 2022

Year ● 2019 ● 2020 ● 2021 ● 2022

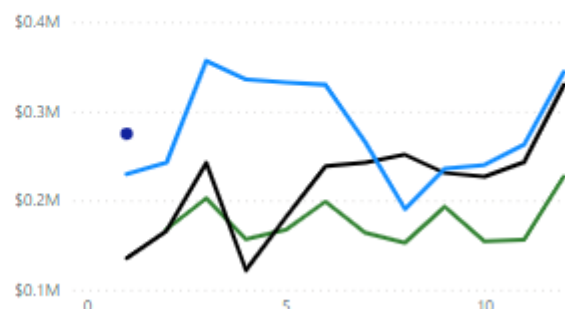
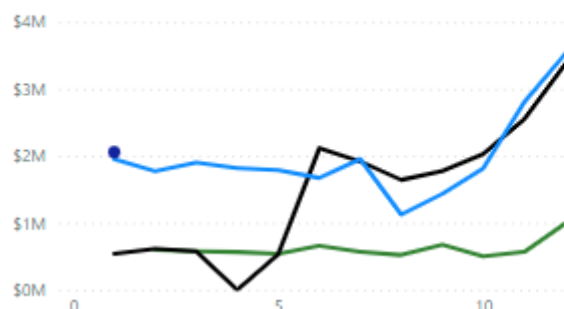


Clothing, Footwear & Department Stores			
This Month	\$2.06M	Change this month	-41.58%

Pharmaceutical, Cosmetic and Toiletry Goods retailing			
This Month	\$274.92K	Change this month	-20.08%

Year ● 2019 ● 2020 ● 2021 ● 2022

Year ● 2019 ● 2020 ● 2021 ● 2022

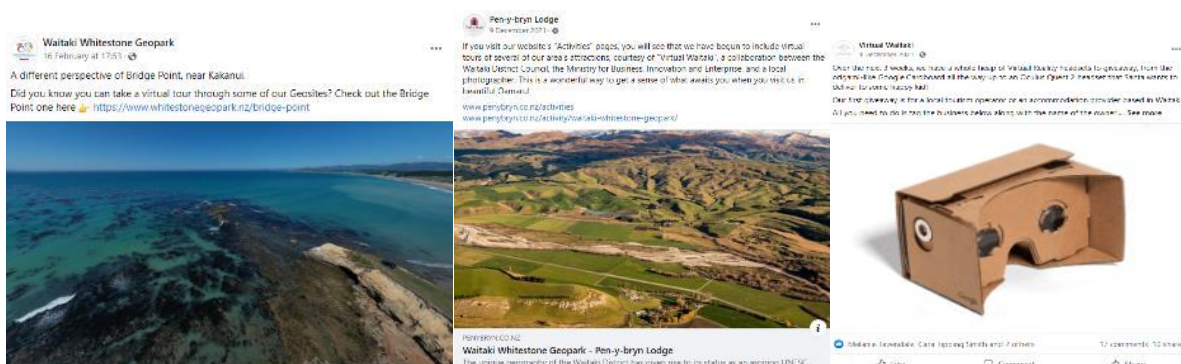




**SUPPORT AND STIMULUS FUND (SSF)**

Virtual Waitaki

The final Support and Stimulus fund project – Virtual Waitaki – launched in November 2021 as an additional promotional tool for the district. Tourism Waitaki, along with local businesses and attractions including the Alps2Ocean Cycle Trail, Waitaki Geopark and Vanished World, have already integrated the assets into their website and are driving traffic to the Virtual Waitaki website. Traffic has been growing and peaked in January. To date, the site has had ~15k unique visitors. Clay Cliff and Sailors Cutting have been the most visited tour pages to date.



### Neat Places

The Waitaki Neat Places campaign finished in December 2021 and a survey was sent to participating businesses to better understand learnings and inform future opportunities. Eleven (11) businesses out of 29 responded covering Retail, Hospitality, Accommodation and Attractions. For over 90% of businesses, the campaign met or surpassed their expectations. Respondents felt the campaign raised Waitaki's profile as a neat place to visit, encouraged weekend visitors and helped locals feel proud of our offer. Raising awareness of their own business was also seen as key benefit for over 60% of respondents. The Neat Places brochure, video and social media posts were viewed as the strongest assets in the campaign. Over 70% of participants would be interested in participating in a refreshed campaign and 90% would be prepared to contribute to the costs. The campaign cost \$28,500; businesses were asked to contribute 50% of the cost (\$490 each) and Council funded the remainder. <1k brochures out of 15k remain for distribution to participating outlets and information centres as ongoing promotional tools. Ideas to evolve the campaign have been explored with the Neat Places team but are now on hold pending the outcomes of the Economic Development strategy work.

### **TOURISM INFRASTRUCTURE FUND (TIF)**

Council received \$505k funding from the TIF for three projects:

- Carpark, viewing area and signage and toilets at Elephant Rocks
- Resealing of the carpark by the Ōamaru Blue Penguin Colony
- Duntroon road safety measures near the new public toilet site.

Timing for completion of all three projects is under pressure due to contractor availability, increased costs, and commercial negotiations. A delay in work completion to end 2022 has been requested and approved by MBIE.

### **WAITAKI DESTINATION MANAGEMENT**

The Waitaki Destination Management Plan continues in parallel to the Economic Development review, led by Tourism Waitaki. Public consultation on the draft strategy closed at the end of January with no submissions. An Expressions of Interest document has been sent to five consultants to develop a Destination Management (DM) plan. The new contract is targeted to begin on 23 March with a final DM plan due by the end of May 2022. The importance of coherence and collaboration between both pieces of work is evident. Given timings, the Economic Development strategy (due on 1 April 2022) will provide the context and framework for the Destination Management Plan.

### **EVENTS ECONOMY**

Tourism Waitaki (TW) has received \$183,000 funding from the Government's Regional Events Fund to drive out-of-region visitation and economic benefit. There are two current applicants for this funding, including Meet the Maker Creative Waitaki Studio Tour which will be resubmitting a proposal by the end of February. The Events Advisory Board is putting a request to MBIE for funding to be carried over for an additional year given the paucity of events likely this year.

### **WAITAKI WHITESTONE GEOPARK**

It has been a sad and sobering start to 2022 with the passing of Trustee Gerald Carter. Gerald was passionate about the Geopark and the Vanished World Centre and his contribution will be greatly missed. Two new Trustees have been welcomed – Deputy Mayor Melanie Tavendale (Council

appointee) and Albert Brantley (former Advisory Trustee). Helen Jansen is Acting Chair pending new Trustee appointees.

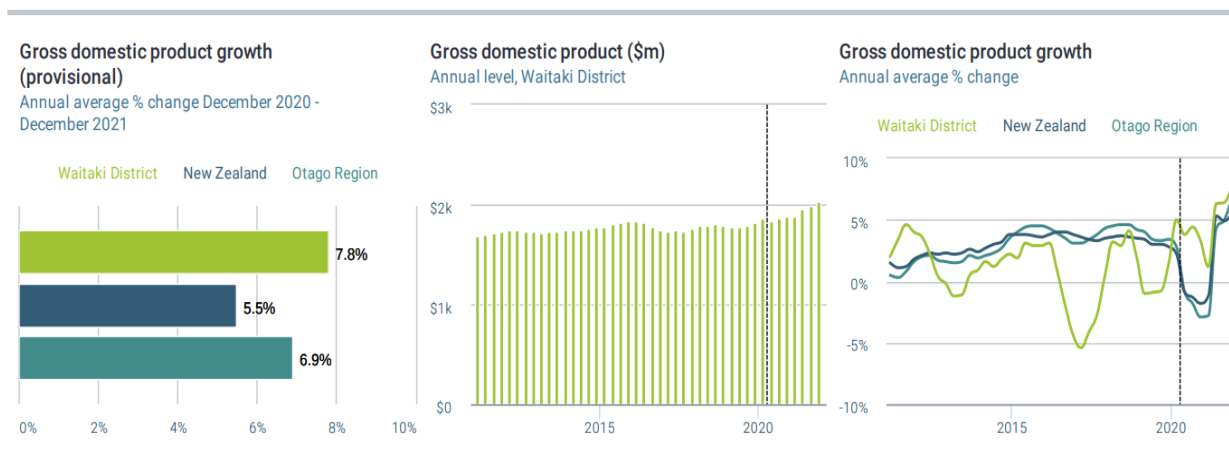
The Geopark team has been active in the community. Recent events include participation in a planting day with Duntroon School and North Otago Sustainable Land Management (NOSLaM) along Karara Creek which included education on the local geology for students. The team partnered with the landowner at Devil’s Bridge wetland to organise a guided walk to celebrate World Wetlands Day. The event was well attended (~40 people). A diverse range of speakers talked on the history and management of the wetland, the flora, fauna, geology, protection, and future plans. Feedback was highly positive, eg *“It was a great event, really interesting talks and loved exploring the area”*. Geopark monthly public talks have restarted, co-hosted with the Ōamaru Library. New Geopark panels have been installed at the Ōamaru and Waitaki Visitor Centre to explain the Geopark concept, promote the Geopark app and encourage district exploration.



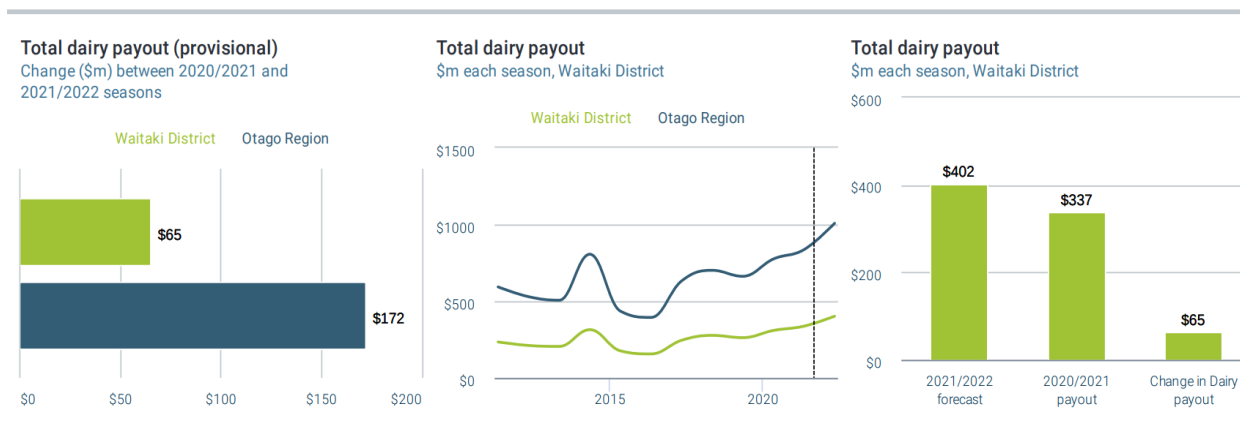
**Appendix 1 – WAITAKI economic situation update including December 2021 Quarter**

The below update reflects economic performance figures for the year ending December 2021.

Waitaki’s economy grew by 7.8% over the year to December 2021 according to Infometrics provisional GDP estimates. This was well ahead of the national rate (+5.5%) and Otago Region (+6.9%). These figures are abnormally high as they are compared to 2020 which was heavily impacted by COVID-19.



The dairy sector continues to be robust. Demand is strong but milk supply more limited. Fonterra has increased its farmgate milk price and Waitaki’s dairy payout for the 2021/2022 season is expected to be approximately \$402 million. Strong global dairy prices mean Waitaki farmers are expected to net \$65 million more this season vs the 2020/2021 payout. Much of this is likely to go on debt repayment or environmental upgrades so the flow on effect will be more limited. Additionally, substantial cost rises are impacting farmers. Global feed prices were up 40% per annum in 2021 and domestic fertilizer costs were up 58% per annum in the December quarter.



Visitor economy

Domestic visitation boosted spend in the Waitaki with domestic tourism electronic card spending up 12.2% in the year to December 2021. This compares with increases of 3.9% in New Zealand and 1.6% in Otago Region. Total tourism expenditure was approximately \$101 million in the year to December 2021 which was up from \$90 million a year ago.

Employment

Employment has grown solidly up 1.6% over the year to December 2021, in line with the national trend of 1.7%. An average of 10,490 people living in Waitaki were employed in the year to December 2021. Employment growth has been broad based led by construction, retail, and health. Jobseeker Support recipients remain high but have started to come down in the September 2021 and December 2020 quarters. An average of 658 people were receiving a JobSeeker Support benefit in the 12 months ended December 2021. Encouragingly, the number of long-term Jobseekers has come down by 24% between the December 2020 and December 2021 quarters. The Mayor’s Taskforce for Jobs initiative is delivering and supporting this trend with 56 young people in employment since the inception of the initiative.

The unemployment rate was 3.1% in December 2021 compared to 3.8% nationally and down from 4.1% 12 months earlier.

Housing

Waitaki’s house values grew by 23.1% per annum in the December 2021 quarter compared with a 24.2% in the Otago region and 27.3% nationally. Houses reached an average value of \$479,500. This compares with \$933,479 in Otago Region and \$1,028,097 in New Zealand. Sales volumes have been steady with a good supply of new houses, with new dwelling consents up 49.5% over the past year compared with +24% nationally and +18.3% in the Otago region. 30 new building consents were issued in the December 2021 quarter.

Non-residential consents by contrast were down 27.3% annually. Non-residential consents to the value of \$16.0 million were issued to the year ended December 2021 compared to \$22.0 million the year prior.