

## ECONOMIC DEVELOPMENT UPDATE - MARCH 2023

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### 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 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) and through a partnership approach.

A 30-day consultation process will begin in April 2023 to provide businesses, stakeholders and the community the opportunity to share their feedback on the establishment of an EDA as a Council Controlled Organisation (CCO) and future management options for the Ōamaru Blue Penguin Colony. Public Hearings for the new ED institutions and Annual Plan are currently scheduled to run on 15 May 2023 and 16 May 2023 ahead of adoption of the recommendations in June 2023.

A transitional Governance group will be accountable for overseeing the disestablishment of Tourism Waitaki and establishment of the EDA, and (until the EDA is established) ensuring implementation of the WED strategy is commenced, to secure early wins and build momentum behind the ambitions and approach. It is likely the transitional governance group will be in place for up to 18 months.

#### Project Timeline summary

Waitaki Economic Development (WED) strategy adoption	20 September 2022
Business & Community Consultation	From 7 April 2023
Public Hearings	15 and 16 May 2023
Consultation decision adoption	June 2023
New EDA legally established	July 2023

Progress on implementation of some aspects has been enabled through resources secured through the Council's allocation of the *Better Off* Funding. The funding is enabling two new roles to be recruited to the ED team for 2 years. Council has partnered with Business South and seconded Rebecca Finlay to the Business & Enterprise Growth Lead role. Rebecca was previously the Waitaki Business Navigator and the partnership and agreement recognise that both organisations have shared goals and there is value in us working together to achieve them. The recruitment of the Placemaking Lead role is progressing and it is hoped that we can appoint to the role in the next few weeks.

Better Off Funding is enabling us to accelerate delivery of key components of the ED strategy and thus realise some of the benefits. Below is a summary of prioritised initiatives aligned to ED strategy pillars. Once new team members are fully on boarded, projects will be scoped to ensure alignment on outcomes, deliverables and timing.

ED Programmes of work	1. Land & Water (Optimised primary sector)	2. Place (Urban vibrancy)	3. Business (Business innovation & growth)	4. People (Skills pipeline plan)
Business & Enterprise Growth Lead	Diversified/Sustainable farming transitions		Ōamaru Harbour - Development projects  Business Incubator Scheme	Upgrading skills of the local workforce
Placemaking Lead		The Waitaki Story  Ōamaru CBD revitalisation & North end streetscaping  Palmerston Placemaking  Ōmārama & Otematata (masterplan) projects		

Skills and Workforce development is a priority workstream and collaboration opportunities (with Stronger Waitaki, the Regional Skills Leadership Group, Central Otago ED team and local businesses) are already in discussion.

New ways of working are also being explored to support delivery of the WED strategy outcomes. A Waitaki Economic Development forum in April will bring together members of the Waitaki Tourism Association, Waitaki Advisory Group and Stronger Waitaki ED group to discuss how we might best collaborate and leverage our assets and skills to fast-track better outcomes for the district.

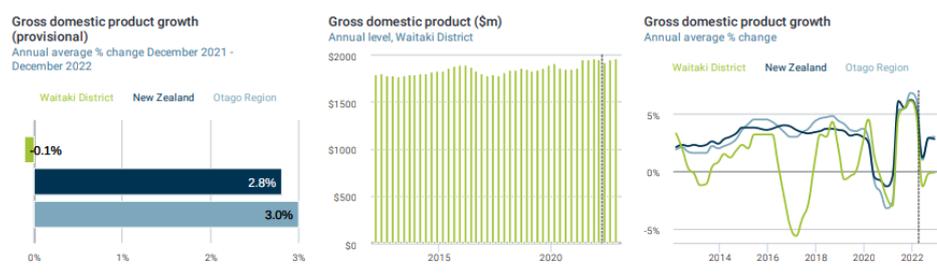
**WAITAKI DESTINATION MANAGEMENT**

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 will be workshopped with elected members on March 21<sup>st</sup>. Once endorsed, agreed priority initiatives to increase overnight stays and visitor spend will be integrated into the Visitor Programme of work in the WED strategy.

**WAITAKI ECONOMIC SITUATION AND OUTLOOK OVERVIEW**

The latest Infometrics Quarterly Economic Monitor shows Waitaki’s economy fell by 0.1% in the year to December 2022 according to provisional GDP estimates. This was behind the Otago Region (+3.0%) and national growth (+2.8%). However, Quarterly estimates show a more positive picture with Waitaki’s December 2022 quarter GDP 1.9% higher than December 2021. Provisional GDP was \$1,959 million for the year to December 2022.

**Gross domestic product**



High inflation has squeezed margins across many industries including the primary sector and mining and is likely to have impacted GDP even when production levels are maintained.

The total dairy payout for the 2022/3 season is projected to total \$393 million (+\$5 million ahead of the 2021/2 season). However, farmers’ margins remain under significant pressure with rising input costs (diesel, fertilizer and financing costs) and latest regional data shows dairy GDP falling between 2021 and 2022. Nationally annual milk production has decreased, and Fonterra has reduced its farmgate milk price by 25c to \$9.00/kgms reflecting weaker demand globally.

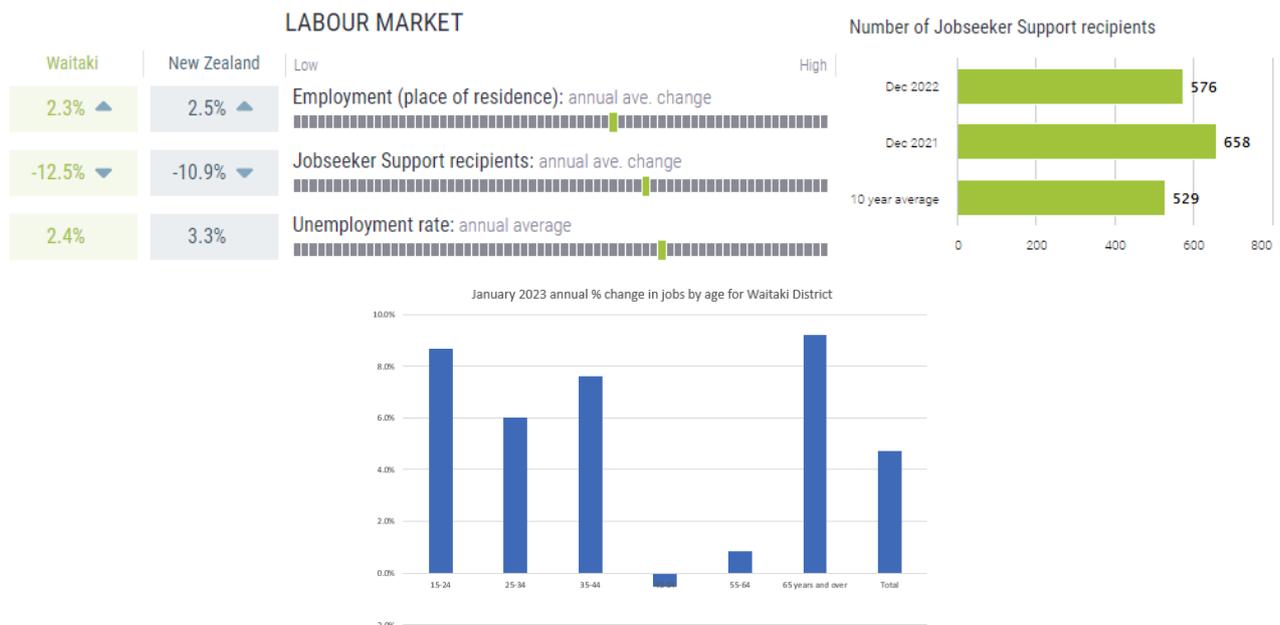
Local businesses continue to be challenged with sustained increases in input costs, interest rate rises, labour and skills shortages across sectors and supply constraints worsened by the impact of cyclone Gabrielle. A recent quarterly survey of Otago & Southland businesses by Business South confirmed these issues and noted business concerns around consumer confidence levels and Employment law changes including Fair Pay Agreements. Wage inflation has been increasing in response to the tightening labour market. 64% of businesses in the survey believed acquiring and retaining new staff is more difficult now than 12 months ago.

Consumer spend over the year to December increased by 8%, keeping pace with inflation. This was behind Otago (11.9%) and New Zealand (10.3%). Visitor spend buoyed consumer spending in Waitaki. 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 of Waitaki residents was up 2.3% over the year to December 2022 to 10,924 people employed on average, with job increases across most industries. This was ahead of the Otago region (1.9%) and just behind national growth (2.5%). Waitaki’s employment growth was broad based with expansion across most industries and the strong growth in manufacturing noted last quarter, continued. In January 2023 more than 40% of new jobs (209) were in the Manufacturing sector. All age groups (except 45–54-year-olds) saw the number of filled jobs increase with the strongest growth in the over 65-year-olds (56 jobs) and 15–24-year-olds (162 jobs)

The average unemployment rate in Waitaki was a low 2.4% in the year to December 2022 (lower than in the Otago region 2.7% and in New Zealand 3.3%), down from 3.1% a year ago. Jobseeker Support recipients have been steadily decreasing over the year (576 people in December 2022 versus 658 a year ago). The Mayors Taskforce for Jobs continues to deliver for Waitaki with Road Metals recently placing 4 people into jobs. 2 full time equivalent roles and 2 apprenticeships.



Stats NZ January data

**Visitor economy**

Visitor expenditure in Waitaki grew by 10% over the year to December 2022 to ~\$110 million compared to an increase of 24.4% in Otago and 18.9% nationally. Guest nights also grew 13.7% compared to 31.1% in Otago and 22.4% nationally. There were 87,700 overnight stays in the year to December 2022, up from 77,275 a year ago.

**Tourism expenditure**

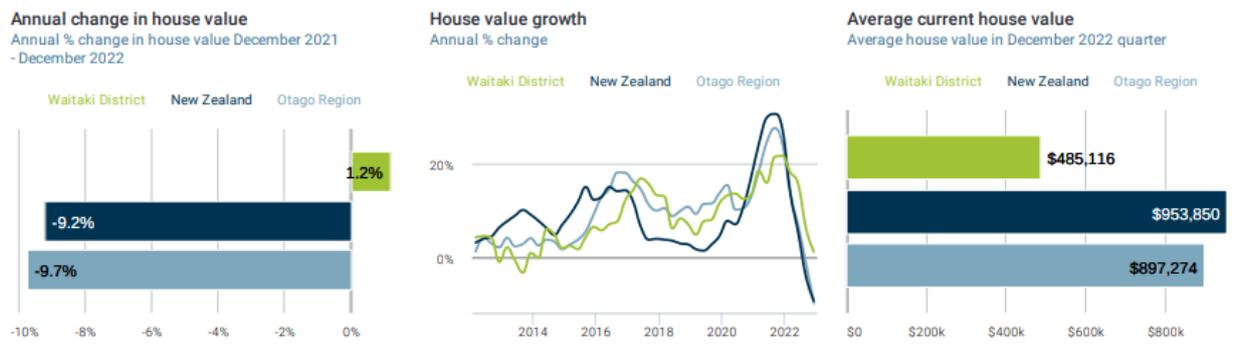


**Housing**

Waitaki’s house values grew 1.2% between the December 2021 and 2022 quarters, outstripping a 9.2% decline nationally. Oamaru’s profiling in Country House Hunters NZ has been positively received by residents here and around the country. The programme has also aired in Australia and the programme producers are keen to film another episode here in June. The average house value was \$485,116 in the 12 months to December 2022 and is still relatively affordable compared to \$953,850 in New Zealand and \$897,274 in the Otago Region.

Sales volumes, however, did follow the national trend, down 26.4% over the year to December 2022 in Waitaki. Nationally sales were down 29.6% and in Otago down 18.1%. 365 houses were sold in the year to December 2022 compared to 496 houses the year prior.

**House values**

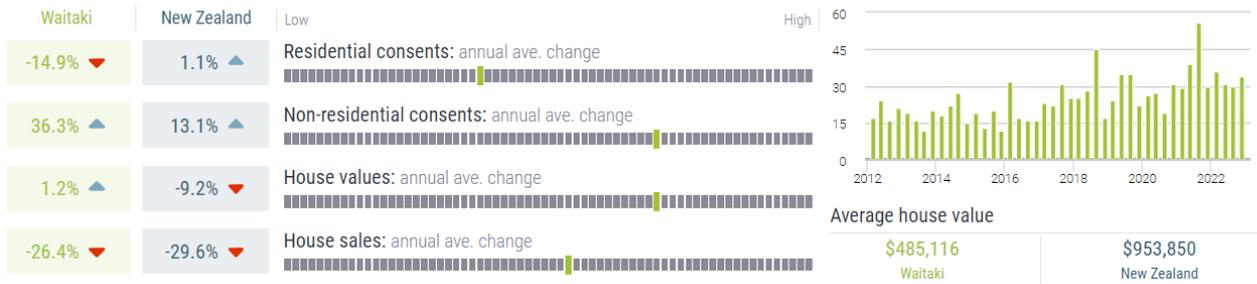


**Residential and Non-residential consents**

New dwelling consents remain at a relatively high level in Waitaki, with 34 consents issued in the December 2022 quarter. On an annual basis the number of consents in Waitaki District decreased by 14.9% compared with the same 12-month period a year before. Nationally, dwelling consents softened in the December 2022 quarter and are expected to nearly halve over the next two years as falling prices and high interest rates deter new builds.

Non-residential consents in Waitaki remain solid, with nearly \$21.8 million worth issued in the year to December 2022 up 36.3% over the year to December 2022, compared to a year earlier. In comparison, the value of consents increased by 17.3% in Otago Region and 13.1% in New Zealand over the same period.

**BUILDING AND PROPERTY**

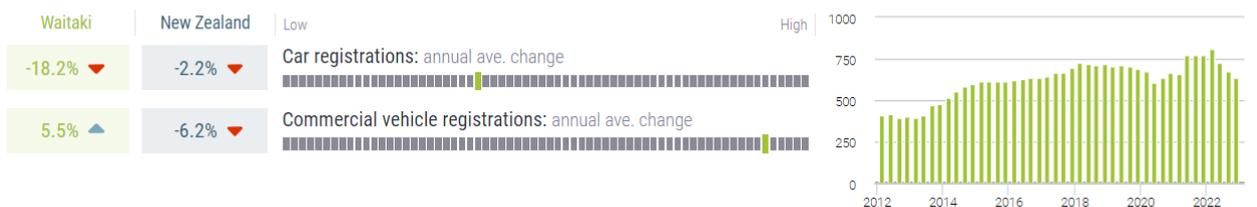


**Car and Commercial vehicle registrations**

The number of commercial vehicles registered in Waitaki District increased by 5.5% in the year to December 2022 to 308 compared to a year earlier. Growth was higher than in New Zealand (-6.2%) and Otago Region (-3.7%).

635 cars were registered in Waitaki District in the year to December 2022 a decrease of 18.2% in the year to December 2022, compared to a year earlier. The decline was greater than in Otago Region (11.4%) and New Zealand (2.2%).

**VEHICLES**



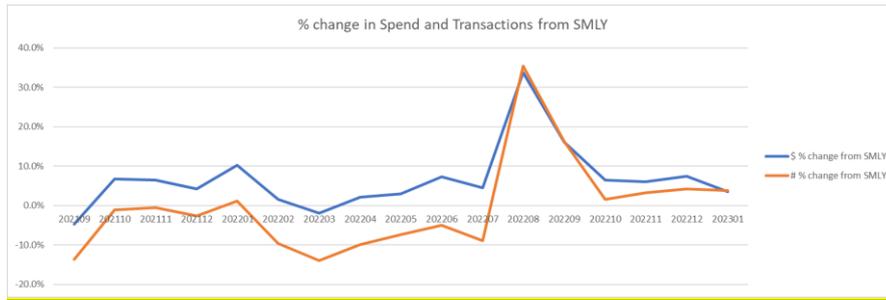
**Consumer Spending to January 2023- Marketview data**

Electronic card consumer spending and the number of transactions in January 2023, as measured by Marketview, decreased by 12.5% and 2.9% respectively versus December 2022 to \$29.75 million. In December 2022 a spend of almost \$34 million was recorded which was up 7.5% versus the previous December in line with inflation.

The number of transactions has been on an upward trend for the last six months with January transactions up 3.9% vs January 2022. Out of district visitors have spent strongly. Domestic and International visitor spend grew to 44% of total spend up from 35% in the December 2023 month reflecting a positive summer season.

Customer Origin Breakdown	202201 Spend	202201 Trans	202301 Spend	202301 Trans	\$ % change from SMLY	# % change from SMLY
Local Spending	\$17,576,920	363,336	\$16,779,637	349,249	-4.5%	-3.9%
Domestic Tourism	\$10,967,493	251,046	\$11,052,999	252,609	0.8%	0.6%
International Tourism	\$165,744	2,329	\$1,914,769	38,712	1055.3%	1562.2%





As previously, Groceries & Liquor and Fuel & Automotive remain the highest spend sectors at \$18.1 million (over 60%) reflecting the high cost of fuel and soaring food costs. Food & Beverage and Takeaways were the strongest sectors growing 23.4% and 14.5% versus last January boosted by out-of-town visitors. After international customers, spend from Christchurch based customers grew the strongest (+11.7%).

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 = January spend. Change this month = change versus previous month.



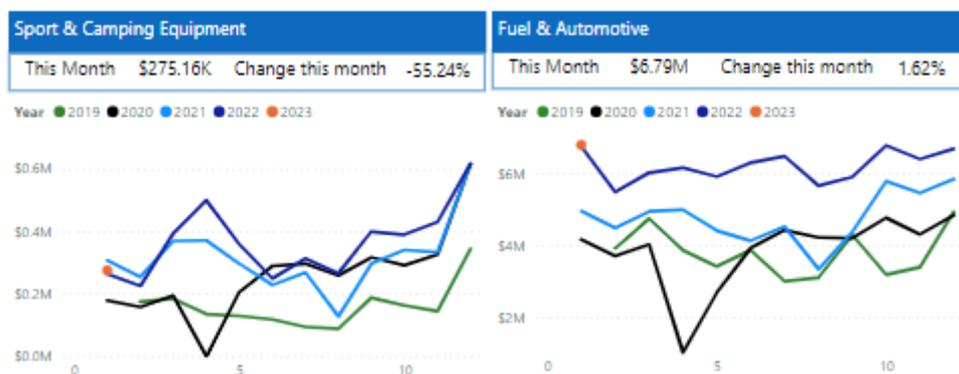
Food & Beverage \$ Change vs January 2022 + 23.4%	Groceries & Liquor - \$ Change vs January 2022 + 2.0%
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Takeaways \$ Change vs January 2022 + 23.4%	Accommodation - \$ Change vs January 2022 + 0.5%
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Clothing + \$ Change vs January 2022 -3.7%	Pharmaceutical + - \$ Change vs January 2022 + 0.1%
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Sports & Camping + \$ Change vs January 2022 +4.2%	Fuel & Automotive - \$ Change vs January 2022 + 0.6%
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All other Change vs January 2022 + 5.7%	Home Retailing Change vs January 2022 +3.1%
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**EVENTS ECONOMY**

The Harbour Street Jazz & Blues festival has benefitted from circa \$35,000 funding from the Government’s Regional Events Fund and a comprehensive programme kicks off on March 17<sup>th</sup>. The event will bring vibrancy to the CBD and aims to attract more visitors and encourage them to stay the night. Planning is also underway for this year’s Steampunk NZ festival which also benefitted from Government funding.

**WAITAKI WHITESTONE GEOPARK**

Waitaki’s accreditation as a UNESCO Global Geopark, the first in New Zealand, is due to be endorsed by the Executive Board of UNESCO at the end of May 2023. The Trust is planning an

'invite-only' event in Ōamaru on Wednesday 31 May to celebrate this milestone, and planning has also started for a community celebration weekend at the end of October.

An application to the Tourism Innovation Fund is being prepared in partnership with the Trust, Council, Te Rūnanga o Moeraki and Tourism Waitaki, to complete a business case for a Geopark Discovery Hub. This was one of the key recommendations following the UNESCO assessors visit in July 2022. The application will be reviewed in April by MBIE with a decision likely in May.

Work continues to transition the governance and management of the Vanished World Centre and Trail into the Waitaki Whitestone Geopark Trust by the end of March 2023. A refurbishment plan is in development to enhance the Vanished World experience. Improved storytelling and sharing of cultural histories will also be integrated. This work and the long term financial sustainability of Vanished World will now be overseen by the Trust.

In February, the Geopark team ran its first geosite field trip in Kākaunui/Kakanui. 20 participants went on a field trip to explore the local geological attractions around the southern headland of the township. The feedback of the event was great, with survey participants commenting "*Just a very big thank you for the well-run tour. Couldn't speak more highly of the 2 people running this, very professional and very friendly.*" The team is planning to offer more field trips throughout the year.

Another Geopark sign has been installed in Palmerston town centre signposting the Puketapu geosite. The content was produced by the Geopark team in collaboration with Te Rūnanga o Moeraki, Kati Huirapa Runaka ki Puketeraki and the geology advisory board.



The Trust was also fortunate to have a visit from Prof. Ross Dowling, Emeritus Professor of Tourism at Edith Cowan University and Chair of the Australian Geoparks Network. He spent a day with the team and shared his experience and learnings. He also gave a public talk on Geotourism and Geoparks. His strong message was that geoparks are vehicles which foster sustainable regional economic development through geotourism. A recording of the talk can be found on the Geopark's YouTube channel. [Geotourism and Geoparks - a Global Overview](https://www.youtube.com/watch?v=GGCKRzd8OBU)  
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## **PROFILING WAITAKI**

### **Neat Places**

The Neat Places social media campaign continues to put a spotlight on Waitaki and what makes our district special. Waitaki's reputation for fresh local produce and sustainable production is growing and it was good to see several local producers being profiled recently.

[The Unique Taste of Ōamaru: Food & Drink Heroes of Waitaki \(neatplaces.co.nz\)](https://neatplaces.co.nz)

[https://neatplaces.co.nz/stories/amaru-food-drink-heroes?utm\\_source=Neat+Places+Newsletter&utm\\_campaign=098e1bae28-EMAIL\\_CAMPAIGN\\_2021\\_05\\_12\\_05\\_15\\_COPY\\_01&utm\\_medium=email&utm\\_term=0\\_a4c17dd122-098e1bae28-1341995340](https://neatplaces.co.nz/stories/amaru-food-drink-heroes?utm_source=Neat+Places+Newsletter&utm_campaign=098e1bae28-EMAIL_CAMPAIGN_2021_05_12_05_15_COPY_01&utm_medium=email&utm_term=0_a4c17dd122-098e1bae28-1341995340)

Council is funding a new Neat Places video to profile new businesses in this year's brochure and build awareness of the Waitaki Whitestone Geopark. Filming has taken place and the final video will launch after Easter.

**Sharing our Story**

Enhancements are being made to the Waitaki District Council website to make it easier for newcomers, residents and local businesses to source information around Living and Working here, Doing Business here and Exploring here. The new "About Waitaki" section rebrands the current "District" section and information stored there will transfer in discussion with the relevant officers. An ED comms strategy and plan is being developed to ensure new business- and work-related stories as well as progress on ED initiatives are regularly profiled.

This work will inform and support development of the Waitaki Story, a core initiative identified in the ED strategy, which will be led by the Placemaking Lead.