

#### **4.1 ECONOMIC DEVELOPMENT UPDATE**

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#### **RECOMMENDATION**

That the Executive Committee receives and notes the information.

#### **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 (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

The final draft of the Waitaki Economic Development strategy is complete and will be presented to Council on 7 June for adoption prior to engagement with key businesses and stakeholders.

##### Project Timeline overview

Polis Consulting Group appointed	8 December 2021
Stakeholder Engagement – Qualitative research	9 February – 18 February 2022
Initiative Prioritisation workshop	15 February 2022
Council workshop 1 on general direction	22 February 2022
Council workshop 2 on draft strategy & action plan	29 March 2022
Quantitative analysis including GDP Wellbeing Modelling	April 2022
<del>Council workshop 3 on draft delivery arrangements</del> *	<del>19 April 2022</del>
Council workshop 3 on draft, implementation priorities, governance, and organisation implications	3 May 2022
Final draft Economic Development strategy adoption	7 June 2022
Receipt of Final delivery arrangements report and support materials	By end June 2022
Business and key Partner engagement	Post 7 June 2022

\*Workshop 3 delayed due to COVID 19 impacting across Polis team

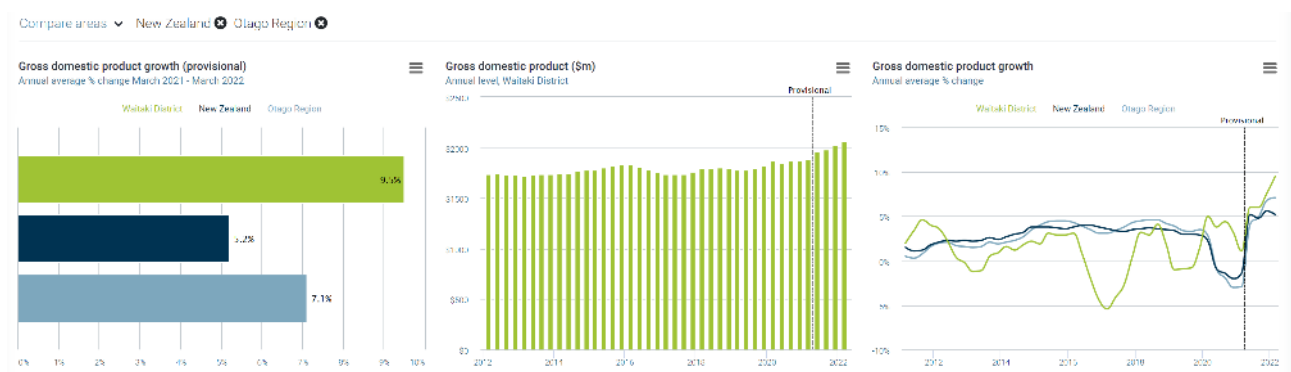
## WAITAKI DESTINATION MANAGEMENT

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 following approval of the draft Waitaki Destination Management strategy in January 2021. Work is due to be completed by the end of May 2022 and will include recommendations on new product development opportunities to enhance the visitor experience in the district.

## WAITAKI ECONOMIC SITUATION AND OUTLOOK OVERVIEW

Waitaki's economy grew by a strong 9.5% in the year to March 2022 according to Infometrics provisional GDP estimates well ahead of the national rate (+5.2%) and Otago Region (+7.1%). This strong result was driven by comparison with a weak March 2021 year and strong underlying growth driven by the primary sector and the flow on effect to manufacturing, engineering, and other supporting services.

Waitaki's GDP in the March 2022 quarter was 8.2% higher than the March 2021 quarter – among the strongest in the country.



The dairy sector continues to be robust with high global dairy prices boosting the dairy payout to an estimated \$9.30/KgMS. Waitaki dairy farmer revenues are expected to increase by \$64 million for the 2021/2 season to \$401 million. However, this increase will be offset by rising input costs – particularly feed, fuel, and fertilizer. Nationally the total dairy pay-out is expected to be up by over \$2.8 billion (19%) from last season.

While GDP growth has been strong, key challenges are impacting both business and consumer confidence. Cost of living is the greatest concern for households with inflation hitting a 30 year high of 6.9% in March 2022. Food and fuel prices have soared, and higher interest rates are adding cost pressures to household budgets.

Border restrictions have made it difficult for businesses to find workers and materials. Global challenges have led to supply chain disruptions, increased shipping costs and reduced stock availability. The outlook remains volatile, and costs are rising across sectors.

Waitaki's population growth has been flat over the past year and growth nationally is projected to remain muted. With borders opening, younger talent is likely to seek overseas experiences and lower living costs while entry requirements for migrant workers have been tightened.

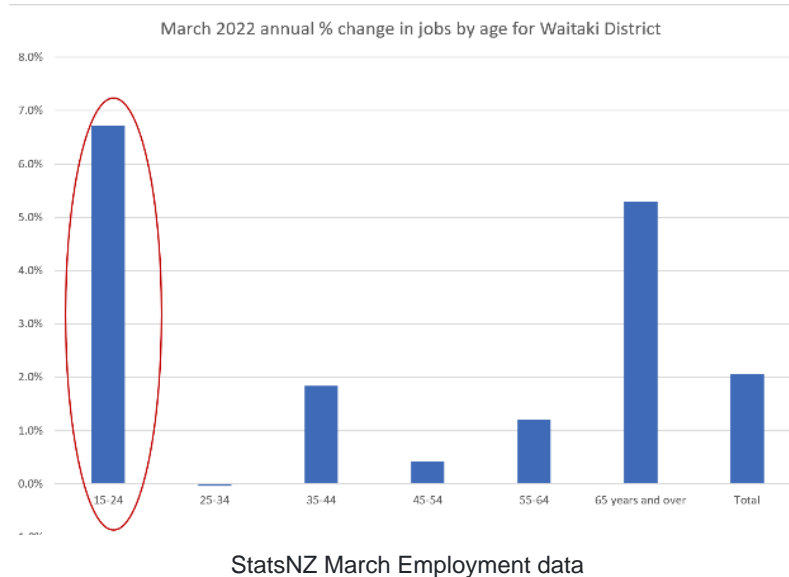
Unemployment is at a record low, but across the country there is intense pressure to find and retain skilled workers. Poaching amongst businesses is on the rise and wage increases accelerating. High levels of absenteeism due to COVID19 and Omicron illness have exacerbated staff shortages.

### Employment

Employment of Waitaki residents was up 2.0% over the year to March 2022, led by construction, manufacturing, and health with an average of 10,553 people employed. The average unemployment rate in Waitaki was 2.8% in March 2022 (compared to 3.4% nationally) down from 4.4% 12 months

earlier. The number of Jobseeker recipients decreased by 5.6% supported by the tight labour market. An average of 646 people received a Jobseeker Support benefit in the 12 months to March 2022.

Providing career pathways for young people will be important if the aim is to retain them in the district. This is a key goal of the Mayor’s Taskforce for Jobs initiative. Latest StatsNZ data provides encouraging results for the positive impact of this programme, showing a 7% (+107) increase in jobs year on year in the 15–24-year-old age group in Waitaki. ~60 young people have been employed through this initiative.



Consumer spending

Waitaki consumer spending grew by 7.8% in the year to March 2022, only slightly ahead of consumer price inflation of 6.9% suggesting that retail sale volumes are broadly steady. Spend nationally increased by 6.1%.

Visitor economy

Tourism expenditure in Waitaki increased more dramatically, up 17.0% from \$88 million to \$103 million for the year to March 2022 on the back of increased domestic travellers. Waitaki grew 8% in the March 2022 quarter versus a 6% decline nationally in the same period.



Waitaki has benefitted from significant investment by Tourism New Zealand in their autumn promotional campaign. Clay Cliffs and Ōmārama Hot Tubs have been profiled in the TV campaign and a number of local businesses have been featured in the social media campaign run in conjunction with Neatplaces. The campaign is ensuring Waitaki is top of mind for New Zealanders as a great place to visit.

Anecdotally, local businesses are reporting increased visitation from neighbouring districts for shopping trips and girls’ weekend breaks. Recent retail refurbishments and location shifts (Design Federation, Inc Design, Mrs Hyde) are supporting renewed vibrancy in the Ōamaru CBD.



**Housing**

Waitaki’s house sales volumes have fallen sharply (-14.8%) in the year to March 2022 compared with -9.3% nationally. House value growth has started to slow down, with 15.8% growth in Waitaki between March 2021 and March 2022 which is lower than in New Zealand (17.7%). The district’s average house value was \$489,476 this quarter compared to \$1,035,216 in New Zealand and \$958,466 in Otago Region.

**Construction**

Rising house values have spurred on construction, with residential building consents increasing 51.9% over the past year. 36 dwellings were consented this quarter compared to 29 in the same quarter last year. Residential construction costs have increased ~16% over the last year and with on-going labour and material shortages, Developers’ risk not being able to sell for the costs they need to cover.

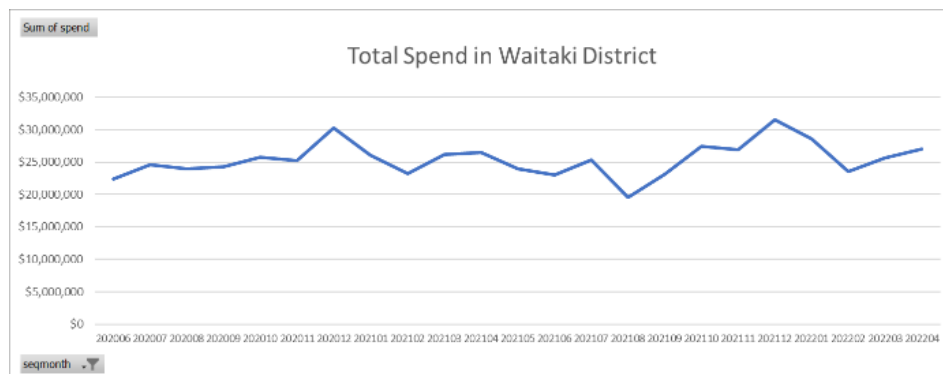
**Non residential**

Non-residential building consents to the value of \$17.9 million were issued in Waitaki over the year to March 2022 (-28.1% year on year). Consents are now sitting just below the district’s long-term average of \$20 million. Nationally, consents grew by 13.6% over the same period with most build types showing strong growth, except for hotel consents.

**Commercial vehicle registrations**

The number of commercial vehicles registered in the Waitaki District increased by 37.9% in the year to March 2022 (compared to 35.3% nationally). Purchasing decisions are being brought forward ahead of new fees on higher emitting vehicles.

**Consumer Spending to April 2022- Marketview**

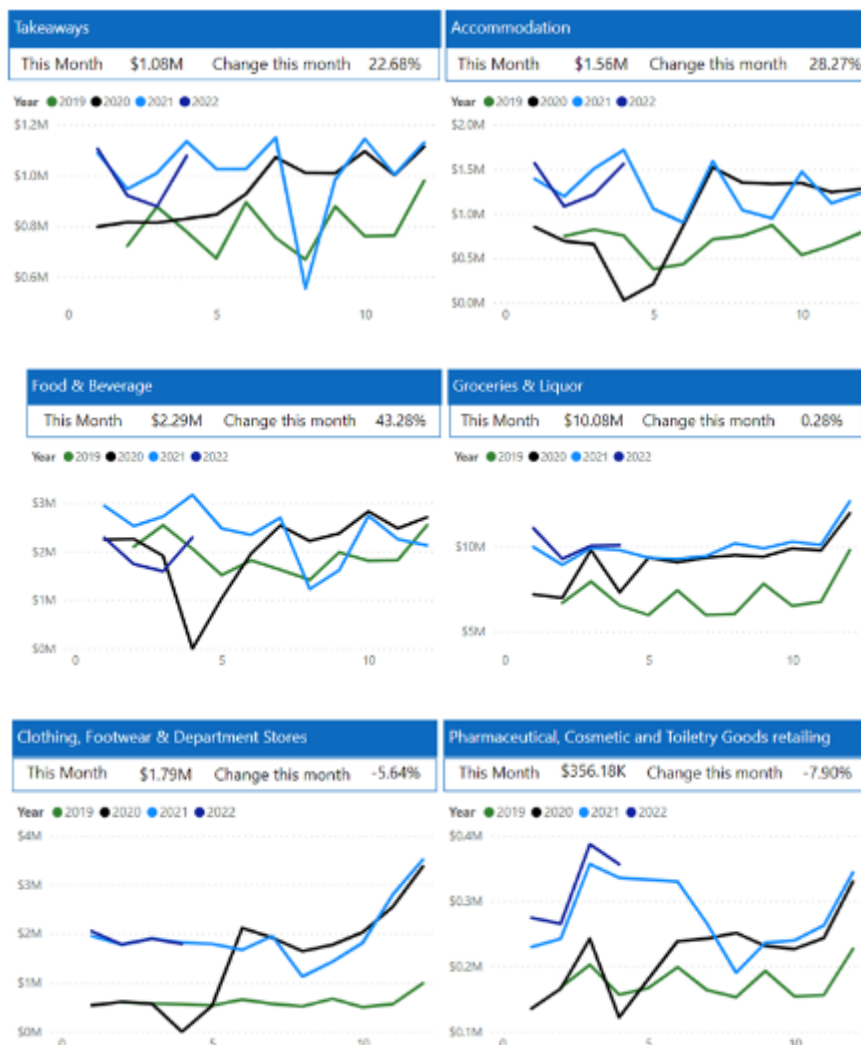


Electronic card consumer spending in the Waitaki district, as measured by Marketview, increased by 5.3% in April 2022 versus March 2022 to \$26.9 million. \$16.9 million of the total spend was from Waitaki locals. Encouragingly, spend from the North Island and International visitors showed

strong month on month increases albeit from a low base (International spend was up 51% and Auckland + 46.5%). The strongest growth month on month was in the Food & Beverage and Accommodation sectors (+43.3% and +28.3% respectively) reflective of the increase in tourism spend.

Groceries & Liquor and Fuel & Automotive were the highest spend sectors at \$16.23 million accounting for 60% of total spend. Spend on Fuel & Automotive has increased by 23% vs April 2021 reflecting the high price of petrol. Food costs are estimated to have increased 6.8% over the last year.

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.





**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. The Events Advisory Board received four applications in the first round; one was successful, one was declined and two were withdrawn. The Board has acknowledged the hard work done by volunteers to organise events and the contribution they make to the district’s identity and the local economy. However, applications received had a lack of planning documentation (budgets, Health & Safety, marketing plans etc) impacting their ability to receive funding. The Board is now planning to hold a workshop - possibly early August - to upskill event planners, help grow their event and increase organisers’ ability to benefit when the next round of funding is released.

The successful applicant proposed a two-day, farmer run, South Island Dairy Event (SIDE). This will take place on 8 and 9 June at the Ōamaru Opera House and will bring the farming community together for networking, workshops and thought stimulation through industry experts.

**WAITAKI WHITESTONE GEOPARK**

A UNESCO evaluation mission is scheduled for the beginning of July 2022 and is an important part of the Trust’s aim to become New Zealand’s first UNESCO Global Geopark. The visit will formally begin with an opening ceremony and Pōwhiri at Te Rūnaka o Moeraki marae.

Work continues to build towards long term financial sustainability. In May, OceanaGold renewed its sponsorship with a two-year, \$40,000 agreement which will primarily support community engagement and ongoing education by Sasha Morriss, the Geopark’s geologist and educator.

Work continues in the community. In collaboration with the team at the Forrester Gallery, the Geopark has developed online and in-person education programmes for local schools linked to *Earth: caught in stone* exhibition currently showing. The Lion Foundation has also funded transport costs for schools attending the education programme.

The Geopark public talk series has continued virtually due to high COVID-19 cases in the community. In March, virtual geosite tours were offered using Virtual Waitaki's platform and virtual tours. The public talk series will return to the street from June. Another Beach Clean Up for World Ocean Day is also being organised for June.



Waitaki Girls Students visiting the Earth: caught in stone exhibition: OceanaGold renewing its sponsorship.