Economic Indicators Report

August 2018

CANTERBURY REGIONAL ECONOMIC DEVELOPMENT STRATEGY

Contents

Introduction

ChristchurchNZ prepares this report for the Canterbury Mayoral Forum. The report informs the Forum's ongoing development and implementation of the Canterbury Regional Economic Development Strategy.

The Strategy, first published in 2015, has seven priority work programmes:

- integrated regional transport planning and infrastructure investment
- digital connectivity: extension and uptake of fast broadband in rural areas
- freshwater management and water infrastructure
- value-added production
- education and training for a skilled workforce
- newcomer and migrant settlement
- regional visitor strategy.

For each work programme, we have selected a small number of indicators for which available data permit time trend analysis and, where possible, disaggregation to territorial authority level.

For the first time, the August 2018 report provides indicators for our regional transport work programme (pages 6–8).

The Water Quality Index indicator (page 10) will be updated for the report to the Mayoral Forum in February 2019. By then, we will also be able to provide an indicator of broadband coverage across the region.

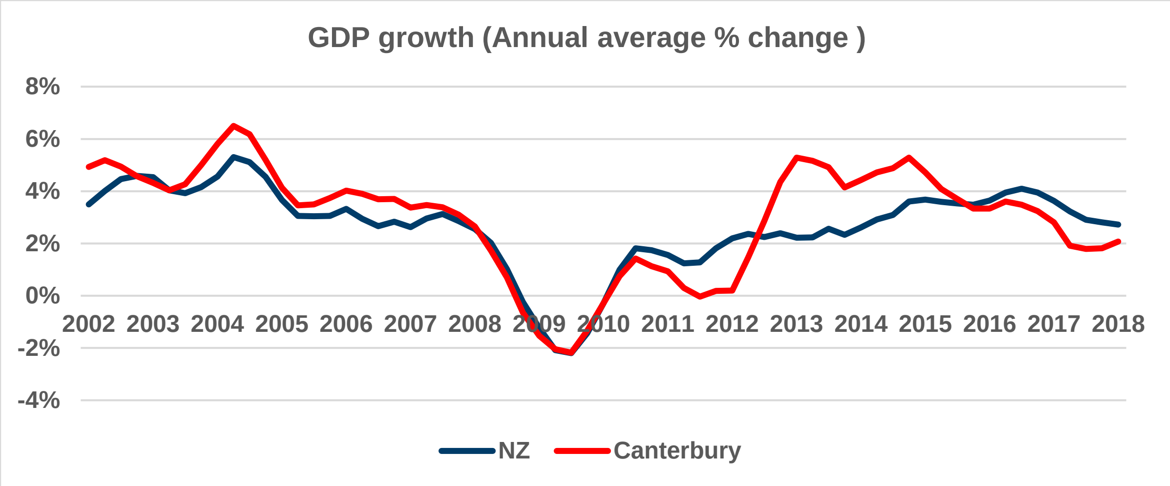
Canterbury Regional Economic Development Strategy

Regional vision

A region making the most of its natural advantages to build a strong innovative economy with resilient, connected communities and a better quality of life for all.

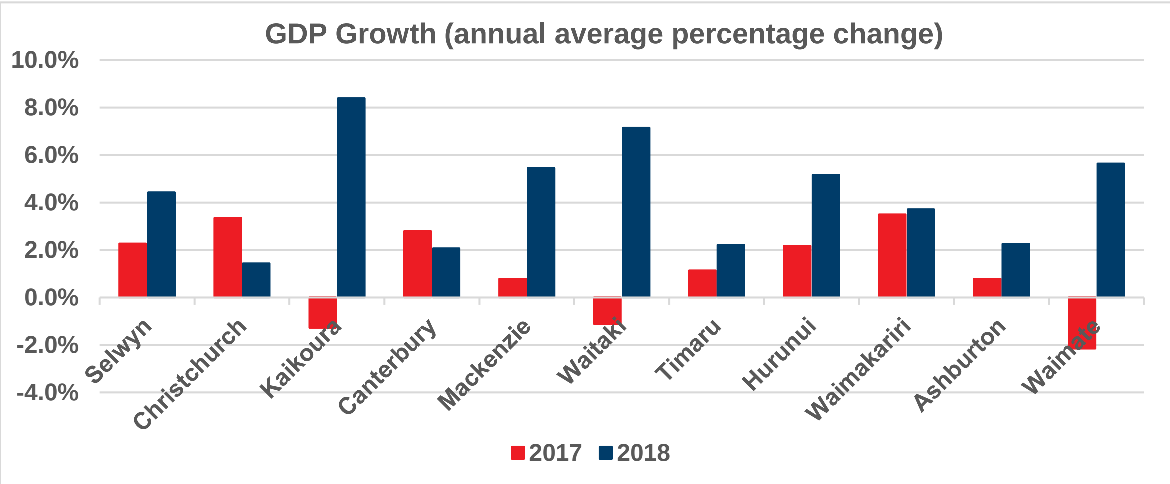
A key driver of the Canterbury Regional Economic Development Strategy is to position the region's economy for sustainable growth as the earthquake rebuild eases off and ceases to inflate economic activity and employment.

Regional GDP growth



Source: Infometrics, ChristchurchNZ *Latest data point: year ending March 2018*

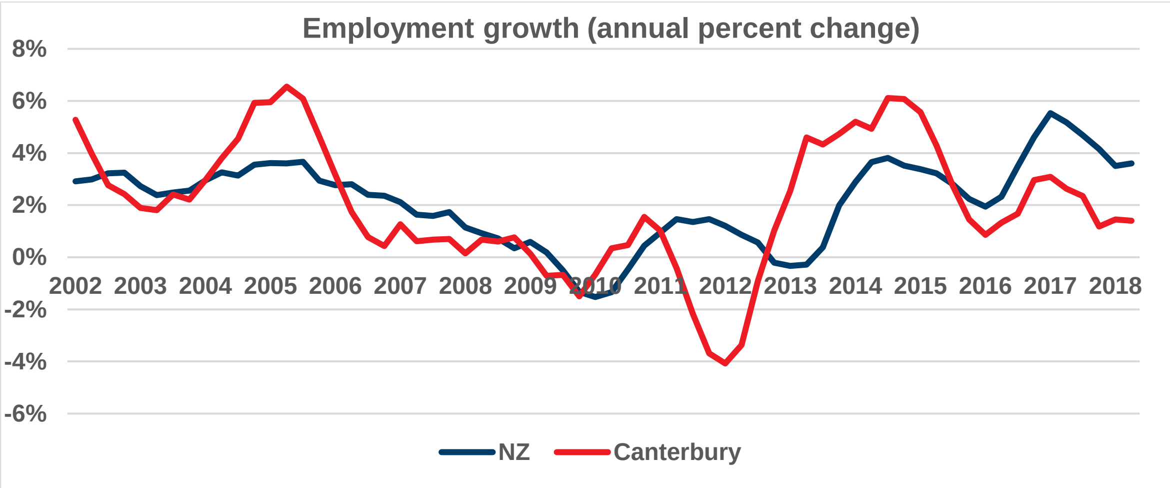
Canterbury's GDP growth was significantly higher than New Zealand's following the earthquakes, reflecting the rapid expansion of rebuild activity. Rebuild activity has now passed its peak, helping to explain why the growth rate of overall GDP in the Canterbury region is now below the New Zealand growth rate. Despite this, the level of activity in Canterbury is set to stay elevated for at least another two years – remaining a busy economy. Even after the rebuild is completed, other underlying or core parts of the economy – such as manufacturing, agribusiness and tourism – are well placed to take the baton.



Source: Infometrics, ChristchurchNZ *Latest data point: year ending March 2018*

GDP growth across Canterbury's districts varies significantly. This in part reflects the volatility inherent in small economies – one-off events can have a significant impact. Growth in the year to March 2018 was positive in all districts. The easing rebuild appears to be suppressing growth in Christchurch and therefore Canterbury; despite this, growth is strong in Waimate, Waitaki and Mackenzie District, in particular. Kaikōura is also experiencing substantial growth, as it recovers from the 2016 earthquake.

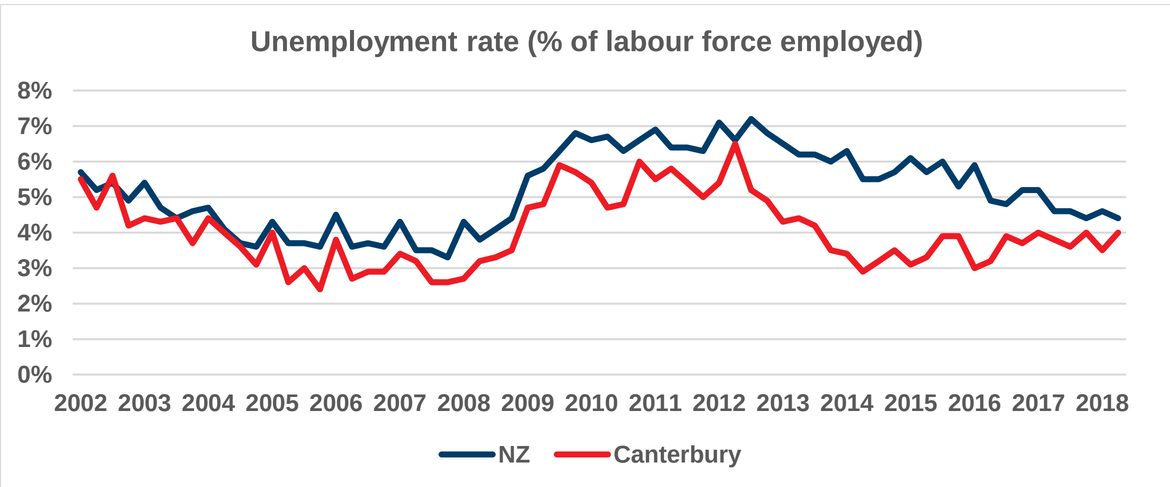
Employment growth



Source: Statistics New Zealand, ChristchurchNZ *Latest data point: year ending June 2018*

In line with the picture for the wider economy, employment growth in the Canterbury region has outperformed New Zealand as a whole during the early rebuild period. It was inevitable, however, that as employment in the region rapidly scaled up to meet the rebuild needs, the same pace of growth could not be sustained forever. We are currently seeing this reduced growth. While employment growth is below the national average, it is still very strong – especially in comparison to GDP growth.

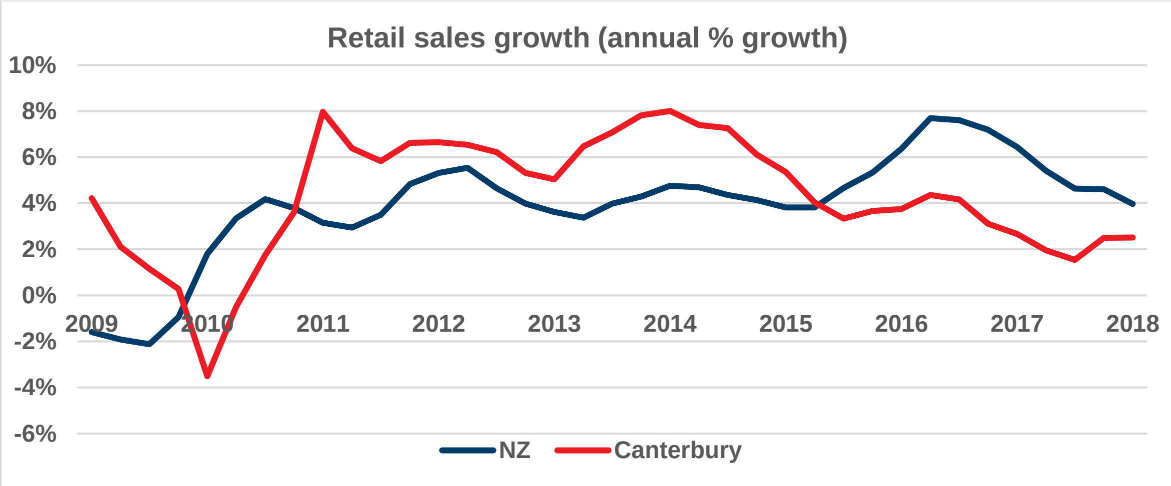
Unemployment rate



Source: Statistics New Zealand *Latest data point: June 2018*

The mirror image of strong employment growth in Canterbury is, of course, a low unemployment rate. From 2012 onwards, Canterbury's unemployment rate diverged well below the national average and in June 2018 sits at 4% – below the national average of 4.44%. As the rebuild eases, it is expected that the unemployment rate will converge with the national average.

Retail sales growth



Source: Statistics New Zealand, ChristchurchNZ *Latest data point: March 2018*

Retail sales in Canterbury have been easing for the past year and a half, with growth rates continuing to follow this trend in the March 2018 quarter. The period of high growth after 2010 may have been driven by migrants forming new households, retail sales of building products and general economic confidence resulting from strong business and employment opportunities. In the year to March, the value of retail sales in the region increased by 2.5%, compared to growth of 4% nationally.

Integrated regional transport planning and infrastructure investment

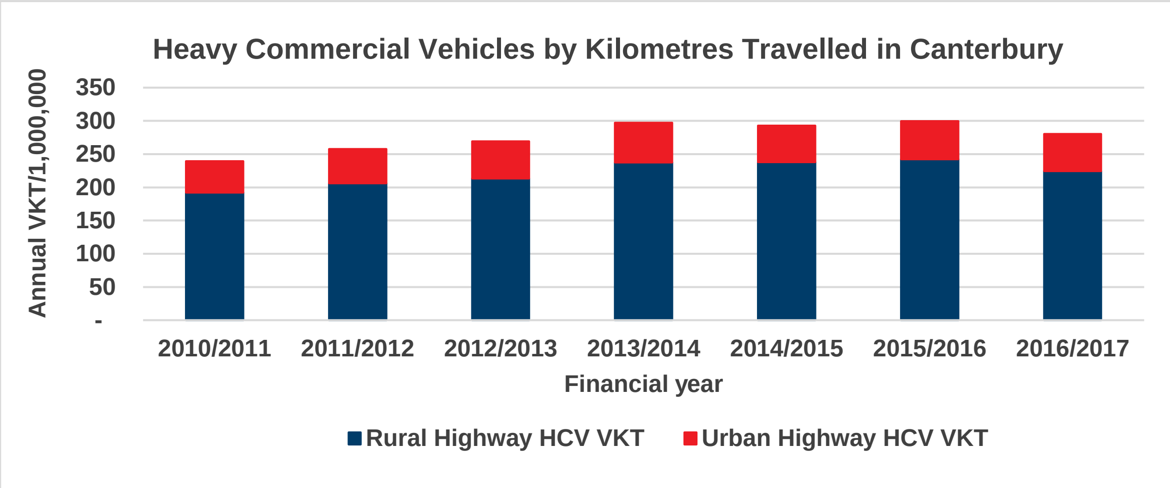
Objective

Integrated transport planning across modes (air, rail, shipping and road transport) that:

- *prioritises a resilient transport network*
- *enables the efficient movement of people and freight into, out of and within the Canterbury region*
- *improves social connectedness and wellbeing, supports visitor strategies and improves road safety.*

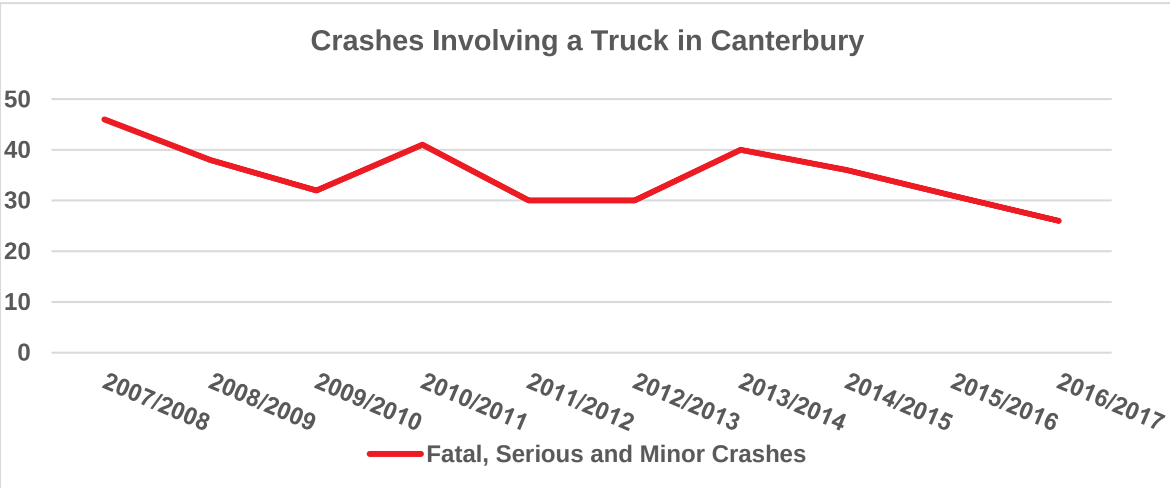
Heavy commercial vehicles by kilometres travelled in Canterbury

The following graph (page 7) shows all the heavy vehicles that have travelled across the highway/road network within Canterbury. This includes travel by any heavy vehicle over 3.5 tonnes, such as combination heavy vehicle, buses, coaches and light trucks. When comparing the financial year of 2015/2016 with 2016/2017 we can see a fall in the level of activity of 6%. The impacts of the Canterbury earthquakes and rebuild activity are likely reflected in the sharp growth from 2011/2012 and therefore the negative growth seen of late may be attributed to the easing back of rebuild activity.



Source: NZ Transport Agency, ChristchurchNZ *Latest data point:2017*

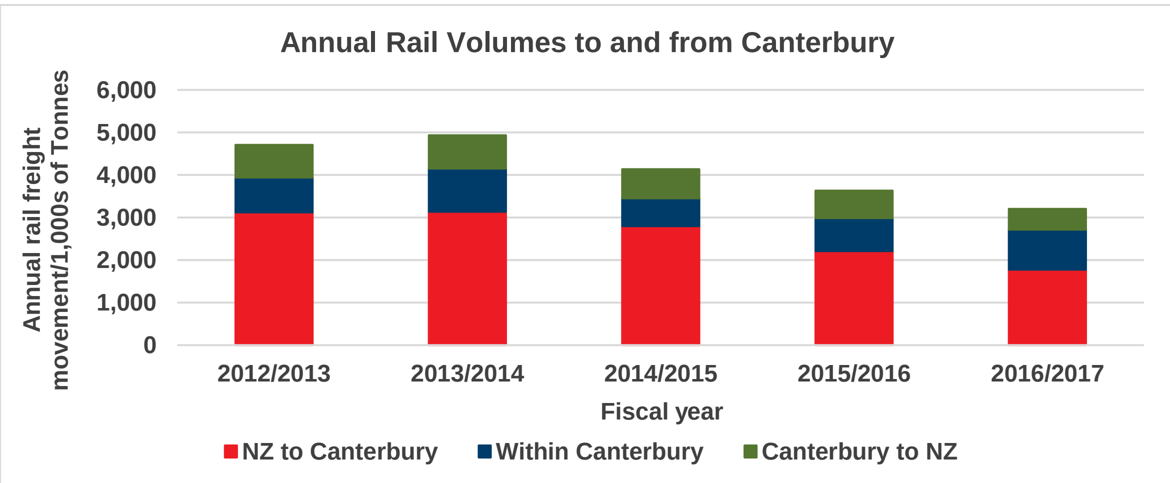
Crashes involving a truck in Canterbury



Source: Transport Agency Data (CAS) *Latest data point: 2017*

Crashes involving a truck as the main contributing factor in a crash in Canterbury have declined by 16% between the financial years of 2015/16 and 2016/17.

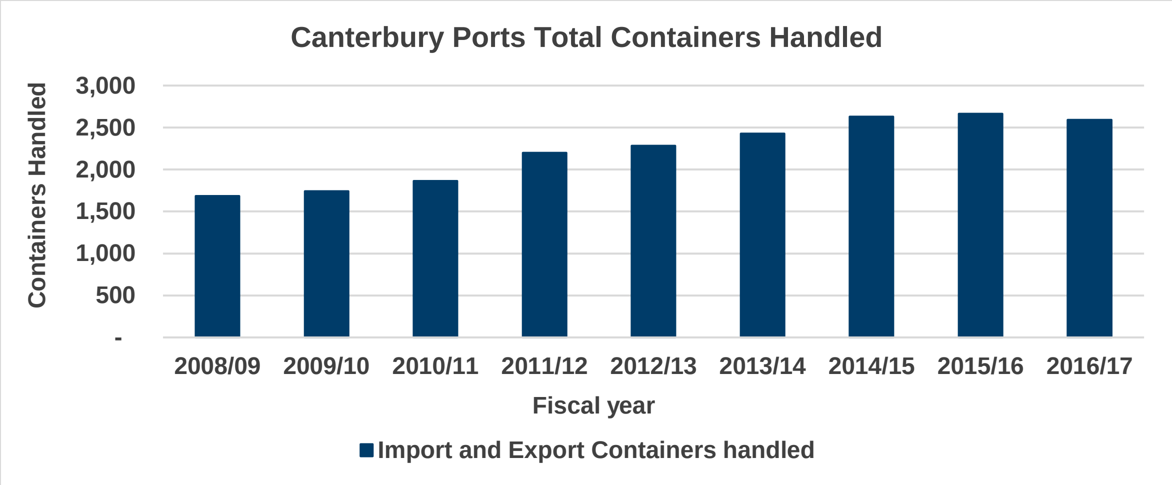
Annual rail volumes to and from Canterbury



Source: Ministry of Transport *Latest data point: 2017*

Annual rail freight in tonnes to and from Canterbury has been showing consistent decline since the financial year 2013/14. The fall can be considered a result, in part, of the decline in coal volumes in recent years.

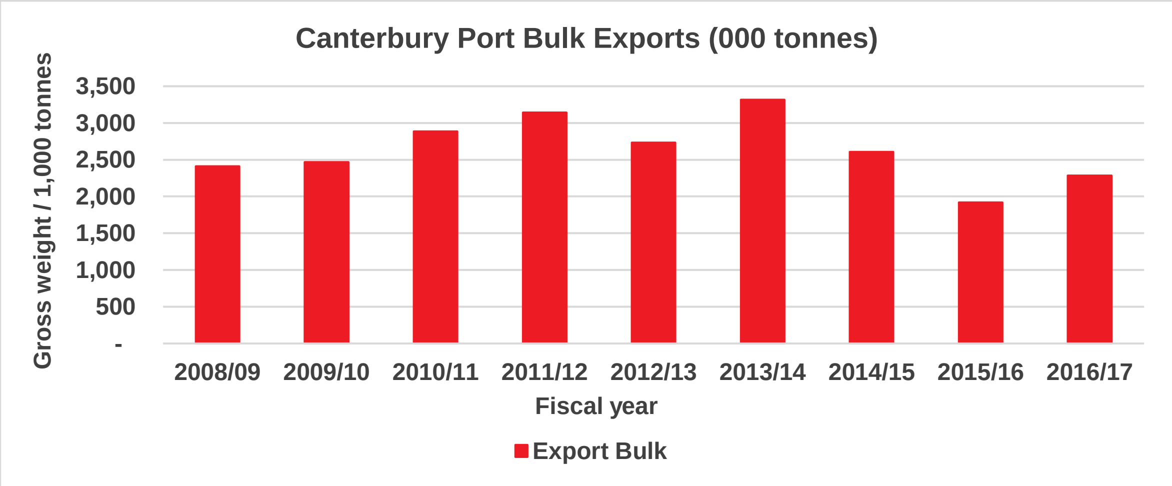
Canterbury ports total containers handled



Source: Ministry of Transport *latest point: 2017*

The above graph illustrates all containers (twenty-foot equivalent unit) handled by financial year. This includes both exports and imports. Following some consistent growth between 2010/11 and 2014/15 the most recent financial year saw a decrease in containers handled of 3%, suggesting that this activity is beginning to level out.

Canterbury ports bulk exports



Source: Ministry of Transport *latest point: 2017*

This annual data shows all bulk exports from Canterbury ports. The patterns of trade are influenced by a number of factors such as international prices and availability of commodities which impact on volumes. Between the financial years 2015/16 and 2016/17, Canterbury bulk exports increased by 19%.

Digital connectivity: Extension and uptake of broadband in rural areas

Objective

A fully connected Canterbury – so the whole region can achieve the best possible results in health, education, social connectedness, economic growth and the environment.

Mapping remaining gaps in mobile and broadband coverage and Mobile Black Spots is an accelerator project for 2017/18. The project will proceed in three stages:

- identifying and GIS mapping coverage gaps
- analysing these gaps for economic and social significance
- advocacy with the telecommunications sector to find solutions.

Mapping of coverage is scheduled for completion by the end of September 2018 and will be reported in the February 2019 indicators report.

Freshwater management and water infrastructure

Objective

Development of water infrastructure and environmental restoration initiatives achieve the Canterbury Water Management Strategy vision: To enable present and future generations to gain the greatest social, economic, recreational and cultural benefits from our water resources within an environmentally sustainable framework.

Water Quality Index: Canterbury rivers and streams

A Water Quality Index is used to summarise physical and chemical water quality for river and stream sites in Canterbury, as an indicator of overall water quality. This indicator is unchanged since the August 2017 *Economic Indicators Report*. New data will become available in September 2018, which we will report in February 2019.

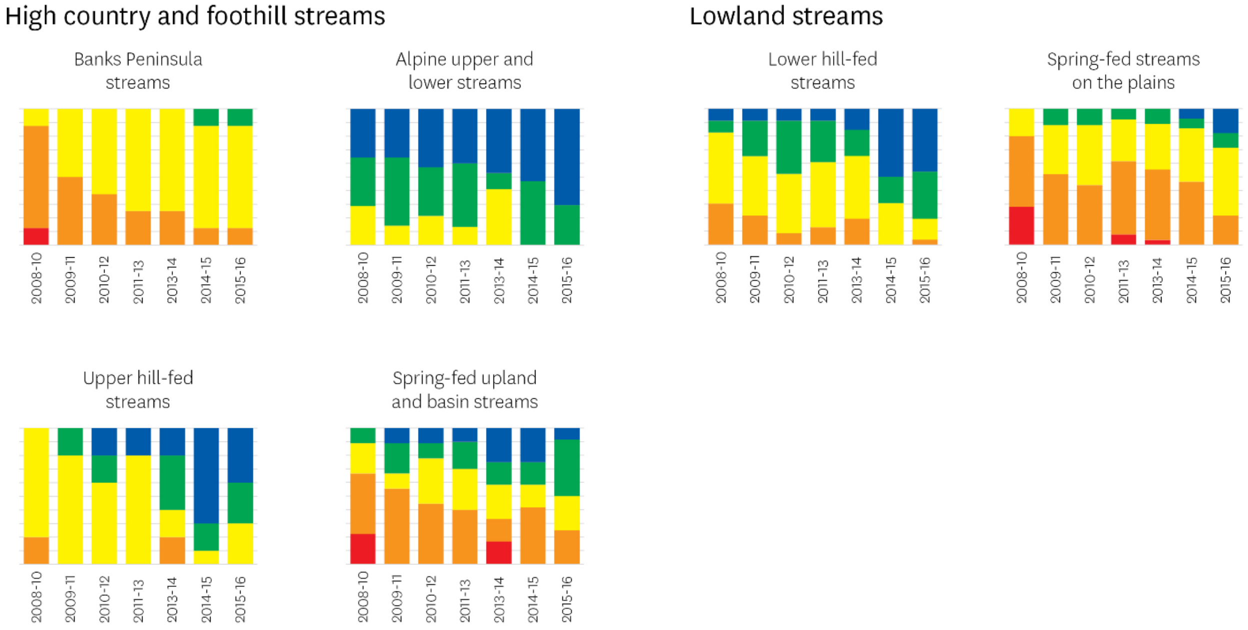
Water quality in the high country

- Water quality in the high country is variable among river types, predominantly influenced by sediment input and associated contaminants.
- Hill-fed streams may be hampered by the variable quality of inflowing spring-fed tributaries or fluxes of contaminant sources during high flows.
- Alpine and hill-sourced rivers are generally less impacted by contamination sources due to a large volume of flow originating from high up in the catchment.

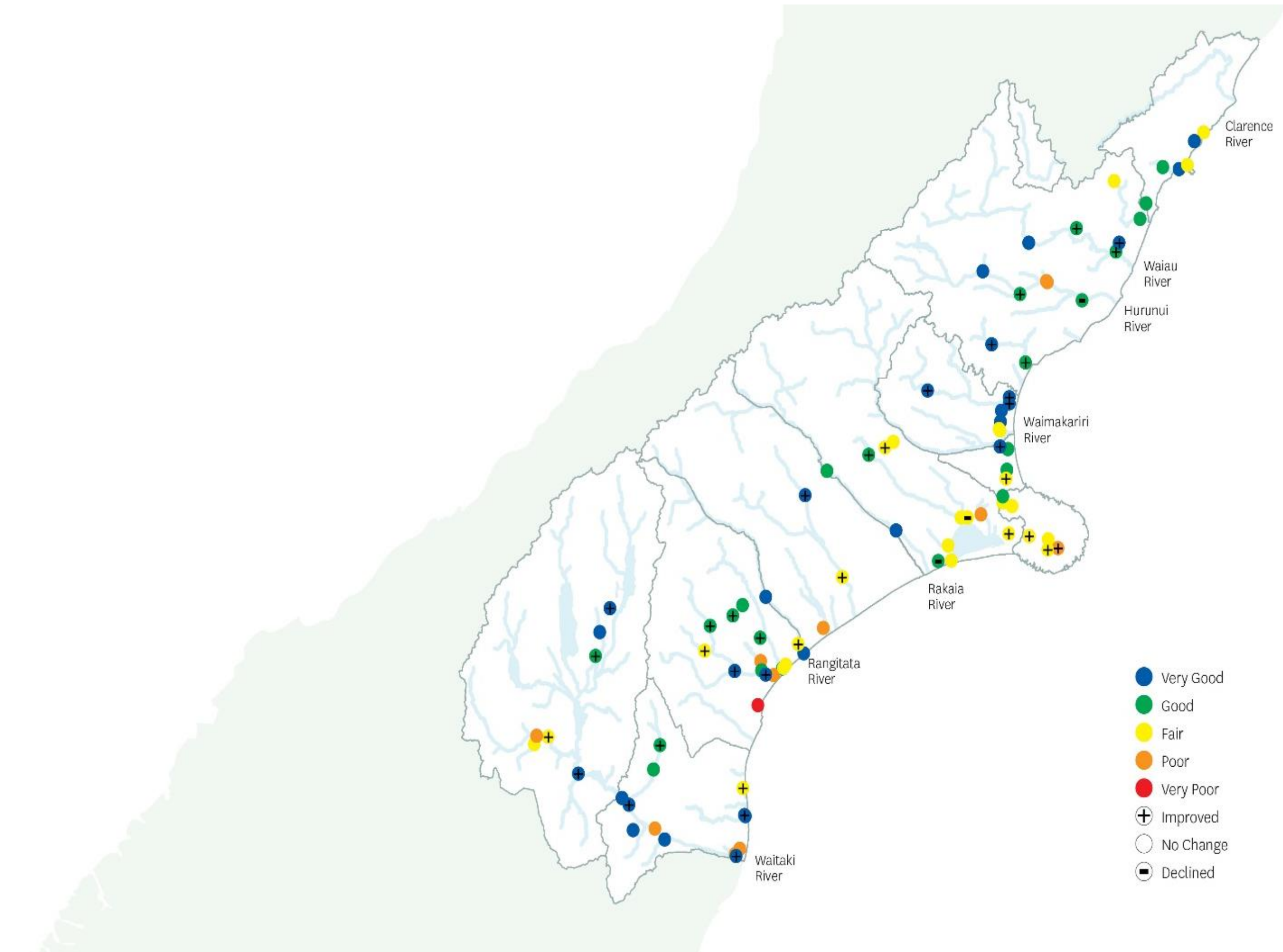
Water quality in lowland areas

- Water quality in lowland areas is typically poorer than in high-country areas, generally because of the greater intensity of land use in the warmer, flat low country.
- An additional factor is the accumulation of contaminants in groundwater, which re-emerge in lowland streams.

- Spring-fed streams tend to meander through farms and are susceptible to both localised and diffuse contaminant sources. These streams show the greatest variation in water quality.



Water quality across the region



Progress on limits to manage land use for water quality outcomes

Progress on the Canterbury Land and Water Regional Plan (LWRP)

Environment Canterbury works with zone committees and communities to translate agreed priority outcomes and values into resource management plans. We have made significant progress in setting environmental limits on land use through the LWRP and ongoing work on sub-regional plans. The planning framework is summarised in the 2017 *Canterbury Water Management Strategy Progress Report*.[1]

- A LWRP was first notified in 2012 and the final parts of it became operative in February 2017.
- Plan Change 4, an Omnibus Plan Change to the LWRP, became operative in March 2017.
- Part A of Plan Change 5 revises the regional-level approach to farm nutrient management and incorporates nutrient discharge limits based on industry-agreed Good Management Practices. Council adopted the decision of the independent hearings panel in June 2017. This decision is currently under appeal.
- A further omnibus Plan Change will be notified in mid-2019 to ensure the LWRP is responsive to new directives from central government, emerging environmental issues and other strategic priorities of the regional council.

Progress on sub-regional plans

Progress in each of the 10 zones is summarised in the table that follows.

Zone	Zone Committee is developing and agreeing a draft solution package	Zone Committee is consulting with the community	Zone Committee is developing a targeted Plan change	Submissions, independent hearings and appeals	Plan Change operative
Kaikōura			Anticipated 2026		
Hurunui-Waiau			To be notified in late 2018		
Waimakariri		Sep 2018	To be notified mid-2019		
Christchurch-West Melton			Anticipated 2022		
Selwyn-Waihora					1 Feb 2016 (Plan Change 1)
Wairewa					1 Feb 2017 (Plan Change 6)
Ashburton to Rakaia			Anticipated 2022		
Hinds Plains					1 June 2018 (Plan Change 2)

1 https://www.ecan.govt.nz/your-region/your-environment/water/measuring-progress/. The LWRP is available online at https://www.ecan.govt.nz/your-region/plans-strategies-and-bylaws/canterbury-land-and-water-regional-plan

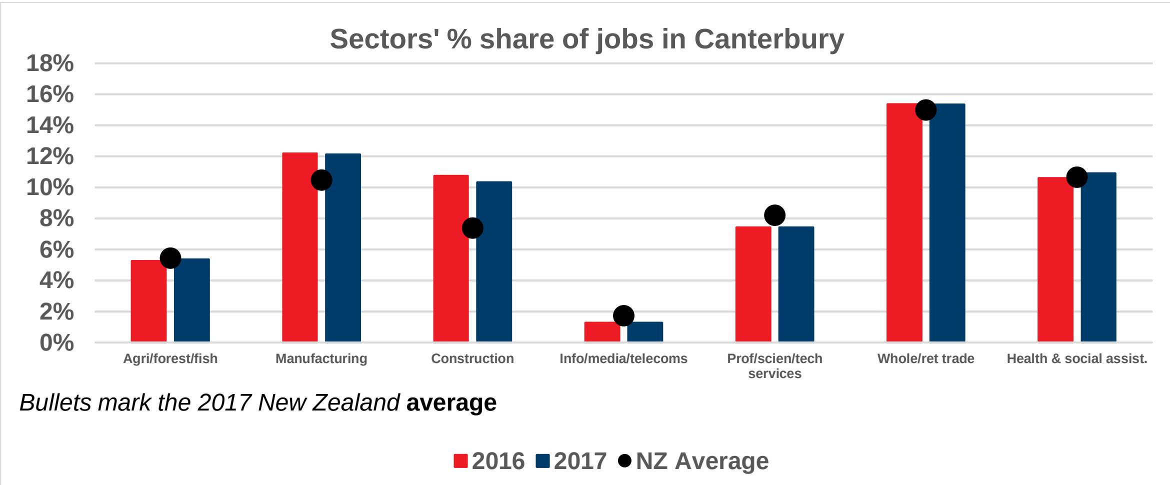
Zone	Zone Committee is developing and agreeing a draft solution package	Zone Committee is consulting with the community	Zone Committee is developing a targeted Plan change	Submissions, independent hearings and appeals	Plan Change operative
Orari-Temuka-Opihi-Pareora	→	Dec 2017 to finalise late 2018	To be notified mid-2019		
South Coastal Canterbury	→	→	→	→	1 Sep 2017 (Plan Change 3)
Waitaki	→	→	→	Under appeal (Plan Change 5, Part B)	

Value-added production

Objective

Planning and consenting processes, and infrastructure managed by local government, enable value-added production in Canterbury.

Jobs by sector in Canterbury



Source: Statistics New Zealand, ChristchurchNZ *Latest data point: 2017*

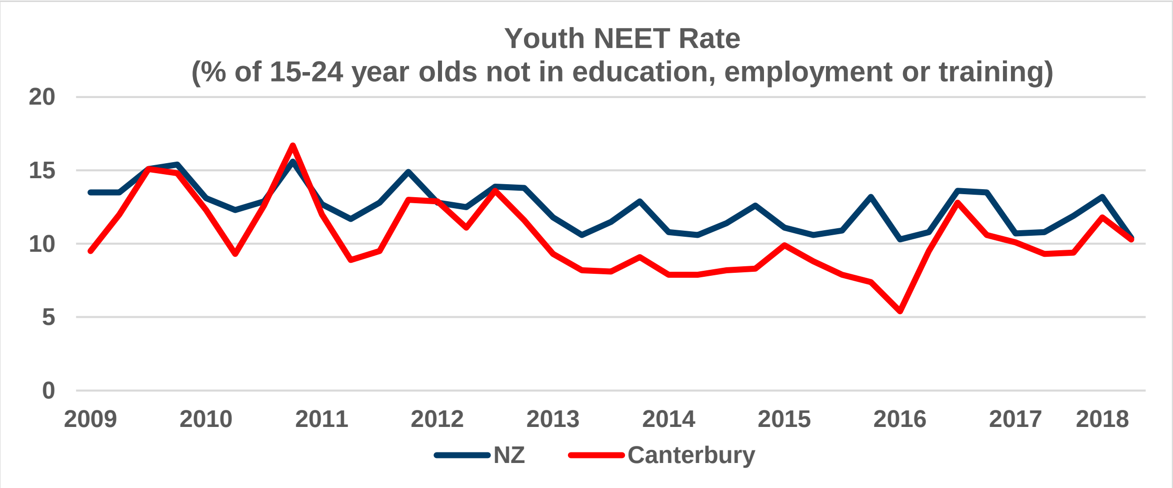
Canterbury has a higher proportion of its workforce involved in manufacturing and construction than New Zealand overall. The region also has a lower proportion of its workforce participating in information, media, and telecommunications; and professional, scientific and technical services than New Zealand overall. However, over the next few years this sector mix of jobs is likely to change. As the rebuild eases back, some construction workers will transition into other sectors and the new supply of office and commercial space will allow for growth in services industries.

Education and training for a skilled workforce

Objectives

- *Business, education and local government sectors are aligned, working together to make Canterbury a great place to study, live and work*
- *Canterbury has an appropriately skilled and educated workforce*
- *Education and training institutions deliver an integrated education programme that maximises benefits to the institutions and to Canterbury.*

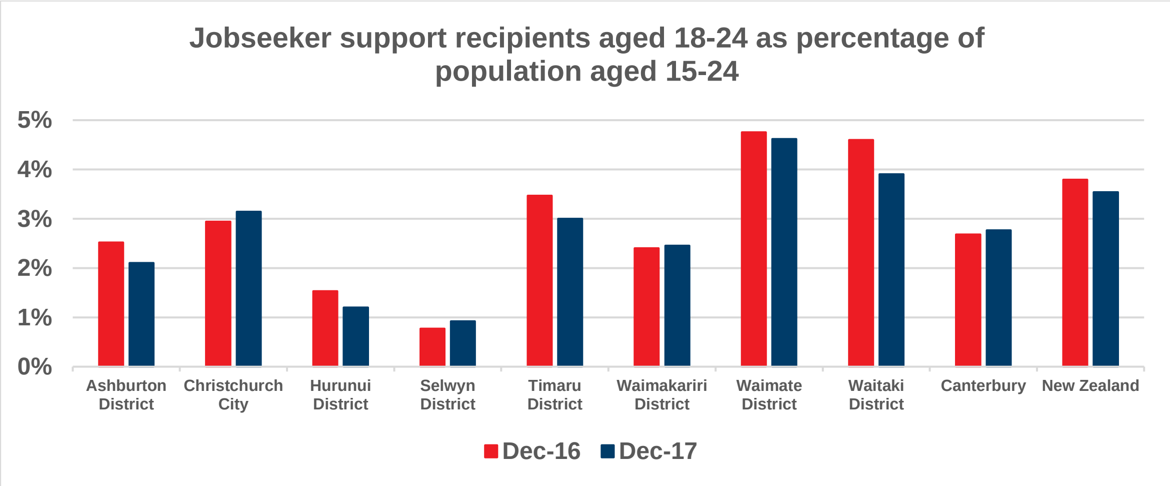
Youth not in education, employment or training



Source: Statistics New Zealand *Latest data point: June 2018*

Strong demand for unskilled workers in the rebuild pushed the youth not in employment, education or training (NEET) rate well below the national average. However, as the rebuild eases, employment opportunities will also ease as evidenced by the convergence of the regional and national NEET rate. Canterbury's June 2018 NEET rate is 10.3%, only slightly below the national average of 10.4%. The NEET rate is a composite number drawn from a number of data sources. It should be seen as indicative, rather than an absolutely accurate measure of youth not in education, employment or training.

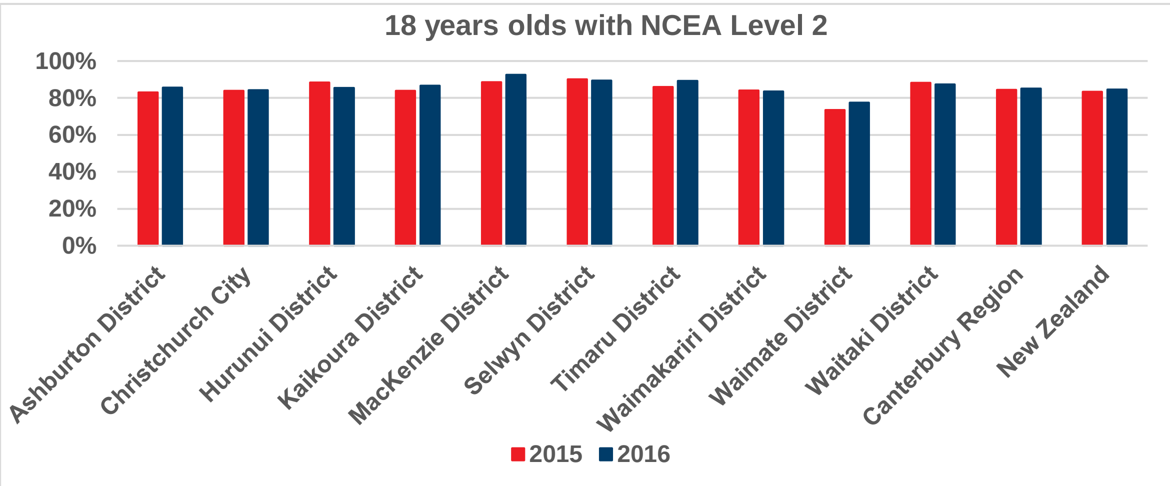
Jobseeker support recipients aged 18–24 years



Source: Statistics New Zealand, MSD, ChristchurchNZ *Latest data point: December 2017*

Canterbury has a lower proportion of young jobseeker support recipients than the national average. Waimate and Waitaki Districts feature the highest proportion of young jobseeker support recipients in the region. However, compared with the previous year these districts have seen a decrease in the number of jobseeker support recipients. This indicator is based on the number of jobseeker support recipients (work ready and health or disability) aged 18–24 in the year to June. Kaikōura and Mackenzie figures are suppressed to maintain confidentiality.

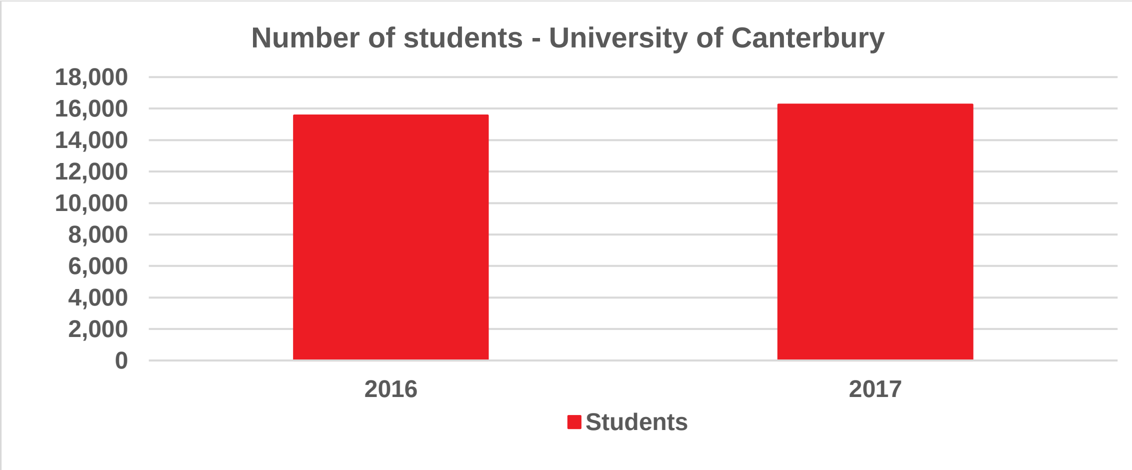
18-year olds with NCEA Level 2



Source: Education Counts *Latest data point: academic year 2016*

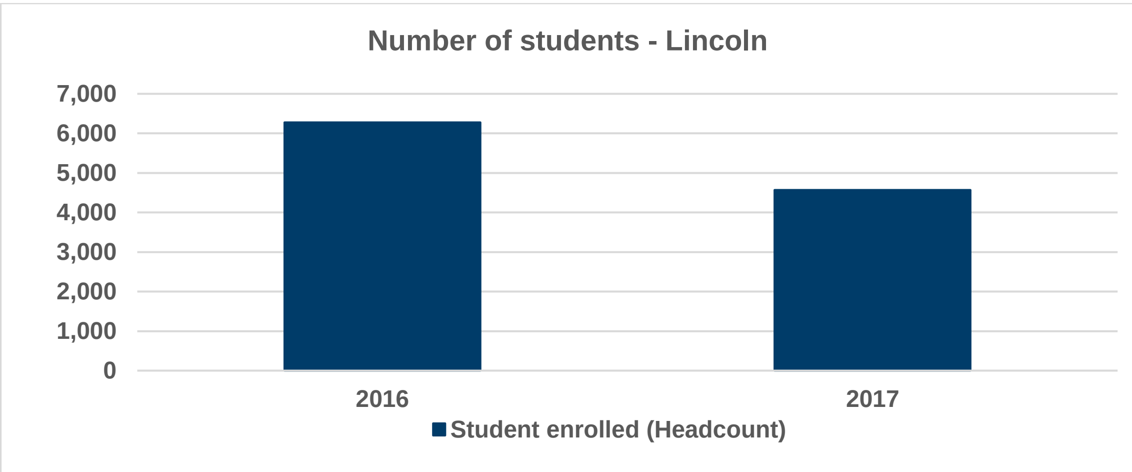
Canterbury is slightly ahead of the national proportion of 18-year olds with NCEA level 2. Within Canterbury, the proportion of 18-year olds with NCEA level 2 is highest in Mackenzie, Selwyn, Timaru and Waitaki. The greatest improvements between 2015 and 2016 were recorded in Mackenzie, Waimate, Kaikōura and Ashburton. Waimate was the only area with achievement below the national average. (2017 data is not yet available).

Tertiary enrolments



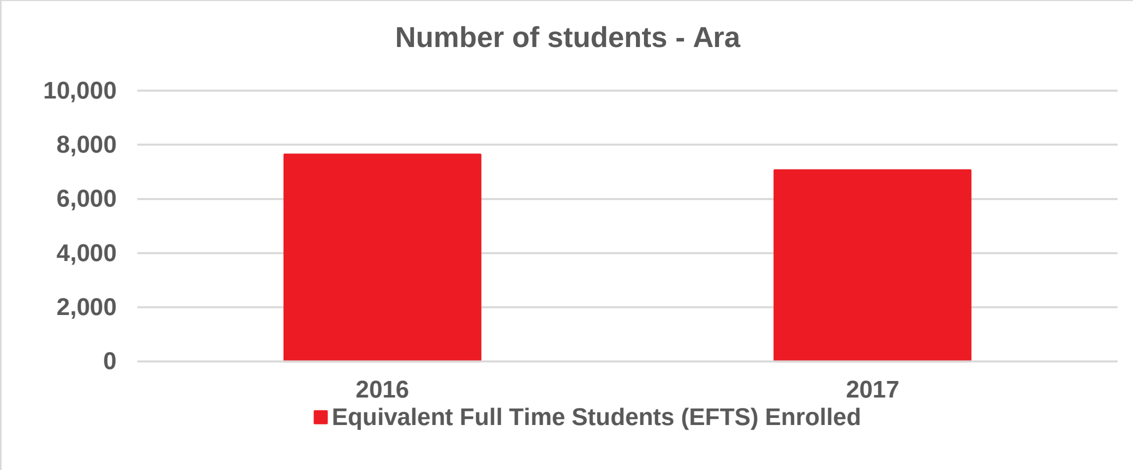
Source: UC Annual Report *Latest data point: academic year 2017*

Enrolments at Canterbury University have recovered following significant post-earthquake decline in enrolments.



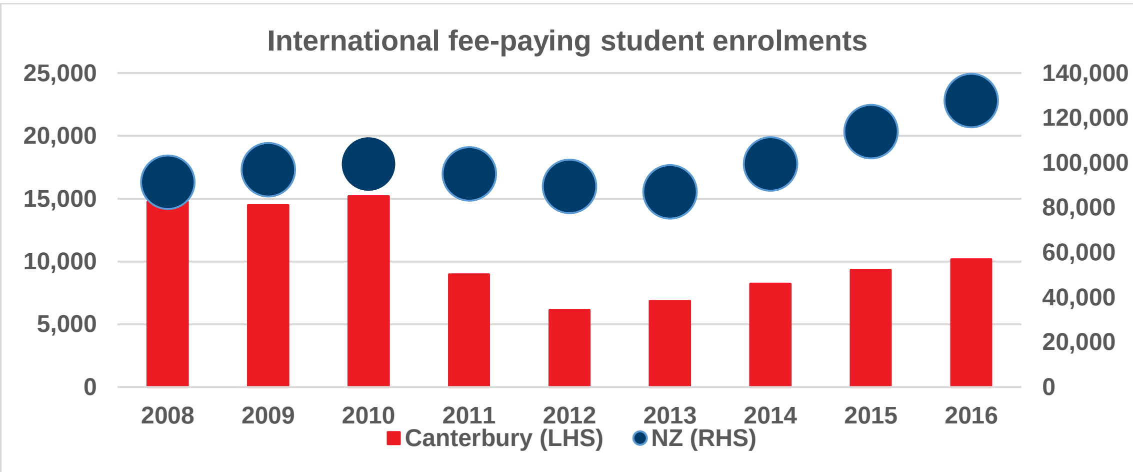
Source: Lincoln Annual Report *Latest data point: academic year 2017*

Enrolments at Lincoln University have decreased 23% between 2016 and 2017. This fall may be explained by the administrative transfer of the Telford Campus at Lincoln University to The Taratahi Institute of Agriculture in Masterton that occurred in mid-2017. The transfer was publicly announced in 2016 and as a result only a limited number of courses were offered at Telford campus, impacting on total student enrolments in 2017.



Source: Ara Annual Report *Latest data point: academic year 2017*

In 2017 there was a fall of 8% for enrolments at Ara. Between 2016 and 2017 there was a notable decrease in enrolments of international students and foundation level provision to domestic students through SAC level 1-2 and Youth Guarantee. A range of wider trends may have influenced domestic enrolments. Within the Ara catchment, there is a declining number of school leavers and overall these leavers are achieving higher levels of NCEA qualification. This trend means there is a reduced demand for Ara foundation-level provision aimed at younger people with a lower level foundation background and an overall smaller number of school leavers going on to tertiary education.



Source: Education Counts *Latest data point: June 2016*

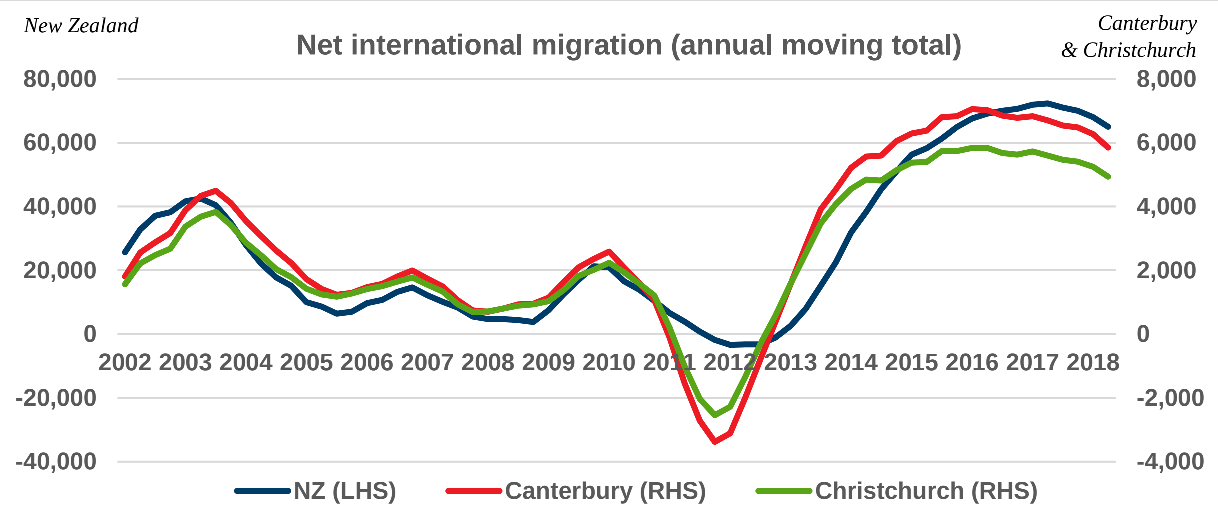
International student numbers in Canterbury unsurprisingly declined immediately after the earthquakes. But international student enrolments are now growing strongly. Changes to immigration settings will, however, affect post-study work rights for international students and as a result are likely to negatively impact the number of international fee-paying student enrolments in the years following 2017.

Newcomer and migrant settlement

Objective

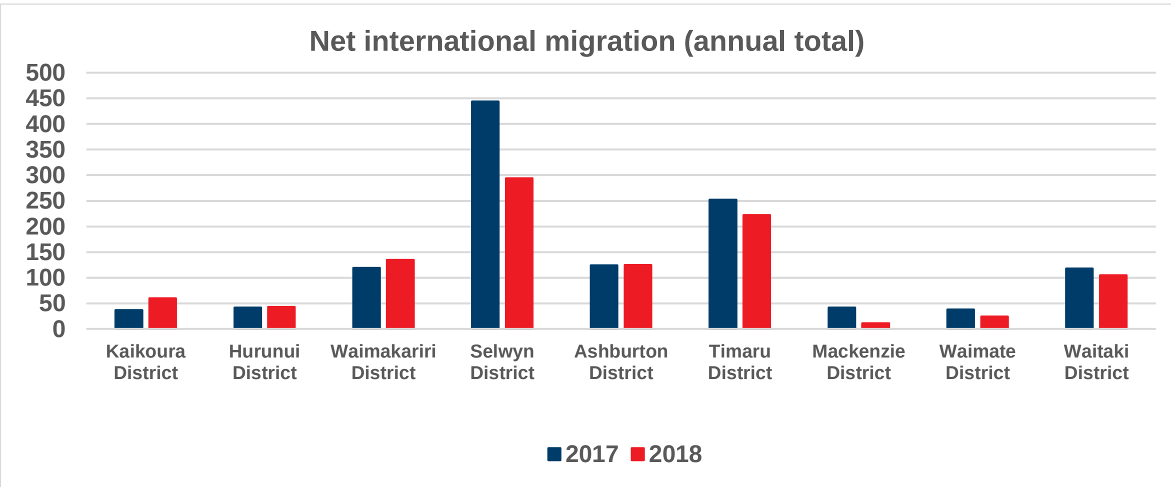
Skilled workers, cohesive communities: newcomers and migrants are attracted to Canterbury and feel welcomed and supported to settle quickly and well, contribute in the workforce and call Canterbury home.

Net international migration



Source: Statistics New Zealand, ChristchurchNZ *Latest data point: June 2018*

Net international migration to Canterbury has been a crucial element of the rebuild effort. Recent inflows have still been very high. These migrants have added vital skills and experience to Canterbury's labour force. Over the long term it seems likely that global competition for people/skills will only intensify, making people attraction a crucial focus for regional economic development in Canterbury.



Source: Statistics New Zealand *Latest data point: June 2018*

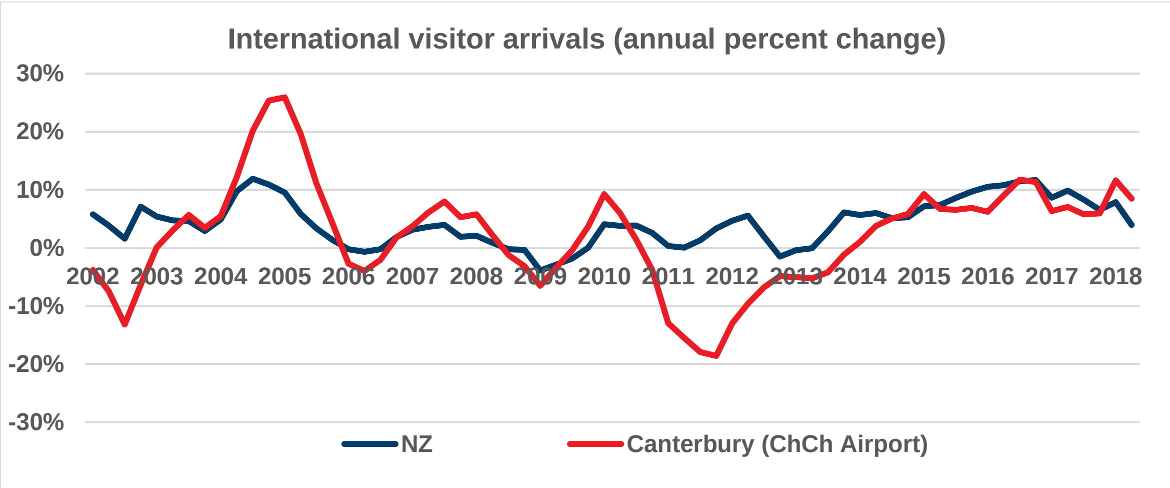
Christchurch is excluded from the chart above due to the high volume of international migrants to Christchurch relative to other Canterbury districts. The Mackenzie district has experienced the greatest decrease in levels of net migration whereas the Kaikōura district has experienced the greatest growth.

Regional visitor strategy

Objective

Grow sustainable tourism that focuses on the high-end market, encourages a wider seasonal 'spread', disperses visitors across the region and South Island, and keeps them here longer.

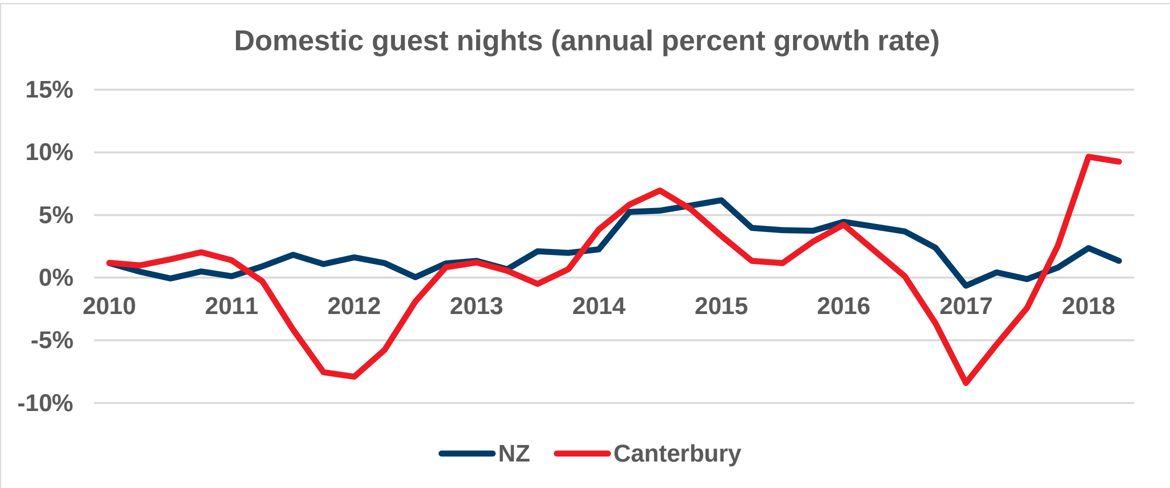
International visitor arrivals



Source: Statistics New Zealand, ChristchurchNZ *Latest data point: June 2018*

Again, the earthquakes had a serious adverse effect on inbound tourism to the Canterbury region. But it is now clear that the visitor sector in the region has recovered. Growth in international visitor arrivals to the region has been variable, but broadly consistent with the New Zealand growth rate.

Domestic guest nights



Source: Statistics New Zealand, ChristchurchNZ *Latest data point: June 2018*

Growth in domestic guest nights across New Zealand has eased throughout 2017 but appears to be making a recovery in 2018. When considering the change over the last 12 months domestic guest nights are performing well for the region. Total guest nights have increased by 9.7% year ended June 2018 compared to year ended June 2017. International guest nights increased over this period by 10.1% and domestic guest nights by 9.3%.

Canterbury Mayoral Forum
http://canterburymayors.org.nz/

Email: secretariat@canterburymayors.org.nz

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