Economic Indicators Report

August 2017

CANTERBURY REGIONAL ECONOMIC DEVELOPMENT STRATEGY

Canterbury Mayoral Forum
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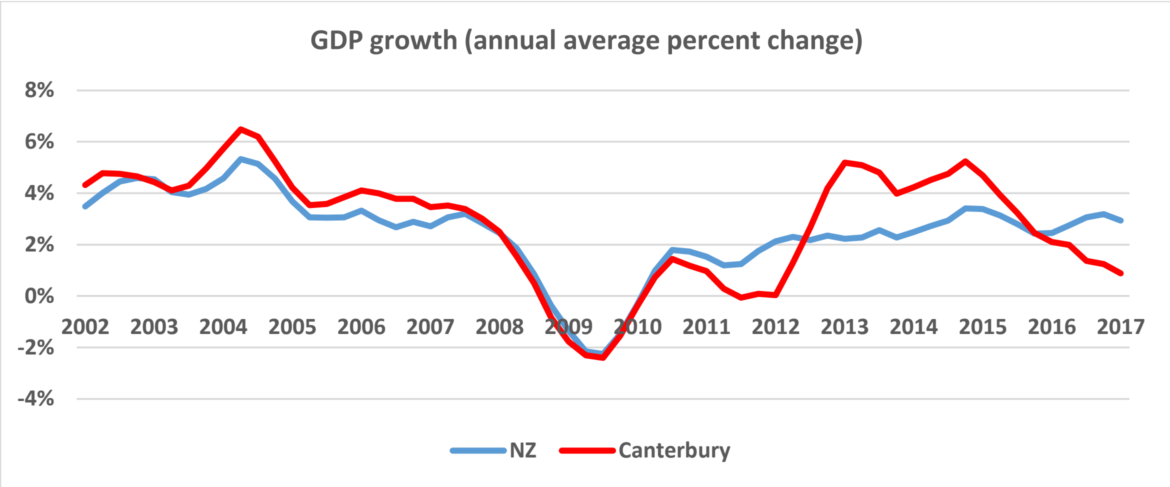
Canterbury Regional Economic Development Strategy

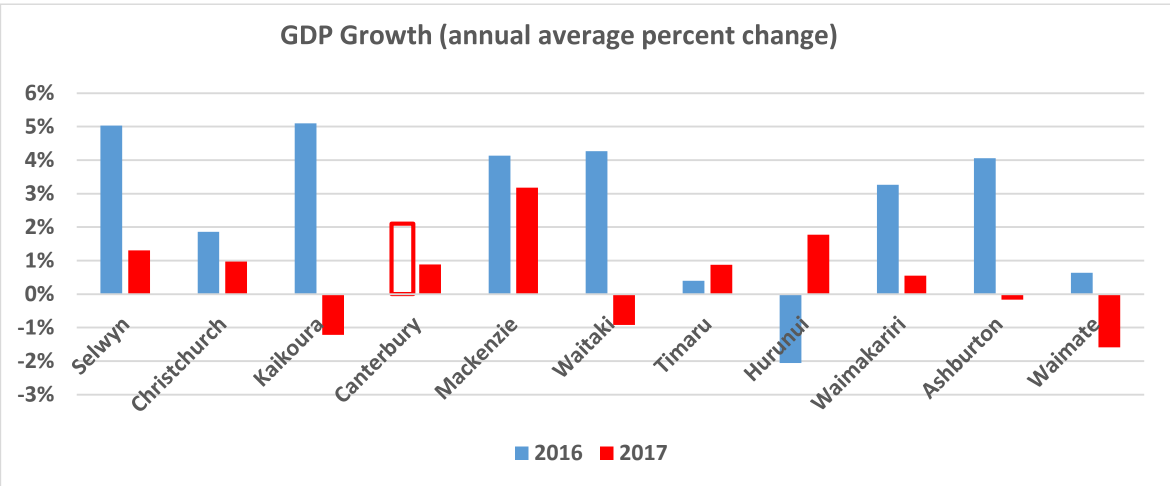
Regional vision

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.



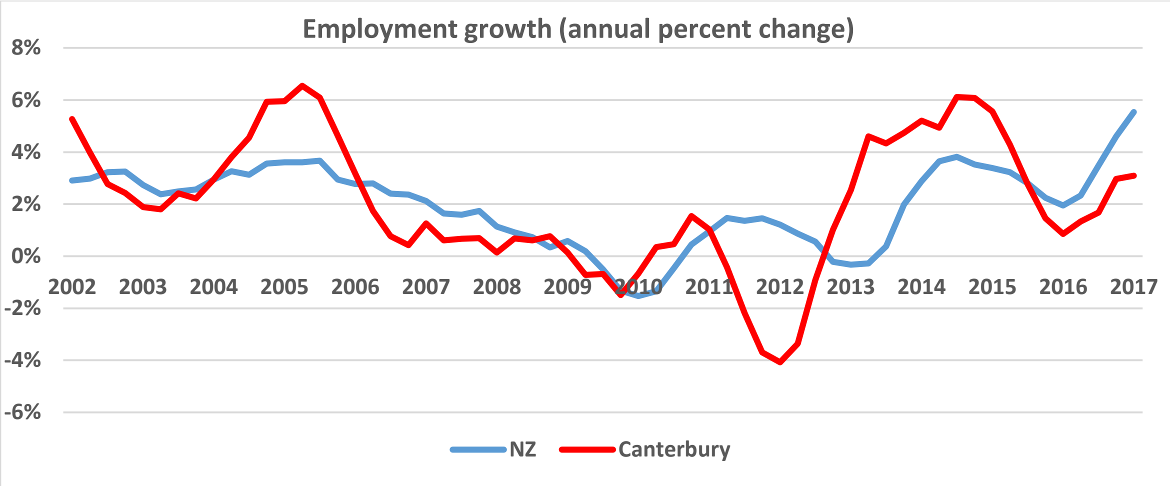
Source: Infometrics, ChristchurchNZ *Latest data point: year ending March 2017*

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. Yet the level of activity in Canterbury is set to stay elevated for at least another two years, or in other words, this will remain a busy economy. Even after the rebuild has ended, other underlying or core parts of the economy, such as manufacturing, agribusiness and tourism, are well placed to take the baton.



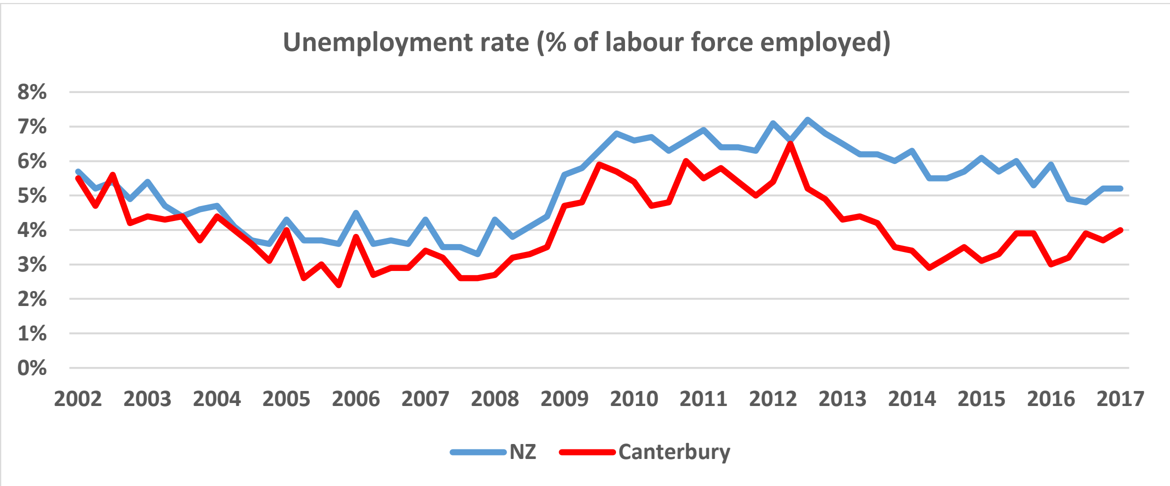
Source: Infometrics, ChristchurchNZ *Latest data point: year ending March 2017*

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 2017 was positive in all districts except for Waimate, Kaikōura, Waitaki, and Ashburton. The easing rebuild appears to be suppressing growth in Christchurch and Canterbury; meanwhile strong tourism growth is supporting Mackenzie District in particular. Hurunui, Selwyn and Timaru Districts are growing moderately.



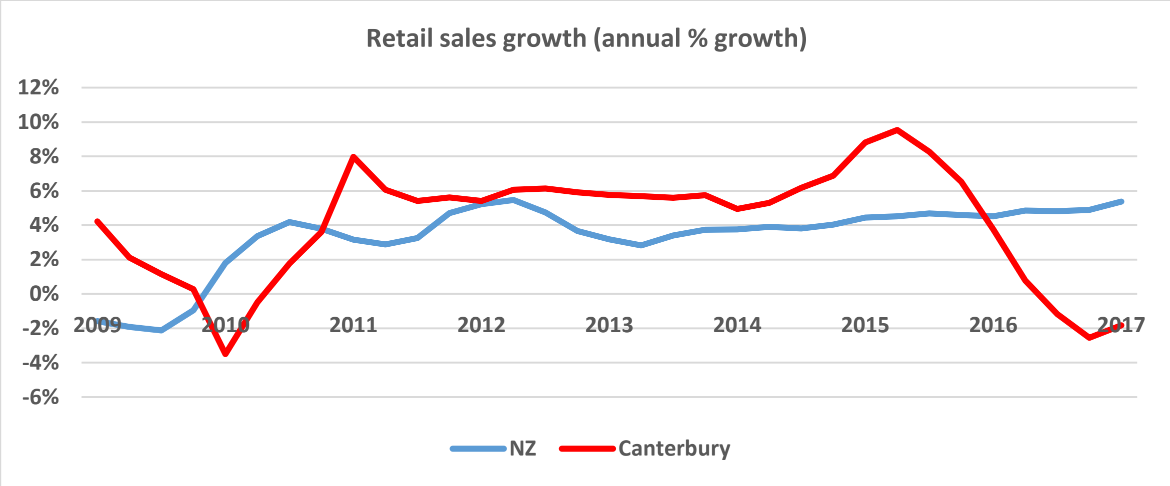
Source:Statistics New Zealand, ChristchurchNZ *Latest data point: year ending March 2017*

In tune 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. Even though employment growth is below the national average, it is still very strong, especially in comparison to GDP growth.



Source: Statistics New Zealand *Latest data point: March 2017*

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 March 2017 sits at 4.0% – well below the national average of 5.2%. As the rebuild eases, it is expected that the unemployment rate will converge with the national average.



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

Retail sales in Canterbury have been easing for the past year, with the negative growth rate in March. 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 declined by 1.8%, compared to the growth of 5.4% nationally.

Integrated regional transport planning and infrastructure investment

The New Zealand Transport Agency (NZTA) provided a provisional report to the Mayoral Forum in February 2017 (see the Freight indicators report in Related documents at http://canterburymayors.org.nz/creds/). We do not yet have more recent data to update that report. We are working with NZTA to update and refine five indicators for the February 2018 report to the Mayoral Forum:

1. Heavy vehicle kilometres travelled, Canterbury
2. Crashes involving a truck over 3.5 tonnes in Canterbury
3. Annual rail volumes to and from Canterbury
4. South Island container ports, total containers handled
5. South Island ports, bulk exports (000 tonnes).

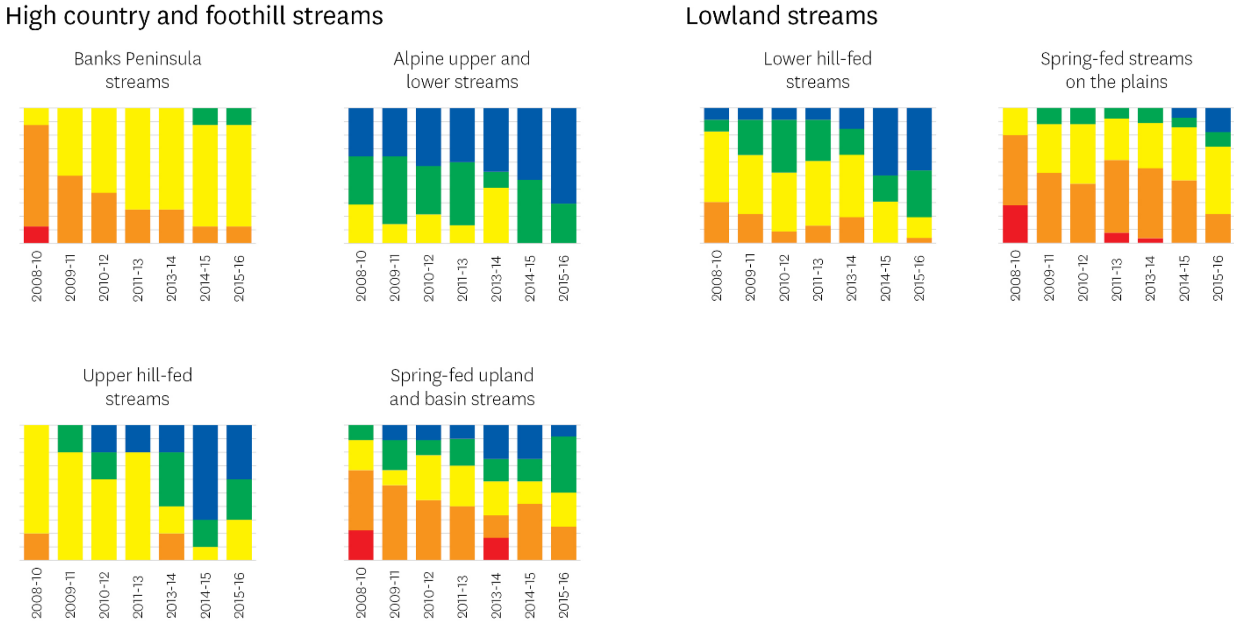
Digital connectivity: Extension and uptake of broadband in rural areas

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.

Freshwater management and irrigation infrastructure

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.

Water quality in the high country

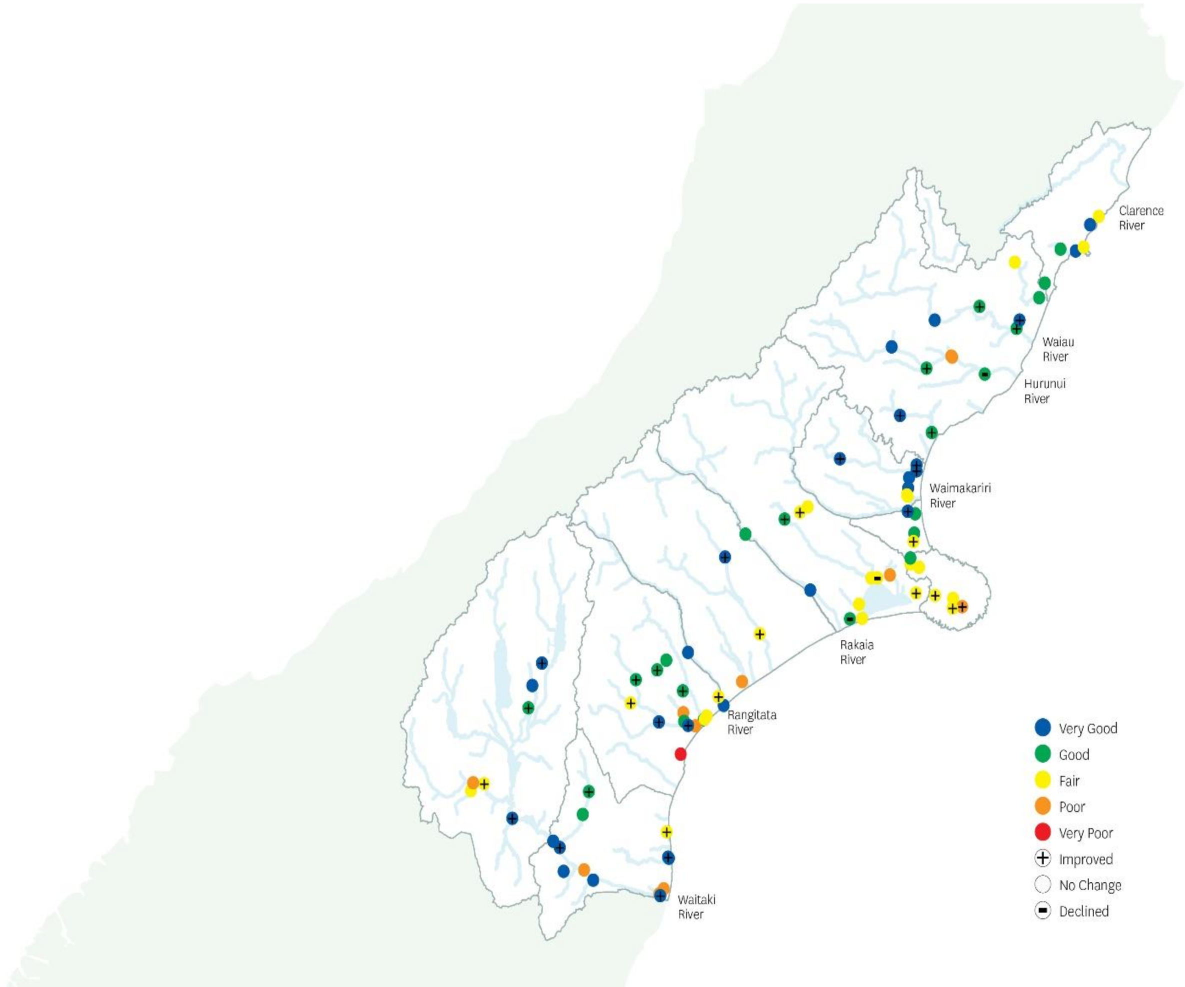
- Water quality in the high country is variable among river types, predominantly influenced by sediment input and associated contaminants.
- Hill-fed streams may be hampered by the variable quality of inflowing spring-fed tributaries or fluxes of contaminant sources during high flows.
- Alpine and hill-sourced 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.

See further the CWMS Targets Report 2017.

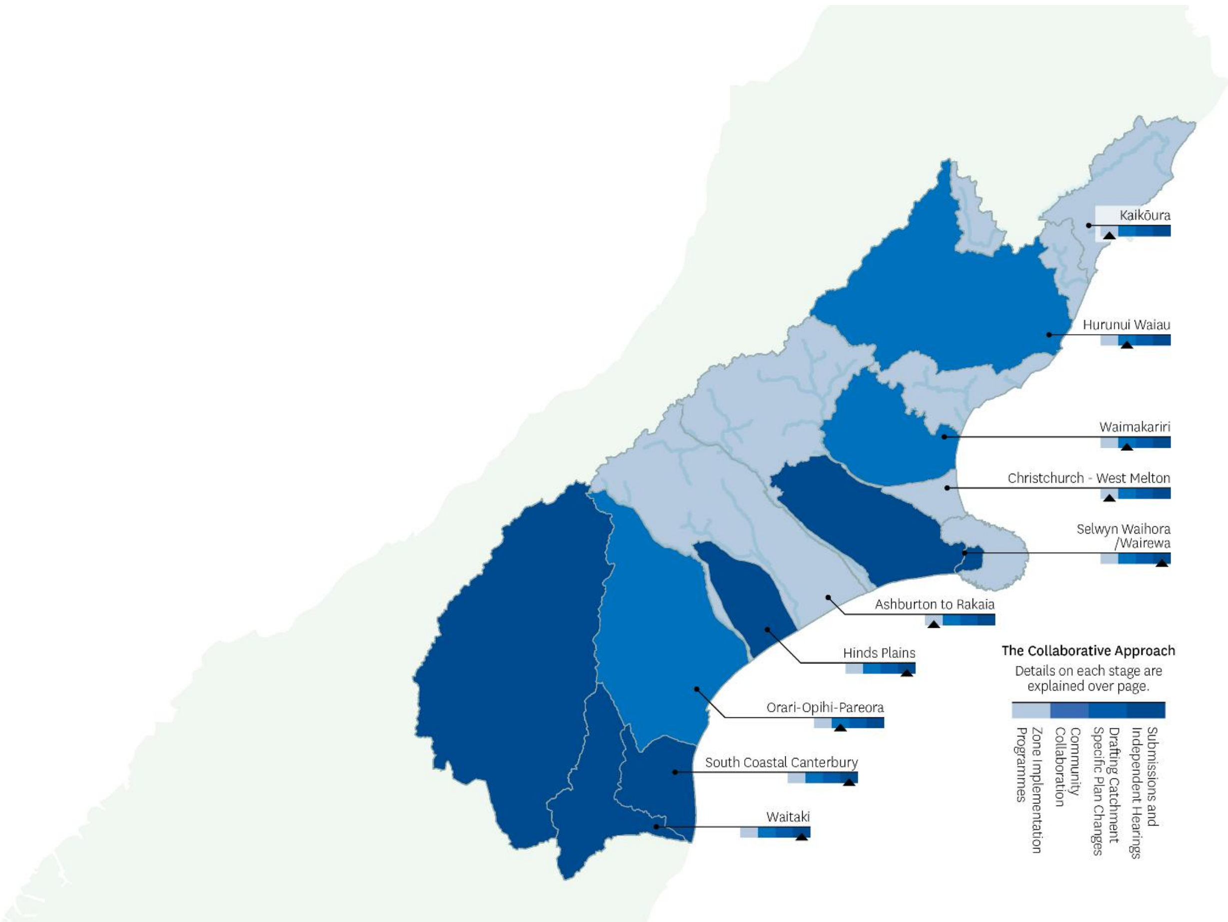
Water quality across the region



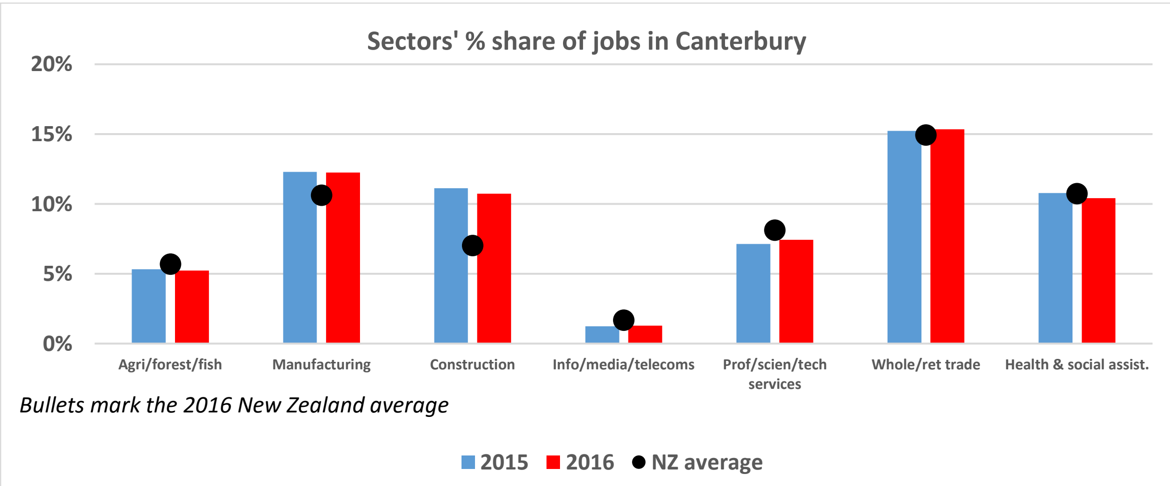
Progress on limits to manage land use for water quality outcomes

Collaborative processes to set environmental limits (including environment flows, allocation limits and nutrient loads) provide an opportunity for the community to take local ownership of water management. Environment Canterbury works with zone committees and communities to transfer agreed priority outcomes and values into resource management plans. Environment Canterbury has made significant progress in setting environmental limits through the Land and Water Regional Plan and ongoing sub-regional chapters.

See further the CWMS Targets Report 2017.



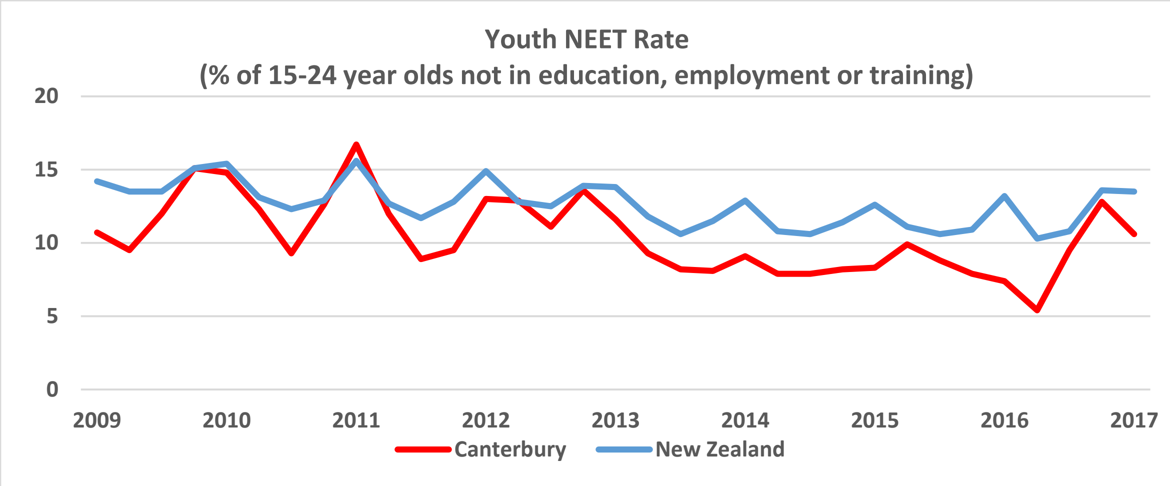
Value-added production



Source: Statistics New Zealand, ChristchurchNZ *Latest data point: February 2016*

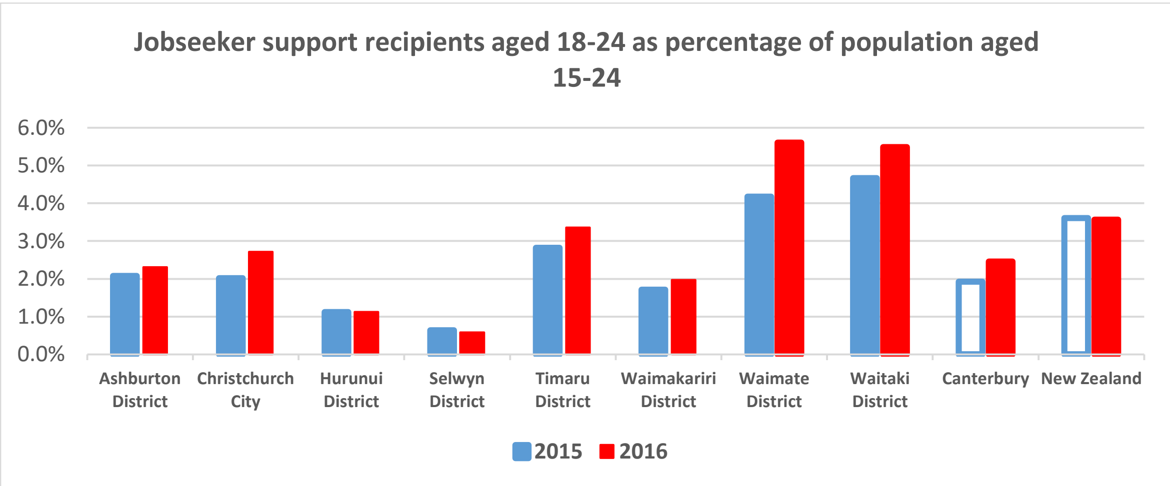
Canterbury has a higher proportion of its workforce involved in manufacturing and construction than New Zealand overall. Canterbury has a lower proportion of its workforce participating in information, media, and telecommunications; and professional, scientific and technical services than New Zealand overall. However, over the next few years this sector mix of jobs seems likely to make a natural change. As the rebuild slowly eases back, some of those 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



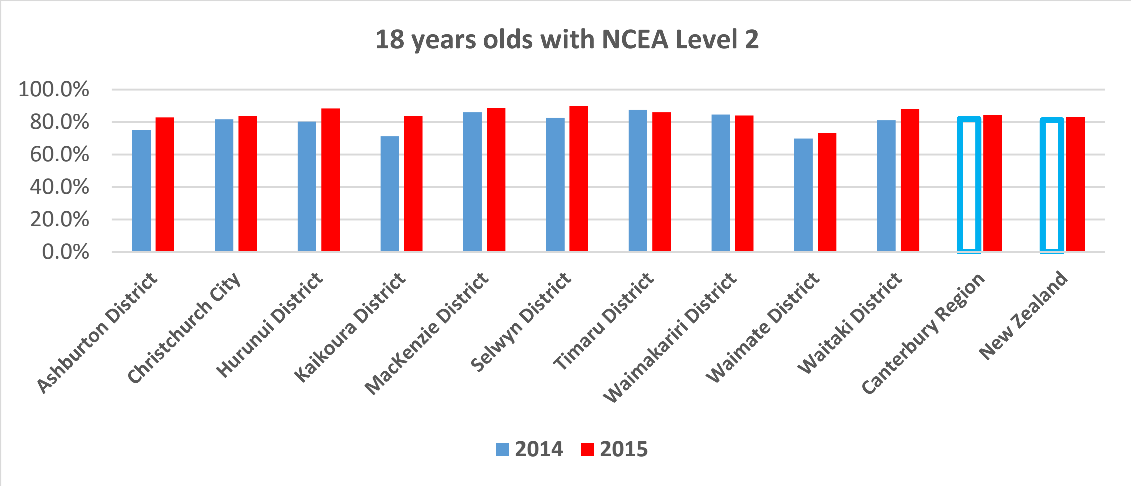
Source: Statistics New Zealand *Latest data point: March 2017*

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 and the NEET rate is expected to converge with the national rate. Canterbury's March 2017 NEET rate is 10.6%, well below the national average of 13.5%. 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.



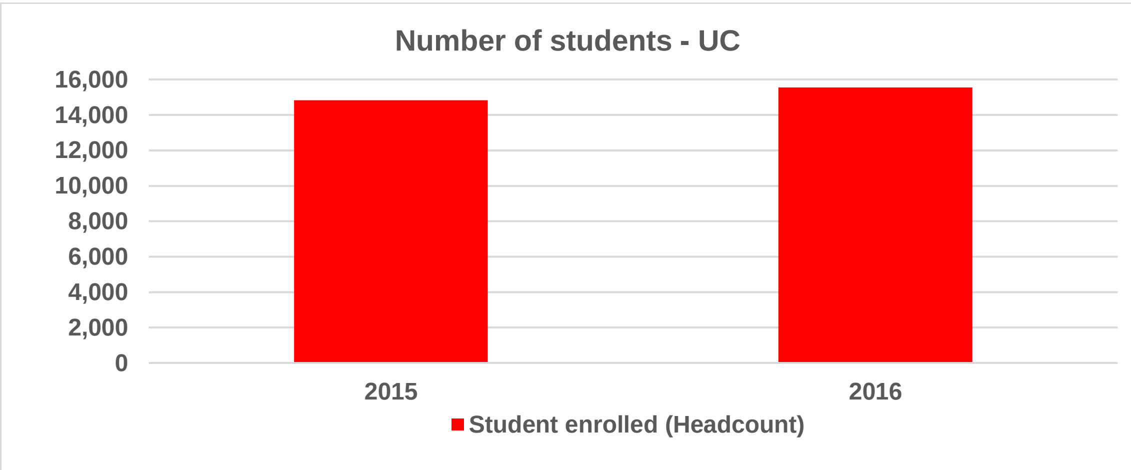
Source: Statistics New Zealand, MSD, ChristchurchNZ *Latest data point: June 2016*

Canterbury has a lower proportion of young jobseeker support recipients than the national average. However, this proportion has increased rapidly in the past year, which largely reflects a rapid increase in Christchurch. Waimate and Waitaki Districts feature the highest proportion of young jobseeker support recipients in the region. 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.



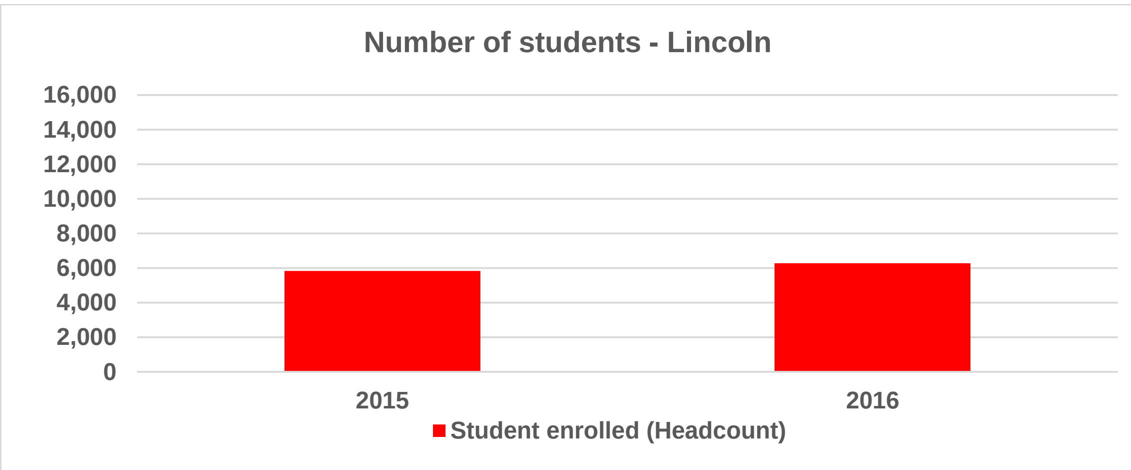
Source: Education Counts *Latest data point: academic year 2015*

Canterbury is slightly ahead of the national proportion of 18 years old with NCEA level 2. Within Canterbury, the proportion of 18 year olds with NCEA level 2 is higher in Hurunui, Mackenzie, Selwyn and Waitaki. The greatest improvements between 2014 and 2015 were recorded in Kaikōura, Hurunui, Ashburton, Selwyn, and Waitaki. Waimate and Ashburton were the only areas with achievement below the national average. (2016 data are not yet available.)



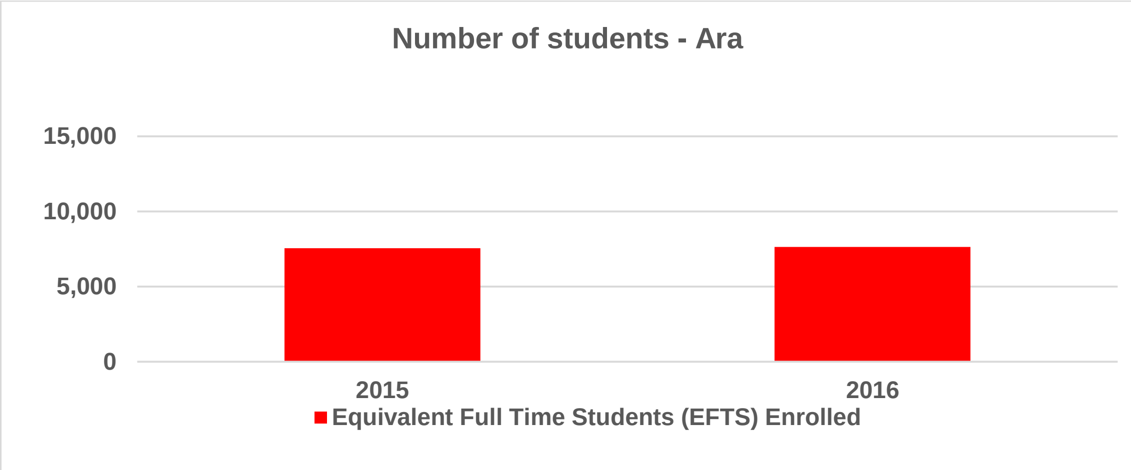
Source: UC Annual Report *Latest data point: academic year 2016*

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



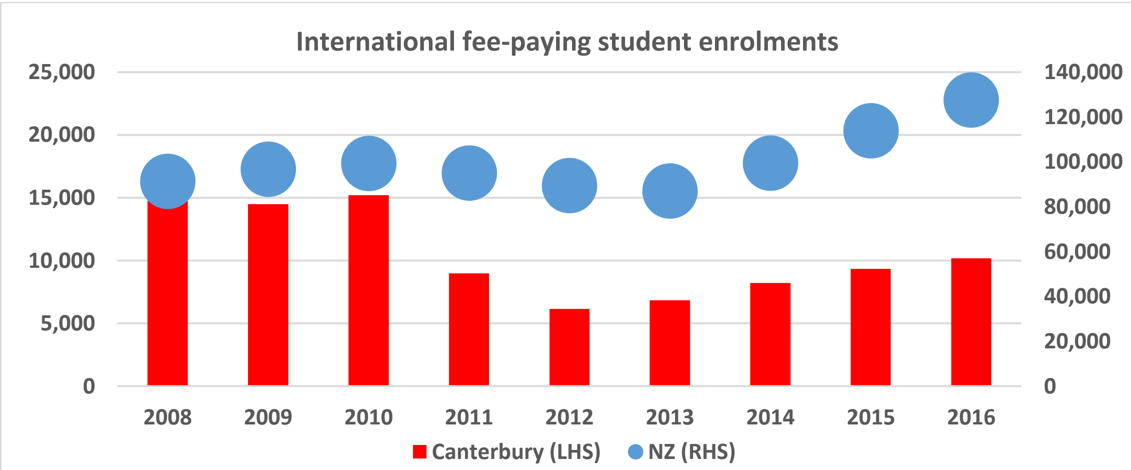
Source: Lincoln Annual Report *Latest data point: academic year 2016*

Enrolment at Lincoln University have increased modestly in the past year. However, this was led by a recovery in Level 1–7 qualifications.



Source: Ara Annual Report *Latest data point: academic year 2016*

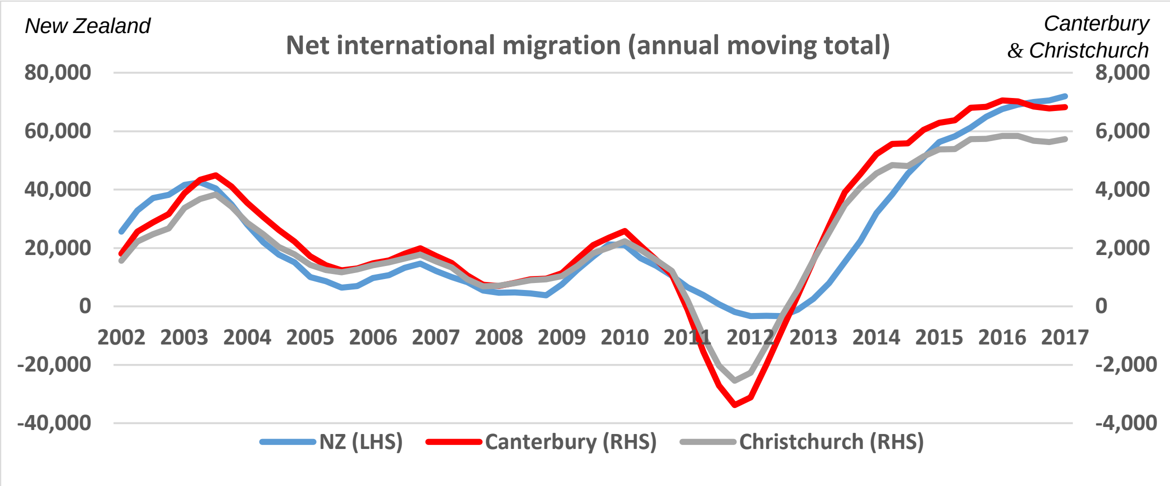
Aoraki Polytechnic and CPIT merged to form Ara Institute of Canterbury. Given the drop in Level 1–2 certificate enrolments, the overall increase in enrolments is driven by enrolments in Levels 3–7. Overall 2016 enrolments were slightly ahead of both CPIT and Aoraki in 2015.



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

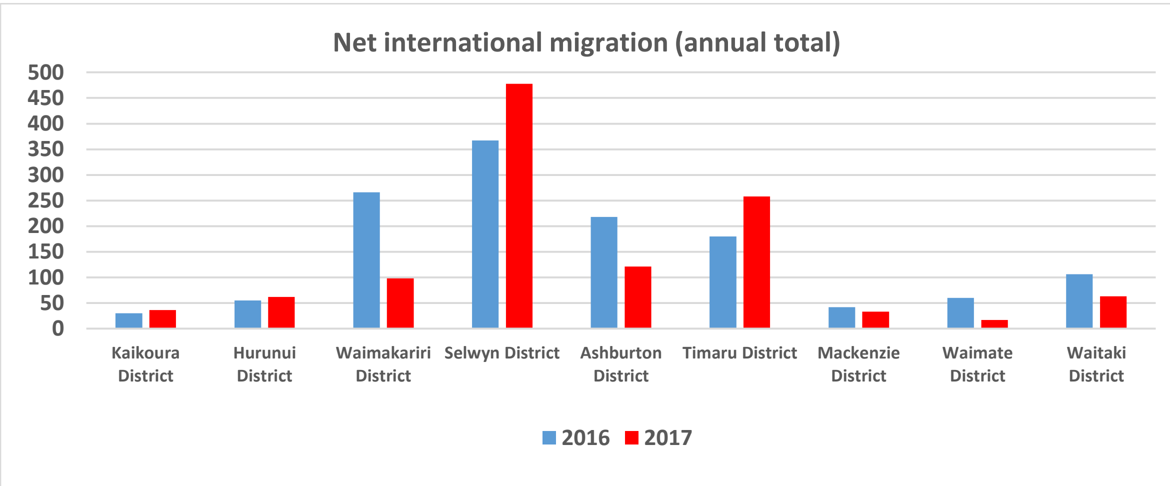
International student numbers in Canterbury unsurprisingly declined immediately after the earthquakes. But international student enrolments are now growing strongly. A renewed official focus on the sector, for example the International Education strategy (commissioned by ChristchurchNZ and Education NZ), should see these international student numbers continue to grow long term.

Newcomer and migrant settlement: skilled workforce, cohesive communities



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

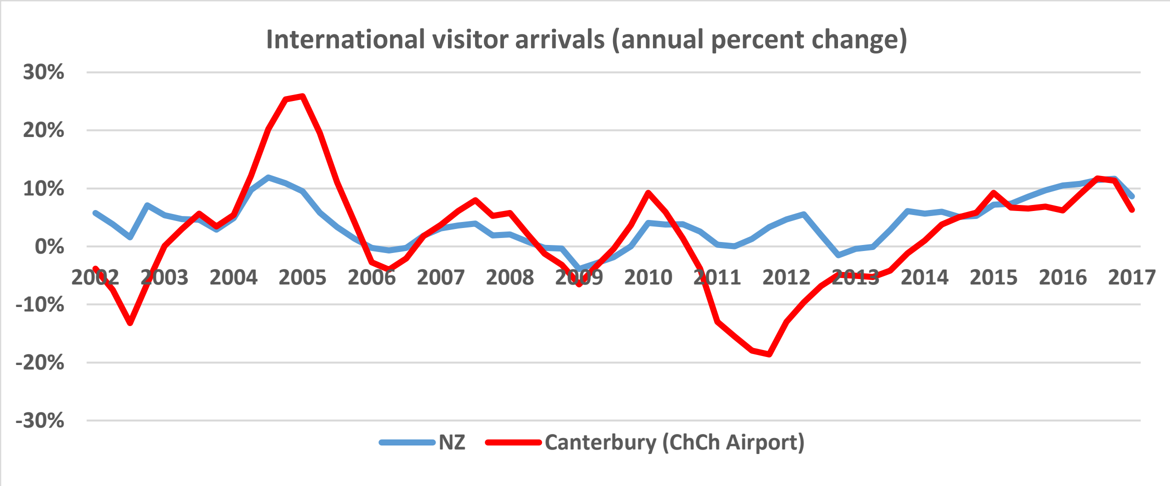
Net international migration to Canterbury has been a crucial element of the rebuild effort. Recent inflows have still been very high. These migrants have added vital skills and experience to Canterbury's labour force. Over the long term it seems likely that global competition for people/skills will only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



Source: Statistics New Zealand *Latest data point: March 2017*

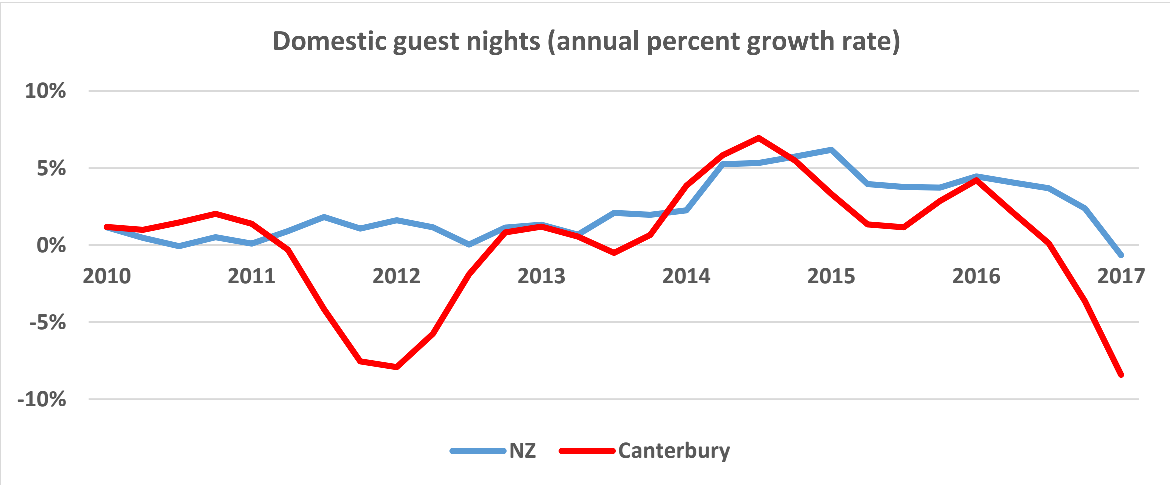
Christchurch is excluded from the chart above due to the high volume of international migrants to Christchurch relative to other Canterbury districts. The Selwyn district has experienced both the highest levels of net international migration and the highest growth in the number of migrants over the last year.

Regional visitor strategy



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

Again, the earthquakes had a serious adverse effect on inbound tourism to the Canterbury region. But the green shoots of a recovery are now firmly in view. Growth in international visitor arrivals to the region has been variable, but broadly consistent with the New Zealand growth rate. The lower exchange rate should underpin further growth in inbound tourism to the region, as will the scope for the release of pent-up demand (i.e. people who wanted to visit Canterbury but postponed their trip due to the earthquakes) to get back to where activity was prior to the earthquakes.



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

Growth in domestic guest nights across New Zealand has eased throughout 2017, with Canterbury disproportionately affected. Total guest nights have fallen by 2.1% year ended March 2017 compared to year ended March 2016. International guest nights increased over this period by 5.8%.