

1. Prosperity for all

Economic Wellbeing

Why is this important?

Economic development underpins prosperity and quality of life. Strong businesses and industry create employment opportunities, profits and wages for the District. Respondents to a 2005 South Waikato Household Survey were asked to state the “number one” priority or issue to work on in their area. Amongst the top three issues were economic development and employment.



How are we doing?

South Waikato's economy has been challenged over the past decade by a declining population and changes (both positive and negative) in the traditional employment sectors of forestry and dairying.

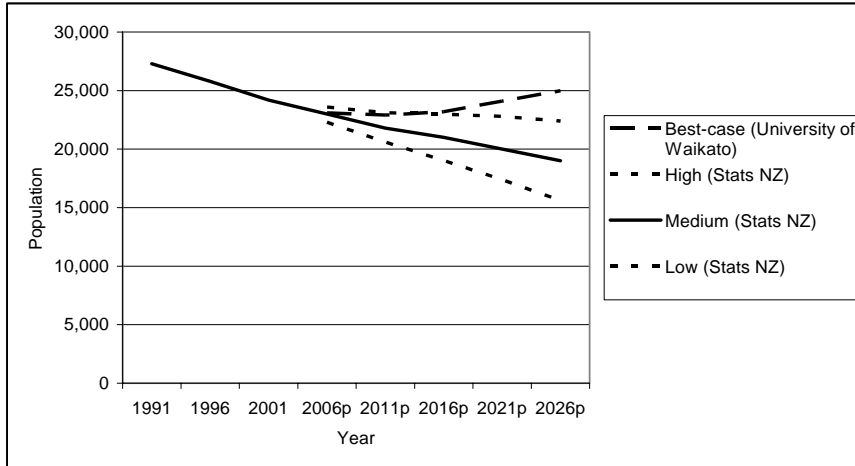
Business and industry

There are an increasing number of smaller businesses in the District, including property and business services. However, the traditional industries of forestry, dairying and manufacturing remain vital to the District's economy. The largest employment increase between 1997 and 2005 was in manufacturing including wood and paper products. Other big employers include the Fonterra factories in Lichfield and Tirau, Coca Cola Amatil New Zealand Ltd (Putaruru water bottling plant), and many large specialist engineering and other firms. As at February 2005 the manufacturing sector employed 31.4% of all South Waikato employees. The next largest sector was retail, employing 13.4%, followed by agriculture and forestry with 10.7%. Rural servicing is also a major employment sector.

South Waikato's economic potential has been constrained by an extended period of population decline. At the time of the 2001 Census the usually resident population was 23,472, a decline of 6.2% since 1996. The final count from the 2006 Census will likely show a decline of 2 to 3 percent for the South Waikato District over the period 2001 to 2006, which represents a slow-down of the previous decline. Future projections range from a continued decline to an eventual reversal of fortunes, depending on the success of current economic development planning.

Key stakeholders are in the process of implementing a refreshed Economic Strategy and a new Employment Skills Strategy for the District, as well as developing a Tourism Strategy and rolling out the new District Branding. The vision for the South Waikato Economic Strategy – *The Economic Spirit* – is “A dynamic thriving District built on the unique qualities of its people, industries and natural strengths.”

Population projections – South Waikato District

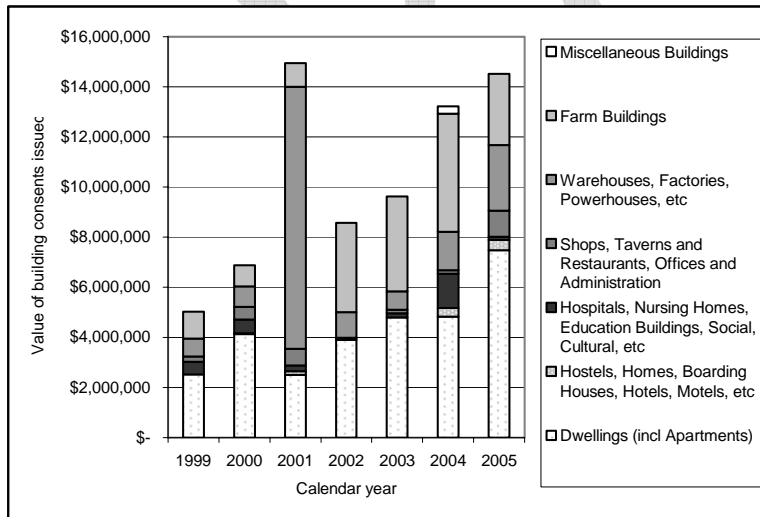


Source: Statistics New Zealand (official estimates and projections) and University of Waikato (unofficial projections based on best-case scenario)

Note: P = Projection

Increased levels of construction and subdivision activity are signalling a period of economic growth for the South Waikato. During the year ended March 2006 the total value of construction in the District was \$14.8 million, driven by a combination of residential and industrial activity. In real inflation-adjusted terms, the value of building consents in the South Waikato in 2005 was three times higher than in the 1999 calendar year. Between 2000 and 2005 there were 196 subdivisions in the District, of which 81% were in rural zones particularly around Putaruru and to a lesser degree around Tokoroa. Lifestyle trends have contributed to this trend, as well as conversions from forestry to agricultural production.

Value of building consents issued, South Waikato District



Source: SWDC records/Statistics NZ

According to the 2004 South Waikato Employment Skills Survey, one third of businesses identified difficulty filling specific positions within their organisation. A lack of people with skills and experience and difficulties in attracting skilled people to the local area were frequently-cited reasons for staff recruitment difficulties. Employers were asked which education and training programmes they required to support the development of their business. Commonly mentioned were computer/information technology skills (37%), core skills (36%) and management/business skills (33%).

Tourism

Developing South Waikato's tourism sector is seen as a key step in the District's overall economic strategy. Retail and hospitality are supplemented by up to 10,000 vehicles per day traveling through the District on State Highway 1. Heritage and eco-tourism products include the Waikato River Trails, which utilise the Waikato River and adjoining areas to provide sustainable environmental and economic development. Other tourism features of the District include golfing, white water rafting, antique and craft shops, Tokoroa Talking Poles, trout fishing, and Lakes Arapuni and Moana-nui.

South Waikato has yet to realise any substantial economic potential from tourism. The annual number of visitor nights in the South Waikato declined by around 11% over the period 2000 to 2005. However a Tourism Strategy is currently being developed, and Local Area Concept Planning for the District's towns and villages also includes a tourism component. The Tirau Visitor Information Centre ("The Dog") is a national icon already visited by an average 500 people per day, peaking at more than 1,000 people per day on weekends and public holidays. Council and the South Waikato Economic Development Trust (SWEDT) are developing a programme to raise and monitor brand awareness within and outside the District.

Visitor nights in commercial accommodation

Calendar Year	2000	2001	2002	2003	2004	2005
South Waikato District	47,325	47,916	43,756	40,516	43,005	42,168
Waikato Region RTO	818,884	816,680	868,644	927,400	958,851	1,027,902

Source: Tourism Research Council of NZ/Statistics NZ (Commercial Accommodation Survey)

Note: RTO stands for Regional Tourism Organisation

Economic potential of Māori and Pacific Island communities

Māori and Pacific Island communities have historically fallen behind other ethnic groups in terms of socio-economic achievement. The reasons for this are many, but in order to achieve stronger communities, economic growth and social equity it is important to unleash the potential of Māori and Pacific Island communities. Over the past decade unemployment rates for Māori and Pacific Island people have fallen in the South Waikato but remain around twice the overall unemployment rate. As at the 2001 Census the South Waikato unemployment rate for Māori was 19.5% and for Pacific Island people was 20.5%.

Youth employment

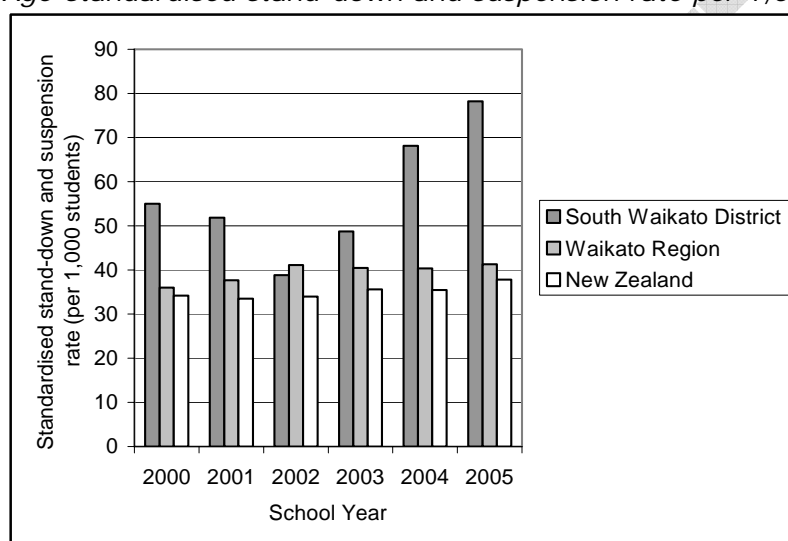
The transition from school to work and further training is a vital step in anyone's lifetime. Some young people fall through the cracks in terms of not being able to find work or suitable training to match their ambitions. The 2005 South Waikato Youth Survey identified that 65% of high school students in Tokoroa and Putaruru were not intending to live in the District after they left school. Some of the comments were that the District "doesn't offer much" and there are better opportunities elsewhere including training, study and better paid jobs.

According to 2005 data from the Ministry of Education, the South Waikato District has almost twice the national average rate of student stand-downs and suspensions. South Waikato's rate of stand-downs and suspensions decreased over the period 2000 to 2002 to a low of 184 students (3.7% of total student numbers) but subsequently increased to 380 students in 2005 (7.5% of total student numbers). Part of this trend may be related to truancy rates. In November 2005 the Minister of Education announced a Reform of the District

Truancy Services. The reform is designed to ensure a more equitable and efficient service that supports schools to manage attendance. For further information about the proposed changes in role, funding and structure of the District Truancy Services refer to the Student Attendance Website www.tki.org.nz/r/governance/attendance.

According to Census estimates the proportion of South Waikato young people aged 15-19 who are not in school, work or training decreased marginally to 22.9% (372 young people) in 2001 compared to 1996. However the rate of young people “falling through the cracks” in the South Waikato remains well above the national average of 16.8%. Initiatives currently under way in the District to improve youth transitions from school to work and training include the Modern Apprentices scheme, Industry Training and the Ministry of Education’s Gateway Programme, as well as new initiatives being planned by Work and Income such as a Youth Placement Service.

Age-standardised stand-down and suspension rate per 1,000 students



Source: Ministry of Education

Infrastructure

Infrastructure such as water supply, sewerage, stormwater drainage, telecommunications, power supply and solid waste management are fundamental to community wellbeing and economic development.

A Water and Sanitary Services Assessment undertaken by Council in 2005 showed that while all Council services offer safe water, no schemes comply entirely with the New Zealand Drinking Water Standards. Council has budgeted to improve the risk gradings in Putaruru and Tirau over the coming years. Residents rate town water supply pressure highly, but have lower levels of satisfaction with taste and odour.

Telecommunications access in the District is improving but remains below the national average. South Waikato’s relatively low average level of socio-economic status is reflected in the fact that 6.9% of households in 2001 had no access to telecommunication systems compared to 3.6% nationally. The proportion of households without telecommunications access varies throughout the District, being highest in central parts of Tokoroa (approximately 12-14% of households not connected).

According to survey results, residents consider that roading in the District is fair. The District is criss-crossed by State Highways 1, 5, 27, 28, 30 and 32 which has a significant bearing on the traffic that travels through the District and uses local roads. South Waikato has enjoyed a high quality of roading since the 1950s-1960s when a large proportion of the local roads were sealed.

Income and wealth

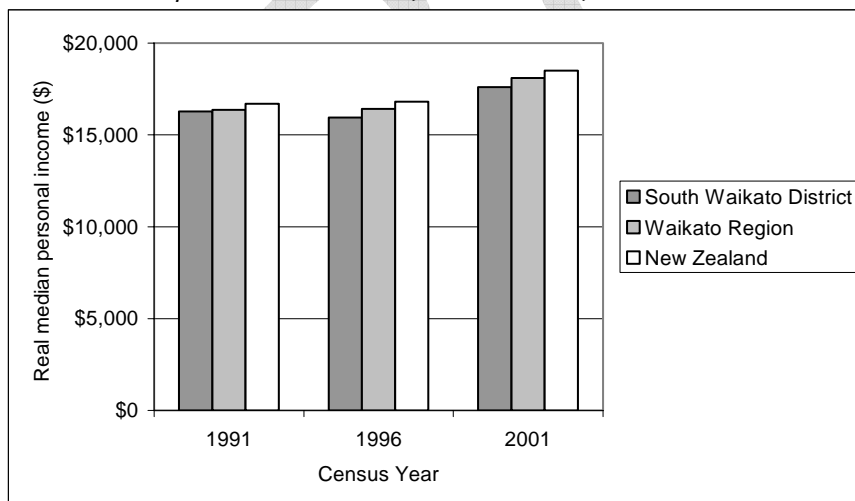
People’s income and lifetime wealth determines their ability to purchase a home, raise a family, gain education and training and realise their ambitions. Average levels of income and wealth in a community are often correlated with social cohesion and security.

Real median personal income in the South Waikato District (inflation-adjusted to 2001 dollars) increased to \$17,600 in 2001 from \$16,279 in 1991, a rise of 8.1% over a ten year period. In comparison the overall New Zealand real median personal income increased 10.8% to \$18,500. Hence, while real incomes have risen in the South Waikato, they have also lagged behind the national average.

Based on calculations using the overall Capital Value of the District, population estimates and inflation, the real capital value per head of population is estimated to have increased from \$82,957 in June 2000 to \$99,353 in June 2005 (expressed in June 1999 prices).

According to estimates prepared by the University of Waikato, over the period 1997 to 2005 South Waikato’s gross regional product (GRP) remained at virtually the same level in inflation-adjusted terms, compared with annual average real GDP growth of approximately 3.5% for New Zealand overall.

Real median personal income (2001 dollars)



Source: Statistics NZ Census (median personal income) and Reserve Bank of New Zealand (CPI)

What is being done?

Key initiatives to increase economic, business and population growth in the District include:

- Establishment of Youth Placement Service at Work and Income
- Film Volcanic
- Gateway Programme
- Industry Training
- Local Area Concept Plans
- Modern Apprenticeships
- New forms of Economic Funding
- Pacific Arts Tourism Pilot
- South Waikato Development Fund
- South Waikato Economic Strategy
- South Waikato Employment Skills Strategy
- South Waikato Tourism Strategy (forthcoming)
- South Waikato Youth Strategy (forthcoming)
- Strategic Youth Co-ordinator
- SWDC Asset Management Plans
- Visitor Information Centres
- Waikato River Trails

Lead Partners

- Businesses throughout the District and other employers (eg, schools and social services)
- Carter Holt Harvey (CHH) Limited
- Council contractors
- Environment Waikato
- Fast Forward Tokoroa contractor (Tokoroa – A Naturally Growing Success (TANGS))
- Federated Farmers
- Fonterra
- Lakes/Coast Building Control Cluster
- Land Transport NZ
- Local Authority Shared Services Limited
- Mayors' Taskforce for Jobs
- Mighty River Power
- Ministry of Pacific Island Affairs
- Ministry of Social Development
- Ministry of Youth Development
- Pacific Island Churches
- NZ Trade and Enterprise
- Raukawa Trust Board
- South Waikato District Council (SWDC)
- South Waikato Economic Development Trust (SWEDT)
- South Waikato Safer Community Council (SWSCC)
- South Waikato Technology Trust
- Talking Poles Working Party
- Te Wānanga o Aotearoa
- Tirau Business Association (TBA)
- Transit NZ
- Vibrant Putaruru contractor (Pride in Putaruru (PIP))
- Waiariki Institute of Technology
- Waikato River Trails Trust
- Work and Income