

# **SOUTH WAIKATO DISTRICT COUNCIL ENVIRONMENTAL SCAN DECEMBER 2025**



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# EXECUTIVE SUMMARY

In preparing the 2024–34 Long Term Plan (LTP), the South Waikato District Council (Council) deliberately set an ambitious approach. They recognised that while current times are challenging, doing the same things in the same old ways was never going to be the right approach. They set the bold community vision of ‘delivering a thriving South Waikato community and a robust economy that outpaces the rest of New Zealand’, to be accomplished through the following five goals focused on shifting the dials in employment, housing and the economy.

## Goals

1. More people own their own home than ever before.
2. More people participate in community activities & events than ever before.
3. No waste or rubbish leaves the district.
4. Our economy grows faster than anywhere else in the country.
5. All our young people are in education or employment.

## Key Features of Council's Contribution to Date

- Setting strong foundations including a clear plan to achieve financial sustainability.
- Balancing financial sustainability with delivering services at levels affordable to the community.
- Operating efficiencies with a greater emphasis on users who benefit from services paying, to help reduce the burden of the overall ratepayer.
- Investing in our three waters infrastructure including a \$150 million capital works programme to be delivered across the district and joining the new Waikato Water Done Well organisation in response to government legislation.
- Investing in the South Waikato Indoor pools to extend its life for a further 30 years.
- Playing our part in enabling better outcomes in education, employment and housing for the district.
- Unlocking new land for residential and commercial development in our three main urban areas.

The work programme has been ambitious with good progress being made on the challenges Council set for itself including:

- Being 'the Council of Can' with a focus on building partnerships, empowering people and shaping places.
- Implementing a number of organisational key shifts in how we do our business to ensure we are nimble and responsive to our continuously and rapidly changing world.

### **Challenges and Opportunities - What Does This Mean for Council ?**

South Waikato continues to operate in a challenging economic environment. Recent developments – including the closure of the paper production line at Kinleith Mill, the shutdown of the Carter Holt Harvey plywood manufacturing plant, and uncertainty surrounding the long-term viability of Toi Ohomai's trades training campus have had significant impacts across the district, particularly in Tokoroa.

With the start of a new Council term, this is an opportunity to reconsider our strategic approach to identify what we should continue, what new initiatives we might begin, and what activities we may need to phase out.

The table on the following page summarises the key challenges and opportunities as detailed further in the Environmental Scan to support Council's deliberation on its future direction.

# PESTLE SUMMARY

| Influence | Summary of Implications for Council                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Political | <p><b>Global</b></p> <ul style="list-style-type: none"><li>• Global priorities—climate action, sustainability, and human rights—are shaping New Zealand’s policies. International tensions and shifting alliances affect trade, migration, and security. For South Waikato, this means staying agile to meet changing national requirements and adapting to evolving government priorities.</li></ul> <p><b>National</b></p> <ul style="list-style-type: none"><li>• Major local government reforms are transforming how councils are governed, funded and operate. In addition, global political instability, social media, and increasing misinformation are placing growing pressure on public institutions.</li></ul> <p><b>Regional</b></p> <ul style="list-style-type: none"><li>• Balancing significant local government reform with growth and environmental pressures means a challenging political environment for the Waikato regional government.</li></ul> <p><b>Local</b></p> <ul style="list-style-type: none"><li>• National reforms to local government, water, resource management and the building system mean South Waikato District Council must adjust how it plans, funds and delivers services, while responding to falling resident satisfaction and higher expectations for transparency. Strong, ongoing partnerships with iwi, especially Raukawa, remain essential for co-governance and Treaty-based decision-making.</li></ul> |

| Influence              | Summary of Implications for Council                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Economic</b></p> | <p><b>Global</b></p> <ul style="list-style-type: none"> <li>Global trade uncertainty, rising fragmentation, and changing tariff settings affect export-reliant sectors such as forestry, agriculture, and energy. Strengthening supply chain resilience is increasingly important.</li> </ul> <p><b>National</b></p> <ul style="list-style-type: none"> <li>New Zealand's economy has been through a period of slow growth, with rising unemployment, a weakening labour market, and ongoing productivity challenges. National investment is shifting toward higher-value and technology-driven sectors. For South Waikato, this highlights the need to strengthen local industry resilience, support innovation, and plan for slower economic conditions affecting businesses and households.</li> </ul> <p><b>Regional</b></p> <ul style="list-style-type: none"> <li>The Waikato economy remains diverse and productive, supported by agriculture, food processing, manufacturing, construction, and visitor industries. However, GDP fell 0.5% in the year to March 2025 and unemployment is slightly higher than the national average. For South Waikato, this highlights the need to plan for softer economic conditions, continue developing workforce capability, and support local businesses as demand and labour pressures evolve.</li> </ul> <p><b>Local</b></p> <ul style="list-style-type: none"> <li>South Waikato's economy is still anchored in forestry, food and fibre, manufacturing and construction, but faces rising unemployment, higher deprivation and weaker regional growth. Council and partners will need to keep building resilience through initiatives like Project Phoenix, new industrial development, logistics and circular economy projects, backed by investment in skills, infrastructure and business diversification</li> </ul> |

## Influence

## Summary of Implications for Council

### Social

#### Global

- Global demographic changes reinforce the need for South Waikato to attract skilled migrants and retain young people. Increasing climate-related health risks and uneven post-pandemic recovery highlight the importance of strong local health systems, community wellbeing initiatives, and inclusive services.

#### National

- The population is becoming more culturally diverse and significantly older, with rapid growth in the 65+ and 85+ age groups. Housing pressures and changing wellbeing needs remain prominent. For South Waikato, this means planning for an older population, supporting youth engagement, and ensuring services reflect increasing diversity and community expectations.

#### Regional

- Waikato's population has grown by 8.9% since 2018, faster than the national rate, but growth is slowing. Social wellbeing indicators show declining physical activity, weaker community connection, and lower perceptions of cultural respect. For South Waikato, this means preparing for changing community needs, addressing social cohesion challenges, and ensuring services remain accessible as demographics shift.

#### Local

- High levels of deprivation, lower household and earnings levels, a high unemployment rate and a large dependency ratio place pressure on families and services, even though housing is relatively affordable and communities are strong and diverse. Improving wellbeing will depend on better access to education and training, more employment pathways, stronger health and social support, and sustained focus on youth engagement and community participation.

## Influence

## Summary of Implications for Council

### Technological

#### Global

- Rapid advances in artificial intelligence (AI), automation, and data analytics are reshaping expectations across all sectors. Strengthened global rules on digital safety and ethical AI set the direction for national policy. South Waikato will need to improve digital access and skills so residents and businesses can participate fully in a changing economy.

#### National

- AI adoption, automation, and digital service expectations are increasing nationally. Digital skills shortages and reliance on remote/hybrid work are reshaping workforce dynamics. For South Waikato, improved digital connectivity, capability, and service modernisation will be essential to meet resident and industry needs.

#### Regional

- Technology adoption is increasing across Waikato's major industries, and digital infrastructure remains uneven, especially in rural areas. For South Waikato, improving digital connectivity and capability will be essential to support education, health access and business resilience.

#### Local

- As industries change and automation increases, workers in South Waikato will need stronger digital skills, reliable broadband and access to modern digital services. Investing in connectivity, training and smart systems for infrastructure and water management will help support local jobs, service delivery and long-term resilience.

## Influence

## Summary of Implications for Council

### Legal

#### Global

- Global agreements on climate action and evolving digital governance frameworks influence national law and regulatory settings. These changes affect local compliance requirements, emissions planning, and how Councils manage data, technology, and long-term environmental responsibilities.

#### National

- Major local government reforms are transforming how councils operate. While some changes may reduce compliance burdens, others will increase governance pressure on mayors, limit community input, and complicate operational decision, especially during transition. Council must position itself to effectively represent South Waikato amid significant uncertainty.

#### Regional

- Regional and local governance structures are being rewritten. By 2027, regional councillors may be replaced by constituent mayors or commissioners tasked with producing reorganisation plans within two years. South Waikato must prepare for reduced autonomy, mandated collaboration, and a stronger regional focus.

#### Local

- Local governance and service delivery in South Waikato will change significantly. Although our current LTP financial strategy aligns with proposed rates caps, future investment decisions will be challenging. Balancing affordability with service levels will require difficult choices about priorities and delivery models.

## Influence

## Summary of Implications for Council

### Environmental

#### Global

- Accelerating climate change, more frequent extreme weather events, and biodiversity loss reinforce the need for resilient infrastructure and healthy ecosystems. For South Waikato, this means preparing for greater environmental pressures, improving energy reliability, and strengthening local adaptation efforts.

#### National

- National climate trends show rising temperatures, shifting rainfall, more frequent floods, and ongoing biodiversity decline. For South Waikato, this underscores the need to strengthen stormwater management, build resilient infrastructure, protect freshwater and soils, and prepare communities for more frequent extreme weather events.

#### Regional

- Waikato is experiencing environmental pressures including declining river flows, soil compaction, diffuse pollution (pollution that comes from many small or widespread sources), wetland and vegetation loss, and increasing waste to landfill. Emissions have fallen slightly (0.9% in 2024), but challenges remain due to agriculture and energy production. For South Waikato, this reinforces the need to strengthen land and freshwater management, reduce waste, and invest in resilient infrastructure and low-emission practices.

#### Local

- Climate-related risks, stable but high emissions, changing land cover, variable water quality and ongoing biodiversity pressures all shape South Waikato's environment. Council, iwi, industry and communities will need to keep working together on restoration projects, freshwater and land management, waste reduction and circular economy initiatives to protect ecosystems, support rural productivity and build a low-emissions, climate-resilient district.

## External Factors Impacting on our Long-term Plan

### Affordability

Rates across New Zealand rose by an average of 8.4% in 2024, driven by decades of pressure to keep rates low, ageing infrastructure, rising compliance costs, and climate resilience requirements. The government's draft proposal for a 2–4% rates cap by 2029 will significantly influence how these challenges are managed. Combined with cost-of-living pressures on an already financially strained community, these factors make it increasingly difficult for Council to maintain current service levels.

#### Key considerations for Council include:

- Affordability is a key community concern and a driver of trust in Council.
- Growth whilst desirable (and necessary) for our community puts pressure on short-to-medium finances until land is developed.
- Ratepayers will potentially face an increase in overall charges as a result of joining Waikato Water Limited (WWL) in the short term. This may add to household costs however over the mid to long terms will see a reduction in the rate of increase in water bills due to its scale and model.

#### Potential responses:

- Continue with our Financial Strategy that focusses on sustainability including:
  - Emphasising maintaining services cost efficiently.
  - Creating financial headroom for high-priority projects over the medium term.
  - Keeping debt levels prudent.
  - Investing in growth infrastructure at the right time.
- Maintain a focus on core services and defer low -priority projects to reduce cost pressure.
- Review, and where appropriate, reduce levels of service to help manage cost pressures and reduce rate increases.
- Clearly communicate to the community why rates are rising and how funds are being used.
- Explore alternative funding models ( eg targeted rates, regional partnerships, commercial opportunities).
- Continue to offer and promote payment support options for households in need.

## Increased Input Costs

Cost increase for material, labour, services, power, and insurance are significantly higher than Consumer Price Index inflation. This is driven by a range of factors including global supply chain issues.

Higher interest rates have raised the cost of borrowing for infrastructure, although recent OCR reductions are starting to ease pressure and Council is seeing a reduction in its average borrowing cost.

Together, these factors mean it now costs significantly more to deliver the same level of services and infrastructure investment.

Insurance costs have also escalated well above average inflation in recent years, adding to the unavoidable cost base of Council. Natural disasters have caused insurance providers to increase premiums or retract cover in some instances.

### **Key considerations for Council include:**

- Council has less room to fund discretionary or “nice to have” projects.
- Any additional or new operating or capital projects will add to affordability pressures and the ability for Council to meet its financial strategy goals to become financially sustainable over the life of this LTP.
- Ongoing prudent financial management is critical to maintain service levels, keep debt within limits, and reduce future pressure for rate increases.

### **Potential Council response/s:**

- Focus on critical infrastructure only, using a multi-criteria decision framework to prioritise projects and align with other key strategic goals.
- Model inflation and interest rate scenarios to stress-test financial plans.
- Lock in longer-term contracts for key services and materials where beneficial.
- Collaborate with neighbouring councils on procurement to achieve better pricing.
- Continue active debt management to lower the average interest rate over time.

## **Funding Availability**

Councils have limited funding tools beyond rates and debt, which currently cap at 75% of total revenue under our current Financial Strategy. Alternative funding models (e.g. Infrastructure Funding and Financing Act) exist but often increase costs to ratepayers as LGFA, Council's lenders, are the cheapest source of funding. While the government has announced \$11.3M over four years for the City and Regional Deals Programme, no direct funding for specific projects has been identified for the Waikato region.

South Waikato relies heavily on rates and debt to fund capital investment, with limited subsidies or asset sales to offset costs. The current model cannot fund all projects communities want without compromising affordability.

### **Key considerations for Council include:**

- There is a growing gap between what the community expects and what the current funding model can deliver.
- Without new revenue sources, trade-offs will be necessary, with some projects deferred or scaled back.
- The best time to build was yesterday, sustained double-digit inflation in infrastructure costs is eroding Council's purchasing power and increasing pressure on debt headroom and future rates, and places constraints on delivering future capital programmes.

### **Potential Council response/s:**

- Build strong partnerships with neighbouring councils to access City and Regional Deals funding for shared infrastructure.
- Explore LGFA's lower-cost Climate Action Loans for qualifying projects.
- Advocate with Central Government and LGNZ for new funding tools and revenue-sharing mechanisms.

## **Climate Change and Emergency Events**

The geographical, geological and globally connected setting of New Zealand means the country is consistently ranked among countries with elevated disaster risk due to this multi-hazard environment. The primary hazards in New Zealand are:

- Pandemics
- Earthquakes
- Tsunami
- Volcanic activity
- Severe weather and flooding
- Severe space weather (especially during this solar maximum stage).

The likelihood of an event occurring with an estimated expected damage cost of more than \$10 billion is highly likely within the next 50 years.

Eliminating all risks is neither possible nor desirable due to differing risk appetites, lack of data and costs. At a national level, the government is responding through:

- The 2024 National Risk and Resilience Framework.
- The National Adaptation Plan and Adaptation Framework.
- New Zealand's Emergency Management System is undergoing significant improvements in response to the findings of the 2023 North Island Severe Weather Events Inquiry.
- Review of the Emergency Management Act 2012.
- Resource Management Act 1991 amendments and new National Policy Statement for Natural Hazards.
- Pandemic preparedness efforts.
- The Natural Hazards Portal.

**Potential Council response/s:**

- Build natural hazard risks into our assumptions.
- Encourage community-led solutions and readiness.
- Use science, modelling and data to determine appropriate responses.
- Support resilient communities through practical, cost-effective solutions, such as temporary or lower-cost options where appropriate rather than over-engineering infrastructure.
- Keep climate change and hazards in mind when setting levels of service.
- Plan for higher recovery costs by factoring resilience into budgets and financial strategies.
- Prepare a response to the risks identified in the Waikato Emergency Management Group's impact assessment of the Hikurangi Subduction Zone for the South Waikato District.
- Enhance preparedness to respond to and recover from emergency events, through our Civil Defence Emergency management (CDEM) activity and participation in Waikato's preparedness and recovery planning.

# About This Document

## INTRODUCTION

The South Waikato District Environmental Scan (SWDES) provides an overview of the district's current state and the external factors shaping its future. It informs decision-making for the Long-Term Plan (LTP) 2027–2037 by identifying the trends, pressures, and opportunities influencing the community and Council services through the PESTLE framework (Political, Economic, Social, Technology, Legal and Environmental).

### Key elements include:

- **Global Trends:** External factors that influence South Waikato's future, including international economic shifts and the impacts of climate change.
- **National Directions:** Policies, trends, and events that have nationwide implications for the district.
- **Regional Context:** How the Waikato region and neighbouring districts influence local development and service delivery.

The SWDES also connects South Waikato's community vision with these wider forces, ensuring that long-term planning aligns with the district's goals of more people owning their own home, stronger community participation, no waste leaving the district, faster economic growth, and all young people in education or employment. It forms the foundation for the assumptions that will guide decision-making, helping Council identify key challenges and opportunities over the next decade.

The SWDES is a living document and will continue to evolve as new data and insights emerge. Data provided in the scan is the most recent available data from sources referenced in the End Notes.

## STRUCTURE

The South Waikato District Environmental Scan (SWDES) is structured into five main sections:

- **Executive Summary:** Summarises key report findings, Council progress to date and highlights influences, trends/challenges and opportunities.
- **Wider Horizons:** outlines global trends and their potential influence on South Waikato.
- **Across the Land:** This section gives a national overview of the trends shaping New Zealand and influencing regional and local decision-making.
- **Closer to Home:** examines regional economic, societal and environmental insights within the Waikato.
- **Our Place Our Future:** focuses on South Waikato-specific data and community perspectives, detailing local trends, challenges, and future implications.

Each section will be followed by a PESTLE summary that provides an overview of the key points discussed and the implications for South Waikato.

# WIDER HORIZONS

**Across the world, powerful forces are colliding – climate disruption, demographic shifts, geopolitical instability, and rapid technological change. These trends are not distant events; they shape the global environment in which New Zealand and communities like South Waikato must navigate their future. Understanding these wider dynamics is essential for anticipating risks, identifying opportunities, and aligning local strategies with global realities. In New Zealand, the weight of these global forces is felt in unique ways, shaping our economy, our environment, and the path we choose as a nation.**

## POLITICAL

Global diplomatic priorities are increasingly centred on climate action, sustainability, and human rights, influencing the policy frameworks that guide national and local decision-making.

Geopolitical dynamics and evolving international alliances continue to shape global trade, energy security, and supply chain resilience. International tensions, shifting trade relationships, and evolving migration and defense policies continue to reshape New Zealand's political and economic settings.

At the national level, changing government priorities around infrastructure, climate action, and regional development influence investment and policy directions that directly affect South Waikato's prospects. Strengthening partnerships across the Asia-Pacific region is creating new opportunities for New Zealand's export sectors, including forestry, agriculture, and renewable energy. At the same time, heightened cyber and security risks are reinforcing the need for coordinated resilience across all levels of government.

## ECONOMIC

Global trade expanded by more than US \$300 billion in early 2025, although uncertainty remains due to changing tariff (taxes that a government charges on goods imported from other countries) regimes, evolving industrial policies, and ongoing geopolitical fragmentation. Supply chain resilience and adaptability have become essential as economies continue to adjust to disrupted global trade flows. Increasing economic fragmentation between major trading blocs (groups of countries that trade together) is raising costs and reducing efficiency, with flow-on implications for smaller, export-dependent economies such as New Zealand.

## SOCIAL

Global population growth is slowing, with ageing populations in developed nations and younger demographics in developing regions. These shifts are reshaping labour markets, migration patterns, housing demand, and cultural diversity. For New Zealand and South Waikato, attracting skilled migrants and retaining young people remain critical for sustaining future productivity.

Climate change is amplifying health pressures through increased heat related illness, mental stress, and the spread of disease. In response, the World Health Organization (WHO) is emphasising equity, resilience, and just transition principles to protect vulnerable communities. Persistent health inequities, uneven post pandemic recovery, and workforce shortages highlight the need for strong community wellbeing and adaptable local health systems.

## TECHNOLOGY

The digital economy is undergoing significant transformation driven by advances in artificial intelligence, automation, and data analytics. While major technology firms (Microsoft, Amazon, Apple, etc) continue to hold substantial market influence, emerging frameworks for ethical AI governance, strengthened cybersecurity regulations, and the growth of open-source innovation are reshaping the global technology landscape.

Generative AI is driving change across sectors including education, healthcare, finance, and manufacturing, while also presenting challenges related to privacy, algorithmic bias, and workforce transition. For smaller and regional communities, the digital divide remains a key concern, highlighting the importance of equitable access to technology and digital capability to support inclusion and long-term economic resilience.

## LEGAL

International legal frameworks are evolving rapidly to address digital governance, climate obligations, and ethical standards.

- The Paris Agreement continues to guide global emissions reduction targets, though progress remains uneven.
- New digital legislation – such as the EU Digital Markets Act and AI governance frameworks in Australia, India, Japan, and the UK – signals increasing regulation of technology and data use.
- Trade agreements are being redefined to balance economic security with environmental and human rights considerations.

## ENVIRONMENTAL

Climate change impacts are accelerating more rapidly than earlier scientific projections indicated. Global greenhouse gas emissions reached record levels in 2023, and outcomes from COP29 (2024) placed greater emphasis on integrating health and equity into climate policy.

Increasingly frequent extreme weather events, biodiversity decline, and growing resource pressures continue to challenge global stability, highlighting the importance of transitioning toward low-emission and nature-positive economic systems.

The interconnected nature of global risks, including climate disruption, pandemics, water scarcity, and geopolitical tension, highlights the need for adaptive and resilient systems across all levels of governance. For South Waikato, this means strengthening local infrastructure, improving energy reliability, and supporting ecosystem health to build resilience against future disruptions.

### **Implications for South Waikato – Wider Horizons**

**P** - Global priorities around climate action, sustainability, and human rights are shaping New Zealand's policy direction. International tensions and shifting alliances influence national decisions on trade, migration, and security. For South Waikato, this means staying responsive to changing national requirements and preparing for ongoing shifts in government priorities.

**E** - Global trade uncertainty, rising fragmentation, and changing tariff settings affect export-reliant sectors such as forestry, agriculture, and energy. Strengthening supply chain resilience is increasingly important.

**S** - Global demographic changes reinforce the need for South Waikato to attract skilled migrants and retain young people. Increasing climate-related health risks and uneven post-pandemic recovery highlight the importance of strong local health systems, community wellbeing initiatives, and inclusive services.

**T** - Rapid advances in artificial intelligence, automation, and data analytics are reshaping expectations across all sectors. Strengthened global rules on digital safety and ethical AI set the direction for national policy. South Waikato will need to improve digital access and skills so residents and businesses can participate fully in a changing economy.

**L** - Global agreements on climate action and evolving digital governance frameworks influence national law and regulatory settings. These changes affect local compliance requirements, emissions planning, and how Councils manage data, technology, and long-term environmental responsibilities.

**E** - Accelerating climate change, more frequent extreme weather events, and biodiversity loss reinforce the need for resilient infrastructure and healthy ecosystems. For South Waikato, this means preparing for greater environmental pressures, improving energy reliability, and strengthening local adaptation efforts.

# ACROSS THE LAND: AOTEAROA IN FOCUS

Aotearoa New Zealand feels the influence of these global forces in distinct ways, with flow on effects that shape the national economy, the environment, and the direction the country chooses to take.

## POLITICAL & LEGAL: CENTRAL GOVERNMENT REFORMS

| REFORM AREA                                                                                                                                              | KEY CHANGES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | IMPLICATIONS FOR COUNCILS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Simplifying Local Government - Draft Proposal (2025)</b><br>         | <ul style="list-style-type: none"> <li>Step 1 - Replace existing regional governance with a Combined Territories Board (CTB) comprising district mayors and/or commissioner/s.</li> <li>Step 2 - CTB will develop a plan for how the councils in each region can work together more effectively and efficiently (called a Regional Reorganisation Plan). The plan will be developed in consultation with the community, examined independently, and then be approved by the Minister of Local Government.</li> </ul> | <ul style="list-style-type: none"> <li>Pressure on local mayors</li> <li>Councils will need to support and resource mayor to ensure local interests are best represented</li> <li><a href="https://www.dia.govt.nz/simplifying-local-government">https://www.dia.govt.nz/simplifying-local-government</a></li> </ul>                                                                                                                                                                                                                                    |
| <b>Rates Targeting Proposal - consultation</b><br>                    | <ul style="list-style-type: none"> <li>proposes a rates target model limiting rates increases to between 2-4%</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>Difficult decisions about future investments and level of service and communities ability to pay</li> <li><a href="#">Read LGNZ's rates capping explainer</a></li> <li><a href="#">Read the Government's targeted consultation letter</a></li> </ul>                                                                                                                                                                                                                                                             |
| <b>Local Government (System Improvements) Amendment Bill 2025</b><br> | <ul style="list-style-type: none"> <li>Removes statutory duty to promote the four well-being; re-emphasises core services (roads, water, waste).</li> <li>New transparency &amp; reporting obligations, including contractor/consultant costs.</li> <li>Prioritisation of spending on core services; exploration of "rates pegging".</li> <li>Streamlined compliance (e.g., removal of six-yearly service reviews).</li> <li>Narrowed Māori representation obligations for CCO governance.</li> </ul>                | <ul style="list-style-type: none"> <li>Stronger focus on essential infrastructure delivery.</li> <li>Increased public scrutiny and accountability for spending.</li> <li>Reduced discretion for Councils in setting strategic priorities.</li> <li>Potential pressure on financial flexibility through rates constraints.</li> <li><a href="https://bills.parliament.nz/v/6/cc/ec6aba-9fb7-4b54-f679-08ddc285d4b5?Tab=history&amp;lang=en">https://bills.parliament.nz/v/6/cc/ec6aba-9fb7-4b54-f679-08ddc285d4b5?Tab=history&amp;lang=en</a></li> </ul> |

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|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Local Water Done Well – Water Services Reform (2025)</b></p>                           | <ul style="list-style-type: none"> <li>• Flexible service delivery options (individual or joint).</li> <li>• Economic regulation and consumer protection introduced.</li> <li>• Councils required to complete Water Services Delivery Plans by Sept 2025.</li> <li>• <b>Establishment of Waikato Waters Ltd (WWL) as a multi-Council CCO for water and wastewater.</b></li> <li>• <a href="https://www.southwaikato.govt.nz/our-services/water-services/local-water-done-well">https://www.southwaikato.govt.nz/our-services/water-services/local-water-done-well</a></li> </ul>           | <ul style="list-style-type: none"> <li>• Councils must integrate delivery plans with national standards.</li> <li>• New compliance and reporting requirements.</li> <li>• Transition of water assets and services to regional CCOs requires governance focus and resourcing.</li> <li>• <a href="https://www.dia.govt.nz/Water-Services-Policy-legislation-and-process">https://www.dia.govt.nz/Water-Services-Policy-legislation-and-process</a></li> </ul>                                                                                                         |
| <p><b>Resource Management Act Reforms (Planning Act &amp; Natural Environment Act)</b></p>  | <ul style="list-style-type: none"> <li>• Splits planning and environmental functions into two Acts.</li> <li>• <b>Planning Act:</b> nationally standardised zones, one combined regional plan, focus on enabling housing and infrastructure.</li> <li>• <b>Natural Environment Act:</b> stronger environmental limits, streamlined consents, national regulator for enforcement.</li> <li>• <a href="#">Planning Bill</a></li> <li>• <a href="#">Natural Environment Bill</a></li> <li>• <a href="#">Climate Change Response (2050 Target and Other Matters) Amendment Bill</a></li> </ul> | <ul style="list-style-type: none"> <li>• Simplified but more centralised planning system.</li> <li>• Fewer consents required but stricter environmental limits.</li> <li>• Shift in balance towards property rights and development certainty.</li> <li>• Councils must adapt planning processes to new combined plan model.</li> <li>• <a href="https://environment.govt.nz/news/reforming-the-resource-management-system-replacing-the-rma/">https://environment.govt.nz/news/reforming-the-resource-management-system-replacing-the-rma/</a></li> </ul>           |
| <p><b>Building Act Reforms (2025–26)</b></p>                                               | <ul style="list-style-type: none"> <li>• Shifts liability from “joint and several” to proportionate liability.</li> <li>• Consolidation of BCAs encouraged, with mandatory inspection timeframes.</li> <li>• Expanded consent exemptions for small-scale projects.</li> <li>• Acceptance of recognised overseas products.</li> <li>• Updated Building Code (Aug 2025).</li> <li>• Wider reform bill due Q1 2026.</li> </ul>                                                                                                                                                                | <ul style="list-style-type: none"> <li>• Reduced liability exposure for Councils on defective work.</li> <li>• Faster, more efficient consenting and inspections.</li> <li>• New insurance/warranty schemes mitigate potential risks for homeowners.</li> <li>• The industry is expected to become more professional, which should help build consent authorities be less risk-averse.</li> <li>• <a href="https://www.building.govt.nz/getting-started/building-system-reforms">https://www.building.govt.nz/getting-started/building-system-reforms</a></li> </ul> |

## Infrastructure Funding and Financing Amendment Bill 2025



- Barriers to using the Act will be reduced and project viability improved.
- Levy development and approval processes will be streamlined.
- The scope will expand to include transport projects by New Zealand Transport Agency and KiwiRail.
- Water services infrastructure by new water services organisations will also be included.
- The Infrastructure Funding and Financing Bill proposes:
  - more effective ways to facilitate private and joint funding and financing of infrastructure.
  - A new development levy system to replace the current development contributions system.
- [Development levies consultation - dia.govt.nz](https://dia.govt.nz)
- [Development-levies-consultation-document-26-Nov-2025.pdf](#)

## Trust in Public Institutions

As national legislative and policy reforms continue to reshape how government operates and interacts with communities, levels of public trust have become an important indicator of how well these changes are understood and supported.

Trust in public institutions, shared prosperity, and satisfaction with public services are key measures of governance quality. They reflect both the tangible outcomes of government action and the public's perceptions of competence, policy design, and institutional behaviour.

In New Zealand, data from 2023 shows that 46% of people reported high or moderately high trust in the national government, compared with the OECD average of 39%. Public satisfaction with administrative services was also relatively strong, with 70% of people expressing satisfaction, above the OECD average of 66%.

Despite this, global political instability, social media, and increasing misinformation are placing growing pressure on public institutions.

## Wider Implications for Local Government

The 2025 reforms are intended to relieve financial pressure on ratepayers, improve infrastructure delivery, and simplify Council responsibilities. However, they also raise important questions regarding:



#### **Council Autonomy:**

The narrowing of statutory functions and greater central oversight may limit local discretion in prioritising services.



#### **Fiscal Management:**

Rates pegging and prioritisation requirements may constrain financial flexibility, particularly in districts experiencing rapid growth or infrastructure pressures.



#### **Governance Balance:**

Changes to CCO governance and Māori representation requirements have implications for local decision-making and community engagement.

Councils across New Zealand are facing rising costs. Operating expenses are expected to increase by 38% in the 2024–34 long-term plans, mainly due to inflation, higher interest rates, increased insurance costs, and growing compliance requirements. Years of underinvestment have also created a backlog of infrastructure renewals. As a result, Councils plan to spend almost \$92 billion on capital projects over the next decade, with much of this focused on three waters. To fund this, Councils will need to rely more on rates and borrowing, which will push debt to record levels and place pressure on long-term financial sustainability.

For SWDC, this means adapting internal systems, policies, and staff capability to meet new compliance rules, improve consenting processes, and communicate clearly with ratepayers, developers, and other stakeholders. While these reforms can help sharpen the focus on core services and reduce risk, they must be implemented carefully to maintain service quality and community trust. These changes highlight the need to align strategic planning, financial management, and infrastructure delivery with evolving central government expectations while still meeting local needs and community outcomes.

## **ECONOMIC**

New Zealand's economy continues to face challenges in 2025. GDP fell by 0.9% in the June 2025 quarter, after rising by the same amount in March. The drop was mainly driven by a 3.5% fall in manufacturing and a 1.8% fall in construction. Over the year to June 2025, GDP declined by 1.1% and GDP per capita fell by 2.1%, showing ongoing pressure on businesses and households.

The labour market is also softening. Unemployment rose to 5.2% in the June 2025 quarter, up from 5.1% in March and 4.7% a year earlier. Unemployment has been increasing for more than three years. Youth participation remains a concern, with 12.9% of young people aged 15–24 not in employment, education, or training.

External pressures continue to affect New Zealand's outlook. Trade restrictions, geopolitical tension, and high energy costs are reducing export competitiveness and investment confidence. At the same time, low private investment and limits within the energy sector are likely to slow long-term growth.

Government policy remains focused on stabilising the economy and supporting recovery. The 2025 Budget introduced the Investment Boost initiative to encourage capital investment and improve productivity.

New Zealand's economy continues to face long-term productivity challenges. Many businesses are small, operate at limited scale, and have low levels of capital investment. As a result, national economic growth has depended more on adding labour than on improving efficiency or innovation.

## **Long-Term Insights**

The MBIE and MFAT Long-Term Insights Briefing (2025) notes that lifting productivity will require a shift toward higher-value, technology-driven, and more diverse export industries. This includes supporting bio-based, digital, and knowledge-focused sectors, improving how innovation spreads across the economy, and strengthening international connections.

The report emphasises the need for both broad economic stability and targeted support for key industries. Targeted actions include sector innovation programmes, better trade access, and investment in skills and infrastructure. These priorities align with global trends such as the move to low-emission production, automation, demographic change, and regional trade shifts.

For Councils and regional economies, this national direction highlights the importance of place-based innovation, strong supply chains, and partnerships that link local strengths to the wider productivity agenda.

## **Māori Economy**

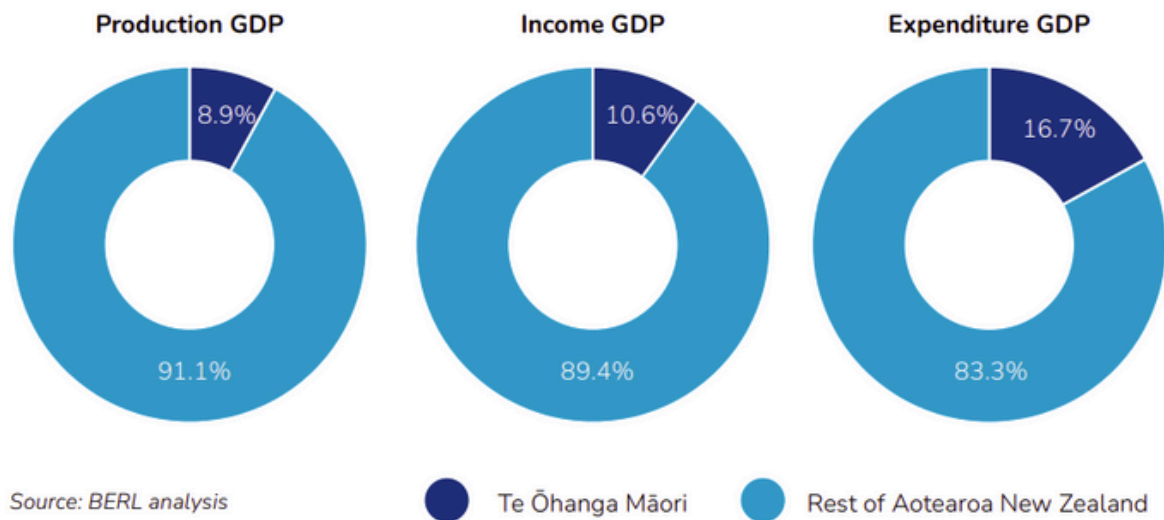
Te Ōhanga Māori is a fast-growing and increasingly diversified part of the New Zealand economy. The Māori population grew by 14% from 2018 to 2023, well ahead of the growth in the non-Māori population. Māori participation in the workforce has also strengthened, with 390,700 Māori employed in 2023, a 19% increase since 2018. More Māori are now working in high-skilled roles, reflecting stronger education and capability pathways.

The Māori asset base has expanded quickly, reaching \$126 billion in 2023, up 83% from \$69 billion in 2018. Although agriculture, forestry, and fishing remain important, investment is spreading into higher-value areas such as real estate and property services, which increased from \$16.7 billion to \$26.3 billion over the same period.

Māori economic output has also grown. Māori value added, or GDP, reached \$32 billion in 2023, nearly double the amount recorded in 2018. The strongest growth is in professional and technical services, administrative services, and property sectors.

Māori entrepreneurship continues to rise. Nearly 24,000 Māori-owned businesses operated in 2023, up from 19,200 in 2018, with the largest numbers in Tāmaki Makaurau and Waitaha. These trends highlight the growing contribution of Māori to national productivity, investment, and economic resilience.

Figure 3 Three perspectives of GDP from Te Ōhanga Māori, 2023



## SOCIAL

New Zealand's population was estimated at 5,324,700 residents as at 30 June 2025.

### Diversity

New Zealand is becoming increasingly diverse, with growing cultural, linguistic, and ethnic richness shaping communities across the country. The 2023 Census highlights this continued shift and shows how demographic patterns vary across regions.

### Key Highlights

#### Growing diversity:

- Almost 30% of people living in New Zealand were born overseas, representing more than 200 different birthplaces.

#### Languages spoken:

- Over 150 languages spoken nationwide.
- Te reo Māori is the most widely spoken language after English.
- 213,849 people can hold a conversation in te reo Māori (up 15% since 2018).
- Nearly 25,000 New Zealand Sign Language users.
- Fast-growing languages include Punjabi, Tagalog, and Afrikaans.

#### Regional patterns:

- Home to most Tongan, Niuean, Korean, and Chinese communities.
- Gisborne has the highest proportion of Māori at 54.8%.
- Tasman and Otago have the lowest proportions at 9.9%.
- Auckland is New Zealand's most diverse region.

## **Ethnic diversity:**

All major ethnic groups grew between 2018 and 2023.

## **Largest groups:**

- New Zealand European – 62.1%
- Māori – 17.8%
- Indian – 5.8%
- Chinese – 5.6%
- Samoan – 4.3%
- Strong growth in Māori, Asian, Pacific, and MELAA (Middles Eastern, Latin America, and African) populations

## **New Zealand's Ageing Population**

The 2023 Census shows that New Zealand's population continues to age, with the median age rising to 38.1 years, up from 37.4 years in 2018. This means half the population is now older than 38, and half younger.

There are clear regional differences:

- Auckland and Gisborne had the youngest median ages in 2023, at 35.9 and 36.7 years.
- West Coast and Tasman recorded the oldest median ages, at 48.1 and 46.8 years.
- While most regions experienced ageing, three recorded slight shifts towards a younger population:
  - Hawke's Bay: 40.6 → 40.4 years
  - Gisborne: 37.0 → 36.7 years
  - Bay of Plenty: 40.2 → 39.7 years
- The median age of the Māori descent population also increased, rising from 26.0 years in 2018 to 27.2 years in 2023, reflecting both population growth and gradual demographic change.

## **Projected Population and Ageing Trends**

New Zealand's population is expected to keep growing, but growth will be slower and the population will become much older. Projections show the resident population is likely to increase to between 5.36 and 5.62 million by 2028, and to between 6.12 and 7.21 million by 2051. By 2078, it could reach between 6.61 and 9.05 million.

Growth will slow over time as births and deaths move closer together, with natural increase expected to fall and possibly turn into natural decline later this century.

The number of older people will rise sharply. The 65+ population (0.87 million in 2024) is projected to reach up to 1.55 million by 2051 and as many as 2.45 million by 2078. People aged 85+ could grow from 95,000 in 2024 to as many as 628,000 by 2078.

These shifts will significantly change New Zealand's age structure, service needs, and dependency ratios.

## **Snapshot: Wellbeing in Aotearoa**

### **Life Satisfaction**

- Nearly four in five New Zealanders (78.8%) aged 15 and over rated their life satisfaction highly in 2023, reflecting stable overall wellbeing.

### **Housing Affordability**

- Around one in three households (33.5%) spent more than 30% of their disposable income on housing in 2024, while 2.3% of people were estimated to be severely housing deprived.

### **Income and Living Standards**

- The median disposable household income reached \$53,428 in the year ended June 2024, marking a modest increase amid cost-of-living pressures.

### **Health and Longevity**

- In 2021, New Zealanders could expect to live 70.1 years in good health, indicating strong overall health outcomes but continued focus on equity in health access.

## **TECHNOLOGY**

New Zealand's IT sector is slowly recovering after the 2024 economic downturn and consecutive recessions.

- Sector revenue is projected to increase from NZ\$7.12 billion in 2025 to NZ\$8.52 billion by 2029, representing a compound annual growth rate (CAGR) of 4.57%.
- The recovery trend aligns with broader macroeconomic forecasts, with real GDP expected to shift from a 0.5% decline in 2024 to 1.4% growth in 2025 and 2.7% in 2026.
- These indicators point to a more optimistic medium-term economic outlook supported by improving market confidence and stabilising inflationary pressures.

Workforce expectations are shifting, with work-from-home (WFH) flexibility now considered a standard benefit. Around 72% of employers offer hybrid or remote work arrangements, and employee retention increasingly depends on this flexibility. Digital skills shortages remain a critical constraint.

AI adoption is emerging as the defining technological trend. Nearly all (97%) organisations are investing in AI, with many allocating significant portions of IT budgets to support deployment. Public sector programmes such as AI Activator and GovGPT highlight New Zealand's commitment to using AI for both economic growth and service delivery.

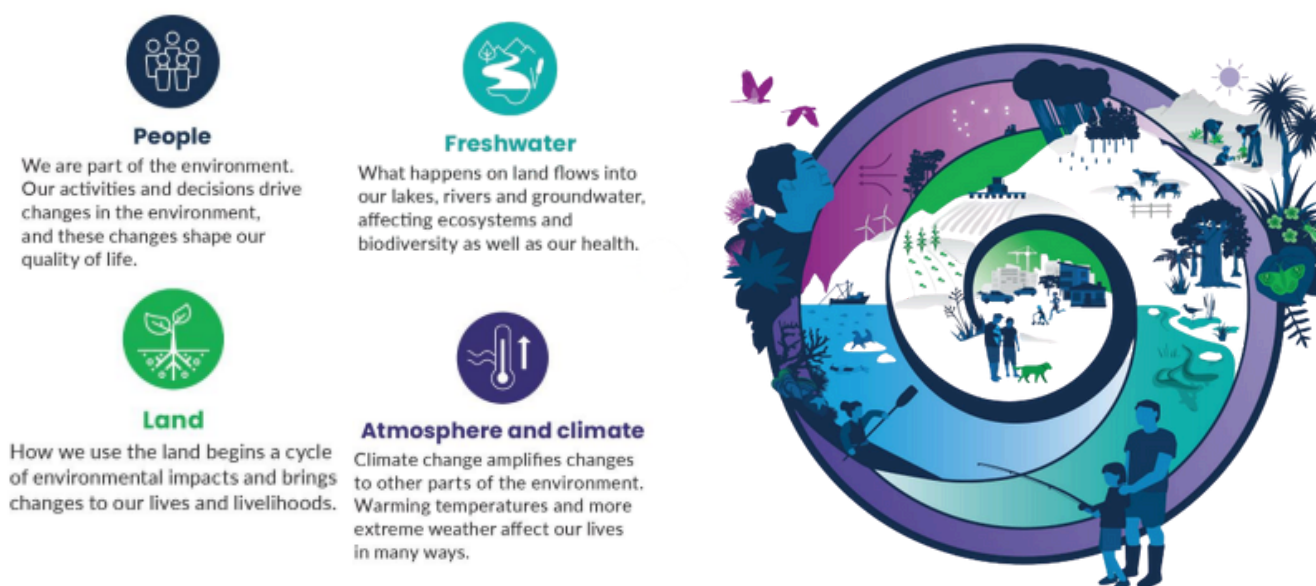
# ENVIRONMENTAL

## Land and Ecosystems

New Zealand's land and ecosystems are globally distinctive and support livelihoods, the economy, and overall wellbeing. For Māori, whenua carries deep cultural and spiritual significance, grounding people in whakapapa, identity, and sustenance. Native plants, animals, soils, and landscapes have intrinsic value but are under increasing pressure from human activity and land-use change.

## Land-Use and Pressures

- **Intensification:** Agricultural and forestry practices continue to contribute to freshwater degradation, biodiversity loss, and soil health. Fertiliser use and irrigation have expanded, often without corresponding gains in productivity.
- **Soil Health:** Around 5% of land is highly erodible, with an estimated 182 million tonnes of soil entering rivers each year. Soil compaction and phosphorus buildup remain ongoing issues, including on Māori land.
- **Forestry:** Indigenous forests play an important role in reducing erosion, while plantation forestry, mainly radiata pine covering around 2.1 million hectares, can either limit or worsen sedimentation depending on harvesting practices.
- **Waste and Contamination:** New Zealand produces some of the highest levels of municipal waste per person, averaging around 688 kilograms per capita each year from 2021 to 2023. Landfills and hazardous sites pose contamination risks, and microplastics are emerging as a growing concern for soil health.



## Changing Climate

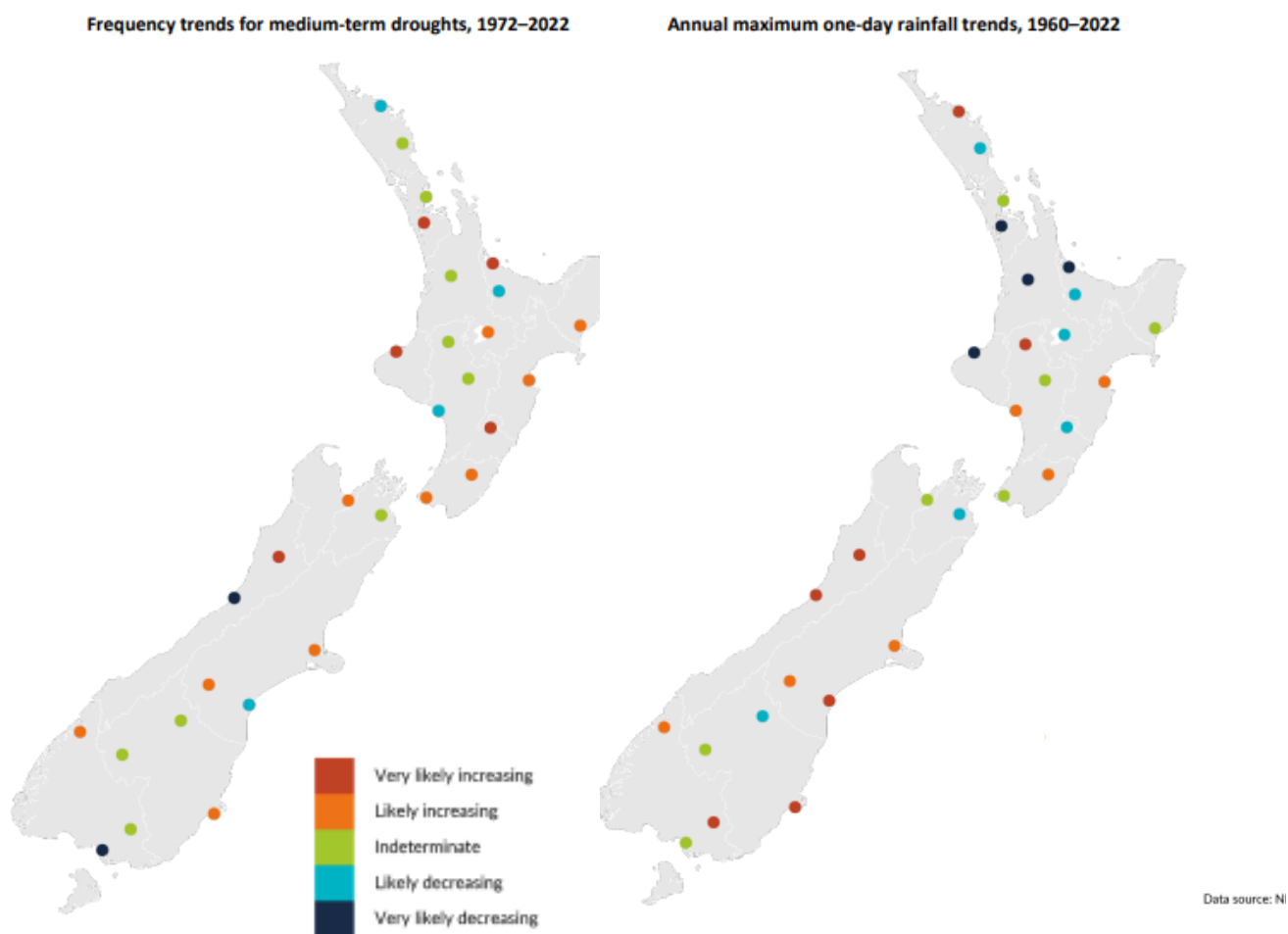
New Zealand's climate is changing in ways that are already affecting communities, ecosystems, and infrastructure. National temperatures have risen by an average of 1.26 degrees Celsius since 1909, with more warm days, fewer frosts, and longer growing seasons recorded across most regions.

Rainfall patterns are also shifting, with the South Island generally becoming wetter and the north and east becoming drier. Many South Island locations are seeing increases in annual maximum one-day rainfall, and raising flood risk.

Drought patterns are changing as well. Medium-term agricultural droughts are becoming more common in many areas and are projected to worsen in eastern regions by 2090. Extreme winds have decreased at most sites, and future projections suggest fewer windy days across much of the North Island and more windy days for most of the South Island.

New Zealand is also experiencing more frequent and severe extreme events. Recent examples include the January 2023 Auckland floods and Cyclone Gabrielle in February 2023. Flooding remains the country's most common and damaging natural hazard. Cyclone severity has increased.

Climate change is the underlying driver of these shifts. Warmer temperatures, changing rainfall patterns, and more intense extreme events are disrupting food production, water availability, and critical infrastructure. Climate change is also intensifying biodiversity loss and ecosystem decline.



### **Implications for South Waikato – Across the Land**

**P** - Major reforms across local government, water services, planning, and the building system are reshaping how Councils operate. Central oversight is increasing, while statutory functions are narrowing. For South Waikato, this means stepping up to have input at a regional level, to best represent South Waikato interests, including adjusting governance, systems and processes to meet new compliance expectations while maintaining community trust under tighter scrutiny.

**E** - New Zealand's economy is slowing, with rising unemployment, a weakening labour market, and ongoing productivity challenges. National investment is shifting toward higher-value and technology-driven sectors. For South Waikato, this highlights the need to strengthen local industry resilience, support innovation, and plan for slower economic conditions affecting businesses and households.

**S** - The population is becoming more culturally diverse and significantly older, with rapid growth in the 65+ and 85+ age groups. Housing pressures and changing wellbeing needs remain prominent. For South Waikato, this means planning for an older population, supporting youth engagement, and ensuring services reflect increasing diversity and community expectations.

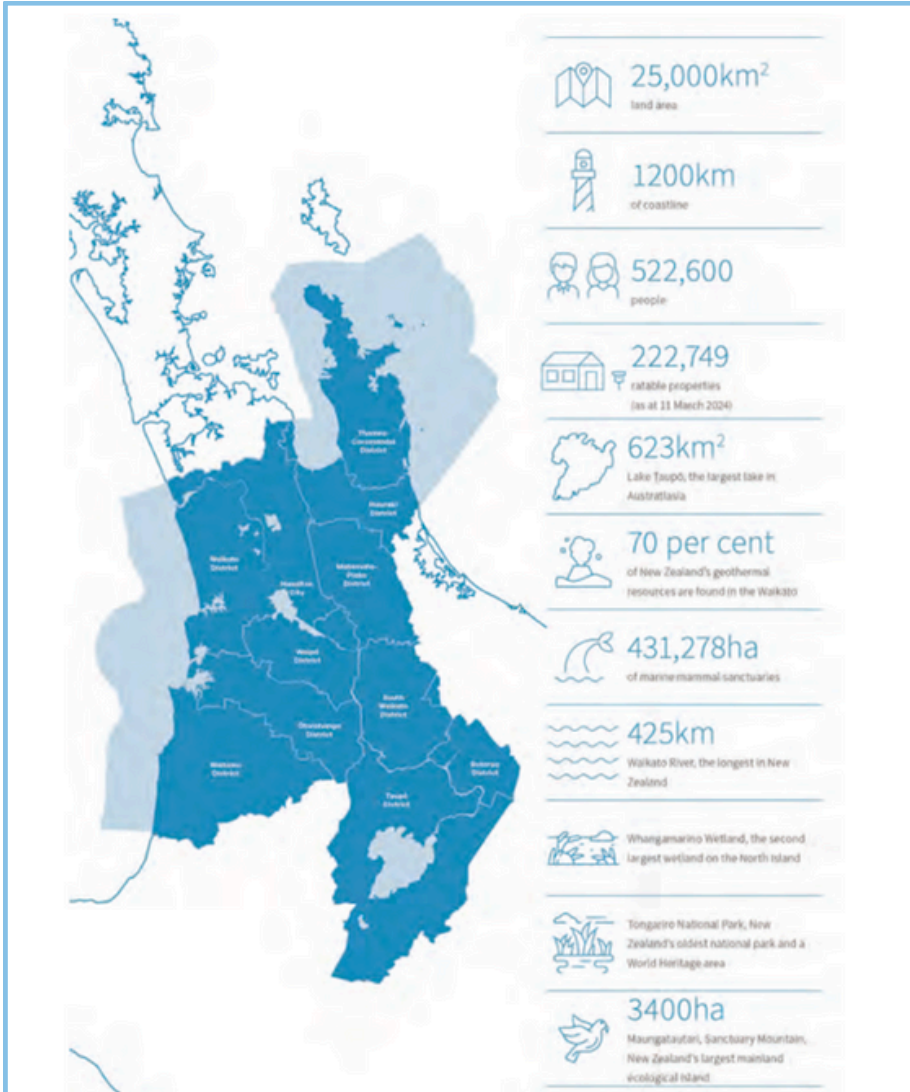
**T** - AI adoption, automation, and digital service expectations are increasing nationally. Digital skills shortages and reliance on remote/hybrid work are reshaping workforce dynamics. For South Waikato, improved digital connectivity, capability, and service modernisation will be essential to meet resident and industry needs.

**L** - The pace and scale of local government reform legislation require decision making and ways of operating beyond the traditional structure. Waikato Water Limited is an example of how these new ways can work. Planning and building reform will also see much greater collaboration across Councils and changes in the functions delivered locally. South Waikato needs to be positioning itself to respond proactively to these changes.

**E** - National climate trends show rising temperatures, shifting rainfall, more frequent floods, and ongoing biodiversity decline. For South Waikato, this underscores the need to strengthen stormwater management, build resilient infrastructure, protect freshwater and soils, and prepare communities for more frequent extreme weather events.

## CLOSER TO HOME - THE WAIKATO REGION

**As Aotearoa responds to national reforms and growing environmental pressures, the Waikato Region reflects these shifts in distinct ways. It is a region where growth, culture, and environment come together, connecting communities, resources, and opportunities throughout the region.**



## The Waikato Region has:

- 10% of New Zealand's population
- The longest river in New Zealand (the Waikato River)
- The largest lake (Lake Taupō)
- Internationally significant wetlands
- The country's most important geothermal systems
- Extensive native and exotic forests.

South Waikato District is part of the Waikato Region, the fourth-largest region in New Zealand. The region covers around 25,000 square kilometres, stretching from the Bombay Hills and Port Waikato in the north to the Kaimai Ranges and Mount Ruapehu in the south, and from Mokau on the west coast across to the Coromandel Peninsula in the east. It also includes about 1,138 kilometres of coastline. South Waikato District is centrally located within the Waikato region.

## POLITICAL AND LEGAL

The Waikato region is governed through the Waikato Regional Council and multiple territorial authorities, including:

- South Waikato District Council
- Hauraki District Council
- Waikato District Council
- Matamata-Piako District Council
- Thame-Coromandel District Council
- Waipa District Council
- Ōtorohanga District Council
- Waitomo District Council
- Rotorua Lakes Council
- Taupō District Council



These Councils have distinct responsibilities, with regional Councils focusing on environmental management, natural resource use, and regional transport, while territorial authorities oversee local planning, infrastructure, and community services.

The political and legal landscape in Waikato is evolving as a result of central government reforms introduced in 2025. Central governments Simplifying Local Government - Draft Proposal 2025 will significantly alter the structure of regional and local government. It proposes that by 2027, regional councillors be replaced by constituent mayors or commissioners tasked with producing reorganisation plans within two years. For Councils across Waikato, this creates significant uncertainty in the short-term and places an onus on strategic leadership and examining new ways of working. South Waikato must prepare for reduced autonomy, mandated collaboration, and a stronger regional focus.

Urban centres such as Hamilton face housing, transport, and infrastructure pressures, while rural areas such as the South Waikato navigate different economic and social challenges. Managing these diverse realities within reform proposals and tighter financial settings requires prioritisation and collaboration across Councils.

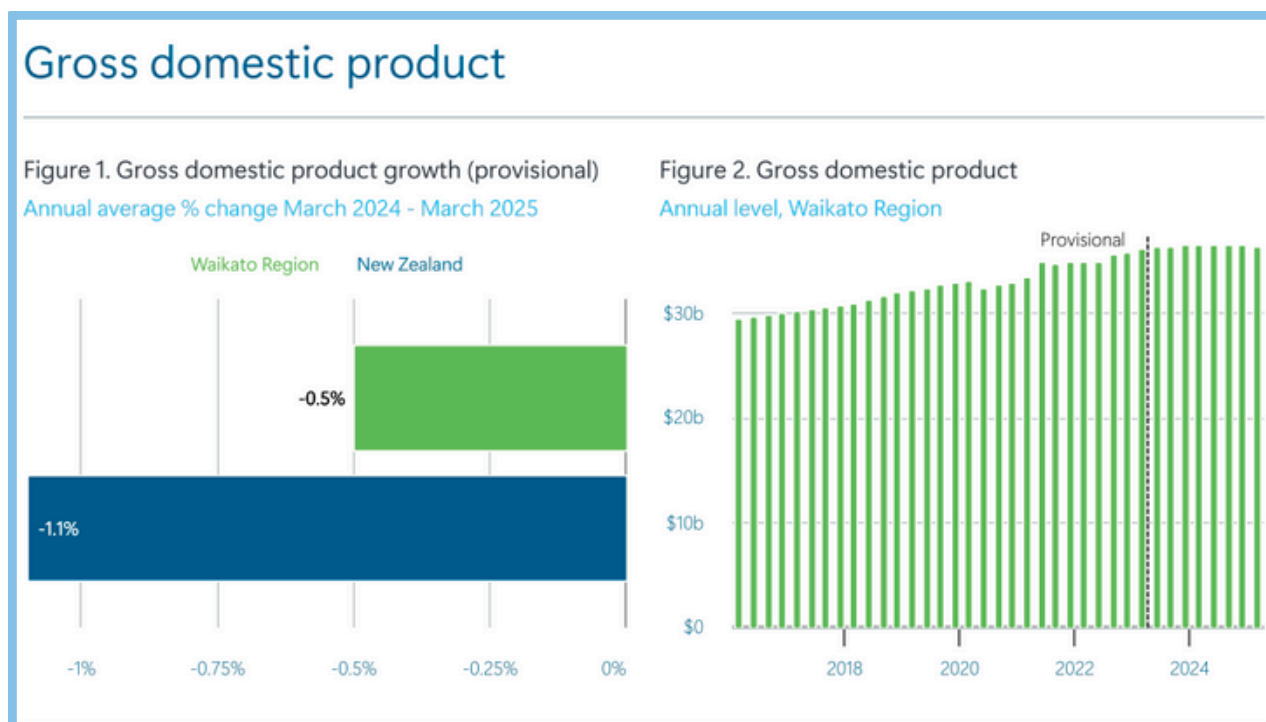
Waikato also operates within a distinctive governance environment. Co-governance arrangements, including the Waikato River Authority, embed iwi as equal partners in decision-making. These structures align with national reforms that strengthen Treaty-based governance, giving Councils a greater responsibility to integrate iwi perspectives and uphold Treaty principles.

### **Implications for Waikato:**

The political challenge for Waikato Councils is managing growth, infrastructure, and climate resilience within tighter national requirements while still protecting the environment and supporting sustainable development. Councils also need to maintain strong partnerships with iwi, uphold local representation, and ensure governance remains transparent and responsive to the communities.

## ECONOMIC

The political and governance settings across Waikato shape how the region manages growth, investment, and resilience. Despite national economic headwinds, the Waikato economy remains diverse, productive, and strategically positioned within New Zealand's Golden Triangle of Auckland, Hamilton, and Tauranga. The Waikato region accounts for more than half of the nation's GDP and population, making Waikato a key contributor to national prosperity.



### HIGHLIGHTS

- GDP in Waikato Region was provisionally down 0.5% for the year to March 2025, compared to a year earlier. The decline was not as low as in New Zealand (1.1%).
- Provisional GDP was \$36,427 million in Waikato Region for the year to March 2025 (2024 prices).
- Annual GDP growth in Waikato Region peaked at 8% in the year to June 2021.

As 2025 began, New Zealand's economy remained under pressure despite early signs of stabilisation. Provisional data estimates showed that quarterly economic activity increased slightly in March, although overall output was still 1.1% lower than a year earlier. Construction and manufacturing continued to soften, household spending stayed low, and the housing market showed only a slow recovery.

The Waikato Region plays an influential role in the wider North Island economy, shaped by its strong primary industries, strategic location, and growing communities. Regional trends continue to evolve as demographic change, industry transformation, and shifting national economic conditions influence local development patterns. Within this context, Waikato's economic performance, workforce characteristics, and Māori economic strength provide important insights into the region's current position and future opportunities.

- The Waikato Region has a large and diverse economy, with agriculture and food processing at its core, supported by strong manufacturing, construction, and visitor industries.
- Population increases and rising visitor numbers continue to drive demand for services and development, although recent GDP trends show some slowing, underscoring the importance of workforce development, infrastructure investment, and strong partnerships with Māori.
- Unemployment in the region remains slightly above the national average (4.7% compared with 4.0% nationally), and many sectors continue to experience tight labour market conditions.
- Tourism expenditure has increased, with domestic travellers contributing the majority of regional spending.
- Waikato has one of the largest Māori asset bases in the country—second only to Tāmaki Makaurau (Auckland)—with around 40% of these assets invested in primary industries such as dairy, sheep and beef, and forestry.
- The Māori asset base has expanded significantly, growing from \$69 billion in 2018 to \$126 billion in 2023, with Māori economic contributions now accounting for approximately \$30–32 billion of GDP (around 8.4–8.9%).

Overall, these trends highlight a region with strong economic foundations but also emerging pressures that will influence future growth and service demand. Continued collaboration with iwi, investment in workforce capability, and targeted infrastructure planning will be essential to support a resilient and inclusive Waikato economy over the coming decade.

## SOCIAL

The social landscape of the Waikato Region reflects both national trends and local challenges. While the economy shows early signs of recovery, many households continue to experience the effects of cost pressures, limited housing affordability, and workforce disruption. Social wellbeing, education, and employment outcomes remain uneven across the region.

### Regional Population Growth

- Waikato Region population is 527,600 (30 June 2024), representing approximately 10% of New Zealand's total population.
- The Waikato region's population grew by 8.9%, faster than the national average of 6.3% between 2018 and 2023.
- However, the growth rate decreased from 12% (2013-2018) to 8.9% (2018-2023).

## Waikato Progress Indicators | Tupuranga Waikato

The Waikato Progress Indicators dashboard tracks more than 32 measures of the region's social, environmental, and economic wellbeing, with trends spanning over a decade. The latest update (June 2025) provides a snapshot of the region's overall condition and the quality of life experienced by its communities.

### Summary of Results

Across the 2007–2024 period, the dataset shows a mixed performance:

- 8 indicators improving
- 13 indicators declining
- 9 showing little or no change

Areas of Strong Improvement:

- Fewer serious road crashes, contributing to safer travel.
- Growth in household incomes and regional GDP.
- A decline in greenhouse gas emissions.
- Better perceptions of safety.

Areas of Decline:

- Lower levels of physical activity.
- Reduced sense of community engagement.
- Higher volumes of waste going to landfill.
- Increased water consumption.
- Declining perceptions of cultural respect.

### What's Happening?

The region is performing well economically and environmentally, with safer roads, higher incomes, and lower emissions. However, social and wellbeing challenges are emerging. Physical activity and community connection are declining, perceptions of cultural respect are weakening, and both waste generation and water use are increasing. These trends signal growing pressures on social cohesion, health, and resource sustainability.

### What This Means?

- Social and wellbeing declines could offset economic and environmental gains.
- Lower physical activity and reduced community engagement may affect long-term health and resilience.
- Rising waste and water use add pressure to local infrastructure and natural resources.
- Declining cultural respect may hinder efforts to build inclusive communities.

### Opportunities for Response

- Promote active lifestyles and accessible recreation.
- Strengthen community connection initiatives.
- Encourage waste reduction and efficient water use.
- Continue supporting emissions reduction and sustainable transport options.
- Partner with iwi, hapū, and cultural groups to enhance cultural respect and inclusion.

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## TECHNOLOGY

Across the region, industries are adopting to technology advances. These are particularly evident in energy, transport, and agriculture, where digital tools are enabling more adaptive and informed decision-making.

Expanding digital inclusion for our communities remains a regional priority. Smaller towns and rural communities are continuing to face connectivity challenges that can limit access to education, health services, and economic opportunities. Efforts to expand broadband infrastructure and strengthen digital literacy are essential to ensuring that the benefits of innovation are shared across the region.

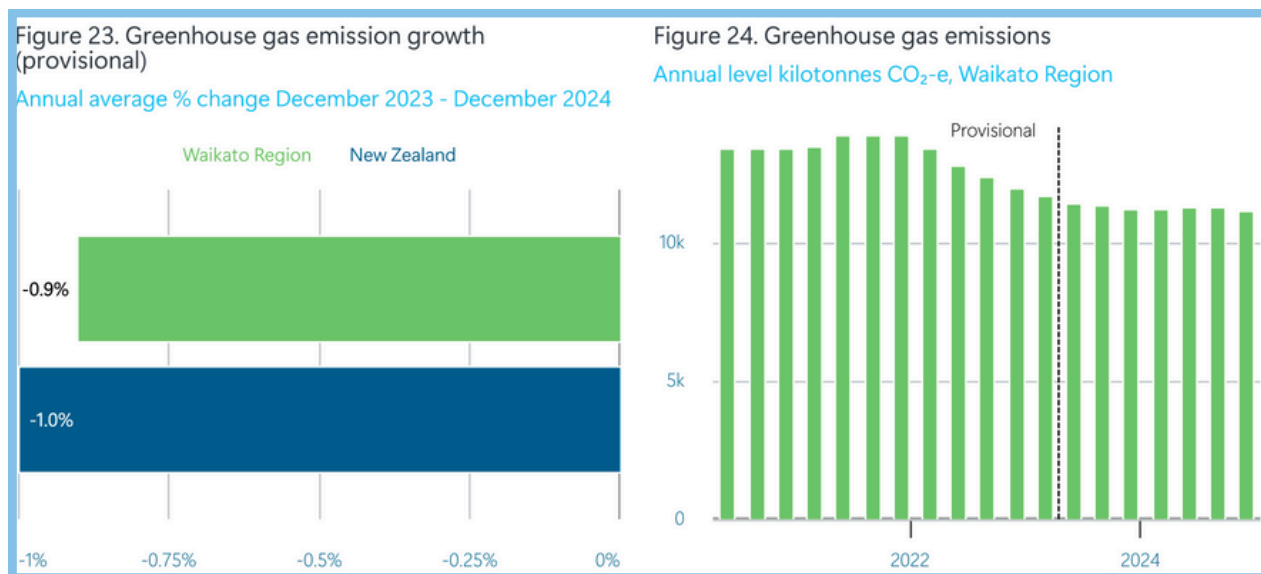
The pace of technological change will continue to influence how Waikato Councils plan, deliver services, and strengthen resilience. Integrating digital systems into infrastructure management, community engagement, and environmental monitoring will be key to building a region that is connected, efficient, and future-ready.

## ENVIRONMENTAL

The Waikato region is experiencing a range of environmental pressures linked to growth, changing land-use, and climate conditions, as shown by recent regional data below.

- The Waikato region's environment is facing increasing pressure from growth and land-use.
- River flows are declining due to reduced rainfall and rising demand, creating concerns about long-term water security.
- Soil compaction, where heavy machinery and livestock press soil particles tightly together and reduce its ability to absorb water, along with diffuse pollution from farming, continues to affect land and freshwater quality.
- Loss of wetlands and indigenous vegetation remains widespread.
- Air quality is generally good, though winter pollution persists in some towns.
- Peatland drainage has released significant amounts of carbon, contributing to climate change.
- Many shallow lakes and lowland waterways remain in a degraded condition despite ongoing restoration efforts.

## Greenhouse Gas Emissions



Greenhouse gas emissions in the Waikato Region fell by 0.9% in December 2024, with provisional emissions at 11,138 kilotonnes of carbon dioxide equivalent. This continues a slow downward trend, although the drop was much smaller than the 13.9% reduction recorded in 2022.

The decline reflects changes in energy use and lower activity in some industrial sectors. Nationally, emissions fell by 1.0% over the same period, mainly due to shifts in transport and electricity generation.

For Waikato, where agriculture and energy production are major contributors, the data shows both progress and ongoing challenges. Reducing emissions while supporting economic activity will require continued focus on sustainable land-use, renewable energy, and low-emission technologies. Collaboration between Councils, industry, and communities will remain essential to support the region's transition to a low-emission future.

## Waste Minimisation

Waste to landfill in the Waikato Region has shown a steady long-term increase, rising from around 220,000 tonnes in 2006 to nearly 310,000 tonnes by 2020. Recent Waikato Progress Indicators identify waste as a continuing environmental pressure, with landfill tonnage monitored annually and self-reported household recycling data collected in previous surveys.

Recycling rates improved between 2008 and 2012, but no updated survey data have been collected since, making long-term progress difficult to measure. While recycling behaviours once trended positively, overall waste volumes remain high, highlighting persistent challenges in reducing landfill dependence across the region.

The data indicate that although awareness and participation in recycling have improved in the past, waste generation continues to grow in line with population and consumption. Addressing this challenge will require stronger regional coordination, investment in waste reduction infrastructure, and community education to support a transition towards a circular economy.



To address increasing waste volumes, the Waikato Regional Council adopted the Waste Prevention Action Plan (2020–2025), shifting the focus from minimisation to prevention. Guided by circular economy principles, the plan aims to eliminate waste at the design stage and promote resource efficiency.

Key initiatives include supporting Para Kore Marae Incorporated, community-based recovery programmes, hazardous waste collections, and collaboration across Council boundaries. The plan highlights the importance of partnerships with iwi, territorial authorities, and communities to build recovery networks and encourage innovation in waste reduction.

For the region, this means that although waste volumes remain high, work is underway to build a more sustainable system. Strengthening community initiatives, investing in innovation, and adopting circular economy approaches give the Waikato an opportunity to reduce reliance on landfills, lower waste-related emissions, and support healthier ecosystems and communities.

## **Implications for South Waikato – Closer to Home**

**P** - Balancing significant local government reform with growth and environmental pressures means a challenging political environment for the Waikato regional government. Co-governance arrangements, including the Waikato River Authority, continue to strengthen Treaty-based decision-making across the region. For South Waikato, this means greater collaboration at the regional level whilst navigating reduced autonomy, meeting new compliance requirements, and maintaining strong relationships with iwi partners and managing local growth pressures.

**E** - The Waikato economy remains diverse and productive, supported by agriculture, food processing, manufacturing, construction, and visitor industries. However, GDP fell 0.5% in the year to March 2025 and unemployment is slightly higher than the national average. For South Waikato, this highlights the need to plan for softer economic conditions, continue developing workforce capability, and support local businesses as demand and labour pressures evolve.

**S** - Waikato's population has grown by 8.9% since 2018, faster than the national rate, but growth is slowing. Social wellbeing indicators show declining physical activity, weaker community connection, and lower perceptions of cultural respect. For South Waikato, this means preparing for changing community needs, addressing social cohesion challenges, and ensuring services remain accessible as demographics shift.

**T** - Technology adoption is increasing across Waikato's major industries, and digital infrastructure remains uneven, especially in rural areas. For South Waikato, improving digital connectivity and capability will be essential to support education, health access and business resilience.

**L** - Regional and local governance structures are being rewritten. By 2027, regional councillors may be replaced by constituent mayors or commissioners tasked with producing reorganisation plans within two years. South Waikato must prepare for reduced autonomy, mandated collaboration, and a stronger regional focus.

**E** - Waikato is experiencing environmental pressures including declining river flows, soil compaction, diffuse pollution (pollution that comes from many small or widespread sources), wetland and vegetation loss, and increasing waste to landfill. Emissions have fallen slightly (0.9% in 2024), but challenges remain due to agriculture and energy production. For South Waikato, this reinforces the need to strengthen land and freshwater management, reduce waste, and invest in resilient infrastructure and low-emission practices.

# OUR PLACE OUR FUTURE - THE SOUTH WAIKATO

## Mana Whenua

### (Recognising Tangata Whenua and the Cultural Foundations of South Waikato)

The South Waikato District holds deep ancestral and cultural significance for several iwi who maintain mana whenua across the area. These iwi have enduring relationships with the land, waterways, and resources that shape the identity of the district. The Waikato and Te Waihou rivers are central to this connection, sustaining generations, guiding settlement patterns, and continuing to support iwi kaitiakitanga and community wellbeing.

| Iwi                      | Waka     | Connection                                                         |
|--------------------------|----------|--------------------------------------------------------------------|
| Raukawa                  | Tainui   | Principal iwi of the District; headquarters in Tokoroa             |
| Ngāti Hauā               | Tainui   | Eastern rohe with close association to the Waikato River catchment |
| Ngāti Koroki Kahukura    | Tainui   | Mana whenua partnerships and river co-management                   |
| Ngāti Kearoa Ngāti Tuarā | Te Arawa | Horohoro–Pātetere–Tokoroa area; shared boundary with Raukawa       |
| Ngāti Tūwharetoa         | Te Arawa | Upper river catchment interests and historic associations          |

## **Raukawa – Central to the South Waikato**

Raukawa are named after their ancestor Raukawa who is connected to the Tainui waka through his father Tūrongo, who was in turn descended from Hoturoa, the captain of the Tainui waka. His parents were Tūrongo and Māhinaarangi of Ngāti Kahungunu. He was born near Māhina-a-rangi Stream on the western side of the Kaimai range near Tīrau, as Māhinaarangi journeyed towards the Waikato to join her husband.

In due course he married Tūrongoihi, who was descended from Tia of Te Arawa waka, and they had four children, Rereahu, Whakatere, Kurawari and Takihiku. From these four are descended the iwi known as Raukawa. The Raukawa rohe is represented by four pou whenua: Te Pae o Raukawa, Wharepuhunga, Maungatautari and Te Kaokaoroa o Patetere.

Their rohe is given shape by the Waikato and Te Waihou Rivers, which remain central to their identity, wellbeing, and role as kaitiaki. Through the Raukawa Settlement Trust, based in Tokoroa, the iwi lead co-governance and environmental initiatives, including the Waikato River Co-Management Framework.

## **Other Iwi and Shared Connections**

Ngāti Hauā, Ngāti Kearoa Ngāti Tuarā, Ngāti Koroki Kahukura, and Ngāti Tūwharetoa also hold mana whenua and maintain close ancestral ties to the district and region. These iwi share whakapapa and collective responsibility for the health of the land and waterways, reflecting the interconnected cultural heritage of the wider Waikato and Te Arawa rohe.

## **Partnership Frameworks:**

- Memorandum of Understanding with Raukawa Settlement Trust (2011)
- Joint Management Agreements with Raukawa and Te Arawa River Iwi Trust (2013)
- Co-Governance Committees for Waikato River management
- Iwi Environmental Management Plans lodged with Council
- Partnership approach to District Plan reviews and community projects

## **Settlement Acts:**

- Affiliate Te Arawa Iwi and Hapū Claims Settlement Act 2008
- Central North Island Forests Land Collective Settlement Act 2008
- Ngāti Tūwharetoa, Raukawa, and Te Arawa River Iwi Waikato River Act 2010
- Raukawa Claims Settlement Act 2014
- Ngāti Hauā Claims Settlement Act 2014
- Ngāti Koroki Kahukura Claims Settlement Act 2014

## South Waikato Historical Snapshot

### Around 1350

Tangata whenua are believed to have arrived on the Tainui and Te Arawa waka. Early Māori communities established small settlements near rivers, the coast and on elevated, defensible sites. Many of today's South Waikato towns trace their origins to these first settlements.

### Early 1800s

Missionaries and traders began arriving, introducing new systems of trade, religion and influence. As European settlement increased, Māori created the Kīngitanga movement to safeguard land, authority and culture.

### Late 1800s

Following the New Zealand Wars, European settlers cleared large areas for farming. Dairy production became a major part of the local economy. Towns such as Putāruru and Lichfield expanded during this period, with schools, shops and services becoming established.

### Mid -1900s

Tokoroa transformed from open farmland into a major industrial centre with the development of the New Zealand Forest Products mill. The growth of forestry reshaped the district's economy and attracted workers from across New Zealand and overseas.

### 1989

South Waikato District Council was created through the amalgamation of the Putāruru and Tokoroa Borough Councils with Matamata County.

### Today

South Waikato continues to be shaped by its strong dairy and forestry sectors, which remain central to the district's economic and cultural identity.

## South Waikato Today

The South Waikato District covers approximately 182,000 hectares and supports a population of around 25,900 (2024). Most residents are employed in forestry or agriculture, particularly dairy farming and associated support industries. The district has a predominantly rural landscape, bordered by the Waikato River to the east and centred around the rural service towns of Tokoroa, Putāruru, and Tīrau. These towns are linked by State Highway 1, which runs through the middle of the district. Smaller settlements include the Arapuni hydro village and Lichfield, which is home to a major dairy processing plant.



### Local Governance

The South Waikato District Council consists of 11 elected members, including the Mayor. Councillors represent the Tokoroa, Putāruru, and Tīrau wards.

Key political influences include national government reforms, regional governance policies, and Te Tiriti o Waitangi obligations, all of which shape Council decision-making and co-governance arrangements with iwi and hapū. Collaborative governance approaches, including community engagement and partnership mechanisms, help ensure that local interests and Māori perspectives are reflected in Council planning and service delivery.

### Iwi Partnership

Council values its strong relationships with local iwi and recognises the importance of genuine collaboration in shaping the district's future. Partnerships operate at both governance and operational levels, with work underway across a range of shared initiatives. These relationships continue to deepen as Council remains committed to building meaningful and enduring partnerships based on trust, respect, and shared outcomes.

Raukawa identify their areas of significance through rich oral traditions such as mōteatea, pepeha, waiata, haka, and whaikōrero, which continue to express tikanga and affirm mana whenua today. A central part of this history is the kōrero of Wairangi, grandson of Raukawa, whose accounts were recorded by Hitiri Te Paerata in the 1880s and describe the landmarks that define Raukawa's wider tribal area.

Ngāti Koroki Kahukura are recognised as mana whenua and kaitiaki across their rohe, including key land blocks and the Waikato River between Lake Karapiro and Lake Arapuni. Their leadership in the shared management of Maungatautari is acknowledged, along with the mountain's significance to neighbouring iwi, and their enduring identity as a river iwi.

These markers were never intended to be precise or fixed boundaries. Instead, they serve as cultural indicators of rohe, reflecting deep relationships with the land, waterways, and ancestral connections.

## Drivers of Satisfaction

The 2024 Annual Residents Survey found that overall satisfaction with Council performance fell from 52% to 38% in a single year.

The main drivers of this decline include concerns about financial management, value for money, and the consistency of Council services. Whilst high-rate increases, challenging economic times and government reform influence the community's perception of the work Council does, there is a clear need to rebuild trust and improve communication.

Political dynamics within the South Waikato District are also shifting as national reforms, governance expectations, and community sentiment evolve.

Upcoming reforms in planning, infrastructure, and water services will require local adaptation. Together, these factors shape how Council governs, prioritises investment, and delivers services to ensure responsive and accountable leadership for the district.

## ECONOMIC

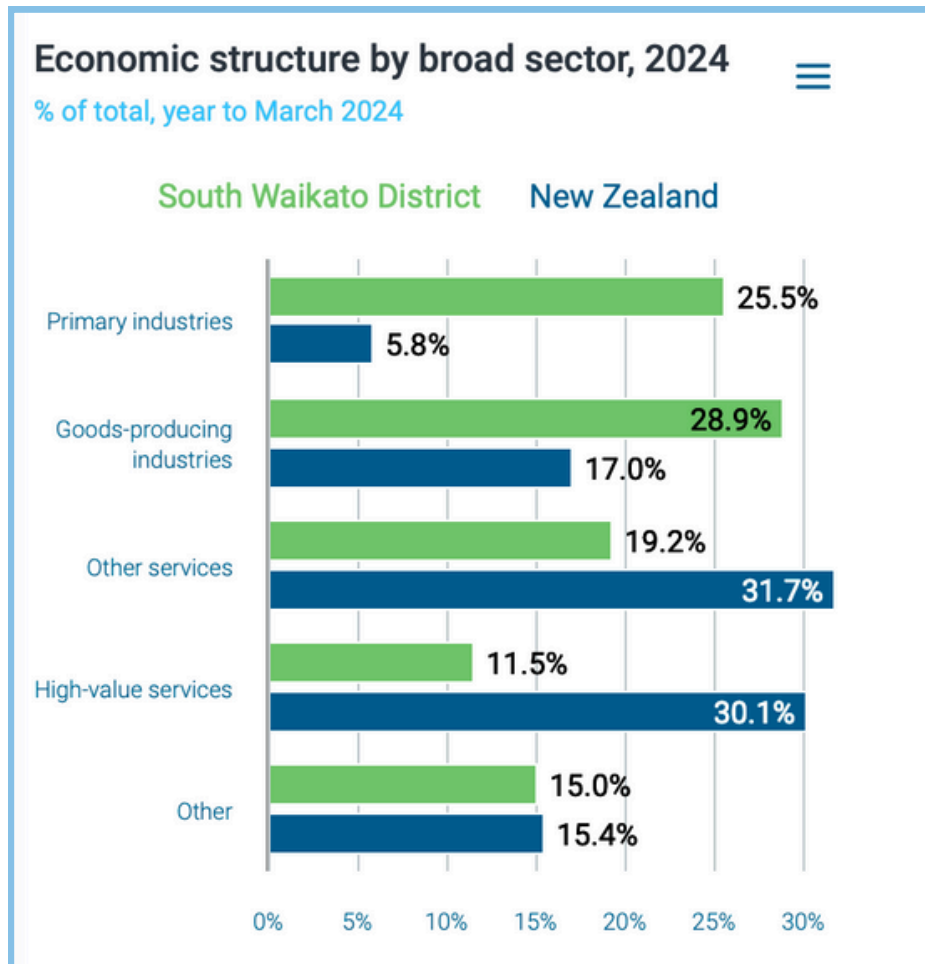
The South Waikato District's economy can be described as a resilient economy built on strong primary industries and emerging new opportunities.

### Structure of South Waikato District's economy

This section outlines how various industries contribute to the South Waikato District economy. It presents GDP across broad sector groups, including primary industries, goods-producing industries, high-value services, other services and additional sectors. It also breaks down economic contribution using the 1-digit ANZSIC06 industry categories and the more detailed 54-industry Level 3 NZSIOC classification.

### Highlights for South Waikato District, 2024

- Among the broad economic sectors goods-producing industries accounted for the largest proportion of GDP (28.9%) in South Waikato District, which was higher than in New Zealand (17.0%).
- Goods-producing industries accounted for the second largest proportion in South Waikato District (28.9%) compared with 17.0% in New Zealand.
- High-value services accounted for the smallest proportion in South Waikato District (11.5%) compared with 30.1% in New Zealand.



South Waikato District's economy is strongly based on primary production and manufacturing. Over a quarter of the district's GDP comes from the primary sector, compared with the national average of 5.8%. Forestry contributes around \$222 million and 1,261 full-time equivalent jobs, while the food and fibre sector generates about \$395 million and employs more than 2,100 people across agriculture and food processing. Manufacturing and construction provide a further \$130 million to the local economy. Together, these sectors form the core of South Waikato's economic strength and support long-term growth.

At the same time, the district is adjusting to economic change. Unemployment has increased by around 20% since 2020 and is now about twice the national average. The closure of a paper production line at the Kinleith Mill has affected local jobs and contractor stability, adding to short-term pressure. These local trends mirror the wider Waikato region, where GDP fell by 0.5% and employment declined by 0.7% in the year to March 2025.

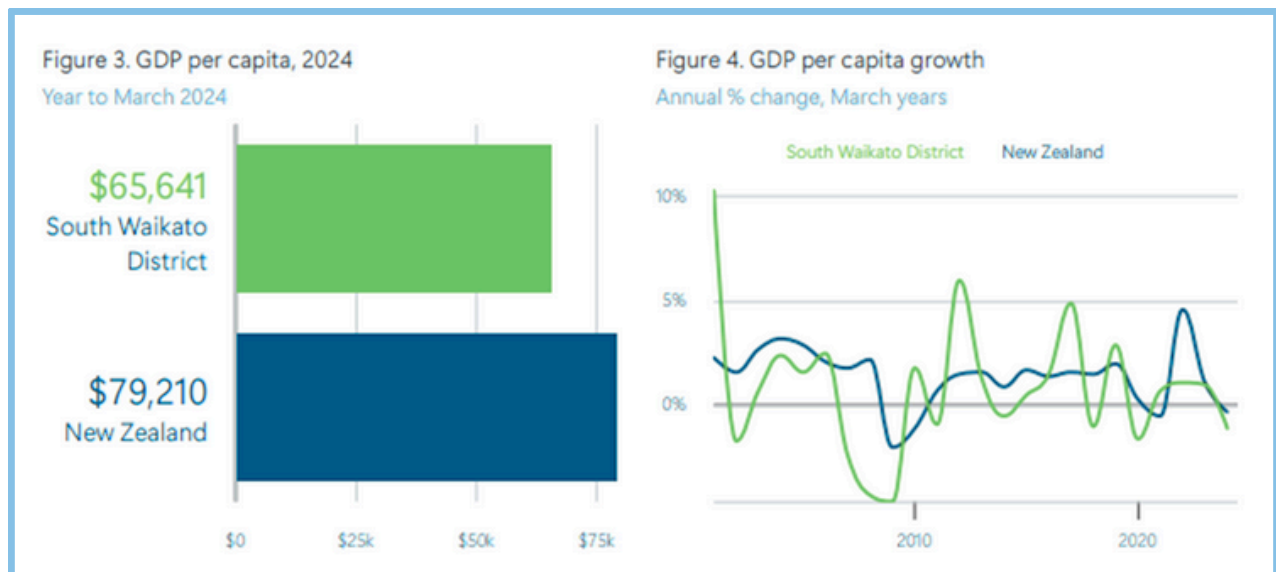
## Gross Domestic Product

### GDP per capita

GDP per capita reflects the level of economic output produced relative to the size of a district's population and is often used as an indicator of local economic wellbeing. However, it has limitations. Areas that attract large numbers of incoming commuters typically show higher GDP per capita, while districts where many residents travel elsewhere for work tend to record lower levels. GDP per capita figures in this report are expressed in 2024 prices.

## Highlights for South Waikato District, 2024

- GDP per capita in South Waikato District was \$65,641 in 2024, which was lower than the New Zealand average of \$79,173.
- GDP per capita change in South Waikato District was -1.1% for the year to March 2024. Growth was lower than in New Zealand (-0.3%).
- Since 2000, GDP per capita growth in South Waikato District reached a maximum of 10.3% in 2001 and a minimum of -4.6% in 2009.



## Economic Growth

South Waikato District produced an estimated \$1.7 billion in GDP in the year to March 2024, a slight decline of 0.3% compared with national growth of 1.4%. Although the district remains a productive contributor to the region, overall output per person continues to sit below the national average.

Over the past decade, the district's economy has grown by an average of 1.9% per year compared with 3.0% nationally. This slower pace reflects the district's reliance on forestry, manufacturing and food processing, which are strongly influenced by global markets and commodity cycles.

Despite these pressures, South Waikato's economic base is gradually diversifying. New industrial investment, renewable energy projects, are contributing to a more resilient local economy.

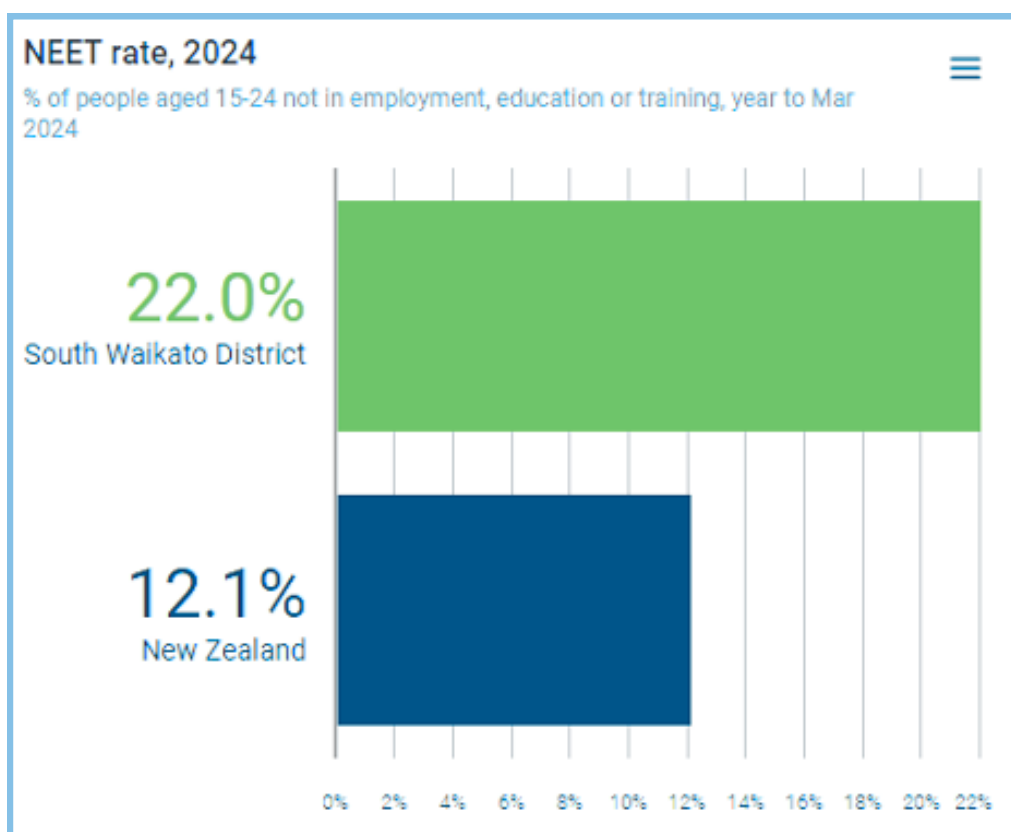
These developments suggest cautious but positive momentum. Continued attention to workforce skills, innovation and resilient infrastructure will be important to support long-term, sustainable growth.

## NEET

Young people form a critical part of the South Waikato District's social and economic future. However, a persistent challenge is the high proportion of youth aged 15 to 24 who are not engaged in employment, education, or training. This group, commonly referred to as NEET, reflects broader issues of social equity, education access, and labour market transition within the district.

The South Waikato economy has undergone several structural changes in recent years, including the gradual closure of key industrial operations such as parts of the Kinleith Mill. These shifts have reduced local entry-level jobs and apprenticeship opportunities, contributing to higher levels of youth unemployment and disengagement. The impacts of this transition are further compounded by the district's relatively high socio-economic deprivation, with more than half of residents living in the two most deprived deciles.

Addressing youth disengagement remains a long-term priority for the district. Improving access to education and vocational training, supporting smoother transitions into work, and expanding local employment opportunities will help build a more skilled, connected, and resilient community.



### Economic Resilience and Community Outcomes

In response to these economic pressures, Council and industry partners have worked to build greater resilience through Project Phoenix, a workforce redeployment and retraining initiative designed to support skill transition and strengthen employment pathways across key sectors. This approach reflects a wider shift toward adaptability, diversification and long-term workforce planning to help stabilise the local economy.

However, social and income disparities remain a significant challenge for the district. Around 54% of residents live in the two most deprived deciles, highlighting ongoing issues with access to employment, skills development and household income. Addressing these disparities will require coordinated investment in education, workforce training and more inclusive economic development to ensure all communities benefit from future growth.

## Current Challenges & Risks

- **Unemployment and beneficiary trends:** Unemployment and beneficiary numbers continue to rise in the district. Since the beginning of the COVID-19 pandemic in 2020, unemployment has increased by around 20% and has been sitting at roughly twice the national average between March 2022 and March 2024.
- **Regional economic performance:** The wider Waikato Region has also experienced weaker economic conditions, with GDP declining by about 0.5% and employment falling by 0.7% in the year to March 2025.
- **Local employment impacts:** In South Waikato, the closure of a paper production line at the Kinleith Mill has resulted in job losses and disrupted contractor stability. Although the mill's pulp line remains operational, the impacts have been significant. The Council has responded through Project Phoenix, which supports retraining and redeployment for affected workers.
- **Household income and deprivation:** The median household income in the Waikato Region is approximately \$129,100. Despite this, South Waikato faces high levels of socio-economic deprivation, with about 54% of residents living in the two most deprived deciles nationally.
- **Infrastructure and housing pressures:** The Council's Long-Term Plan identifies major capital investment needs, estimated at around \$270 million, along with ongoing pressure to manage residential and industrial land supply. Rates increases of between 7 and 9% per year are projected in the early years to support these investments.

## Looking ahead: Opportunities

- **Logistics and freight:** The district is strengthening its role as a logistics hub, supported by strategic road and rail links to the ports of Auckland and Tauranga. Developments such as the Maraetai Road Intermodal Business Park in Tokoroa demonstrate this growing emphasis on freight and distribution.
- **Tourism, lifestyle and location:** With natural attractions such as the Blue Spring, the Waikato River Trails, and the wider surrounding landscapes, South Waikato has strong potential to grow its tourism and hospitality sectors and enhance its appeal as a lifestyle destination.
- **Industrial development:** Investment in new greenfield industrial parks, advanced manufacturing, and the sustainable use of local natural resources, including forestry and food production, is central to the district's economic growth strategy.
- **Workforce development:** The Council and its partners are investing in skills and training initiatives, including new facilities such as a trades training centre, to support workforce readiness and meet the needs of emerging industries.

Overall, South Waikato's economic outlook reflects a period of resilient transition. The district's core strengths in forestry, food and fibre, and manufacturing remain solid, while new opportunities are emerging in logistics, tourism, and workforce training. Sustaining economic growth will require ongoing investment in infrastructure, skills development, and business diversification, helping to ensure that South Waikato's economy remains competitive, inclusive, and well positioned for the future.

## Community Development

Within the South Waikato District, the Council's economic and community development priorities provide a framework for responding to national productivity challenges at the local level. Key areas of focus include supporting employment and education pathways, improving housing supply, and encouraging a more circular and resilient local economy. Initiatives aimed at reducing youth disengagement, strengthening school-to-employment transitions, and building local skills remain important for lifting long-term productivity and community wellbeing.

Housing pressure continues to be a significant issue. Kāinga Ora housing makes up only a small proportion of the district's overall stock, well below the regional average. Council-led housing projects at Stanley Park, East School, and Pelikan Place are contributing to increased supply and improved affordability. Broader priorities such as business development, town centre renewal, and new industrial land at the Maraetai Road Intermodal Business Park support greater economic diversification and align with national goals for innovation and sustainable growth.

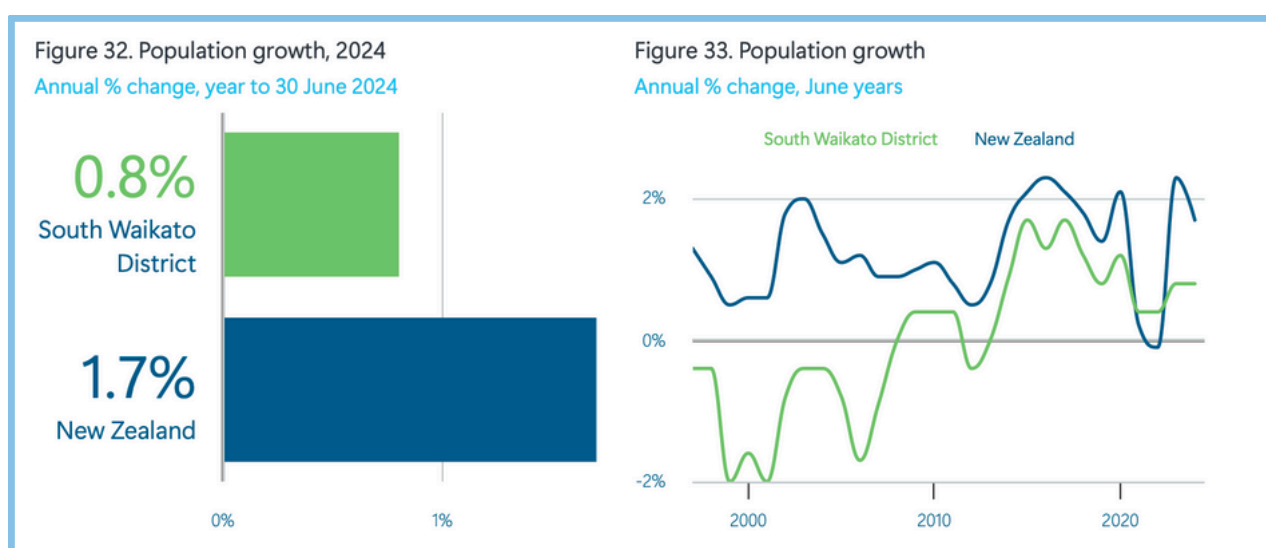
These efforts reflect South Waikato's proactive approach to strengthening local productivity, supporting social wellbeing, and ensuring the district is well positioned to adapt to national and regional economic changes.

## SOCIAL

### Population & Demographic Trends

The South Waikato District had an estimated population of 25,900 in 2024, reflecting 0.8% growth over the previous year, compared with 1.7% nationally. Over the past decade, population growth has been steady but moderate, driven by a combination of natural increase and limited international migration.

In 2024, the district recorded a natural increase of approximately 130 people, with net international migration adding around 140 residents. This was partly offset by a net internal migration loss of about 50 people. This pattern reflects both resident retention and gradual inflows of newcomers attracted by affordable housing and local employment opportunities.

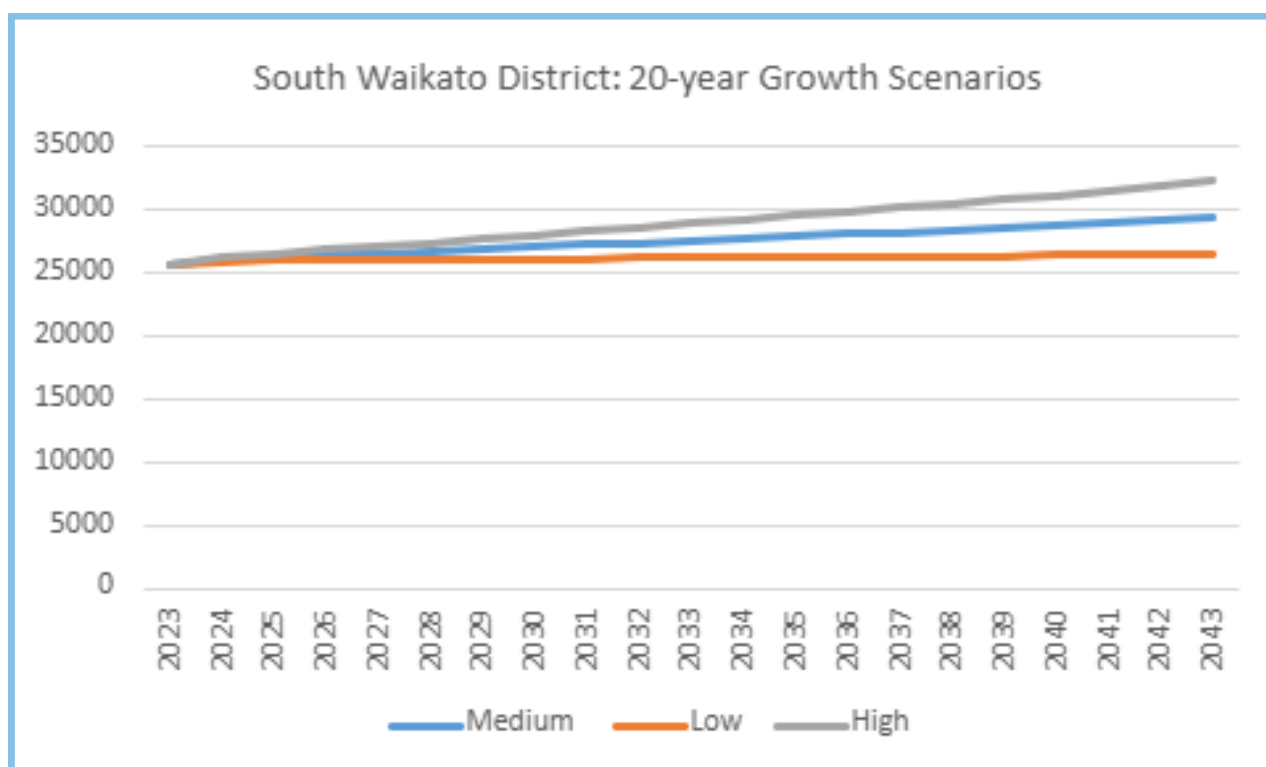


## District Population Growth Outlook

Population projections for the South Waikato District indicate steady growth over the next twenty years. Across all scenarios, the district's population is expected to increase from current levels of around 25,000 residents, reflecting a gradual upward trend rather than rapid expansion.

The medium-growth scenario shows the district reaching approximately 30,000 residents by 2043, while the high-growth scenario projects a population closer to 33,000 over the same period. Even the low-growth trajectory indicates modest growth, with the population remaining above today's levels. These projections suggest that South Waikato will continue to expand, though at a measured pace.

This outlook has important implications for long-term planning. Continued population growth will shape future demand for housing, infrastructure, community services, and economic development. Understanding these scenarios helps the district plan for different futures, ensuring that investment, land use planning, and service provision can adapt to both steady and stronger growth patterns.

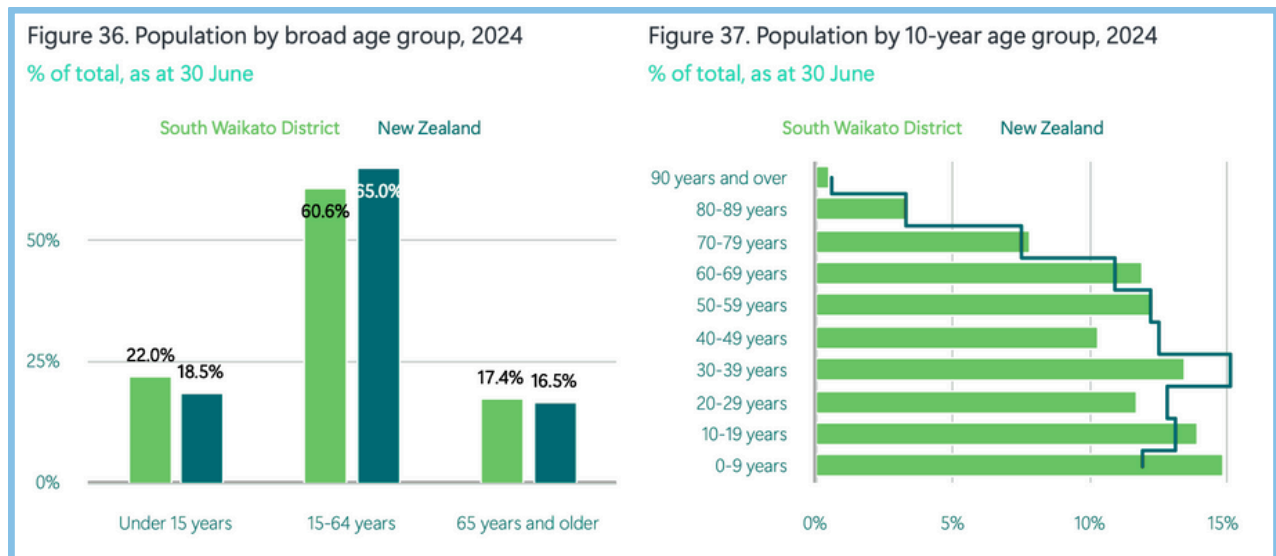


## Age Structure

South Waikato's age structure is relatively young compared with national averages. Around 22% of residents are aged under 15 years (compared with 18.5% nationally), while 17.4% are aged 65 and over. Approximately 60.6% of the population is of working age (15–64 years), which is below the national figure of 65%. The district's dependency ratio of 65% is significantly higher than the national average of 53.8%, indicating greater reliance on the working-age population to support children and older residents.

The population is also diverse. Based on 2023 Census figures, nearly 35.3% of the population identified as Māori descent (cf.NZ – 17.8%), and 13.5% as Pacific Peoples (cf.NZ – 8.9%). South Waikato also has a small but growing Asian population (5%, up from 3.1% in 2018) [2]. These proportions continue to shift, with growth in Māori, Pacific Peoples, and Asian communities and a relative decline in the European population.

These changing dynamics have ongoing implications for how Council delivers its services.



## Earnings

Earnings represent the income people receive through employment and are a key component of household wellbeing. This section reports average annual earnings per filled job, providing insight into income levels, financial stability and the economic opportunities available to residents in South Waikato.

### Highlights for South Waikato District, 2024

- Mean annual earnings in South Waikato District were \$73,462 in the year to March 2024, which was lower than in New Zealand (\$78,731).
- Mean earnings in South Waikato District increased by 5.2% over the year to March 2024, compared with an increase of 5.8% in New Zealand.
- Since 2001, earnings growth in South Waikato District reached a maximum of 10.2% in 2003 and a minimum of -5.1% in 2002.

Figure 39. Mean annual earnings, 2024

Year to March 2024

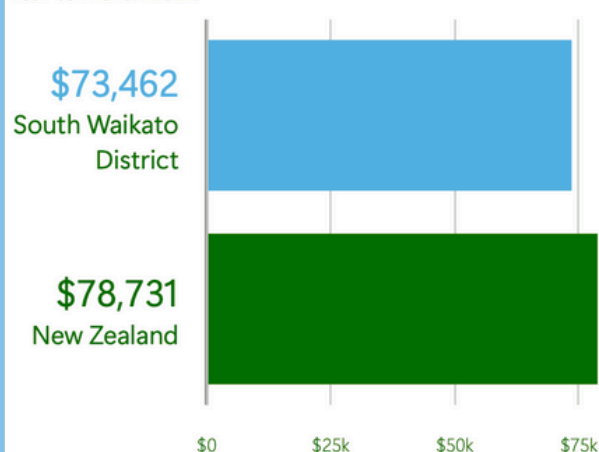
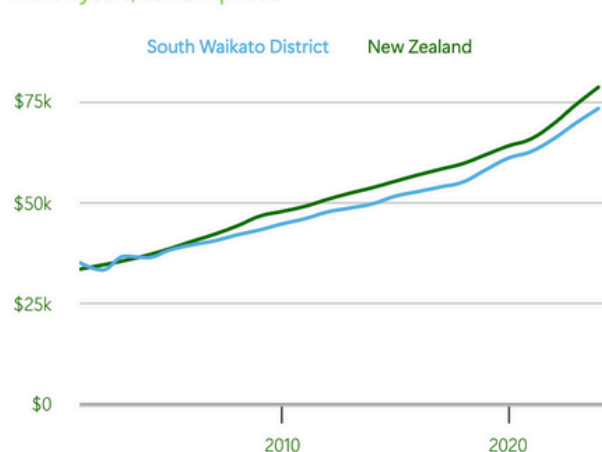


Figure 40. Mean annual earnings level

March years, current prices



## Household Income

Household income is a key indicator of living standards and reflects the overall economic wellbeing of a community. It includes income from wages and salaries, self-employment, benefits, allowances and superannuation, providing a broader picture of financial stability than individual earnings alone.

This section examines how average household income in South Waikato District has changed over time, using figures measured in current prices.

### Highlights for South Waikato District, 2025

- The average household income in South Waikato District was \$106,054 in 2025, which was lower than the New Zealand average of \$135,266.
- Household income growth in South Waikato District was 1.6% for the year to March 2025. Growth was lower than in New Zealand (1.8%).
- Since 2000, household income growth in South Waikato District reached a maximum of 14.2% in 2001 and a minimum of -6.9% in 2009.

Figure 41. Mean household income, 2025

Year to March 2025

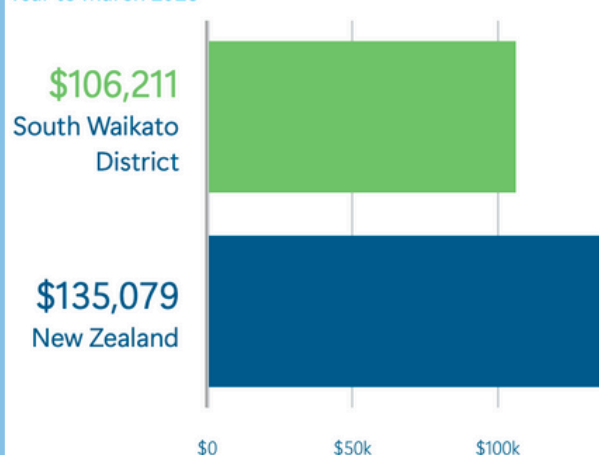
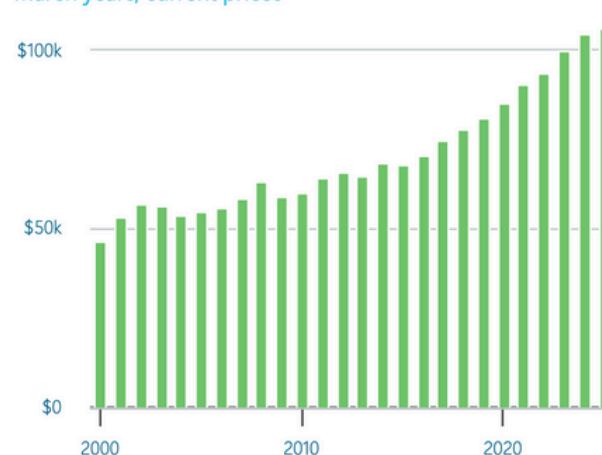


Figure 42. Mean household income

March years, current prices



## Wellbeing in South Waikato District

The Infometrics wellbeing module provides a comparative view of wellbeing across New Zealand using 30 objective indicators grouped into nine domains. It focuses on outcomes for people and communities and tracks how these indicators have changed over time, offering insight into overall wellbeing trends for the South Waikato District.

### Highlights for South Waikato District, 2024

- South Waikato District outperformed New Zealand in the following wellbeing domains: housing.
- South Waikato District underperformed New Zealand in the following wellbeing domains: civic engagement and governance, environment, health, income and consumption, jobs and earnings, knowledge and skills, safety and social connections.



### Social Deprivation and Wellbeing

Social deprivation is one of the biggest challenges in South Waikato. Around 54% of residents live in the two most deprived deciles in New Zealand, compared with 20% nationally. Most deprivation is concentrated in Tokoroa and parts of Putāruru, where many households have lower incomes, less access to services and lower levels of education. These factors contribute to higher unemployment, poorer housing, and reduced health outcomes.

The district's unemployment rate is 8.6%, more than twice the national level. Limited access to tertiary study and training makes it harder for people to gain new skills and move into better jobs. South Waikato also has a higher dependency ratio at 65%, meaning workers support more children and older residents than in most other areas.

Despite this, South Waikato has important strengths. Strong community networks, affordable housing and a lower cost of living help support families and create a sense of stability. However, lower housing costs do not fully offset the wider challenges of income inequality and limited opportunities for social mobility.

Council is working to improve wellbeing through investment in training, community services and local infrastructure. Project Phoenix is helping people retrain and move into new jobs, and partnerships with iwi, education providers and social agencies are improving access to support.

Reducing deprivation and improving wellbeing are long-term goals for the district. Key priorities include improving access to education, creating more pathways into employment, strengthening health and social services and encouraging more people to take part in community activities. These actions will help build a more inclusive and resilient South Waikato community.

### **Housing Affordability and Supply**

Meeting future housing needs is a key focus of the South Waikato District Growth Plan. To keep pace with population growth and support a more affordable housing market, the district will need more than 545 additional homes over the next 30 years under a high-growth scenario.

This requires over 27 hectares of new residential land across the district, including around 15.5 hectares in Tokoroa, 8 hectares in Putāruru and 4 hectares in Tīrau. Alongside this long-term need, the district also faces a hidden shortfall in the short term. Although land is zoned for housing, many residents cannot access the market due to lower average incomes, development costs and affordability barriers.

This means that South Waikato has land available, but not all of it is realistically developable for the people who need housing most. The Growth Plan responds by ensuring an oversupply of land to encourage market competition and by supporting a wider mix of housing types and price points. This approach aligns with the National Policy Statement on Urban Development and aims to give the community more choice, improve affordability and unlock genuine development capacity.

| <b>Anticipated New Residential Builds</b> |            |
|-------------------------------------------|------------|
| Stanley Park                              | 19         |
| Te Koha a Raukawa (East School Dev)       | 56         |
| Pukerimu                                  | 10         |
| Strathmore Park                           | 30         |
| Ruru Crescent                             | 30         |
| Overdale Development                      | 20         |
| <b>Subtotal</b>                           | <b>165</b> |

Between July 2023 and June 2025, 107 new building consents were issued. A further 165 new residential builds are expected between 2025 and 2027, including developments at Stanley Park, Te Koha a Raukawa (East School), Strathmore Park, Overdale, and Ruru Crescent. These projects support steady growth in both affordable and mixed-tenure housing options.

Over the longer term, an additional 1,717 dwellings could be enabled through future District Plan changes and greenfield development areas. These include major growth sites such as Richmond Avenue and Manfield Street, 292 Maraetai Road, Tokoroa infill areas, Putāruru medium-density developments, and the Overdale growth area. This would bring the district's total potential additional supply to 1,882 homes.

Although housing in South Waikato remains more affordable than in many parts of the Waikato Region, the district continues to experience pressure from rising demand, limited existing stock, and high levels of socio-economic deprivation. Increasing the supply of warm, dry, and affordable homes will be essential to support community wellbeing and ensure the district can accommodate future growth.

## TECHNOLOGY

As South Waikato's industries diversify and automation grows, the local workforce will need stronger digital skills to stay competitive. Improving broadband access and modernising digital services will help residents, schools and businesses participate fully in today's economy. Expanding the use of smart systems such as digital tools for infrastructure management and water monitoring can improve efficiency and support sustainability. Ongoing investment in digital infrastructure, training and innovation partnerships will be important to strengthen economic resilience, improve connectivity and ensure South Waikato continues to develop as a connected and future ready district.



## LEGAL

As outlined above, the Government has set an ambitious programme of change for local government. Some reforms are already underway, including the implementation of the Local Water Done Well framework, while further detail on the Resource Management, Building Act, and other local government reforms continues to emerge.

For SWDC, this means being prepared for rapid organisational change and helping the community understand what these reforms will mean for them. A summary of the key changes and their implications is provided below.

### **SIMPLIFYING LOCAL GOVERNMENT - DRAFT PROPOSAL 2025**

As outlined on page 19 above, proposals for simplifying local government will require significant commitment from local mayors and their councils both in terms of regional governance and developing regional reorganisation plans. Whilst in the early stages of drafting, the government has indicated they will be pushing legislation through prior to the election in 2026. These changes will result in the most significant shake up of local government since the reforms of the 1980's.

It will be imperative for South Waikato District Council to prepare proactively for such change to ensure the best interests of South Waikato communities are represented.

At this stage it is unclear how the Resource Management reforms, which are further progressed and also require regional collaboration will be integrated into a local government restructure. However, both packages of reform indicate the need for more streamlined local government with joined up governance and operating structures.



## LOCAL GOVERNMENT (SYSTEM IMPROVEMENTS) AMENDMENT BILL 2025

| Focus Area                        | Change Introduced by the Bill                                                                                        | Implications for SWDC                                                                                                                                    |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Purpose and Focus</b>          | Removes the statutory duty to promote the four wellbeings, reinstating focus on core services (roads, water, waste). | <ul style="list-style-type: none"> <li>• Council priorities may shift toward asset management and essential infrastructure delivery.</li> </ul>          |
| <b>Financial Management</b>       | Enables the Government to explore “rates pegging” and introduces stronger spending prioritisation requirements.      | <ul style="list-style-type: none"> <li>• May limit flexibility in setting rates and require clearer justification for discretionary spending.</li> </ul> |
| <b>Transparency and Reporting</b> | Requires disclosure of contractor and consultant expenditure and strengthens reporting obligations.                  | <ul style="list-style-type: none"> <li>• Increased transparency expectations; need for improved data capture and reporting systems.</li> </ul>           |
| <b>Compliance Efficiency</b>      | Removes six-yearly service reviews and reduces audit duplication.                                                    | <ul style="list-style-type: none"> <li>• Eases compliance workload but increases responsibility for internal monitoring and self-assessment.</li> </ul>  |

## **WATER SERVICES REFORM – WAIKATO WATER DONE WELL**

The Local Water Done Well (LWDW) programme set a new national framework for improving the delivery, affordability, and regulation of drinking water, wastewater, and stormwater services.

SWDC together with six other Waikato Councils - Hauraki, Matamata-Piako, Ōtorohanga, Taupō, Waipā, and Waitomo, have formed Waikato Water Done Well (WWDW) to deliver its drinking water and wastewater services. Stormwater remains managed by individual Councils with optional shared services support. The new organisation is currently being established with the first three Councils joining from 1 July 2026. The new organisation will be guided by the vision Te Mana o Te Wai, Te Mana o Te Tangata – Healthy Water, Healthy People.

### **The WWDW model is designed to achieve five key outcomes:**

- Financial sustainability through shared investment, collective borrowing capacity, and efficiency gains from scale.
- Workforce development by attracting and retaining skilled professionals through a larger regional organisation.
- Customer focus through consistent service standards, transparent pricing, and improved affordability.
- Local influence is maintained through a Shareholder Representative Forum that ensures equal Council participation in decision-making.
- Regulatory alignment with national standards, including Taumata Arowai requirements and future economic regulation under the Commerce Commission.

Under the proposal, Councils will progressively transfer water and wastewater assets, debt, and staff to Waikato Waters Ltd between 2026 and 2030 following community consultation in 2025. The shared model will serve approximately 205,000 residents and 129,000 connections across the region, representing about 40% of Waikato's total water networks. Economic modelling projects annual revenue growth of around 4% once all Councils have joined, with cumulative savings estimated at \$418 million by 2042 through operational efficiencies and shared financing.

This reform represents a significant transition toward regionally integrated water management. It aims to deliver long-term affordability, stronger compliance with environmental standards, and improved resilience against financial and climatic pressures. For SWDC, participation in Waikato Water Done Well supports cost efficiency, improved service delivery, and continued local involvement in water infrastructure decisions while retaining public ownership and accountability.

## RESOURCE MANAGEMENT REFORMS

| Focus Area                        | Change Introduced by the Bill                                                                          | Implications for SWDC                                                                                                                                                 |
|-----------------------------------|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>New Legislative Framework</b>  | The Resource Management Act 1991 will be replaced by the Planning Act and the Natural Environment Act. | <ul style="list-style-type: none"> <li>• Council will operate under two new laws separating land-use planning from environmental management.</li> </ul>               |
| <b>Standardised Zoning</b>        | Nationally consistent zones and planning provisions will apply across all Councils.                    | <ul style="list-style-type: none"> <li>• Local rules will align with national standards, increasing certainty for developers but reducing local variation.</li> </ul> |
| <b>Housing and Infrastructure</b> | National direction will prioritise housing supply and infrastructure delivery.                         | <ul style="list-style-type: none"> <li>• Council planning will focus more strongly on enabling development and coordinating infrastructure investment.</li> </ul>     |
| <b>Environmental Limits</b>       | The Natural Environment Act introduces stronger limits and a national regulator.                       | <ul style="list-style-type: none"> <li>• Council will need to meet clear environmental performance standards and reporting requirements.</li> </ul>                   |
| <b>Consent Processes</b>          | Streamlined consenting and reduced overlap between Councils.                                           | <ul style="list-style-type: none"> <li>• Faster processing times will require updated systems and training for staff.</li> </ul>                                      |
| <b>Implementation</b>             | Transition period from 2025 to 2027.                                                                   | <ul style="list-style-type: none"> <li>• Council will plan a phased transition with new policies, workflows, and compliance processes.</li> </ul>                     |

## BUILDING ACT REFORMS (2025–2026)

| Focus Area                          | Change Introduced by the Bill                                                                                                         | Implications for SWDC                                                                                                                                                                              |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Liability Settings</b>           | Moves from “joint and several” liability to proportionate liability, meaning each party is responsible only for their share of fault. | <ul style="list-style-type: none"> <li>May reduce Council’s financial exposure in building-related claims and create clearer accountability between builders, designers, and suppliers.</li> </ul> |
| <b>Building Consent Authorities</b> | Encourages consolidation of BCAs and introduces mandatory timeframes for inspections.                                                 | <ul style="list-style-type: none"> <li>Council may need to coordinate regionally on consent processing and update systems to meet new time requirements.</li> </ul>                                |
| <b>Consent Exemptions</b>           | Expands exemptions for minor and small-scale projects.                                                                                | <ul style="list-style-type: none"> <li>Simplifies processes for residents and businesses undertaking small developments, reducing administrative workload.</li> </ul>                              |
| <b>Product Assurance</b>            | Allows formal acceptance of recognised overseas building products.                                                                    | <ul style="list-style-type: none"> <li>Increases access to approved products, but requires Council to update verification and approval procedures.</li> </ul>                                      |
| <b>Building Code Update</b>         | New Building Code standards effective August 2025.                                                                                    | <ul style="list-style-type: none"> <li>Council must ensure local compliance systems, checklists, and guidance reflect updated resilience and energy-efficiency standards.</li> </ul>               |
| <b>Future Reform Bill</b>           | Broader reform package expected in early 2026.                                                                                        | <ul style="list-style-type: none"> <li>Council will need to monitor legislative progress and prepare for further system alignment with national planning and infrastructure reforms.</li> </ul>    |

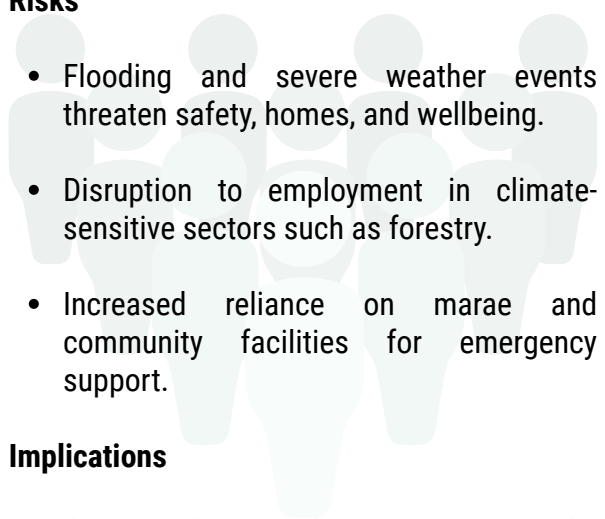
## ENVIRONMENTAL

### Climate Change Hazards & Risks

South Waikato is becoming more exposed to climate-related risks such as rising temperatures, heavier rainfall, flooding, drought and land instability. These changes are already affecting communities, industries, ecosystems and local infrastructure. As these pressures grow, coordinated planning and investment will be essential to strengthen resilience and support long-term environmental wellbeing.

#### People and Communities

##### Risks

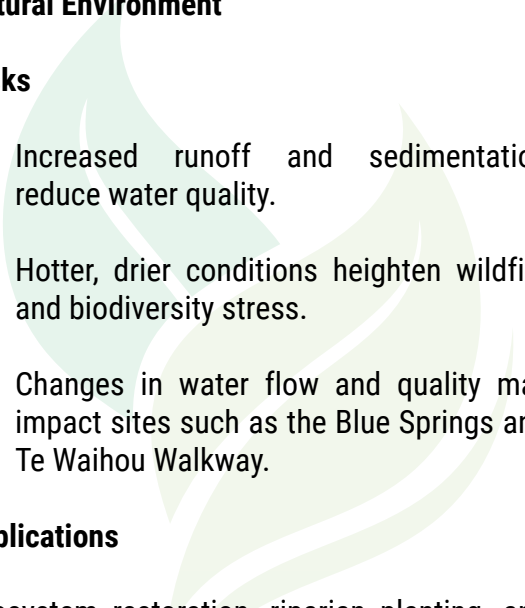
- 
- Flooding and severe weather events threaten safety, homes, and wellbeing.
  - Disruption to employment in climate-sensitive sectors such as forestry.
  - Increased reliance on marae and community facilities for emergency support.

##### Implications

Local preparedness and community networks are vital to managing future impacts and maintaining social resilience.

#### Natural Environment

##### Risks

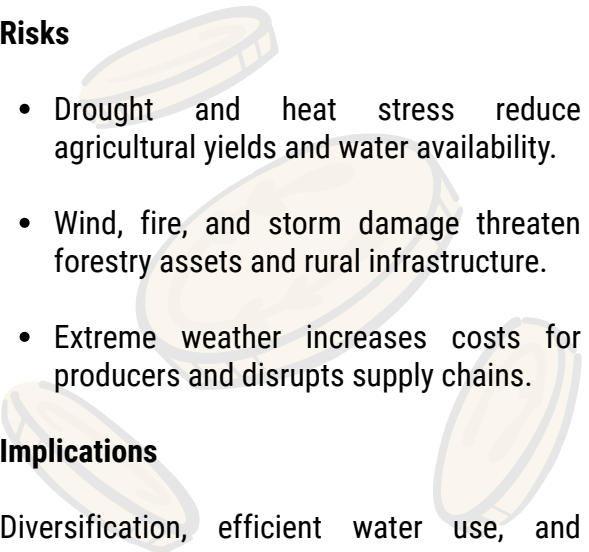
- 
- Increased runoff and sedimentation reduce water quality.
  - Hotter, drier conditions heighten wildfire and biodiversity stress.
  - Changes in water flow and quality may impact sites such as the Blue Springs and Te Waihou Walkway.

##### Implications

Ecosystem restoration, riparian planting, and erosion control will support biodiversity, tourism, and freshwater quality.

#### Economy and Industry

##### Risks

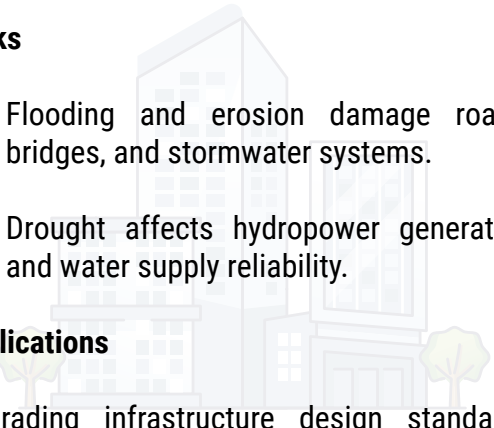
- 
- Drought and heat stress reduce agricultural yields and water availability.
  - Wind, fire, and storm damage threaten forestry assets and rural infrastructure.
  - Extreme weather increases costs for producers and disrupts supply chains.

##### Implications

Diversification, efficient water use, and climate-smart land practices will help safeguard the district's rural economy.

#### Infrastructure and Built Environment

##### Risks

- 
- Flooding and erosion damage roads, bridges, and stormwater systems.
  - Drought affects hydropower generation and water supply reliability.

##### Implications

Upgrading infrastructure design standards and integrating climate data into asset planning will improve long-term resilience.

## Greenhouse Gas Emissions

Greenhouse gas emissions show how local industries and households contribute to climate change. In 2023, South Waikato produced an estimated 1,107 kilotonnes of emissions, with industry responsible for most of this (1,047 kilotonnes) and households making up a smaller share (60 kilotonnes). The district contributed about 1.4% of New Zealand's total emissions.

Over the last decade, emissions in South Waikato have stayed relatively stable, decreasing by only 0.1% per year on average, compared with a faster national decrease of 0.7%. This reflects the district's economic structure, where forestry, wood processing, manufacturing and freight transport are major employers but also energy-intensive industries.

Since 2007, emissions have generally remained between 800 and 1,200 kilotonnes, with no long-term rise or fall. Reducing future emissions will rely on improvements in energy efficiency, low-emission transport and renewable energy, supported by continued involvement in regional and national climate initiatives.

## AIR QUALITY, NATURAL ENVIRONMENT, AND BIODIVERSITY

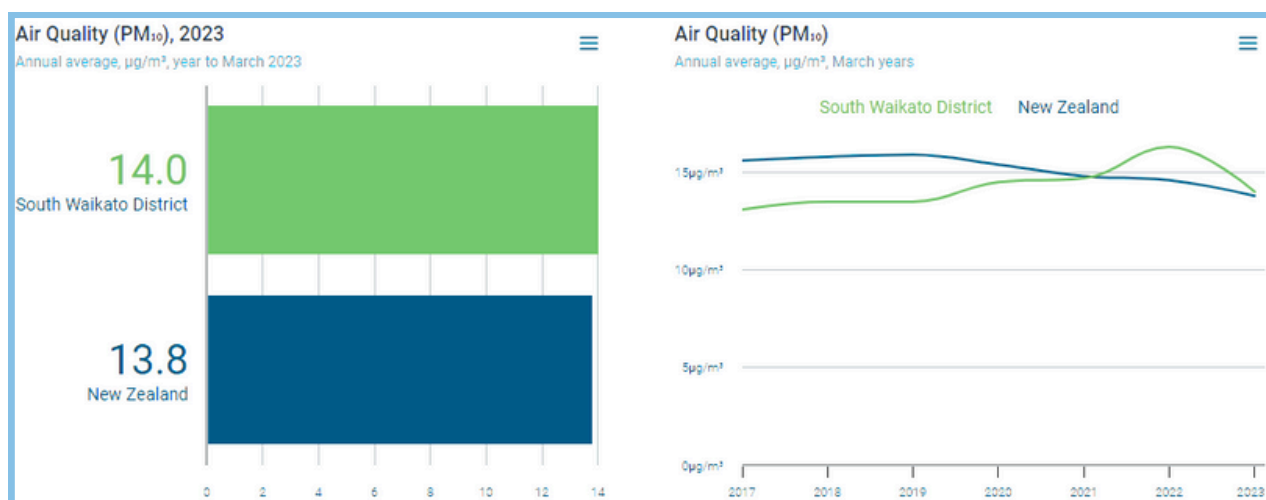
### Air Quality

Air quality is an important indicator of environmental and community wellbeing. In 2023, the annual average PM<sub>10</sub> concentration in South Waikato was 14.0 micrograms per cubic metre, an improvement from 16.3 in 2022 and close to the national average of 13.8.

Over the seven years to March 2023, PM<sub>10</sub> levels averaged 14.2 micrograms per cubic metre, showing generally stable and moderate air quality. Variations largely reflect weather conditions, home heating practices, and road dust.

The main sources of PM<sub>10</sub> in the district include dust from unsealed roads, residential wood burning, and vehicle emissions, with natural factors such as sea salt, dust, and pollen also contributing. Winter wood burning can cause temporary increases in particulate levels, particularly in Tokoroa and other populated areas.

While air quality remains within acceptable limits, actions such as cleaner transport options, improved home heating, and better dust management on rural roads will help maintain and improve air quality over time.



## **Freshwater Quality**

Water quality is assessed by tracking changes in total nitrogen levels at river and lake sites over a 10-year period. Trends are classified as improving, degrading or indeterminate. For this report, the measure used is the percentage of freshwater sites that show an improving trend, meaning total nitrogen levels are likely or very likely decreasing over time.

### **Highlights for South Waikato District, 2023**

- Over the last ten years to June 2023, 12% of freshwater sites in the South Waikato District have improved water quality in terms of total nitrogen concentrations.
- Over the last ten years to June 2023, one freshwater site located in the South Waikato District had improving water quality in terms of total nitrogen concentrations. Six freshwater sites had deteriorating water quality.

Partnerships under Te Ture Whaimana o Te Awa o Waikato and regional programmes led by Waikato Regional Council provide guidance for improving water quality. Ongoing monitoring and land management initiatives will be important for identifying opportunities to protect and restore the district's freshwater environments.

## **Land Cover**

Land cover in the South Waikato District reflects its strong farming and forestry base. In 2018, grassland and scrub made up 46.8% of the district, exotic forest covered 39.6%, and indigenous vegetation accounted for 12%. Only small areas were used for cropping or built development.

Exotic forest cover has steadily declined, falling by 4,634 hectares between 2012 and 2018 and dropping from 51.3% of total land in 1996 to 39.6% in 2018. Even with this reduction, the district still has far more exotic forest than the national average of 8%.

These changes reflect forest harvesting cycles, shifts to pasture, and gradual urban growth. Monitoring land cover helps guide sustainable land-use planning and supports decisions that balance economic activity with environmental protection.

## **Significant Natural Areas**

Council also conducts ground truthing of the district's Significant Natural Areas (SNAs), including both Council reserves and private properties, with the support of ecologists from Wildlands Consultants. This work helps improve understanding of the region's flora and fauna, and findings are shared with property owners to encourage the protection and fencing of proposed SNA boundaries on their land.

## Circular Economy

South Waikato's economic future is closely linked to its ability to transition toward a low-emissions and circular economy. The district's two largest goods-producing sectors, forestry and wood processing, and food and fibre, are nationally identified for industry transformation and are well placed to lead this shift.

A circular economy moves away from the traditional "take, make, dispose" model. It focuses on reducing waste, regenerating natural systems, and recirculating materials to retain value and minimise environmental impact. These principles support South Waikato's ambition to grow sustainably while strengthening productive, innovative, and resilient industries.

Local examples already show this transition in action. MyNoke's vermicomposting operations in Kinleith and Putāruru demonstrate how industrial bio-waste can be reused to improve soil health. Hodderville Farms integrates native planting into dairy operations to regenerate marginal land. These initiatives align with the Government's Emissions Reduction Plan and Industry Transformation Plans, which promote circular bioeconomy models that create jobs and reduce emissions.

### **South Waikato District Council can support this shift by:**

- Partnering with businesses, iwi, and research organisations to develop a circular economy plan.
- Encouraging collaboration between industry clusters to share resources and reduce reliance on non-renewable energy.
- Advocating for regional and national funding for emission-reduction initiative.
- Ensuring regulations enable sustainable business investment and land-use.

At the local level, Council is progressing targeted research and planning to improve rural waste practices. The 2025 Circular Economy Internship – Rural Waste Report identified challenges for farms and lifestyle blocks, including limited waste infrastructure, high disposal costs, and environmental risks from unsustainable practices.

To address these issues, the report recommended actions aligned with the Waste Minimisation Management Plan 2022–2028, such as expanding recycling facilities, developing community programmes, improving education and awareness, trialling mobile collection services, and exploring subsidies to improve access and affordability.

These initiatives aim to reduce landfill waste, improve rural waste management, and strengthen community participation in sustainable resource use. Through this work, South Waikato seeks to turn waste into value and position itself as a national leader in sustainable production and circular growth – truly becoming "the space to grow sustainably."

## **Implications for South Waikato – Our Place, Our Future**

**P** - National reforms to local government, water, resource management and the building system mean South Waikato District Council must adjust how it plans, funds and delivers services, while responding to falling resident satisfaction and higher expectations for transparency. Strong, ongoing partnerships with iwi, especially Raukawa, remain essential for co-governance and Treaty-based decision-making.

**E** - South Waikato's economy is still anchored in forestry, food and fibre, manufacturing and construction, but faces rising unemployment, higher deprivation and weaker regional growth. Council and partners will need to keep building resilience through initiatives like Project Phoenix, new industrial development, logistics, tourism and circular economy projects, backed by investment in skills, infrastructure and business diversification.

**S** - High levels of deprivation, lower household and earnings levels, a high unemployment rate and a large dependency ratio place pressure on families and services, even though housing is relatively affordable and communities are strong and diverse. Improving wellbeing will depend on better access to education and training, more employment pathways, stronger health and social support, and sustained focus on youth engagement and community participation.

**T** - As industries change and automation increases, workers in South Waikato will need stronger digital skills, reliable broadband and access to modern digital services. Investing in connectivity, training and smart systems for infrastructure and water management will help support local jobs, service delivery and long-term resilience.

**L** - New laws and frameworks, including the Local Government (System Improvements) changes, Waikato Water Done Well, resource management reform and Building Act updates, will change how Council manages planning, consents, water services and risk. South Waikato will need to manage asset transfers, update processes and systems, and support the community through these transitions while meeting new compliance and reporting requirements.

**E** - Climate-related risks, stable but high emissions, changing land cover, variable water quality and ongoing biodiversity pressures all shape South Waikato's environment. Council, iwi, industry and communities will need to keep working together on restoration projects, freshwater and land management, waste reduction and circular economy initiatives to protect ecosystems, support rural productivity and build a low-emissions, climate-resilient district.

## SWOT - SOUTH WAIKATO

### The Need to Transition

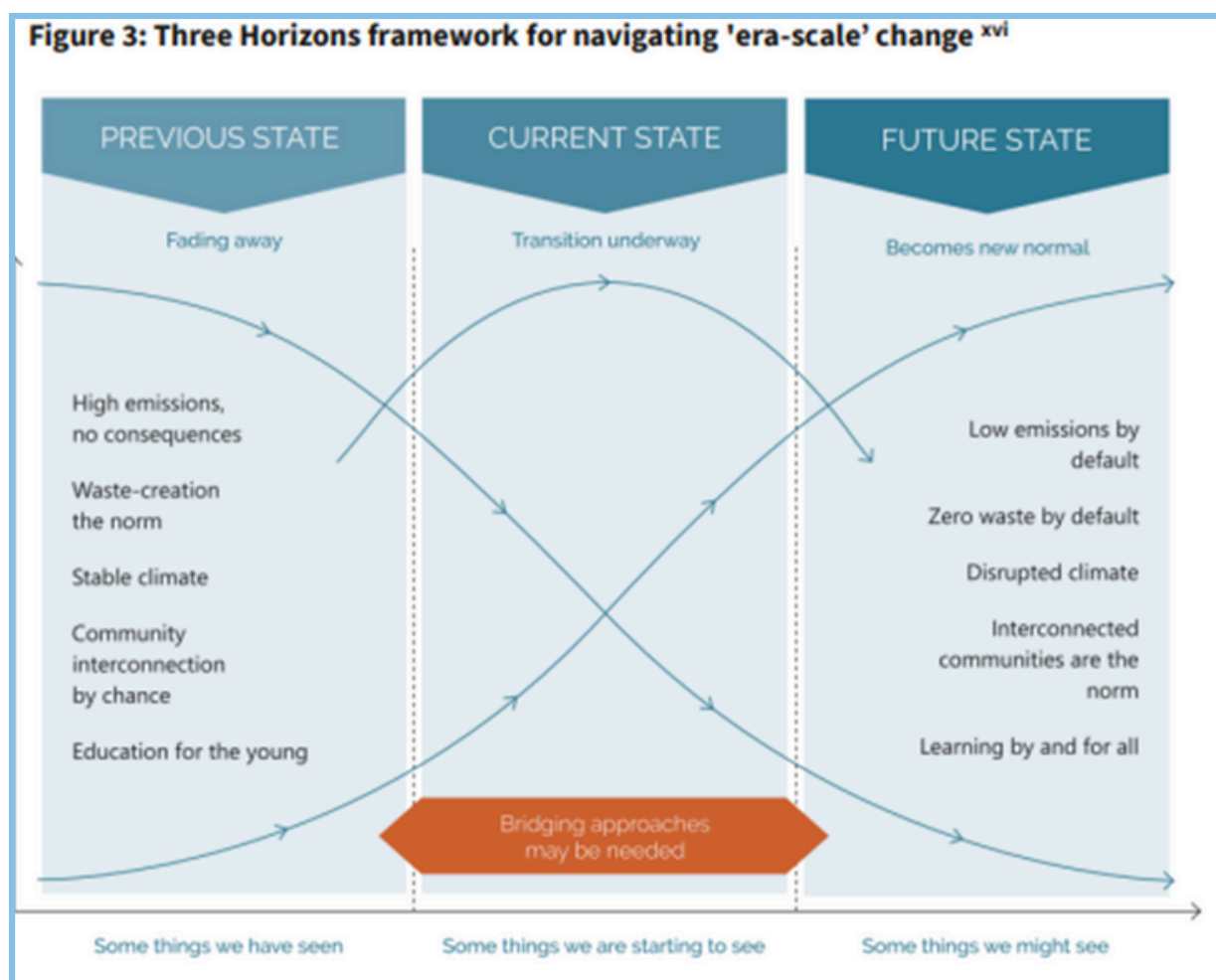
In 2019, Taituarā commissioned a think piece titled Navigating Critical 21st Century Transitions to help local government leaders take a forward-looking approach. Although published in 2019, the transitions identified in the report remain highly relevant to local government today. The authors argued that Councils must fundamentally:

- shift to different energy sources
- take greater care in how land and resources are used
- reduce waste and protect the environment
- prepare for increasing automation of routine work

The report identified five critical transitions needed for the future:

- moving to low-emissions living
- being better prepared for a disrupted climate
- becoming a low-waste society
- building more connected communities
- adapting to the need for life-long learning

The figure below illustrates the shift from the era we are currently into the new era we are transitioning toward:



Many New Zealand communities have begun shifting from an era of unrestricted consumption and individualism toward a future focused on sustainable living and stronger social connection. Although this transition will take decades, the author of the Taituarā paper emphasises the need to accelerate progress over “the next crucial decade”. The paper also highlights the important role of local government in leading this change by providing direction, supporting community readiness, and enabling the steps required for transition.

With these challenges in mind, and informed by the PESTLE scan above, the following section summarises the key strengths, weaknesses, opportunities, and threats for South Waikato going forward.

## **STRENGTHS**

- Strong economic base in forestry, wood processing, and food and fibre industries (nearly half of district GDP).
- Major employers such as Fonterra (Lichfield) and Oji (Kinleith) provide regional stability.
- Central location within the upper North Island corridor enables efficient transport and logistics connections to Hamilton, Tauranga, Rotorua, and Taupō.
- Housing affordability remains high, with property and rental costs below national averages.
- Strong community networks and collaboration through initiatives like Project Phoenix and the Trades Training Centre.
- The South Waikato Investment Fund Trust (SWIFT) supports local business growth and diversification through funding and scholarships.
- Established iwi partnerships, particularly with Raukawa, strengthen social and cultural development.
- Improving air quality - 2023 PM<sub>10</sub> levels are stable and comparable to national averages, showing good management of air pollutants.
- Council acknowledges the district's alignment with the regional freshwater framework through Te Ture Whaimana o Te Awa o Waikato.
- Strong foundation in sustainable land management through long-standing programmes such as the South Waikato Environmental Initiative (SWEI), supporting native planting and riparian restoration.
- Growing bioeconomy innovation, including MyNoke's vermicomposting and regenerative land practices.
- Clear alignment between national productivity policy and South Waikato's local development strategy.
- Active programmes in housing, skills, and community regeneration.

## **WEAKNESSES**

- Heavy reliance on forestry and manufacturing sectors makes the economy sensitive to industry fluctuations.
- Unemployment rate (8.6%) is more than double the national average (4%).
- Lower qualification levels and limited higher-skilled job opportunities restrict workforce mobility.
- About 54% of residents live in the two most deprived deciles nationally, reflecting high social and economic need.
- Variable housing quality and limited supply of professional-standard homes.
- High reliance on forestry and agriculture - emphasises environmental vulnerability to land-use intensity and runoff.
- Higher dependency ratio (65%) compared with the national average (53.8%), increasing pressure on the working-age population.
- Low diversification and limited circular infrastructure to support full material recovery.
- Dependence on external funding to scale sustainable or low-emission initiatives.

## **OPPORTUNITIES**

- Development of the Maraetai Road Intermodal Business Park positions Tokoroa as a regional logistics hub.
- Affordable industrial and residential land supports growth and investment.
- Expansion of renewable energy, wood processing innovation, and low-carbon manufacturing.
- National shift toward circular and bio-based industries aligns with local forestry and manufacturing strengths.
- Education and training partnerships (e.g., with Te Pūkenga) enhance workforce capability and upskilling.
- Growing tourism and recreation opportunities around the Blue Springs, Te Waihou Walkway, and Waikato River Trails.
- Strong potential for deeper collaboration with iwi, neighbouring Councils, and regional agencies.
- Integrate climate adaptation and resilience planning into infrastructure and land management strategies.
- Encourage land-use diversification that balances forestry, agriculture, and conservation to reduce runoff and improve catchment health.

- Rising global demand for sustainable and low-carbon products offers new export opportunities.
- Integration of climate adaptation and resilience planning into future asset and land-use strategies.
- Leverage national focus on bio-based industries, digital innovation, and circular economy to attract investment.

## THREATS

- Economic vulnerability to global commodity price changes in forestry and dairy sectors.
- Industrial restructuring (e.g., Kinleith Mill changes) continues to affect employment stability.
- Slower population and labour-force growth compared with national averages.
- Climate-change impacts and emissions-reduction requirements could constrain primary-sector productivity.
- Competition from nearby districts such as Hamilton, Waipā, and Tauranga for investment and skilled labour.
- Limited succession planning and skills shortages may hinder adaptation to technological change.
- Increasing climate change impacts, including higher temperatures, more intense rainfall events, and prolonged drought, are affecting both ecosystems and infrastructure.
- Rising costs of compliance and environmental regulation are creating financial strain for rural landowners and industry operators.
- Potential policy and funding uncertainty affecting the implementation of circular economy initiatives.
- Ongoing productivity constraints, global trade uncertainty, and limited local innovation capacity.

## ENDNOTES

### Wider Horizons

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[Population statistics – user guide | Stats NZ](#)

[our-environment-2025.pdf](#) - Ministry of Environment Publication

[Unemployment rate | Stats NZ](#)

[Wellbeing statistics: 2023 \(updated\) | Stats NZ](#)

## **Closer to Home**

[Socio-economic trends | Waikato Regional Council](#)

[Council websites and maps - LGNZ](#)

[2024-2034 Long Term Plan | 2024-2034 Te Mahere Roa](#)

[SignificanceEngagementPolicy.pdf](#) - WRC

[WPI Summary Update](#)

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[Regional Economic Profile | Waikato Region | Overview](#)

## **Our Place Our Future**

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A deprivation and demographic profile of the South Waikato District Council – 2018