

Economic Development Plan

South Waikato District Council

Whiringa-ā-rangi 2023



Authors: Nick Robertson, Hugh Parsons, Connor McIndoe, and Marcelo Prates

All work is done, and services rendered at the request of, and for the purposes of the client only. Neither BERL nor any of its employees accepts any responsibility on any grounds whatsoever, including negligence, to any other person.

While every effort is made by BERL to ensure that the information, opinions and forecasts provided to the client are accurate and reliable, BERL shall not be liable for any adverse consequences of the client's decisions made in reliance of any report provided by BERL, nor shall BERL be held to have given or implied any warranty as to whether any report provided by BERL will assist in the performance of the client's functions.

South Waikato: The space to grow sustainably

Economic development is essential to the well-being of South Waikato's communities. It underpins social, cultural, and environmental aspirations, including a growing population, quality education and jobs, incomes that support improved standards of living, a healthy environment, thriving communities, and housing that is affordable, warm, and comfortable.

This economic development plan sets the vision for the next 30 years. It outlines how South Waikato District Council (SWDC) will support South Waikato's businesses, communities, and individuals to effectively collaborate and take advantage of South Waikato's position at the southern tip of the North Island's golden diamond to become a thriving, sustainable regional economy. This will involve building on existing strengths, and taking advantage of new opportunities, to create a circular economy that grows the well-being of individuals, communities, and the environment.

New Zealand and the world's economy is changing. As consumer preferences change New Zealand's future economic growth is likely to be led by increasing the value add from our products, particularly primary production. A focus on producing premium products will increase pressure to ensure our industries have strong environmental credentials.

As New Zealand moves to adopt circular economy principles, SWDC's role will be to ensure that South Waikato is not left behind, but rather leads in shifting to an economy that is more efficient and environmentally sustainable. To its advantage, South Waikato's forestry, logging and wood processing, and food and fibre are two clusters identified by central government for industry transformation to align with the circular vision, and many South Waikato businesses are already making this transition.

With industries set to undergo significant transformation, the nature of work and workplaces will change. This presents an opportunity for South Waikato to increase productivity, grow employment in higher skilled jobs, and increase household incomes. To attract and retain businesses, the right skills need to be available locally. As technology and automation replace low skilled jobs, South Waikato's current and future workforce will need to develop new skills that match the future of work. This will require that learners, workers, and employers are able to access the right skills, at the right time.

It is crucial that South Waikato communities benefit from a thriving economy. A prosperous and sustainable economy will also be reflected in vibrant and attractive town centres that meet the needs of residents and visitors. Underlying this, will be families who are confident and secure to pursue their aspirations, iwi, hapū, and whānau who are engaged as Treaty partners, and Pacific Peoples who are supported to thrive.

This plan is a key tool to enable optimal access to prosperity for South Waikato's communities. It sets out the criteria that SWDC will use to guide decision making for South Waikato's economic and business sector development and ensure SWDC's decisions are consistent, predictable, equitable, and available to the public.

South Waikato economic development plan

LTP vision	A thriving community and robust economy that outpaces the rest of New Zealand.		
Community outcomes	<p>A robust economy - Leveraging our location and rich soils, we rebuilt a strong foundation for our grandchildren</p> <p>Thriving communities – Our diverse people of South Waikato are healthy and well, with ample opportunities to support their quality of life</p> <p>A sustainable environment - The District is a national leader in benefiting economically from a circular economy</p>		
ED Vision	South Waikato: The space to grow sustainably		
Priorities	Enabling circular economy clusters to drive industry transformation	Thriving South Waikato communities	Future-proofed skills development
Objectives	<p>Take advantage of circular economy opportunities</p> <p>Build strong goods-producing clusters that embrace industry transformation</p> <p>Attract suppliers, and growing service clusters, to support goods-producing clusters</p>	<p>Attractive town centres and healthy, affordable housing</p> <p>Thriving iwi, hapū, and whānau as Treaty partners</p> <p>Pacific Peoples supported to thrive in the district</p>	<p>Labour transformation provides skills for the future of work</p> <p>Education and development pathways lead to local employment</p>
SWDC's key actions	<p>Partner with businesses, iwi, and other partners to develop a circular economy plan</p> <p>Partner with local businesses to develop a cluster development plan</p> <p>Regulate to ensure South Waikato is an attractive place for business to invest, including ensuring land is available and accessible</p> <p>Advocate for regional research organisations to partner with local business, to facilitate trials and the use of new technology in South Waikato</p> <p>Facilitate connections to reduce non-renewable energy consumption and adopt circular economy principles</p>	<p>Ensure town centres remain attractive and vibrant</p> <p>Promote the development of new, affordable, and attractive housing</p> <p>Partner with an energy company to provide electric car charging in town centres</p> <p>Continue to engage with iwi, hapū, and whānau</p> <p>Support South Waikato kura kaupapa Māori</p> <p>Continue partnering with SWPICS to improve outcomes for Pacific families</p> <p>Understand the aspirations of Pacific Peoples in South Waikato, and identify which industries support these</p>	<p>Facilitate pathways from secondary education, through tertiary education, to employment</p> <p>Advocate for secondary schools, Te Pūkenga, and Te Wānanga o Aotearoa to deliver the skills training local businesses require</p> <p>Fund and partner with community-led initiatives that enable young people and rangatahi to access technology</p> <p>Partner with schools to identify and promote interventions that improve attendance, engagement, and attainment, and enhance aspirations of students</p>

Contents

1	South Waikato’s economic development plan.....	1
1.1	Why does South Waikato need an economic development plan?	1
1.2	South Waikato District Council’s role in economic development	2
2	Space to grow at the tip of a golden diamond	3
3	South Waikato’s people at a glance.....	4
4	South Waikato’s places at a glance	5
5	South Waikato’s education and skills at a glance.....	6
6	South Waikato’s economy at a glance.....	7
6.1	South Waikato’s economic clusters.....	8
7	SWOT	10
8	PEST	12
9	Factors influencing the plan.....	13
10	The economic future of South Waikato	14
10.1	Enabling circular economy clusters to drive industry transformation.....	16
10.2	Thriving South Waikato communities	22
10.3	Future-proofed skills development.....	25
11	Scenarios for economic development	28
Appendix A South Waikato’s people, place, and economy		31
	South Waikato’s people.....	31
	South Waikato’s place	37
	South Waikato’s economy.....	43
Appendix B Forestry and wood processing industry transformation plan		50
Appendix C Food and fibre transformation plan.....		52
Appendix D National adaptation and emissions reduction plans		53

Figures

Figure 1 Circular economy butterfly diagram	17
Figure 2 Forestry, logging, and wood processing cluster circular economy example	18
Figure 3 GDP growth scenarios for South Waikato.....	29
Figure 4 Employment growth scenarios for South Waikato.....	30
Figure 5 South Waikato’s ethnicity breakdown	32
Figure 6 South Waikato’s demographic pyramid, non-Māori vs Māori.....	32
Figure 7 South Waikato population projections	33
Figure 8 Unemployment in South Waikato, non-Māori vs Māori.....	34
Figure 9 Skill level in South Waikato, non-Māori vs Māori	35
Figure 10 Occupations in South Waikato, Non-Māori vs Māori	36
Figure 11 Annual income in South Waikato, Non-Māori vs Māori.....	37
Figure 12 South Waikato land use proportions.....	38
Figure 13 South Waikato GDP by cluster, 2022.....	44
Figure 14 South Waikato employment by cluster, 2022	45
Figure 15 South Waikato GDP by cluster, 2012-2022.....	46
Figure 16 South Waikato employment by cluster, 2012-2022	47
Figure 17 South Waikato business units by cluster 2012-2022.....	48
Figure 18 Business Births and deaths, 2001-2022.....	48

Tables

Table 1 South Waikato clusters GDP, FTEs, business units, and productivity, 2022	46
Table 2 South Waikato, Waikato region, and national productivity, 2012-2022.....	49

1 South Waikato's economic development plan

South Waikato District Council (SWDC) is going through a period of change with a refreshed Council, a new mayor, and an all new executive leadership team. This economic development plan is intended to provide the 30-year direction for SWDC, businesses, communities, and individuals to effectively collaborate and deliver an economy that takes advantage of South Waikato's position at the southern tip of the North Island's golden diamond.

This plan sets out the criteria that SWDC will use to guide decision making for South Waikato's economic and business sector development. The plan ensures SWDC's decisions are consistent, predictable, equitable, and available to the public. As such, this plan is a key tool to enable optimal access to prosperity for South Waikato's communities.

1.1 Why does South Waikato need an economic development plan?

Economic development, in its broadest terms, is about improving the standard of living. Economic development is essential to the well-being of South Waikato's communities. It underpins social, cultural, and environmental aspirations, including a growing population, quality education and jobs, incomes that support an improved standard of living, a healthy environment, and housing that is affordable, warm, and comfortable. Economic development will support thriving local communities with vibrant cultural groups, sports teams, and accessible facilities all can enjoy.

The four well-beings



Economic - Considers whether the economy can generate the employment and wealth necessary to provide many of the requirements that make for social well-being, such as health, financial security, and equity of opportunity.



Social - Involves individuals, their whānau, hapū, iwi, and a range of communities being able to set and achieve goals pertaining to education, health, the strength of community networks, financial and personal security, equity of opportunity, and rights and freedoms.



Cultural - Encompasses the shared beliefs, values, customs, behaviours and identities reflected through language, stories, visual and performing arts, ceremonies, and heritage that make up our communities.



Environmental - Considers whether the natural environment is maintained to sustainably support the activities that constitute healthy community life including air quality, fresh water, uncontaminated land, and control of pollution.

Source: Taituara.¹

Economic development is traditionally measured by the annual growth rate of real gross domestic product (GDP) per capita. However, the impact of economic development goes well beyond GDP. GDP is a marker of economic activity and does not consider measures such as human happiness,

¹ taituara.org.nz/Article?Action=View&Article_id=216

social connectivity, safety and security, or physical and emotional health. Nor does it factor in income and wealth distribution, the negative impacts that can result from inequality, or the state of our natural environment.

There are a number of international, national, and regional variables that will influence economic development. However, SWDC can contribute to improvements in the economic, social, environmental, and cultural well-being of its communities by providing good quality infrastructure and regulatory services, actively promoting business and industry development, and attracting people to live, work, and play in South Waikato.

1.2 South Waikato District Council's role in economic development

Provide - Invest and maintain infrastructure and facilities that provide the foundation for businesses and residents to thrive. This includes transport, water, and waste infrastructure, and venues, as well as zoning, that deliver activities facilitates growth, bring vibrancy to South Waikato, and enhance the quality of life for residents.

Advocate –Where SWDC has no direct control, advocate on behalf of South Waikato to promote its interests to other decision makers and influencers locally, regionally, and nationally.

Fund – Make funds available to other organisations and individuals to deliver services.

Partner – Form partnerships and strategic alliances with other parties in the interests of South Waikato, including Raukawa, national and regional government and agencies, other Councils across the region, and community groups.

Facilitate – Assist others to be involved in activities by bringing groups and interested parties together to discuss issues, share ideas, and form connections.

Regulate – Regulate activities through legislation, by-laws, and internal policies, for example by SWDC's regulatory teams providing services such as liquor licensing and building consenting that promote well-being and economic development.

SWDC's draft Long Term vision for South Waikato is *A thriving community and robust economy that outpaces the rest of New Zealand.*

SWDC's draft 2024-34 Long Term Plan community outcomes

Thriving communities

Our diverse people of South Waikato are healthy and well, with ample opportunities to support their quality of life.

A sustainable environment

The district is a national leader in benefitting economically from a circular economy.

A robust economy

Leveraging our location and rich soils, we rebuilt a strong foundation for our grandchildren.

2 Space to grow at the tip of a golden diamond

The South Waikato District lies at the heart of New Zealand's North Island. It offers rural and urban living at reasonable costs, with a wide range of schooling options and affordable business opportunities, in a district that is well connected and serviced, and has ample room for economic development and growth.

The residents of South Waikato come from a broad variety of backgrounds. There is a strong Māori population, centred around the ancestral home of Raukawa, and Pacific Peoples make up a greater proportion of the community than in any district outside Auckland and Wellington.

Its three main towns, Tokoroa, Putāruru and Tīrau, are the focal points for a large and successful rural community, and Arapuni, 10 kilometres from Putāruru, provides offers a range of outdoor recreational activities, State Highway One (SH1), New Zealand's main highway, runs through the middle of the district, and the new Waikato Expressway now provides a fast, efficient, and easy connection to Hamilton and Auckland.

The Waikato region has experienced a two speed economy since the mid-2000s. Growth in the golden triangle (the area between Auckland, Hamilton, and Tauranga) has taken off. Meanwhile many rural communities in the south and west of the region have not enjoyed the same growth, struggling with long term population decline and other demographic and economic issues. However, recent population growth means that now is a great time for South Waikato to push its case as an attractive, prosperous, liveable, and sustainable area of New Zealand.

The extension of the golden triangle south to Taupō, to form the golden diamond, presents an opportunity for South Waikato to take advantage of the diamond's population growth which is expected to exceed the national average for at least the next 10 years. The untapped potential of South Waikato, if promoted correctly and utilised sustainably, can lead to the area's return to prosperity.

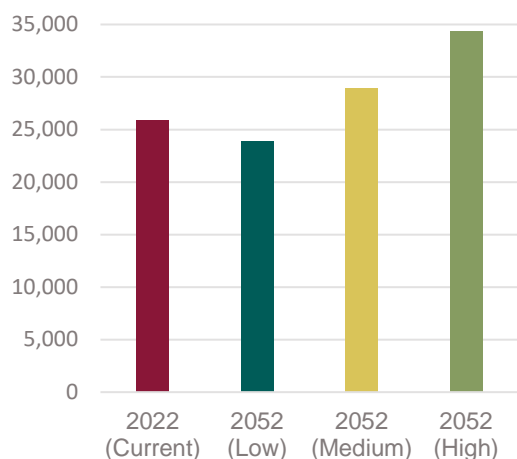
With space to grow, existing industry strengths, and a young population, South Waikato has the opportunity to position itself as the up-and-coming affordable district in the southern half of the diamond.

With competitive advantages due to its central location, affordability, cultural diversity, and lifestyle benefits, South Waikato already has a compelling case as a destination to attract businesses and residents that will drive its future growth. However, business momentum, and awareness regarding South Waikato's potential, needs to be maximised.

SWDC acknowledges the huge potential for South Waikato, and is committed to help drive the realisation of this potential. Through planning for and facilitating growth, leading and investing in infrastructure projects, delivering outstanding support services and incentives for new and existing businesses, district promotion, being a business-friendly council, and ultimately building an environment where businesses can thrive, the council can support South Waikato to deliver on its immense potential.

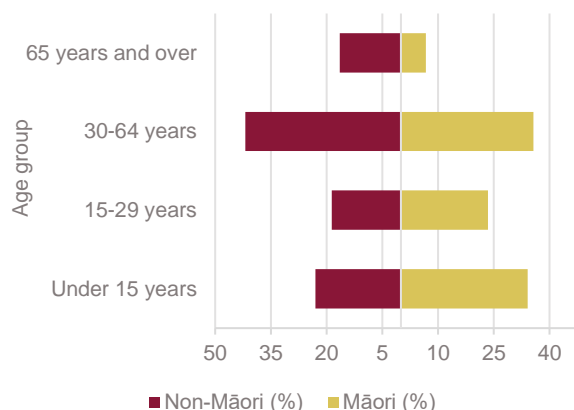
3 South Waikato’s people at a glance

South Waikato’s population projection



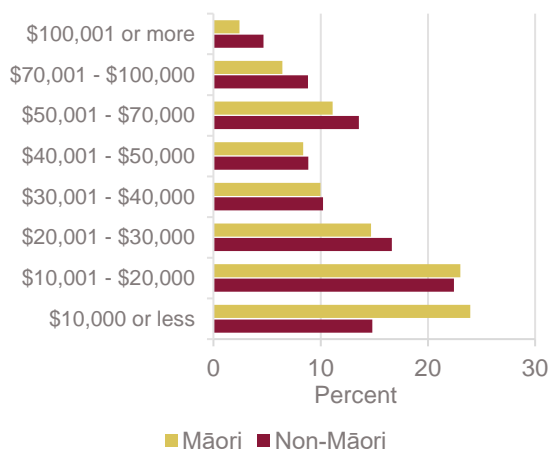
At the time of the 2018 Census the population of South Waikato was 24,042. The median age was 37.9 years. In the medium scenario moderate and sustained population growth over the next 30 years will see South Waikato’s population grow from 25,900 in 2022 to 28,950 in 2052.

Demographic pyramid, non-Māori vs Māori



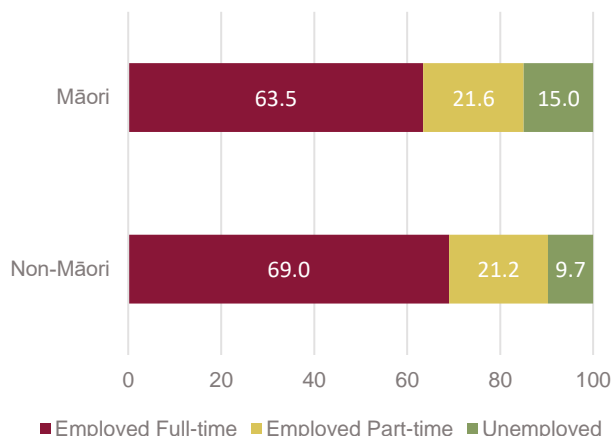
A greater proportion of the future workforce will be Māori and Pacific People. 42 percent of non-Māori are aged between 30 and 64 compared to 36 percent of Māori. 58 percent of Māori are under 30 compared to 42 percent of non-Māori and Pacific People. This will be the workforce of the next 30 years.

Annual incomes, non-Māori vs Māori



A large proportion of South Waikato residents work in relatively low skilled jobs with lower incomes. South Waikato’s median income at Census 2018 was \$24,900, compared to \$31,800 nationally. More than 50 percent of residents earned less than \$25,000 per year, and 61 percent earned less than \$35,000, compared to 53 percent nationally.

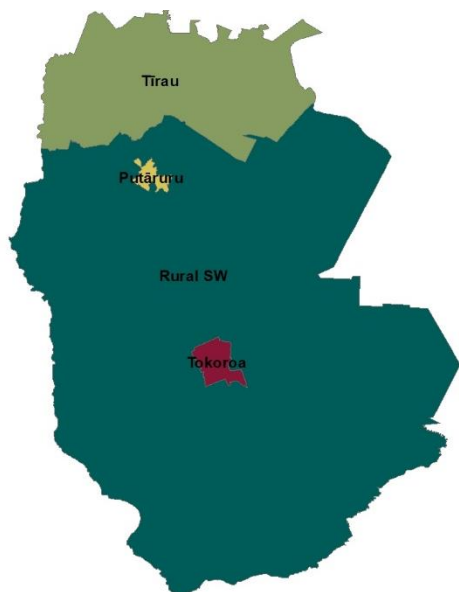
Employment and unemployment (%)



68 percent of South Waikato’s working age population is employed full-time and a further 21 percent are employed part-time, and the remaining 11 percent are unemployed. Non-Māori have greater full-time employment than Māori, part-time employment is equal, and Māori have higher unemployment.

For more on South Waikato’s people see Appendix A.

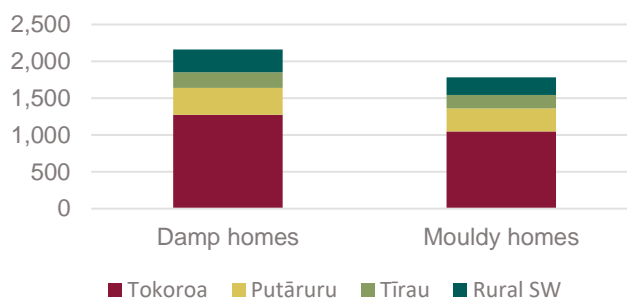
4 South Waikato's places at a glance



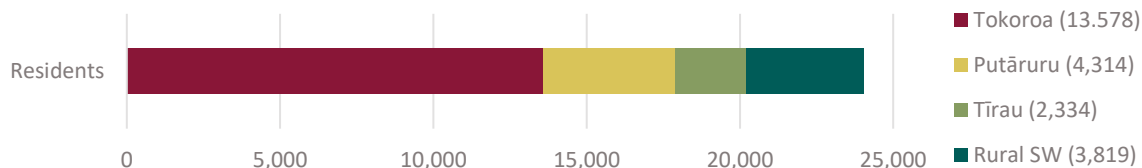
Deprivation

Tokoroa and Putāruru (75 percent of the population) are amongst New Zealand's most deprived communities (Level 9 & 10). Tīrau and Rural South Waikato are moderately deprived (Level 5 & 6).

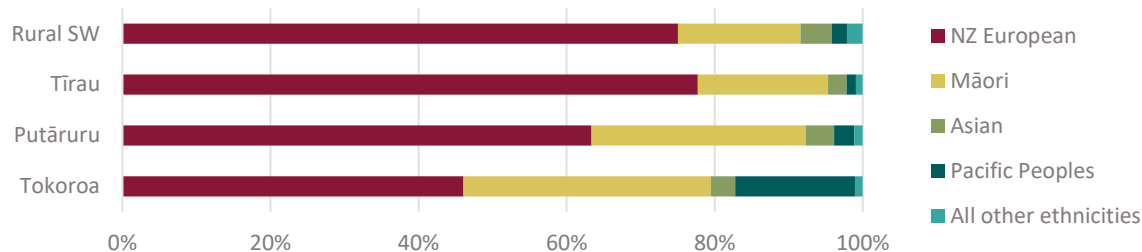
Damp and moldy homes



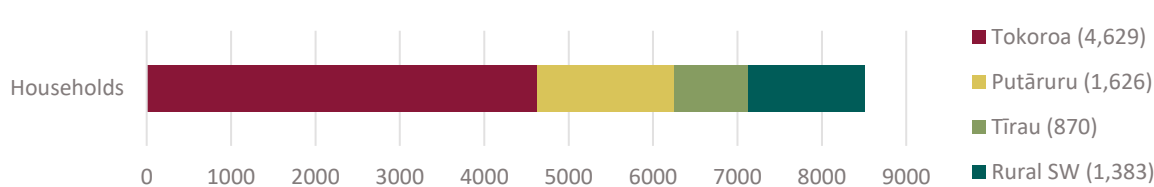
Residents by location (Census 2018)



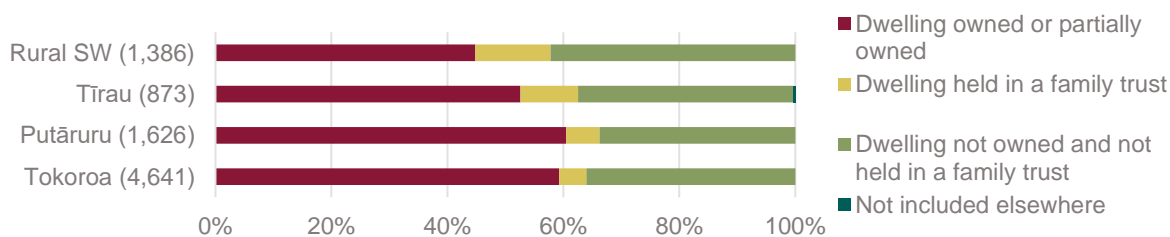
Residents by ethnicity (Census 2018)



Households by location (Census 2018)

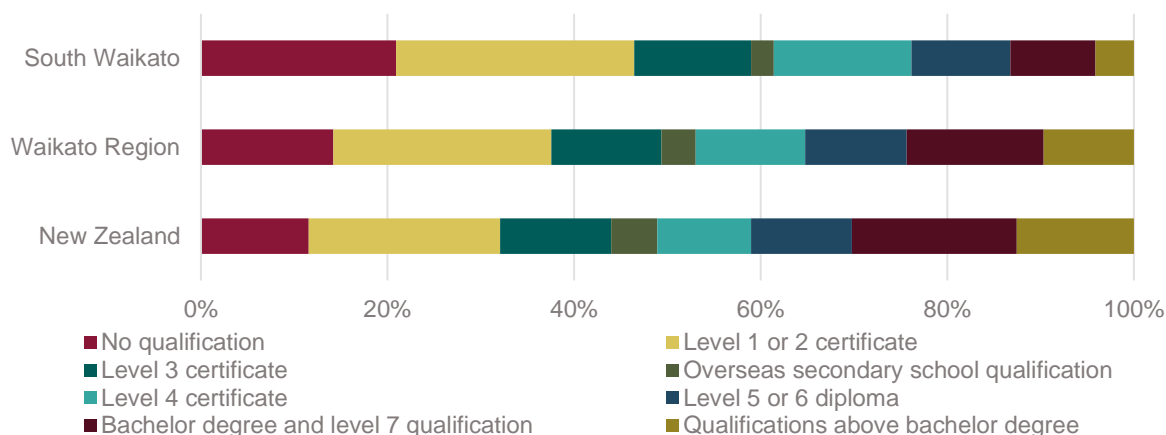


Tenure of households (Census 2018)

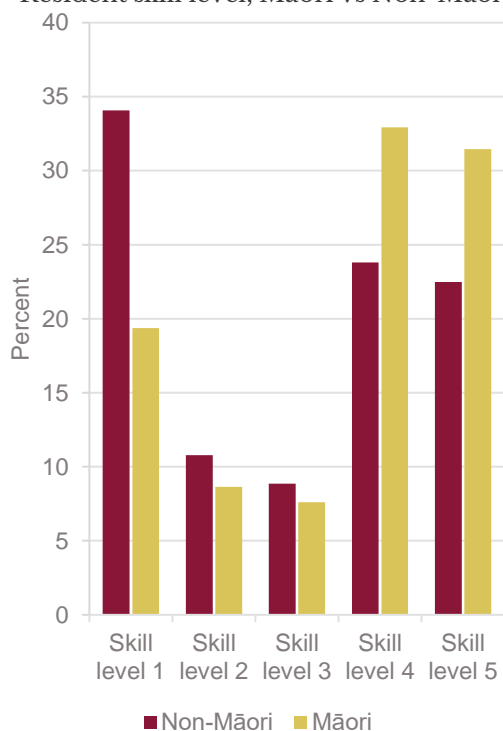


For more on South Waikato's places see Appendix A.

5 South Waikato’s education and skills at a glance



Resident skill level, Māori vs Non-Māori



Skill level by job type

Skill level one – Highly skilled - Manager and professional roles.

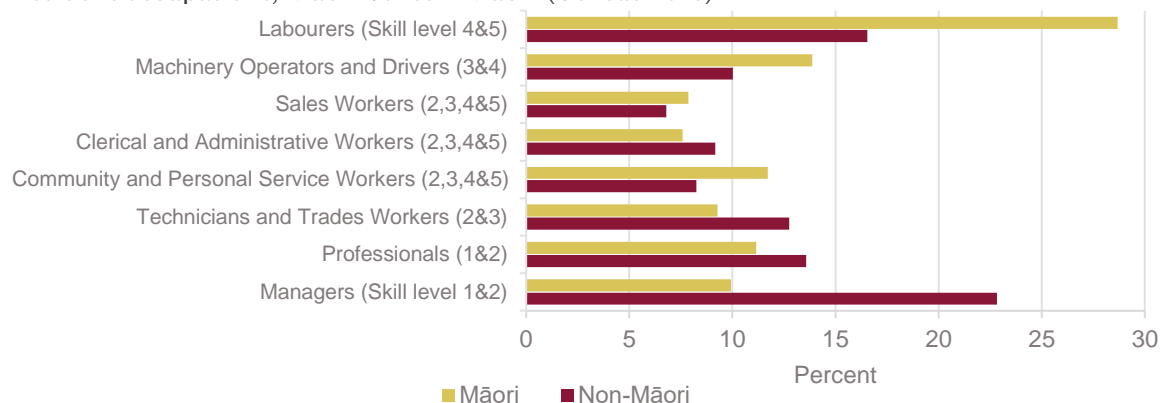
Skill level two - Managerial roles in accommodation and retail, and support workers in the health and social assistance.

Skill level three – Skilled - Technicians and trade workers in construction, manufacturing, and other service industries.

Skill level four - Carers and receptionists in health, road and rail drivers, and clerks, operators, store people, and process workers in manufacturing.

Skill level five – Lower skilled - Sales workers, factory process workers in manufacturing, accommodation, farm, forestry, and garden workers, cleaners and laundry workers.

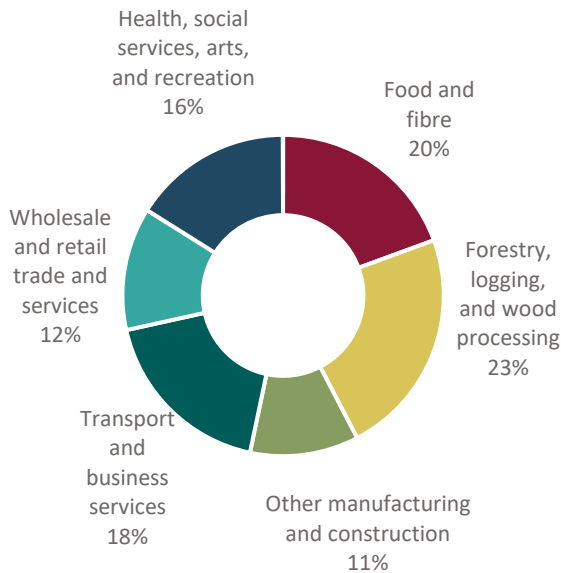
Resident occupations, Māori vs Non-Māori (Census 2018)



For more on South Waikato’s education and skills see Appendix A.

6 South Waikato's economy at a glance

GDP by cluster, 2022

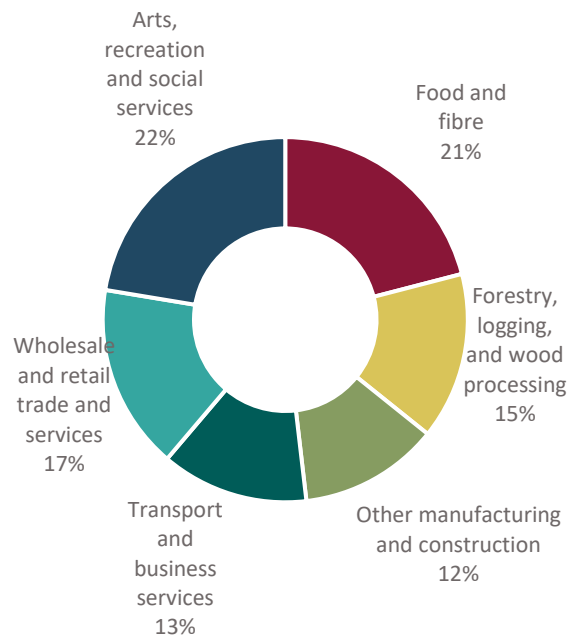


\$1.15 billion GDP from productive industries

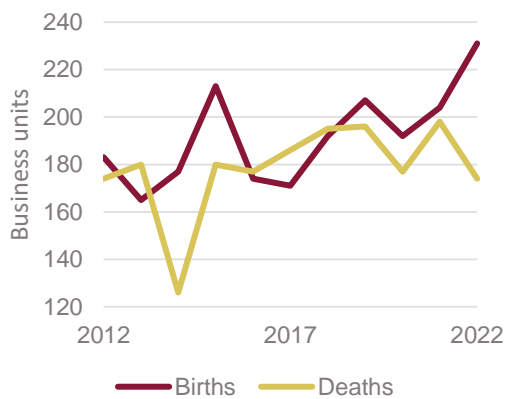
+ 14.4% since 2012

Owner occupied dwellings add \$262 million to total GDP.

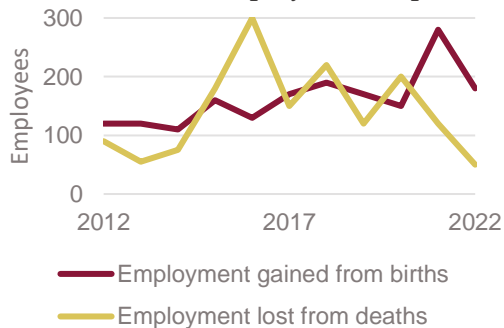
Employment by cluster, 2022



Business births and deaths



Births and deaths employment impact



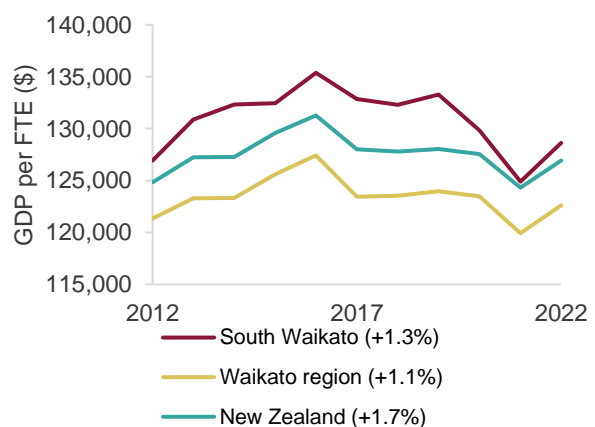
2,484 business units
+ 7% since 2012



8,958 full-time equivalent employees

+ 11% since 2012

Productivity



For more on South Waikato's economy see Appendix A.

6.1 South Waikato's economic clusters

South Waikato's economy can be divided into goods-producing, and service industries. The goods-producing industries are made up of three clear clusters: food and fibre, forestry, logging, and wood processing, and other manufacturing and construction. The service industries are comprised of three clusters that support the businesses and residents of South Waikato: transport and business services, wholesale and retail trade, and health, social services (including education), arts, and recreation.

South Waikato's goods-producing clusters

Forestry, logging, and wood processing

GDP: \$265 million
FTEs: 1,325
Business units: 54
Productivity: \$199,724

Forestry, logging, and wood processing are traditional strengths of South Waikato. The cluster comprises three industries: forestry and logging, wood product manufacturing, and pulp paper and converted paper product manufacturing. Of these forestry and logging is the largest contributor to GDP, \$121 million in 2022 which supported 255 full time equivalent employees (FTEs). Wood product manufacturing made a smaller contribution to GDP, \$92 million, but is the largest employing industry in the cluster supporting 686 FTEs. Pulp paper and converted paper product manufacturing employs 384 FTEs, and contributed \$51 million to GDP. Major businesses in the district include Waratah, Carter Holt Harvey, Hancock Forestry Management, Oji Fibre Solutions, and Pacific Pine.

Food and fibre

GDP: \$224 million
FTEs: 1,877
Business units: 723
Productivity: \$119,115

South Waikato's food and fibre cluster comprises three industries: agriculture, food product manufacturing, and beverage and tobacco product manufacturing. Agriculture contributed \$158 million to GDP and employs 1,318 FTEs across 693 business units. Food product manufacturing has 24 businesses, contributed \$61 million to GDP, and employs 518 FTEs. Major players in the district include Fonterra and Ofi.

Other manufacturing and construction

GDP: \$126 million
FTEs: 1,109
Business units: 246
Productivity: \$113,669

Manufacturing and construction have long been strengths of South Waikato. The cluster includes all manufacturing, not linked to wood processing or food production, and construction activities. On the manufacturing side the largest industries are machinery and equipment manufacturing and fabricated metal product manufacturing. There are 21 machinery and equipment manufacturing business units which employ 183 FTEs and contributed \$28 million to GDP. Fabricated metal product manufacturing comprises 15 business units, contributed \$20 million to GDP in 2022, and employs 167 FTEs. Construction, which includes building construction, heavy and civil engineering construction, and construction services, has 189 business units in South Waikato, employs 651 FTEs, and contributed \$62 million to GDP.

South Waikato's service clusters

Transport and business services

GDP: \$210 million
FTEs: 1,170
Business units: 864
Productivity: \$179,571

This cluster contains the services required to support South Waikato's businesses. It includes agriculture, fishing, and forestry support services, transport, finance, and professional services. The largest industries in this cluster are those that provide the inputs into the goods-producing clusters. Agriculture, forestry, and fishing support services make up one of the largest inputs into agriculture, dairy product manufacturing, and forestry and logging. Road transport is a significant supplier to these industries, as well as to food product and wood product manufacturing. Road transport (298 FTEs), and professional, scientific, and technical services, which includes lawyers, accountants, and marketers (287 FTEs), were the two largest industries in the sector, contributing \$46 million and \$47 million to GDP respectively. Agriculture, forestry, and fishing support services (196 FTEs) was the only other industry in this cluster with over 100 FTEs, and contributed \$22 million to GDP.

Wholesale and retail trade and services

GDP: \$143 million
FTEs: 1,469
Business units: 351
Productivity: \$97,066

This cluster contains the services required to support the goods-producing businesses and residents of South Waikato, as well as the visitors that travel through the district. The largest contributor to GDP in this cluster is food retailing (\$28 million). The 36 business units employ 259 FTEs. Other significant industries include other store based retailing which has 48 business units, employs 240 FTEs, and contributed \$26 million to GDP, and food and beverage services which employs 293 FTEs, has 69 business units, and contributed \$17 million to GDP.

Health, social services, arts, and recreation

GDP: \$185 million
FTEs: 2,005
Business units: 210
Productivity: \$92,308

This cluster contains the services that South Waikato residents rely upon. In South Waikato this includes public administration, education, hospitals and health care, residential care services, and sport and recreation services. This is the largest employment cluster in the district. Within the cluster preschool and school education (766 FTEs), residential care services (264 FTEs), and medical and other health care services (259 FTEs) were the largest employment industries. These three industries made the greatest contribution to the cluster's GDP. However, the outcomes of health, social services, arts, and recreation activities are represented across the dimensions of well-being in the community, and are therefore not entirely captured by the purely monetary GDP measure.

7 SWOT

Strengths

- South Waikato has strong GDP and employment in industries being targeted for growth: forestry and wood processing, food and fibre, and advanced manufacturing
- Industry leading businesses have a presence in South Waikato, including Fonterra at Lichfield and Oji at Kinleith
- Location at the bottom of the golden diamond
- Strong transport links north and south to ports and major centres including Auckland, Hamilton, Tauranga, Rotorua, and Taupō
- Exceptional soils and good rainfall. When considering climate change, South Waikato's geographic position means it has a stable outlook
- The new Trades Training Centre will deliver the skills required by local employers
- Raukawa are a proud and passionate iwi, with strong infrastructure to support communities, that has completed its settlement
- The largest Pacific Peoples community outside Auckland and Wellington
- Affordable housing relative to surrounding districts, and central access to work opportunities in the Waikato region
- Ample capacity for additional commercial and residential land development
- South Waikato Investment Fund Trust dedicated to the growth and development of business in South Waikato.

Weaknesses

- South Waikato lacks significant economic diversification. Half of South Waikato's GDP and 43 percent of its FTE employment comes from primary and manufacturing sectors
- South Waikato's economic performance has lagged compared to national and regional growth
- South Waikato lacks adequate housing supply, particularly quality housing for executive level leadership and their families
- Many existing homes are in poor condition and do not meet current building standards
- A significant proportion of the executive and senior leadership of businesses located in South Waikato do not live in the district
- Families of senior leadership in local businesses do not find it an attractive place to live, or cannot find adequate housing
- There is a perception that there is low motivation amongst many residents. This is particularly concerning for young people who are experiencing significant setbacks due to the pandemic and the rising cost-of-living
- The skills and qualifications of residents are below national averages
- Town centres are negatively perceived and lack attractiveness and retail diversity
- Best features and attractions are located away from SH1, and are not visible to those passing through.

Opportunities

- The Ministry for the Environment envisions that by 2050 New Zealand will have a circular economy, with a thriving bioeconomy that seizes opportunities from global trends and shifting consumer preferences
- As climate change and the circular economy become more pressing concerns forestry, wood processing, and associated industries will be key in facilitating a green economy
- The national Forestry and Wood Processing Industry Transformation Plan calls for growth in upstream value added forestry and wood processing, and innovative and alternative uses for wood and wood products
- The growth of the transport hubs in the region, and strong links to ports in Auckland and Tauranga, make South Waikato attractive to businesses wanting to lower land costs while clustering
- Recently completed improvements to SH1, both north and south of South Waikato, make it an attractive stopping location
- New ways of working and producing, known as Industry 4.0, will increase the demand for digital and technical skills
- The new Trade Skills Centre will develop skills that meet the needs of local industries, while Te Pūkenga provides the opportunity to take advantage of regional and national education networks
- Affordable land and space to grow for manufacturing and processing plants
- Grow strategic relationships with Raukawa to deliver outcomes for current and future generations.

Threats

- South Waikato's reliance on forestry and dairy has seen its residents and businesses suffer through the peaks and troughs associated with these international commodities, and this could occur again
- A cut in the public sector budget could lead to down-sizing and impact the local economy
- Many of the features that make South Waikato attractive are shared by neighbouring districts that are closer to the region's main centres
- A growing emphasis on reducing emissions will limit, and even reduce, dairy herd sizes restricting potential volume growth
- Industry 4.0 may see the net demand for labour decrease, as more roles are automated. If pathways are not present for the existing labour force, workers may be left behind
- If production facilities are not profitable, they may be closed or repurposed. In the past these situations have negatively affected significant proportions of the community
- Economic growth will see increased pressure on critical infrastructure
- Perceived lack of succession planning for small to medium enterprises
- Lack of suitable resources (including appropriately zoned and infrastructure enabled land, and skilled labour) to cater for business expansion would undermine growth in the economy, as would a failure to up-skill.

8 PEST

PEST is an acronym for Political, Economic, Social, and Technological factors. PEST analysis is a useful tool for understanding the environment South Waikato will face as SWDC implements this plan.

Political

- Global tensions are likely to remain high, with increased likelihood of wars
- New Zealand's short three-year election cycle makes long-term decision making difficult, and multiple government changes are likely over the plan's life
- A cut in the public sector budgets could lead to down-sizing and impact on the local economy
- Reducing emissions is becoming a major factor, not just to improve environmental performance but also to reduce costs
- The local government review panel has recommended a package of significant change that touches all aspects of local government
- Resource pressures on food, water, and energy will continue to be a growing theme.

Social

- Growing population, longer life expectancy, continued immigration, and Māori and Pacific People proportion increasing
- Wealth inequality likely to increase as assets are passed down generations
- Increased work from home and preference for online shopping putting pressure on traditional retailers
- Increasing desire for a healthy lifestyle, nutrition, physical activity, mental well-being and work-life balance
- Changing consumer habits to focus on product quality or eco-friendliness
- Cities continue to grow. However, affordability pressures and remote working, have households looking elsewhere.

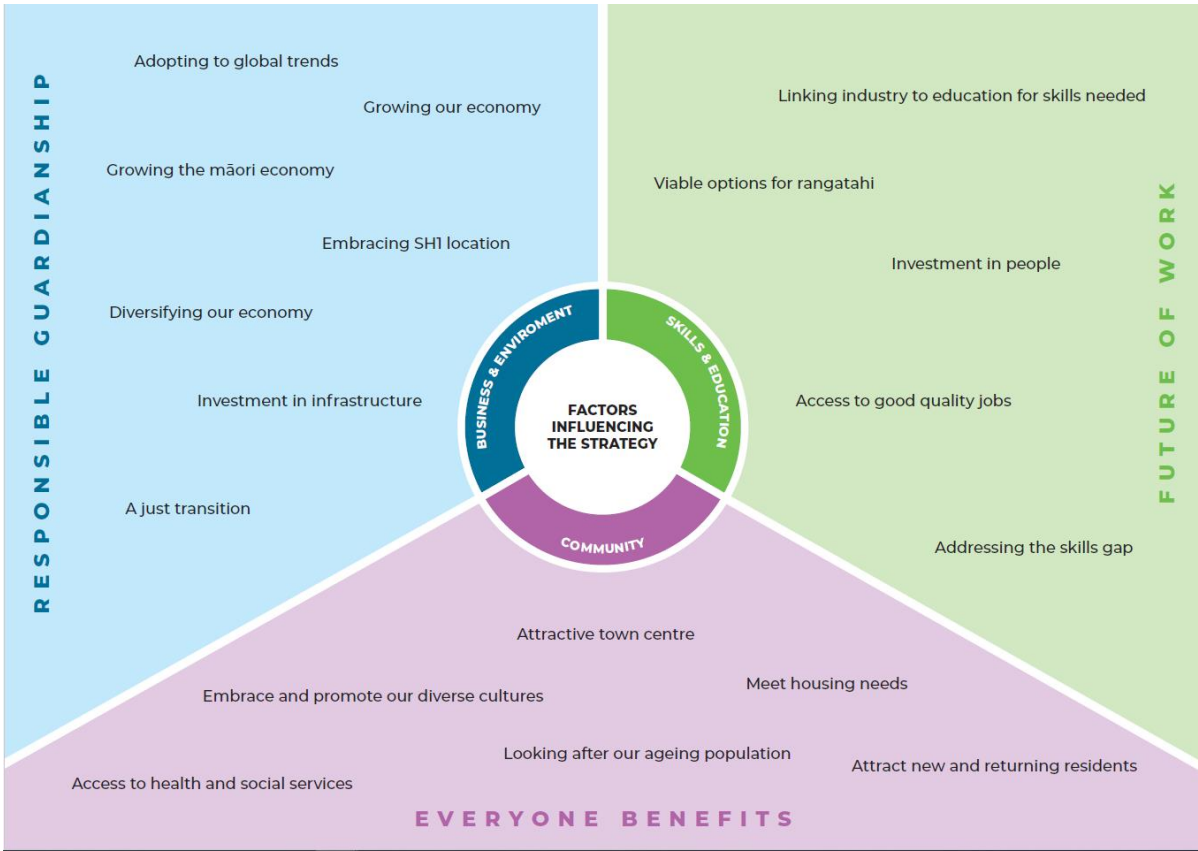
Economic

- New Zealand is expected to experience and economic slowdown that will see growth slow, unemployment increase, and consumer confidence decline
- Inflation is expected to remain elevated above the Reserve Bank target range, and interest rates are likely to remain higher than during the 2010s
- An increasing focus on the environment, and protecting it for future generations, will put pressure on primary industries
- As scarce resources, such as fossil fuels, are depleted they will become more expensive.

Technological

- Employment may decline as production practices become more capital intensive
- Rate of technological change will continue to increase and advancements in science and ICT are transforming the way we communicate, learn, and work
- Industry 4.0, and increasing automation, robotics and artificial intelligence, will require a changing set of employee skills
- Overseas technology adoption could challenge New Zealand's comparative advantages
- Increased importance placed on research and development.

9 Factors influencing the plan



10 The economic future of South Waikato

This plan sets the vision for the next 30 years and outlines how South Waikato will develop its economy to position the district to be thriving as a sustainable regional economy. This will involve building on existing strengths, and taking advantage of new opportunities, to create a circular economy that grows the well-being of individuals, communities, and the environment. SWDC's vision for the district's economic development is:

South Waikato: The space to grow sustainably

New Zealand and the world's economy is changing. No longer can New Zealand continue to rely on exporting commodities. As consumer preferences change New Zealand's future economic growth is likely to be led by increasing the value add from our products, particularly primary production. A focus on producing premium products will increase pressure to ensure New Zealand's industries have strong environmental credentials.

As New Zealand moves to adopt circular economy principles SWDC's role will be to ensure that South Waikato is not left behind, but rather leads in shifting to an economy that is more efficient and environmentally sustainable. To its advantage, South Waikato's forestry, logging and wood processing, and food and fibre, are two clusters identified by central government for industry transformation to align with the circular vision. Many South Waikato businesses are already making this transition.

It is crucial that South Waikato communities benefit from a thriving economy. A prosperous and sustainable economy will also be reflected in vibrant and attractive town centres that meet the needs of residents and visitors. Underlying this will be families who are confident and secure to pursue their aspirations, iwi, hapū, and whānau who are engaged as Treaty partners, and Pacific Peoples who are supported to thrive.

With industries set to undergo significant transformation the nature of work and workplaces will change. To attract businesses to locate in the district, the right skills should be available locally to support these businesses. As technology and automation replace low skilled jobs, South Waikato's current and future workforce will need to develop new skills that match the future of work. This presents an opportunity for South Waikato to increase productivity, grow employment in higher skilled jobs, and increase household incomes. The future of work will require that learners, workers, and employers are able to access the right skills, at the right time. South Waikato does not need to wait to start moving on building the capability of its people and economy to be prepared for the future.

Three priorities will ensure SWDC's economic development investment is directed towards the most effective activities, actions, and initiatives. This will require ensuring that both existing and potential new businesses have a clear understanding of how they can contribute to making the vision a reality, residents have the skills that fit the future of work, and town centres are attractive places for employees to call home.

South Waikato will be a place where people choose to live and work, enabling the district to capture the full value of growth

Global demand for environmentally sustainable products will grow, which will mean industries will be required to produce more from less resources



Changes to the way we work will disrupt every industry. Disruption is only an opportunity when the workforce has the skills to meet the change

10.1 Enabling circular economy clusters to drive industry transformation

As the global economy tackles the challenges presented by climate change, New Zealand and South Waikato are facing choices that will determine our economic prosperity and the well-being of our people and environment.

New Zealand's emissions reduction plan sets the goal that by 2050 New Zealand will have a circular economy with a thriving bioeconomy that seizes opportunities from global trends and shifting consumer preferences. In addition, industry transformation plans seek to grow and transform sectors of the economy which have significant potential to contribute to a high productivity, high wage, and low emissions economy. With a proud history of primary production, and its two largest clusters dependent on the natural environment, South Waikato is in a position to take advantage of the opportunities presented by a national transition to a low emission circular economy. The following outcomes are targeted to achieve this priority:

- Taking advantage of circular economy opportunities
- Building strong goods-producing clusters that embrace industry transformation
- Attracting suppliers, and growing service clusters, to support goods-producing clusters.

10.1.1 Taking advantage of circular economy opportunities

The Government is committed to building a low-carbon, circular economy that protects the environment for future generations. A circular economy is an alternative to the traditional linear economy where resources are taken, and goods are produced, used, and then disposed of. Underpinned by a transition to renewable energy and materials, the circular economy decouples economic activity from the consumption of finite resources.

In a circular economy, resources are kept in use for as long as possible, maximum value is extracted from them whilst in use, and then products and materials are recovered and regenerated at the end of their service life. It is based on three principles: eliminate waste and pollution, circulate products and materials (at their highest value), and regenerate nature.²

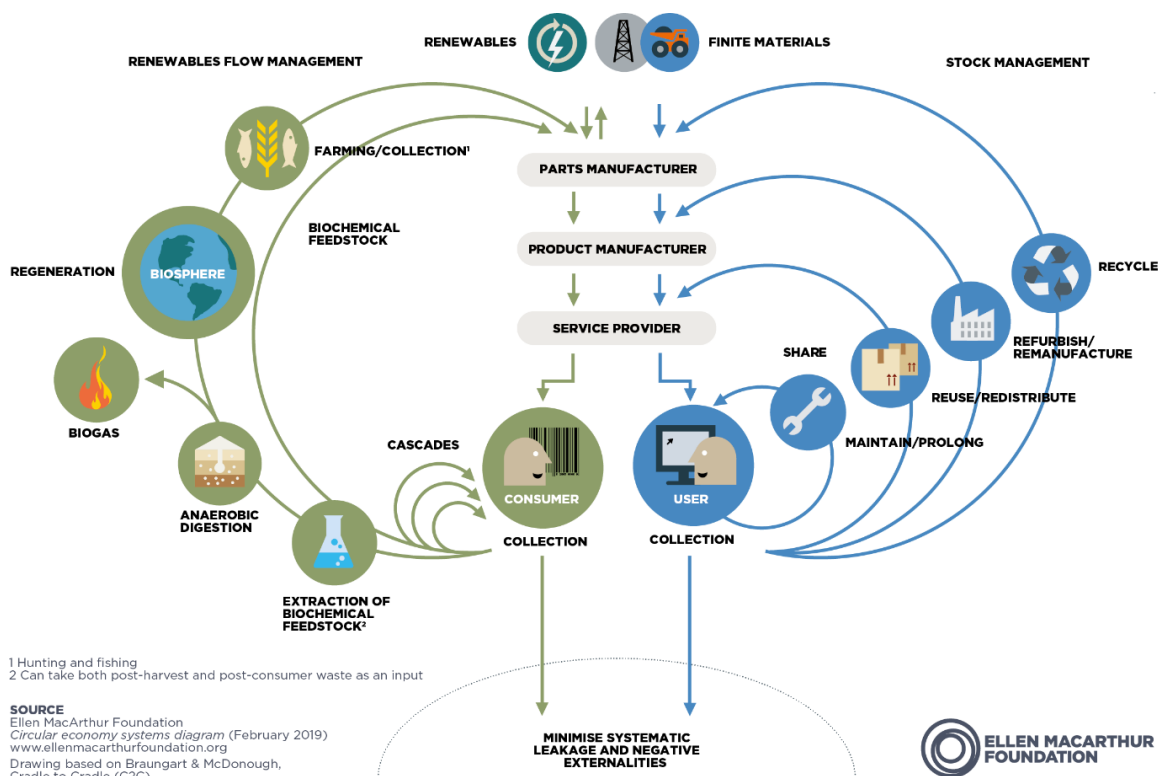
Moving to a circular economy will create new opportunities for South Waikato. By adopting circular economy principles of reduce, reuse, recycle, and remanufacture, South Waikato businesses and residents can achieve long-term cost savings. These principles will also lead to an increase in local job opportunities (including new jobs such as in resource recovery, bioproducts, and design), encourage technical innovation, reduce the amount of harmful waste produced, and begin to reverse the impacts of climate change.³

Circular strategies focus on slowing, narrowing, cycling, and regenerating the flow of materials to meet societal needs. For this to happen, industry clusters need to be nurtured to ensure businesses share resources to circulate and regenerate.

² environment.govt.nz/what-government-is-doing/areas-of-work/waste/ohanga-amiomio-circular-economy/

³ environment.govt.nz/assets/Emissions-reduction-plan-chapter-9-circular-economy-and-bioeconomy.pdf

Figure 1 Circular economy butterfly diagram



Source: Ellen MacArthur Foundation⁴

Circularity looks different across clusters and industries. South Waikato’s food and fibre and forestry and wood processing clusters are users of natural regenerative resources. These two clusters have begun to adopt circular principles and are well positioned to embrace the benefits of adopting circular economy principles.

MyNoke uses the bio-waste from a wide range of industries to upcycle into vermicast, an effective soil conditioner that improves soil health and productivity, which prevents organic waste from entering landfills. MyNoke’s first operational vermi-composting site was intentionally positioned at Kinleith Paper Mill where fibrous waste from the paper processing plant was mixed with other waste and then fed to the worms. An initial one-year trial, which included research and development, resulted in a signed 20-year service agreement and rapid growth in the take-up of the vermicast products by farmers and growers. A second 20,000 hectare site has been developed in Putāruru for Fonterra to use its own waste to improve the soil on its land.

In a similar fashion, Hodderville Farms incorporates circular principles into dairy farming by specialising in the production and sale of native trees, shrubs, and grasses which regenerates land not suitable for grazing.

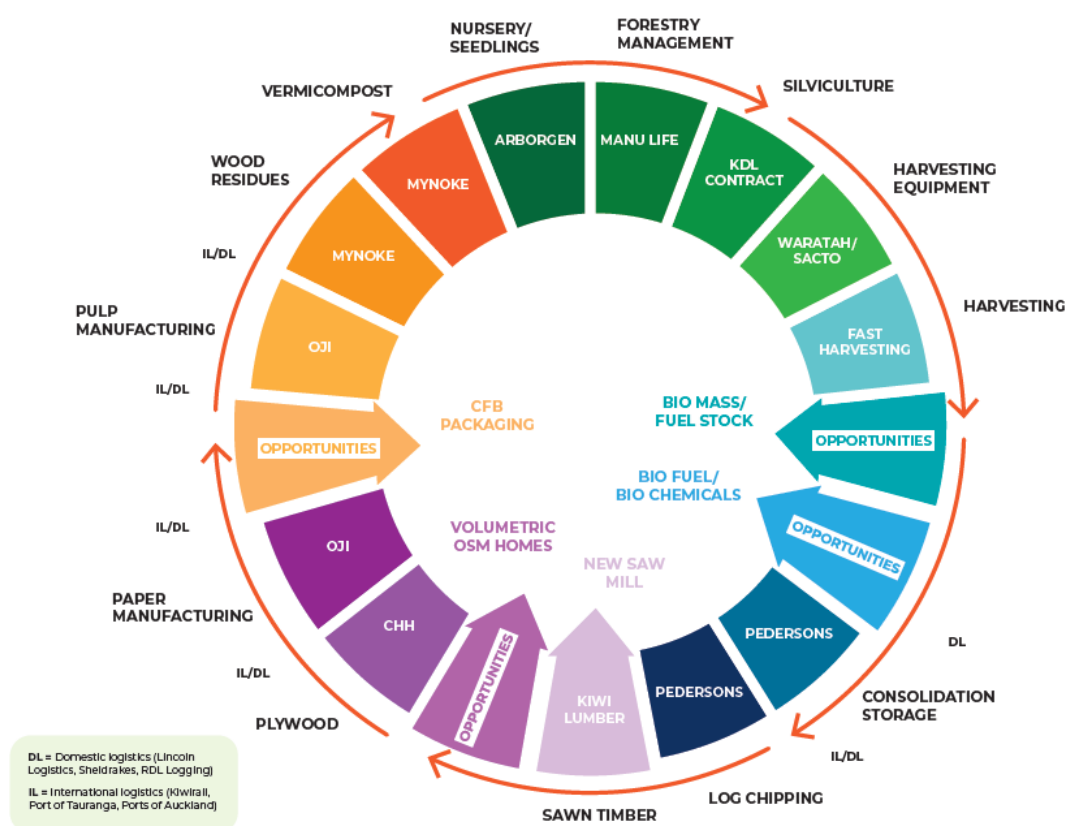
A bioeconomy uses renewable biological resources to produce food, products, and energy. South Waikato has a substantial number of businesses that can operate in a bioeconomy, such as agriculture, horticulture, forestry, and food processing. A bioeconomy can use biomass waste from

⁴ ellenmacarthurfoundation.org/circular-economy-diagram

industries and households as raw materials for further products. When a bioeconomy incorporates regeneration, it becomes a circular bioeconomy.

To take advantage of circular economy opportunities, and embed circular principles into the structure of South Waikato’s economy, will require strong levels of communication, trust, and coordination between SWDC, clusters, businesses, decision makers, and local communities. Local businesses have indicated a need to work closer together to collectively manage their waste, and to leverage opportunities where activities can synergise. Given the significance of forestry, logging, and wood processing, and the proven success of MyNoke, the first stages of South Waikato’s circular economy could grow from the forestry, logging, and wood processing cluster as shown below.

Figure 2 Forestry, logging, and wood processing cluster circular economy example



Activities SWDC can initiate to take advantage of circular economy opportunities

- Provide local infrastructure and services that promote circular economy principles
- Facilitate connections between local clusters and businesses to reduce non-renewable energy consumption and adopt circular economy principles.
- Partner with businesses, iwi, and other entities to develop a circular economy plan
- Advocate for national and regional funding for circular economy and emission reduction initiatives, including from the Climate Emergency Response Fund.
- Regulate to promote circular economy principles

10.1.2 Building strong goods-producing clusters that embrace industry transformation

Central government has committed to an industrial policy that seeks to grow and transform sectors of the economy with significant potential to contribute to a high productivity, high wage, low emissions economy. Industry Transformation Plans have been created in partnership with businesses, workers, Māori, and government, which set a long-term vision for transformative change, and identify near-term actions that will shift sectors toward realising it.

Three of these plans, food and fibre, forestry and wood processing, and advanced manufacturing, will directly impact South Waikato's three goods-producing clusters. They will create opportunities for South Waikato's goods-producing clusters to adapt to climate change, reduce emissions, and embrace the circular economy. This will enable the building of industry clusters and the creation of an environment that will encourage existing and new national and international businesses to invest in South Waikato, support the growth of emerging local businesses, and attract suppliers and businesses that serve these clusters to locate in the district.

Forestry, logging, and wood processing

Forestry, logging, and wood processing is New Zealand's best positioned industry to take advantage of the opportunities which climate change presents, and will underpin the low-emissions economy. Growing New Zealand's forestry, logging, and wood processing industry to deliver more value from low-carbon products, and provide jobs for communities, is a key action of New Zealand's Emissions Reduction Plan (ERP).⁵

The actions outlined in the government's Forestry and Wood Processing Industry Transformation Plan (F&W ITP) present significant opportunities for South Waikato's forestry, logging, and wood processing cluster. The construction industry will reduce emissions by replacing emission intensive products with engineered wood products, woody biomass will replace fossil fuel, and domestic wood processing will scale up. New Zealand will become a world leading exporter of high value wood products, which will require the scaling up of domestic wood processing, and an increase in production. This will require establishing new mills, increasing the capacity of existing processors, and creating new manufacturing facilities.

With such a significant forestry, logging, and wood processing cluster there will also be opportunities for South Waikato to develop a woody biomass industry to power transport, and to make products that can replace high-emission materials in our buildings. Almost anything made from fossil fuels today can be made from wood tomorrow.

South Waikato's forestry, logging, and wood processing cluster is well positioned to take advantage of these opportunities. Waratah, Carter Holt Harvey, Hancock Forestry Management, Oji Fibre Solutions, and Pacific Pine can grow their own businesses, and can also provide a foundation for attracting new businesses.

⁵ environment.govt.nz/assets/publications/Aotearoa-New-Zealands-first-emissions-reduction-plan.pdf

Food and fibre

Food and fibre industries have been the backbone of the New Zealand's economy. New Zealand dairy farmers have the world's lowest carbon footprint⁶. The industry, which has dominated South Waikato's food and fibre cluster, is facing pressure to farm more sustainably, meet environmental standards, and manage labour shortages. This will require increasing the value-add generated from South Waikato's food and fibre products. In addition, three global drivers of change are demanding industry transformation for South Waikato's food and fibre cluster: climate change, changing consumer preferences, and technological progress. Stakeholders expect that South Waikato's food and fibre cluster will, at the very least, need to do more with the same resources, and may well have fewer resources available.

The government's Food and Fibre Industry Transformation Plan (F&F ITP) proposes a vision for the future of the sector where global consumers view New Zealand as the home of sustainable, innovative, and high value nutrition, foods, beverages, and technologies. The F&F ITP identifies transformations that can drive future export opportunities including orienting the sector towards consumers and the market, increasing investment and innovation, attracting capital for growth, and building workforce capability to innovate, commercialise, and improve productive capacity.

To achieve this transformation, the F&F ITP proposes pursuing two paths. Firstly, enhancing traditional foods in which New Zealand already excels, whether in their natural state or processed into related products. Secondly, embracing emerging foods where New Zealand can excel in the future, for example bioactive products, alternative proteins, and functional foods.

The F&F ITP presents an opportunity to revitalise South Waikato's food and fibre cluster, which since 2012 has suffered from declining GDP and productivity. Anchored by Fonterra and OFI manufacturing facilities, 723 business units, and Waikato University up the road, there will be opportunities for South Waikato's food and fibre cluster to attract investment, trial and adopt new technologies, and develop new high value products.

Other manufacturing and construction

The Government has prioritised advanced manufacturing due its scale and the potential to significantly increase productivity, create higher wage jobs, and deliver a globally competitive low emissions sector.

Manufacturing is undergoing a fundamental shift through the application of technology and processes. More focus than ever is being placed on economic activity that is sustainable, circular, and low emission. Innovation in design, production, and business models means that small manufacturers can more easily be world-leaders of customised solutions. The industry transformation plan identifies six priorities that can support transformation in South Waikato's manufacturing and construction cluster:

- Improve understanding and perceptions of advanced manufacturing
- Increase investment in advanced technologies and processes to lift productivity and wages

⁶ agresearch.co.nz/news/research-shows-nz-dairy-the-worlds-most-emissions-efficient/

- Make innovation, R&D, and science work for advanced manufacturing
- Attract and develop a diverse high-skilled and high-wage workforce
- Create a leading sustainable, circular, net zero emissions sector
- Enhance global connectivity and opportunities.⁷

Tokoroa is home to a cluster of successful engineering firms all operating within their own niche. South Waikato's historic manufacturing and engineering base, a growing construction sector, strong connections to clusters that will drive the transition to a circular low emission economy, and low cost land for advanced manufacturing, provide a strong foundation for South Waikato to take advantage of this changing landscape.

Activities SWDC can undertake to build strong goods-producing clusters that embrace industry transformation

- Facilitate cluster working groups, that include representatives from South Waikato's key businesses, with the goal that these groups operate on their own in the medium-term
- Partner with local businesses to develop a cluster development plan and, initially, fund a cluster manager to lead cluster development and drive clustering initiatives
- Regulate to ensure South Waikato is an attractive and seamless place for businesses to invest, including ensuring land is available and accessible for new businesses to locate
- Advocate for regional research organisations to partner with local businesses, to facilitate trials and the use of new technology in South Waikato
- Advocate for national and regional funding to support cluster development activities.

10.1.3 Attracting suppliers, and growing service clusters, to support goods-producing clusters

Clusters are geographic concentrations of interconnected firms, suppliers, service providers, related firms, and associated organisations. They operate in a variety of fields or areas that form a symbiotic ecosystem that collaborates and competes within, and with other, clusters and regions. Clusters that are low emission and embrace circular economy principles will be the catalyst for attracting suppliers and support services.

As South Waikato's goods-producing clusters grow, demand will increase for the suppliers and services that support these industries increasing the attractiveness of South Waikato as a place to locate. These growing clusters are likely to require increased inputs. These will come from within the clusters as well as from the service clusters. All three goods-producing clusters will require transport, construction, financial, scientific, architectural, engineering, and cleaning services. Forestry, logging, and wood processing, and food and fibre, will require agriculture, forestry, and fishing support services, employment and other administrative services, and material wholesaling.

⁷ mbie.govt.nz/dmsdocument/21243-advanced-manufacturing-draft-industry-transformation-plan

While some suppliers will choose to locate in South Waikato to be close to their customers, many of the suppliers to these goods-producing industries will come from South Waikato's transport and business services cluster. This is a cluster dominated by small businesses, with an average of fewer than 10 FTEs per business. Support will be required to create and grow local small and medium-sized enterprises (SMEs) to meet the demands of local goods-producing businesses as these clusters grow. Impact Hub currently provides access to technology and co-working spaces for entrepreneurs to trial new ideas and develop local businesses.

Growing industries will increase the number of people working and living in the district. This will increase demand in the wholesale and retail trade and services, and health, social services, arts, and recreation clusters, which will in turn support revitalisation of town centres.

Activities SWDC can undertake to attract suppliers and grow service clusters to support goods-producing clusters

- Partner with cluster working groups
- Facilitate the creation of a SME food tourism cluster to attract visitors to stop and visit
- Provide, fund, and facilitate spaces (such as Impact Hub), for entrepreneurs to try new business ideas
- Advocate for start-up businesses and entrepreneurs to join national and regional networks
- Regulate to promote local business as suppliers to SWDC
- Partner with property owners to fill vacant commercial and retail spaces with local SMEs.

10.2 Thriving South Waikato communities

Our vision also focuses on a community that has the space to grow sustainably. This will mean that we have an engaged and thriving community that participates in community led projects, provides input into the management of local assets within their communities, sustains the local business sector, and provides local employment opportunities. The vision also encompasses a diverse community who are proud to live, work, and play within the community. The focus will be on the development of the town centre, affordable housing, and thriving communities including Māori and Pacific Peoples. Three outcomes are targeted to achieve this priority:

- Attractive town centres and healthy, affordable housing
- Thriving iwi, hapū, and whānau as Treaty partners
- Pacific Peoples supported to thrive in the district

10.2.1 Attractive town centres and healthy, affordable housing

To retain existing business and residents, and attract new ones, South Waikato needs to show that it is a great place to live, work, and play. South Waikato is in a key strategic position on SH1 to leverage the growing popularity of the Waikato region as a place for new families and communities to establish themselves, and for new industries to produce, distribute, restock, and refuel. This will

require vibrant town centres that make South Waikato an attractive place to stop and replenish, and healthy, affordable housing for new residents to live, work, play, and grow.

The towns of South Waikato, Tokoroa, Putāruru, and Tīrau, are the ‘shop fronts’ of the district. Their attractiveness will often be a deciding factor for families looking to establish themselves somewhere new, or for visitors looking for somewhere to stop. However, the number of businesses in the wholesale and retail trade and services cluster has fallen by nine percent since 2012. This has been led by a decline in retailing which has resulted in an increase in vacant shops.

To revitalise its town centres South Waikato needs to improve their attractiveness as a place for SH1 travellers to stop and for residents to shop. Putāruru is developing as a gourmet, artisan food and beverage destination. Craft beer businesses have the opportunity to access pure water from Te Waihou Blue Spring, and add to Putāruru's existing gourmet cheese, meat, and beverage businesses. The number of electric vehicles is growing,⁸ and is expected to continue increasing.⁹ Electric car charging facilities in central locations promote economic development and support the transition to a low emission economy.¹⁰

Quality housing is also necessary to attract new residents and keep existing residents warm and healthy. With 25 percent of houses at least sometimes damp, and 20 percent with regular mould, improvements are required to South Waikato's housing stock, to improve health outcomes and reduce emissions from the built environment through lower energy use.

Activities SWDC can undertake to promote attractive town centres and healthy, affordable housing:

- Fund improvements and maintenance to ensure town centres remain attractive and vibrant
- Regulate, through zoning, to achieve an appropriate retail footprint, and increase mixed use development
- Fund community spaces to ensure they are well-maintained, welcoming, safe, tidy, fit for purpose, and attractive to residents and visitors
- Fund and support community-led initiatives that embrace and reflect the diverse cultures of South Waikato
- Partner with an energy company to provide electric car charging in town centres
- Regulate to promote the development of new, affordable, and attractive housing
- Advocate for investment to improve the quality of existing homes.

10.2.2 Thriving iwi, hapū, and whānau as Treaty partners

Currently, over a third of the community are of Māori descent. SWDC values the relationships it has with Raukawa, Māori and other iwi who have interests within South Waikato. SWDC has an ongoing

⁸ transport.govt.nz/assets/Uploads/Comparison-of-Electric-Vehicle-and-Plug-In-Hybrid-marketshares-in-key-global-markets-2010-to-2022.pdf

⁹ mbie.govt.nz/dmsdocument/4249-projections-electric-vehicle-fleet-size

¹⁰ transportation.gov/rural/ev/toolkit/ev-benefits-and-challenges/community-benefits

programme of engagement with iwi and Māori on specific issues, and on legislative requirements such as the Resource Management Act.

As stated in the South Waikato Long Term Plan (2021-2031) the focus will be on building on the current governance models, building management and operational relationships, developing cultural understanding among staff and elected members, and also undertaking joint projects.¹¹

A particular focus will be on seeking authentic collaboration with Māori and iwi as Treaty partners, and on fostering opportunities for Māori to participate in decision making.¹²

Supporting iwi, hapū, and whānau to thrive is aligned with the vision of Raukawa Iwi Development Limited (RIDL): *Raukawa kia mau kia ora – a thriving Raukawa iwi*¹³. Its objectives are:

- Growth - To grow the assets and cash flows at a pace that allows a reliable distribution to meet the ongoing requirements of its shareholder
- Integrity - To enhance the mana of Raukawa through commercial and financial success and by upholding the values of Raukawa
- Excellence - To be an excellent commercial manager of the assets of Raukawa
- Influence - To exert Raukawa rangatiratanga by being an investor, especially in industries and assets which contribute to the regional economy.

There is a significant alignment between the visions of SWDC and RIDL that creates a platform for collaboration and engagement on initiatives of interest to the community, and especially to Māori communities. This will also include building on the relationship with the Raukawa Charitable Trust through a joint governance and engagement model.

Activities SWDC can undertake to support iwi, hapū, and whānau as Treaty partners:

- Continue to engage with iwi, hapū, and whānau
- Advocate for increased national and regional government investment into programmes, projects, and initiatives, particularly those delivered by RIDL and Raukawa Charitable Trust
- Facilitate to ensure Māori business and entrepreneurs in South Waikato are connected into the clusters and opportunities, especially in the transition programmes
- Communicate and engage with Ngati Koroki Kahukura and Ngati Haua to ensure that decisions made about land in the South Waikato district that is in their rohe are well considered by all parties
- Support South Waikato kura kaupapa Māori

¹¹ <https://www.southwaikato.govt.nz/repository/libraries/id:24rtvarkd17q9s3wxfnn/hierarchy/our-council/agenda-and-minutes/documents/Attachment%201%20-%20Final%20Audited%202021-2031%20Long%20Term%20Plan%20Amendment%20document%208%20December%202022.pdf>

¹² Ibid

¹³ ridl.co.nz/

- Understand where and how SWDC can improve services for Māori.

10.2.3 Pacific Peoples supported to thrive in the district

Pacific Peoples make up around 13 percent of the population in South Waikato.¹⁴ The Pacific Peoples population is projected to grow significantly in the next decade. Relationships with Pacific Peoples has been strong, and the focus is on strengthening these relationships further.

The South Waikato Pacific Islands Community Services Trust (SWPICS) works with Pacific families to help improve their health and well-being, to enable them to reach their full potential.¹⁵ The K’aute Pasifika Village opened in Hamilton in January 2023, displaying the significant contribution that Pacific Peoples make towards the identity of Waikato, as well as the need to have a space that is for Pacific Peoples, by Pacific Peoples. The possibility of a Tokoroa Pasifika Village has been signalled.¹⁶ Pasefika Proud identified the key well-being strategic priorities for Pacific families, in the Nga Vaka o Kāinga Tapu framework, as: ethnic-specific for Pacific, change ready communities and local approaches, Pacific youth, and faith based.¹⁷

SWDC is a key partner to help Pacific Peoples communities achieve their aspirations in South Waikato. The SWDC could be a catalyst for ensuring rangatahi have access to opportunities in the growing goods and services clusters.

Activities SWDC can undertake to help Pacific Peoples thrive in South Waikato include:

- Continue partnering with SWPICS to improve outcomes for Pacific families
- Ensure South Waikato Pacific Peoples have access to and use SWDC services
- Understand the aspirations of Pacific Peoples in South Waikato, and identify which industries support these aspirations
- Platform the Pacific Peoples community to the arts and cultural identity of South Waikato
- Understand where and how SWDC can improve services for Pacific Peoples.

10.3 Future-proofed skills development

The future of work is quickly changing as advances in technology and increased automation are replacing lower skilled workers who tend to perform more routine and predictable tasks. Given that over half of South Waikato’s employed residents work in low skilled jobs, ensuring that South Waikato’s workforce have the future skills required by employers will be crucial for growing South Waikato’s clusters and delivering the higher skilled, and higher paid, jobs that employers and employees will demand.

¹⁴ southwaikato.govt.nz/repository/libraries/id:24rtvarkd17q9s3wxfnn/hierarchy/our-council/agenda-and-minutes/documents/Attachment%201%20-%20Final%20Audited%202021-2031%20Long%20Term%20Plan%20Amendment%20document%208%20December%202022.pdf

¹⁵ swpics.nz/about-us/

¹⁶ rnz.co.nz/international/pacific-news/479381/new-village-will-provide-vital-services-to-pacific-people

¹⁷ pasefikaproud.co.nz/assets/Uploads/Pasefika-Proud-Pathways-for-Change-2019-2023.pdf

The new trades training centre in Tokoroa will change the face of tertiary education in South Waikato. The centre will house Toi Ohomai, as part of the national polytechnic Te Pūkenga, which will provide access to a wider range of education and training options. Alongside Te Wānanga o Aotearoa, pathways for students, and workers wanting to obtain higher skills, will be broader than ever before. Two outcomes are targeted to achieve this priority:

- Labour transformation provides skills for the future of work
- Education and development pathways lead to local employment

10.3.1 Labour transformation provides skills for the future of work

The way of doing things in South Waikato's industries is changing. The use of automation and digital assets will increase, and traditional manual jobs will be replaced. While there will always be a need for physical workers, the introduction of automated processes will change what they do. Access to new technology, and the skills to use it effectively, will be vital to ensuring residents do not miss out on new opportunities.

The forestry and wood processing workforce action plan 2020–2024 identifies the need to provide fit-for-purpose and accessible education and training that is backed by industry, matches employers' demands, and meets workers' needs.¹⁸ The forestry and logging industry is using more digitally assisted technologies to get the job done. Drones are being used to survey forests, and mechanical harvesters, built by South Waikato manufacturer Waratah, are being used to turn trees into logs on-site at forests.

The Muka Tangata Workforce Development Council Initial Sector Workforce Development Plan for the food and fibre sector is clear that there is a need for higher level skills, with the education profile of current workers skewed towards lower skill levels. Technology is disrupting the nature of work and the skills required. Over time, it is expected that agritechnologies will impact on the nature and number of jobs within the industry. There is some risk that routine and low-skilled jobs will reduce in number, as is the case in other industries. Increased use of digital technology and biotechnology in food and fibre workplaces will require an increasing level of digital literacy and understanding of technologies. There is also expected to be a need for skills, such as data management and analysis, to interpret and make use of results from digital production and monitoring systems.¹⁹

Understanding the nature of the changes that are occurring within South Waikato's clusters will be necessary to allow the existing workforce to be up-skilled to enable them to take on new roles. Learners looking to enter these industries will need to be familiar with new technology to be best placed to take advantage of the future of work. This will require close co-ordination between clusters, local businesses, and secondary and tertiary education providers to ensure South Waikato's residents are prepared for the future of work.

¹⁸ mpi.govt.nz/dmsdocument/40366-Forestry-Wood-Processing-Workforce-Action-Plan-20202024

¹⁹ mukatangata.nz/assets/Muka-Tangata/Muka-Tangata-Initial-Sector-Workforce-Development-Plan-2022.pdf

Activities SWDC can undertake to ensure labour transformation provides skills for the future of work

- Partner with cluster groups to advocate for secondary schools, Te Pūkenga, and Te Wānanga o Aotearoa to deliver the skills training local businesses require, to ensure residents are prepared for the future of work
- Fund and partner with community-led initiatives that enable young people and rangatahi to access technology
- Continue to provide facilities that enable residents to access online learning at South Waikato libraries.

10.3.2 Education and development pathways lead to local employment

The new trades training centre in Tokoroa will change the face of tertiary education in South Waikato. The centre will house Toi Ohomai, as part of Te Pūkenga, New Zealand's national polytechnic, and other providers. Learners in South Waikato will have access to a wider range of education and training options. Pathways for students, and workers wanting to upskill, will be broader than ever before.

The future of work will require a higher level of qualification and skill from South Waikato's residents. At Census 2018 54 percent of South Waikato residents had qualifications below NCEA level three, and 52 percent worked in roles where their skills are likely to be replaced by automation. Proportions are higher amongst Māori and Pacific Peoples who will continue to increase as a proportion of the workforce. If South Waikato is to grow its clusters increasing the skills and qualifications of the workforce, particularly Māori and Pacific Peoples, will be critical.

Many initiatives already exist in South Waikato that aim to help young people find their place to succeed, and Raukawa supports rangatahi to thrive through their education programmes and internship pathways. Building on these existing foundations, the creation of strong networks that link education providers from intermediate through to tertiary with local employers, can provide clear career pathways to employment that will support the growth of South Waikato's clusters.

Activities SWDC can undertake to create education and development pathways that lead to local employment

- Partner with primary and intermediate schools to identify and promote interventions that improve attendance, engagement, and attainment, and enhance aspirations of students
- Facilitate pathways from secondary through tertiary education, and employers, to ensure education is delivering skills that meet business needs and allow residents to remain in the district
- Partner with cluster groups and advocate for Te Pūkenga to deliver leadership and management skills
- Facilitate local business leaders to integrate with local school and community groups to increase awareness of career pathways available in South Waikato.

11 Scenarios for economic development

If SWDC is successful in achieving its vision for economic development, the trajectory of South Waikato’s economic performance will change. To show how this could occur, the impacts on South Waikato’s GDP and employment for the short- (2023-2033), medium- (2034-2043), and long-term (2034-2053) are forecast across three scenarios. Actual growth will be determined by South Waikato’s ability to grow its goods-producing clusters, and the capability of these clusters to grow to a size whereby they attract suppliers and supporting services to locate within the district.

About the scenarios

Business as usual	Clusters	Clusters plus services
No change to South Waikato’s economy, which continues to grow at the annual average of the last 10 years.	South Waikato grows its goods-producing clusters and road transport, but does not attract supporting businesses and services that locate around successful clusters.	South Waikato grows its goods-producing clusters and road transport, supports the growth of local businesses, and attracts new service cluster businesses.

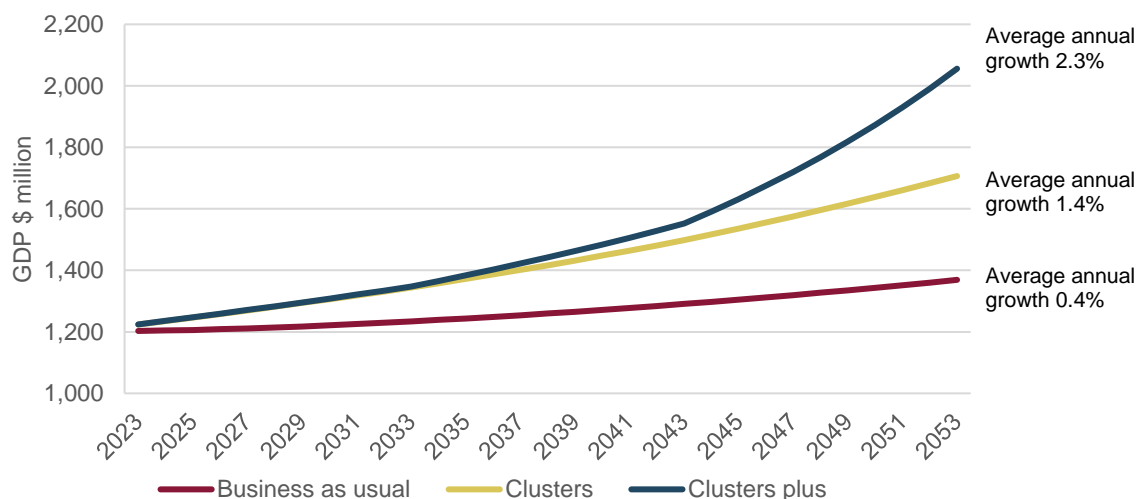
GDP growth assumptions

Business as usual	Clusters	Clusters plus services
<p>From 2023-2053, as a proportion of national growth, the South Waikato economy continues to grow at the average rate as it has for the past 10 years.</p> <p>This scenario does not consider the impact of shrinking industries on the performance of the rest of the economy. Without growth in goods-producing clusters, South Waikato is likely to become a less attractive place for businesses and employees to locate. This could see the relative decline continue, and even accelerate, if not addressed.</p>	<p>The GDP growth of industries in the goods-producing clusters, and road transport, matches the higher of 1) the industry’s best three-year period for South Waikato within the last 10 years, or 2) the industry’s current national growth rate.</p> <p>From 2033-2053, GDP growth in the three service clusters is the lower of: 1) the industry’s best three-year period in South Waikato within the last 10 years, or 2) the industry’s current national growth rate.</p>	<p>Industries in goods-producing clusters grow at the higher of 1) the industry’s best three-year period in South Waikato within the last 10 years, or 2) the industry’s current proportion of the national growth rate.</p> <p>From 2033-2043, GDP growth in the three service clusters is the higher of: 1) the industry’s best three-year period within the last 10 years, or 2) the industry’s current national growth rate. Then, from 2043-2053, service industries strongly linked to the goods-producing clusters grow at a rate greater than the historic growth rate.</p>

Gross domestic product

Business as usual	Clusters	Clusters plus services
<p>South Waikato’s GDP grows by 13 percent from 2022-2053. GDP will increase from \$1.21 billion in 2022 to \$1.37 billion. (+\$156m)</p> <p>South Waikato as an economy is currently contracting. This is driven by the growth rates in almost all industries, outside of the forestry, logging and wood processing, transport, and business services clusters, being negative.</p> <p>The short-term effect of this is that GDP continues to fall slightly to \$1.20 billion in 2024. Then as growing industries surpass shrinking industries GDP continues to grow to 2053.</p> <ul style="list-style-type: none"> • 2023 - \$1,203m (-1%) • 2033 - \$1,234m (+2%) • 2043 - \$1,291m (+6%) • 2053 - \$1,369m (+13%) 	<p>GDP grows by 41 percent from 2023-2053. GDP will increase to \$1.71 billion by 2053. (+\$494m)</p> <p>South Waikato’s goods-producing clusters continue to grow as the industries in these clusters respond well to economic development activities. As South Waikato’s economy improves, the service clusters grow at positive rates. The performance of growing industries causes the declining GDP trend in industries in the service clusters to reverse.</p> <p>By 2035, South Waikato’s GDP will surpass the forecast \$1.37 billion by 2053 in the business as usual scenario.</p> <ul style="list-style-type: none"> • 2023 - \$1,224m (+1%) • 2033 - \$1,344m (+11%) • 2043 - \$1,498m (+24%) • 2053 - \$1,707m (+41%) 	<p>GDP grows by 69 percent from 2022-2053. GDP will increase to \$2.06 billion by 2053. (+\$843m).</p> <p>Synergies and compounding growth take effect, increasing the growth of both the goods-producing clusters and the service clusters. This is heightened from 2043 to 2053 when there are assumed to be wider benefits emerging that are associated with clusters and vibrant town centres.</p> <p>By 2035, South Waikato’s GDP will surpass the 2053 forecast in the business as usual scenario.</p> <ul style="list-style-type: none"> • 2023 - \$1,224m (+1%) • 2033 - \$1,347m (+11%) • 2043 - \$1,552m (+28%) • 2053 - \$2,056m (+69%)

Figure 3 GDP growth scenarios for South Waikato

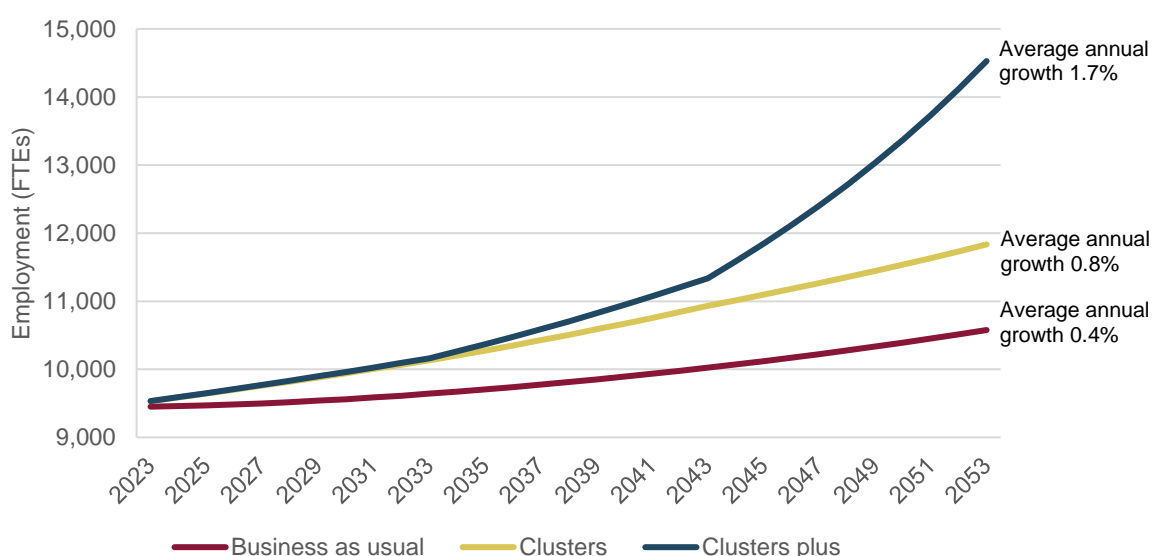


Employment

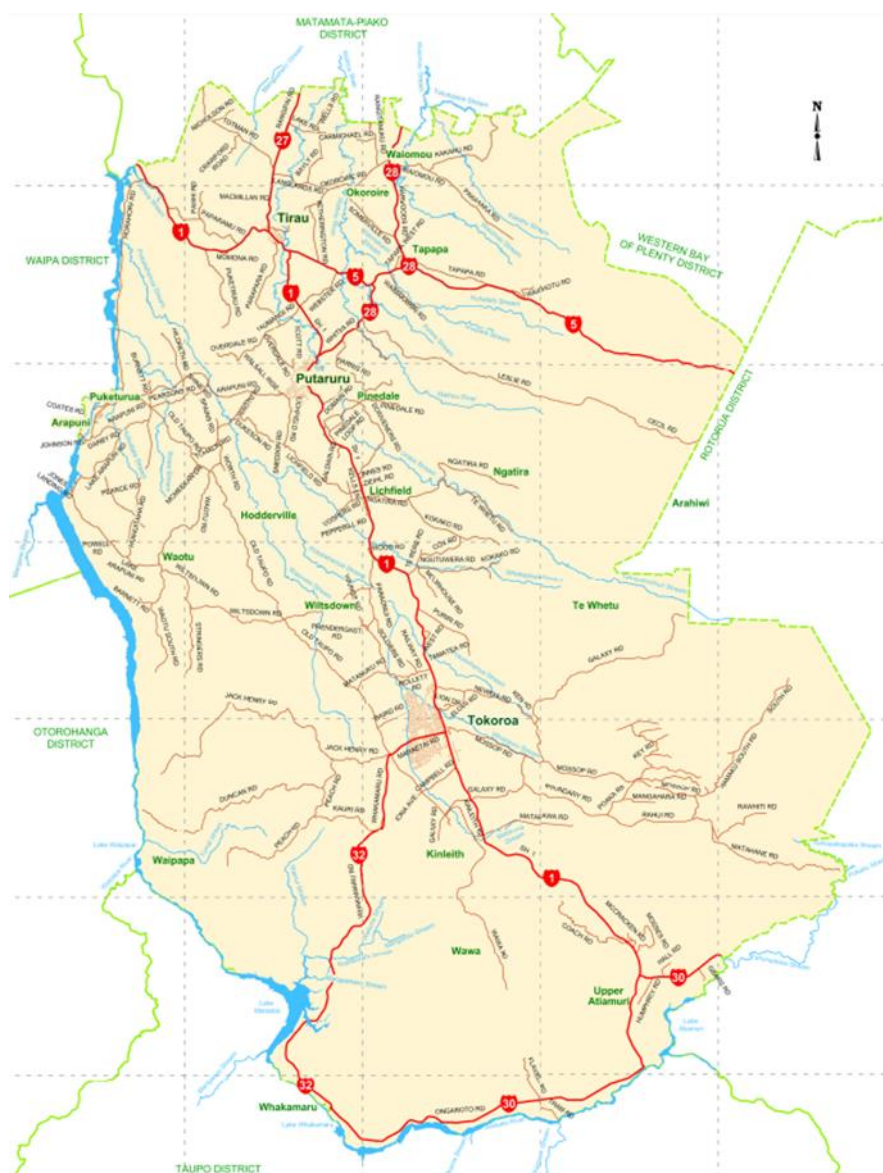
The growth paths of employment in South Waikato tend to follow the same trajectories as GDP. The change in employment is positive under all scenarios, but is lower than the average rate of GDP growth. The growing productivity of the New Zealand workforce, from expected increases in skills and technology advances, is recognised and it is assumed that this will continue. This effect dampens the overall employment numbers, and shows the value in increasing productivity.

Business as usual	Clusters	Clusters plus services
Employment growth will be eight percent from 2022-2053. (+1,100 FTEs). Productivity remains constant at 2022 rates. Similarly to GDP, employment initially falls before recovering to be comparable to 2022 by 2026 (9,483 FTEs). This growth then continues, and South Waikato will exceed 10,000 FTEs by 2043.	Employment growth will be 21 percent from 2022-2053. (+2,358 FTEs). Productivity grows at 2.7 percent from 2023 to 2033, 3.4 percent for 2033 to 2043, and five percent for 2043 to 2053. South Waikato’s employment will exceed the 2053 business as usual employment forecast (10,576 FTEs) by 2039.	Employment growth will be 34 percent from 2022-2053. (+5,052 FTEs). Productivity grows at 5.2 percent for 2023 to 2033, 7.1 percent for 2033 to 2043, and 10 percent for 2043 to 2053. This growth will see South Waikato’s employment exceed the 2053 business as usual forecast by 2037.
<ul style="list-style-type: none"> 2023 - 9,451 FTEs (0%) 2033 - 9,641 FTEs (+2%) 2043 - 10,023 FTEs (+6%) 2053 - 10,576 FTEs (+12%) 	<ul style="list-style-type: none"> 2023 - 9,531 FTEs (+1%) 2033 - 10,132 FTEs (+7%) 2043 - 10,933 FTEs (+15%) 2053 - 11,834 FTEs (+25%) 	<ul style="list-style-type: none"> 2023 - 9,533 FTEs (+1%) 2033 - 10,160 FTEs (+7%) 2043 - 11,338 FTEs (+20%) 2053 - 14,528 FTEs (+53%)

Figure 4 Employment growth scenarios for South Waikato



Appendix A South Waikato’s people, place, and economy



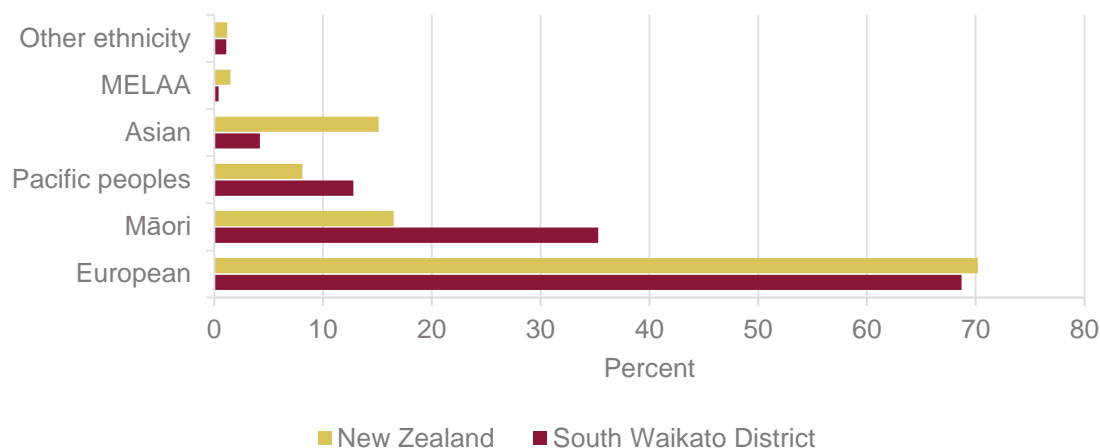
South Waikato’s people

At the time of the 2018 Census the population of South Waikato was 24,042, and the median age was 37.9 years. The Māori population was 8,490, and the median age was 24.6 years.

As Figure 5 shows, the population of South Waikato is diverse. New Zealand European make up 69 percent of the population, slightly below the national average (70 percent). Māori are the second largest population group followed by Pacific Peoples. The 35 percent of residents who identify as Māori is well above the national average (17 percent), as is the proportion of Pacific Peoples, who make up 13 percent of South Waikato’s population, compared to eight percent nationally.²⁰

²⁰ stats.govt.nz/tools/2018-Census-place-summaries/south-waikato-district

Figure 5 South Waikato’s ethnicity breakdown



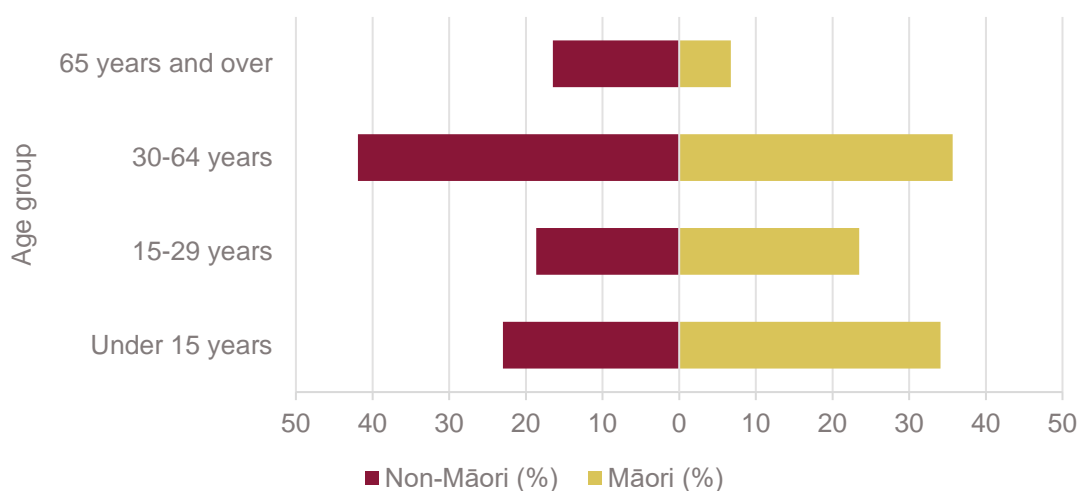
Source: StatsNZ

South Waikato’s demography

South Waikato has a younger population than the national average, with 26 percent of South Waikato’s residents under 15 years compared to the national average of just under 20 percent. A further 20 percent were aged 16 to 29 which is consistent with the national average. South Waikato has 40 percent of its population aged between 30 and 64, compared to 45 percent nationally. Finally, the over 65 age group was 14 percent of South Waikato’s population, compared to 15 percent nationwide.

As South Waikato looks to the future, a greater proportion of the population and workforce will be Māori and Pacific People. The Māori population is much younger. As Figure 3.2 shows, 58 percent of Māori are under 30 compared to 42 percent of non-Māori, and 42 percent of non-Māori are aged between 30 and 64 compared to 36 percent of Māori. This means that a significant proportion of the future workforce will be Māori.

Figure 6 South Waikato’s demographic pyramid, non-Māori vs Māori



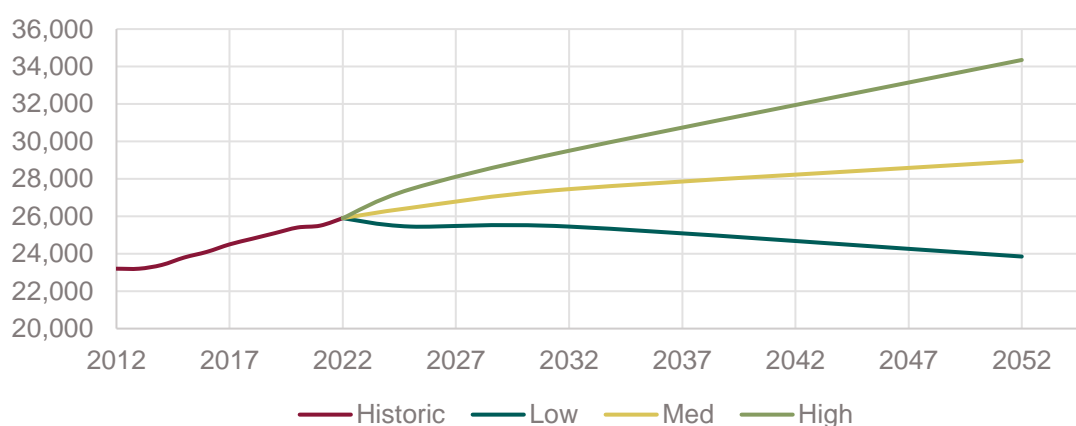
Source: StatsNZ

Population forecasts

South Waikato is expected to experience moderate and sustained population growth over the next 30 years, based on the population projections included in a June 2023 Housing and Business Capacity Assessment completed by Market Economics. Based on the medium scenario, South Waikato’s population is expected to grow from 25,900 in 2022 to 28,950 in 2052. The rate of population growth is expected to slow over the long term. Under the medium scenario, the population is expected to grow by 0.7 percent, between 2022 and 2025 (short term), before slowing to 0.5 percent between 2026 and 2033 (medium term). The growth then slows further between 2033 and 2052 (long term), dropping to 0.3 percent.²¹ Actual growth for 2012 to 2022 was 1.2 percent per annum.

Under the high scenario the population is expected to reach 34,350 in 2052. The compound growth under the high scenario is more than double that of the medium scenario, starting at 1.9 percent over the short term, before falling to 1.0 percent and 0.8 percent over the medium to long term respectively. Under the low scenario the population is expected to decline from 2022 and fall to 23,850 by 2052. This is similar to South Waikato’s population in 2015.

Figure 7 South Waikato population projections



Source: StatsNZ (Historic), Market Economics (Projections)

An earlier population projection, completed by Natalie Jackson Demographics in 2020, includes more detail on the age profile of the projected population. Under the medium scenario the proportion aged 65 years and over is expected to increase from 16.2 percent in 2018 to 22.6 percent in 2053. However, South Waikato compares favourably to the national population, where the proportion aged 65 and over is projected to be 24.3 percent in 2053. The population of South Waikato will be slightly younger and ageing more slowly than at the national level. This is partly a result of the prime parental age group (25-54 years) remaining relatively stable across the projection period. This suggests that South Waikato will not experience the same reduction in labour supply as many other areas.²²

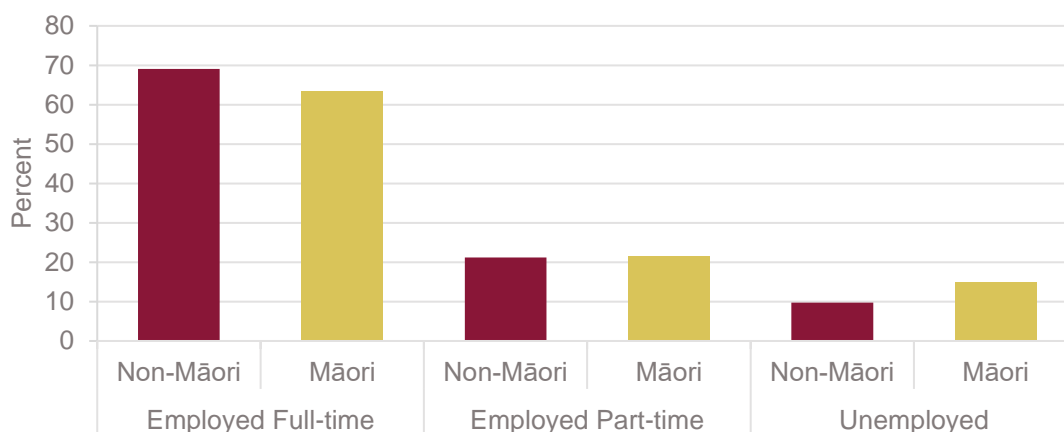
²¹ Market Economics (2023). South Waikato District Council Housing and Business Capacity Assessment.

²² Natalie Jackson Demographics Ltd (2020). South Waikato District Council – Population Projections 2018-2053.

Employment and unemployment

The 2018 Census showed that 45 percent of South Waikato’s population were employed full time and a further 14 percent part-time. Across the South Waikato 68 percent of the working age population is employed full time and a further 21 percent are employed part time, and the remaining 11 percent are unemployed. As Figure 8 shows, non-Māori have greater full time employment than Māori, and Māori have higher unemployment.

Figure 8 Unemployment in South Waikato, non-Māori vs Māori



Source: StatsNZ

Jobseeker support

As of March 2023, 1,602 South Waikato residents were receiving jobseeker support. This is down from a post 2014 high of 1,820 recorded in December 2020. Of those receiving jobseeker support, over half were Māori, and 61 percent had been unemployed for longer than one year. 68 percent (1,089 residents) are considered work ready. That is they are actively looking for work, or in training to find work.²³

Skills

Skill levels are defined by the range and complexity of tasks performed in a particular occupation. The greater the range and complexity, the greater the skill requirements. Skill level is measured by the level, or amount, of formal education and training, experience, and on the job training required to perform competently. The highest skilled roles are at skill level one, and the lowest skilled are at skill level five.

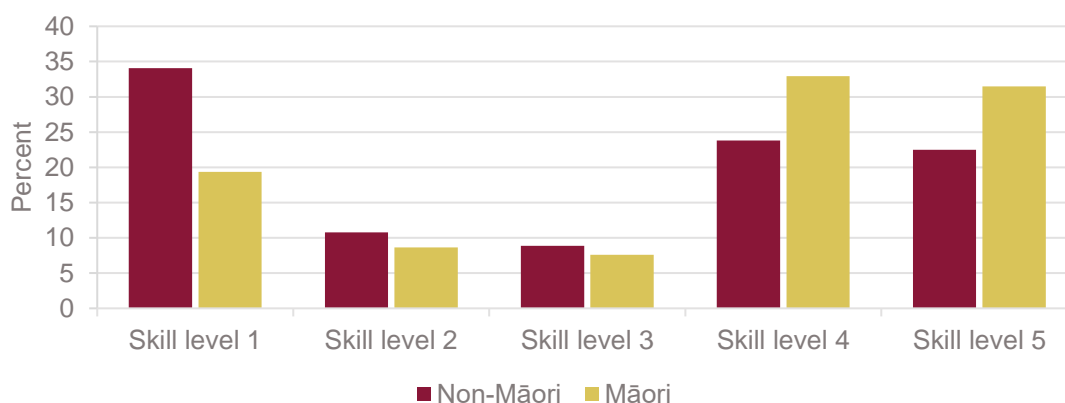
High skilled jobs (skill level one) are common among South Waikato residents, with 29 percent working in these roles. Māori are under-represented in higher skilled roles with 19 percent of Māori working in skill level one jobs, and nine percent in skill level two, compared to 34 percent and nine percent respectively for non-Māori.

Despite skill level one being the most common role across South Waikato, 52 percent of residents work in low skilled jobs (skill levels four and five), and a greater proportion of Māori (64 percent) work in these lower skilled roles than non-Māori (46 percent).

²³ msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/index.html

This presents a concern as the number of jobs at risk of automation in New Zealand over the coming decades ranges from 13 percent, estimated by the Organisation for Economic Co-operation and Development (OECD), to 47 percent, estimated by the New Zealand Institute of Economic Research (NZIER). The United States, the United Kingdom, Germany, and France have already begun to see changes in their labour markets consistent with advanced technologies replacing lower skilled workers who tend to perform more routine and predictable tasks.²⁴ If these expectations are applied to residents working in roles that require skill levels four and five, between 622 to 2,059 of South Waikato residents' jobs could be at risk. As a result these low-skilled workers are likely to face increasingly challenging labour market conditions, and will need to upskill to find and hold down well paid jobs.

Figure 9 Skill level in South Waikato, non-Māori vs Māori



Source: StatsNZ

Skill levels assigned to the predominant range of jobs (by occupation and industry)

Skill level one – Highly skilled - Managerial and professional roles mainly in these industries: education and training (teachers); professional and technical services; health and social assistance; and agriculture (farmers and farm managers).

Skill level two - Managerial roles in the accommodation and retail industries, and support workers in the health and social assistance industry.

Skill level three – Skilled - Technicians and trade workers in the construction, manufacturing, and other services industries.

Skill level four - Carers and receptionists in the health industry; road and rail drivers in the transport industry; and clerks, operators, drivers, store people, and process workers in the manufacturing industry.

Skill level five – Lower skilled - Sales workers in the retail industry; factory process workers in the manufacturing industry; accommodation, farm, forestry, and garden workers in agriculture; and cleaners and laundry workers in administration.

²⁴ mbie.govt.nz/dmsdocument/14750-labour-market-impacts-of-technology-change-summary

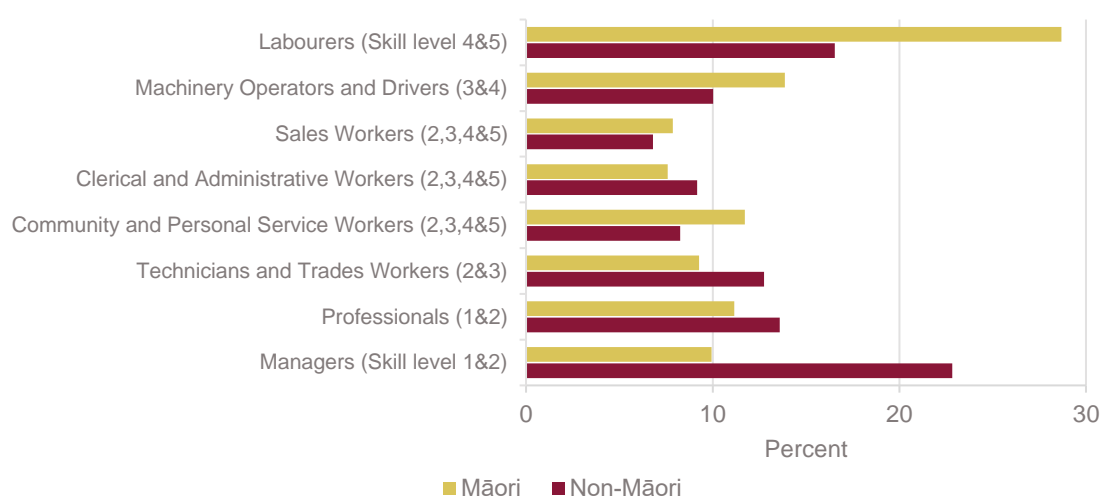
Occupation

The low skill levels in South Waikato are reflected in the occupations of South Waikato’s residents. The most common occupation is labourers, with 20 percent of the usually resident employed population aged 15 years and over reporting this as their occupation group in Census 2018. This compares to 11 percent nationally. Machinery operators and drivers was the other occupation group with a greater proportion of employment in South Waikato (11 percent), which was almost twice the national proportion (six percent). This presents a concern for South Waikato as these two low skilled occupations are very likely to be among the first to be replaced by technology.

At the other end of the occupation spectrum the proportion of managers in South Waikato (19 percent) is slightly above the national average (18 percent). However, the proportion of South Waikato’s employed residents classified as professionals (12.9 percent), which includes human resources, marketing, design, engineering, education, health, ICT, legal, social, and welfare occupations, was well below the national proportion (23 percent).

Māori are over-represented in the lower skilled occupations, and under-represented in higher skilled roles. As Figure 10 shows, 29 percent of employed Māori are labourers compared to 17 percent of non-Māori. A further 14 percent of Māori are employed as machinery operators and drivers, compared to 10 percent of non-Māori. In the higher skilled occupations just 10 percent of Māori are employed as managers, compared to 23 percent of non-Māori, while 11 percent are classified as professionals compared to 13 percent of non-Māori. Māori are also under-represented in technician and trades workers roles, with nine percent working in these occupations compared to 14 percent of non-Māori.

Figure 10 Occupations in South Waikato, Non-Māori vs Māori



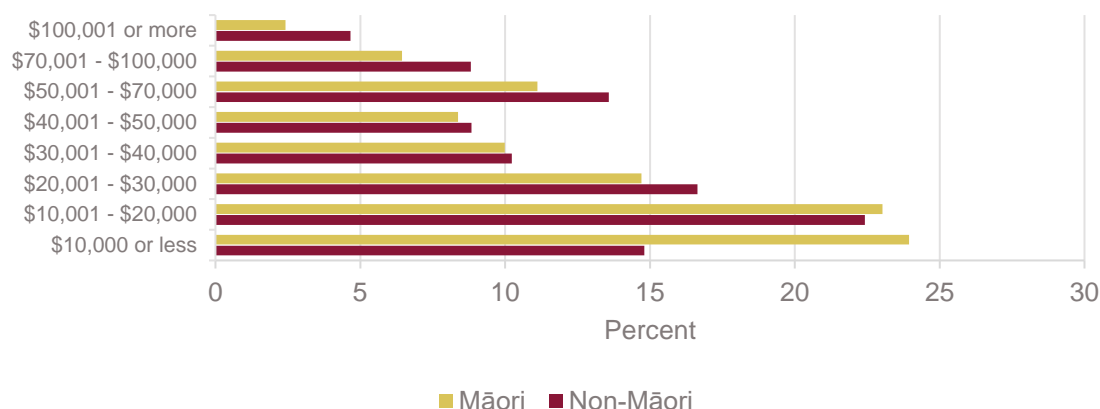
Source: StatsNZ

Income

The large proportion of South Waikato residents working in relatively low skilled occupations shows through in median incomes where more people are on lower incomes than the national average. The median income of South Waikato residents at Census 2018 was \$24,900, meanwhile the national median was \$31,800. More than 50 percent of residents earned less than \$25,000 per year

compared to 43 percent nationally, and 61 percent earned less than \$35,000, compared to 53 percent nationally. A larger proportion of Māori residents in South Waikato (56 percent) earned less than \$25,000, compared to Māori nationally (51 percent). In each of the income bands above \$20,000, the proportions of non-Māori are greater than Māori. Furthermore, 24 percent of Māori earned less than \$10,000 per year, compared to 15 percent of non-Māori.

Figure 11 Annual income in South Waikato, Non-Māori vs Māori



Source: StatsNZ

South Waikato’s place

The South Waikato District is in the heart of the North Island, 60km south of Hamilton, 60km east of Rotorua and Tauranga, and 80km north of Taupō. It has three main centres located on SH1: Tokoroa, Putāruru, and Tīrau.

Tokoroa lies at the crossroads between the lush dairy farmland of the South Waikato and the vast plantation forests of the central North Island. It is home to the majority of the population, the office of SWDC, and is the hub of New Zealand's forestry, timber, and pulp and paper industries.

Putāruru is the second largest settlement. Located between Tokoroa and Tīrau, Putāruru has a history of farming and timber, and is the commercial centre for some of the most productive dairy farmland in the country. The Lichfield Dairy Factory, one of the newest and largest cheese factories in the world, is only six kilometres from the town centre. Just over 10 kilometres west of Putāruru is Arapuni where visitors can access fishing from the Arapuni Dam Bridge, recreational activities including water-skiing, boating, and tramping and cycling experiences from the Waikato River Trails.

Tīrau is surrounded by some of New Zealand’s most fertile land, pine forests, and horse stud farms. It is also a favourite refreshment stop for travellers using SH1 and SH5. But look further, and you will find a variety of outdoor activities including canoeing, white water rafting, jet boating, and stunning bush walks.

South Waikato is home to 8,508 households, of which 56 percent own or partially own their home. Family trusts own seven percent of homes. Three bedroom homes represent 58 percent of the housing stock, 21 percent of homes have four bedrooms, and five percent have five or more bedrooms. Two bedroom homes made up 12 percent of all houses. The average house price in February 2023 was \$448,296.

South Waikato in the region

StatsNZ uses functional urban area (FUA) classifications to create a national settlement hierarchy. New Zealand’s urban areas are categorised based on population, the range of services available, and the access to services for people from the regions. The areas share integrated links through work, employment, trade, etc.

Within the Waikato and Bay of Plenty, Hamilton and Tauranga are metropolitan centres, and Rotorua is the sole large regional centre. Tokoroa is considered a medium regional centre, alongside Cambridge, Te Awamutu, and Taupō. South Waikato does not contain any small regional centres; the closest centres are Morrinsville and Matamata.

FUA population classification

- Metropolitan centre – 100,000+
- Large regional centre - 30,000-99,999
- Medium regional centre - 10,000-29,999
- Small regional centre – 5,000–9,999

All other areas are not classified.

Putāruru and Tīrau are not classified. The population of Putāruru would need to more than double to become a small regional centre.

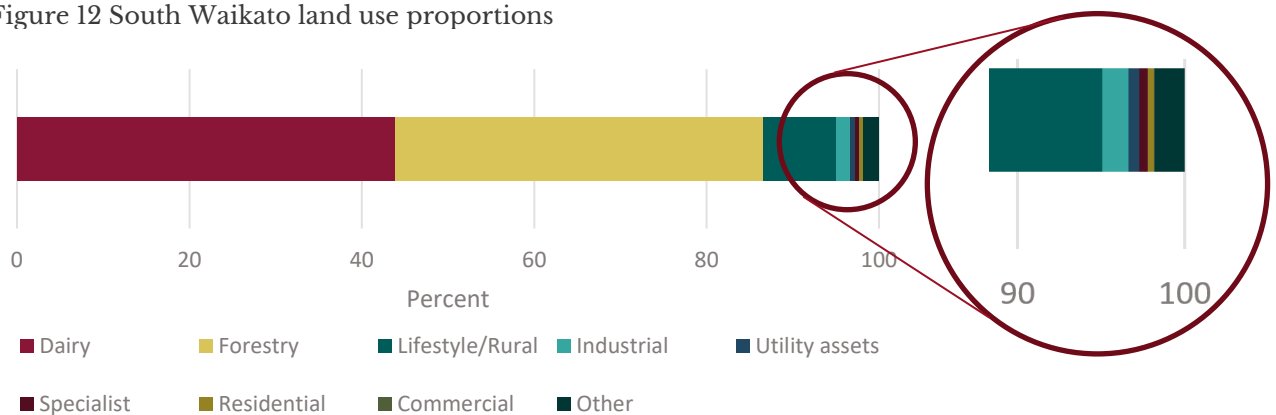
South Waikato’s land use

South Waikato’s land use is dominated by dairy and forestry. The land area of South Waikato is recorded by Stats NZ at 181,888 ha. Data available from CoreLogic records land use for 176,343 hectares (97 percent of South Waikato). Of land use recorded, 44 percent (77,332 ha) is dairy, while forestry accounts for 43 percent (75,353 ha).

The Lifestyle/Rural category, land in a rural area where the predominant use is as a residence, made up nine percent (15,000 ha). This land is larger than an ordinary residential allotment, the value exceeds the value of comparable farmland, and the principal use is non-economic (in the farming sense).

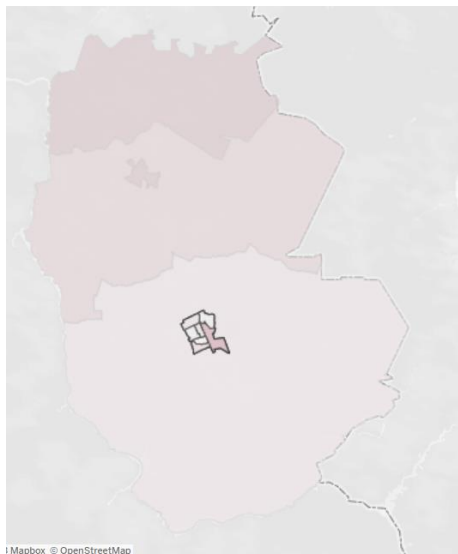
Industrial land, making up two percent (2,759 ha), was the only other land use to account for more than one percent. Residential land has 652 hectares recorded, and commercial land has 84 hectares.

Figure 12 South Waikato land use proportions



Source: CoreLogic

Tokoroa



13,578 residents

55 percent New Zealand European

40 percent Māori

19 percent Pacific Peoples*

4,629 households



Income

- 27 percent of households earned less than \$30,000
- 19 percent of households earned between \$30,001-\$50,000
- 19 percent of households earned over \$100,000.



Deprivation

- All communities are amongst the most deprived in New Zealand
- Deprivation in five of the eight SA2 areas are decile 10 (the highest). Three are decile 9.
- 38 percent of homes are damp, and 32 percent are mouldy.



Home ownership

- 59 percent of homes are owned or partially owned
- Five percent are held in a family trust
- 36 percent are not owned, partially owned, or held in family trust

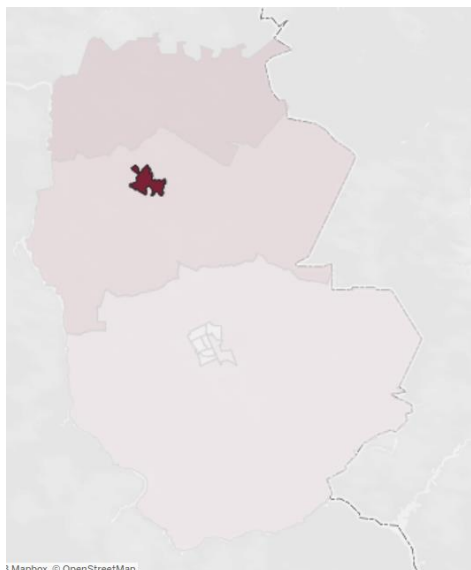


Qualifications

- 18 percent have no qualifications
- 15 percent have a level one certificate
- 18 percent have a level two certificate
- 19 percent have a level three certificate
- 17 percent have a level four certificate
- 7 percent have a level five diploma or higher

*People can belong to more than one ethnic group

Putāruru



4,314 residents

64 percent New Zealand European

30 percent Māori

Four percent Pacific Peoples

1,626 households



Income

- 28 percent of households earned less than \$30,000
- 21 percent of households earned between \$30,001-\$50,000
- 16 percent of households earned over \$100,000.



Deprivation

- Deprivation level 9
- 22 percent of homes are always or sometimes damp, and 19 percent of homes have mould greater than A4 size.
- 54 percent of houses have three bedrooms



Home ownership

- 61 percent of homes are owned or partially owned
- 6 percent are held in family trust
- 33 percent are not owned, partially owned, or held in family trust



Qualifications

- 18 percent have no qualifications
- 18 percent have a level one certificate
- 20 percent have a level two certificate
- 15 percent have a level three certificate
- 7 percent have a level four certificate
- 10 percent have a level five diploma or higher

Tirau



2,334 residents

79 percent New Zealand European

18 percent Māori

Three percent Asian

870 households



Income

- 15 percent of households earned less than \$30,000
- 30 percent of households earned between \$30,001-\$50,000
- 32 percent of households earned over \$100,000.



Deprivation

- Deprivation level 6
- 24 percent of homes are always or sometimes damp, and 21 percent of homes have mould greater than A4 size.
- 48 percent of houses have three bedrooms



Home ownership

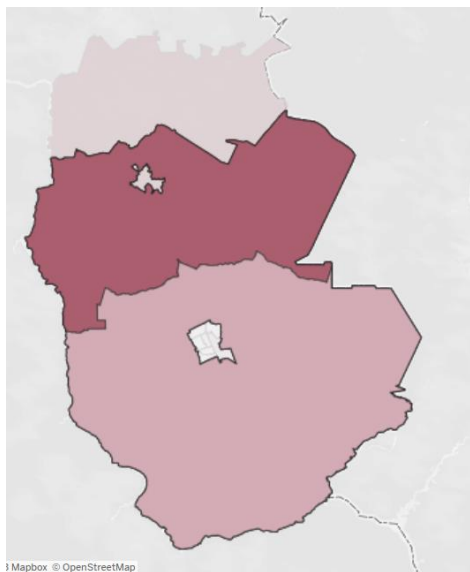
- 53 percent of homes are owned or partially owned
- 10 percent are held in a family trust
- 37 percent are not owned, partially owned, or held in family trust



Qualifications

- 18 percent have no qualifications
- 18 percent have a level one certificate
- 17 percent have a level two certificate
- 18 percent have a level three certificate
- 4 percent have a level four certificate
- 13 percent have a level five diploma or higher

Rural South Waikato



3,819 residents

77 percent New Zealand European

17 percent Māori

4 percent Asian

1,383 households

840 in Putāruru rural and 543 in Kinleith



Income

- 11 percent of households earned less than \$30,000
- 29 percent of households earned between \$30,001-\$50,000
- 34 percent of households earned over \$100,000.



Deprivation

- Putāruru rural deprivation level six
- Kinleith deprivation level five
- 22 percent of homes are always or sometimes damp, and 17 percent of homes have mould greater than A4 size.



Home ownership

- 45 percent of homes are owned or partially owned
- 13 percent are held in a family trust
- 42 percent are not owned, partially owned, or held in family trust



Qualifications

- 14 percent have no qualifications
- 14 percent have a level one certificate
- 18 percent have a level two certificate
- 19 percent have a level three certificate
- 4 percent have a level four certificate
- 16 percent have a level five diploma or higher

South Waikato's economy

South Waikato's economy has traditionally been dominated by agriculture and forestry, and manufacturing to support these industries. The reliance on the primary industries has historically put South Waikato at risk of fluctuations in dairy and wood commodity prices. The prominence of these industries has meant that the impact is felt across South Waikato's economy. In 2022 South Waikato's gross domestic product (GDP) from productive industries was \$1.15 billion.²⁵ This came from 2,484 business units, which employed 8,958 full time equivalent employees (FTEs).

South Waikato's economy can be divided into goods-producing industries, and service industries. The goods-producing industries are made up of three clear clusters: food and fibre, forestry, logging, and wood processing, and other manufacturing and construction. The service industries are comprised of three clusters that support the businesses and residents of South Waikato: transport and business services, wholesale and retail trade, and health, social services (including education), arts, and recreation.

South Waikato's goods-producing clusters

Forestry, logging, and wood processing

Forestry, logging, and wood processing are traditional strengths of South Waikato and make up its largest cluster by contribution to GDP. Despite only having 54 business units the cluster's contribution to GDP was \$265 million in 2022, which was 23 percent of South Waikato's GDP. The cluster employs 1,325 FTEs and has the highest productivity of South Waikato's clusters (\$199,724 per FTE). Major players in the district include Waratah, Carter Holt Harvey, Hancock Forestry Management, Oji Fibre Solutions, and Pacific Pine.

The cluster comprises three industries: forestry and logging, wood product manufacturing, and pulp paper and converted paper product manufacturing. Of these forestry and logging is the largest contributor to GDP, \$121 million in 2022, which supported 255 FTEs. Wood product manufacturing made a smaller contribution to GDP, \$92 million, but it is the largest employing industry in the cluster supporting 686 FTEs. Pulp paper and converted paper product manufacturing employs 384 FTEs, and contributes \$51 million to South Waikato's GDP.

Food and fibre

South Waikato's food and fibre cluster comprises three industries: agriculture (including dairy, sheep, beef cattle, grain, poultry, and deer farming, and crop, fruit, nut, mushroom, and vegetable growing), food product manufacturing, and beverage and tobacco product manufacturing. Total GDP from the cluster was \$224 million in 2022, which was 20 percent of South Waikato's GDP. The cluster is South Waikato's second largest employer with 1,877 FTEs across 723 business units. In 2022 the cluster's productivity was \$119,115 per FTE. Major players in the district include Fonterra and Ofi.

²⁵ This excludes owner occupied dwellings. Owner occupied dwellings represent the service dwellings provide to their owner-occupiers. This comprises households who own their own homes and notionally rent them back to themselves. The contribution of owner-occupied dwellings to South Waikato's GDP in 2022 was \$262 million.

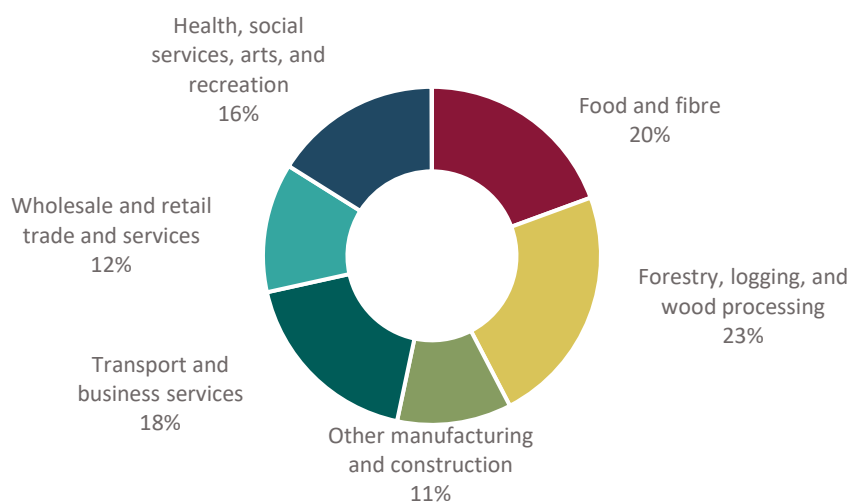
The cluster is built on the foundation of South Waikato’s agriculture industry which contributes \$158 million to GDP and employs 1,318 FTEs across 693 business units. Food product manufacturing has 24 businesses, contributed \$61 million to GDP, and employs 518 FTEs.

Other manufacturing and construction

Manufacturing and construction have long been strengths of South Waikato. This cluster includes all manufacturing, not linked to wood processing or food production, and construction activities. It is both the smallest contributor to GDP (\$126 million) and the smallest employer (1,109 FTEs). In 2022 there were 246 business units and productivity was \$113,669 per FTE.

On the manufacturing side of the cluster the largest industries are machinery and equipment manufacturing and fabricated metal product manufacturing. There are 21 machinery and equipment manufacturing business units which employ 183 FTEs and contribute \$28 million to GDP. Fabricated metal product manufacturing comprises 15 business units, contributed \$20 million to GDP in 2022, and employs 167 FTEs. Construction, which includes building construction, heavy and civil engineering construction, and construction services, has 189 business units in South Waikato, employs 651 FTEs, and contributes \$62 million to GDP.

Figure 13 South Waikato GDP by cluster, 2022



Source: BERL local authority database.

South Waikato’s service clusters

Transport and business services

This cluster contains the services required to support the businesses. It includes dedicated agriculture and forestry support services, transport, finance, and professional services such as lawyers, engineers, vets, and accountants. The cluster accounted for 18 percent (\$210 million) of South Waikato’s GDP. The cluster’s 864 businesses employ 1,170 FTEs. The sector has the second highest productivity (\$179,571 per FTE).

The largest industries in this cluster are those that provide the inputs into the goods-producing clusters above. Agriculture, forestry, and fishing support services make up one of the largest inputs

into agriculture, dairy product manufacturing, and forestry and logging. Road transport is also a significant supplier to these industries, as well as to food product and wood product manufacturing. Road transport (298 FTEs), and professional, scientific, and technical services, which includes lawyers, accountants, and marketers (287 FTEs), were the two largest industries in the sector, contributing \$47 million and \$46 million respectively to South Waikato’s GDP. Agriculture, forestry, and fishing support services (196 FTEs) was the only other industry in this cluster with over 100 FTEs, and it contributed \$22 million to GDP.

Wholesale and retail trade and services

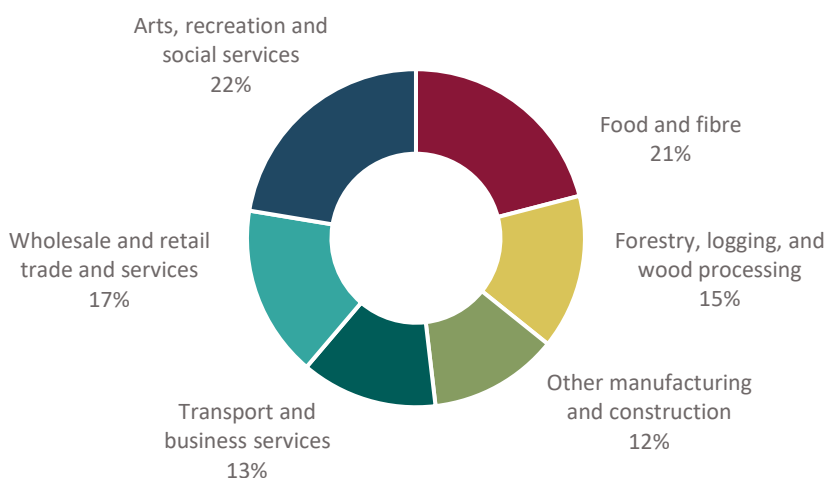
This cluster contains the services required to support the goods-producing businesses and residents of South Waikato, as well as the visitors that travel through the district. The cluster contributed \$143 million to GDP, and its 351 businesses units employ 1,469 FTEs.

The largest industry contributor to GDP in this cluster is food retailing (\$28 million). The 36 business units in this cluster employ 259 FTEs. Other significant industries include other store based retailing which has 48 business units, employs 240 FTEs, and contributes \$26 million to GDP, and food and beverage services which employs 293 FTEs, has 69 business units, and contributes \$17 million to GDP.

Health, social services, arts, and recreation

This cluster contains the services that South Waikato residents rely upon. In South Waikato this includes public administration, education, hospitals and health care, residential care services, and sport and recreation services. This is the largest employment cluster in the district. The 2,005 FTEs the cluster employs are 22 percent of South Waikato’s FTEs. With a GDP contribution of \$185 million it has the lowest productivity of any cluster (\$92,308 per FTE). The outcomes, however, of health, social services, arts, and recreation activities are represented across the dimensions of well-being in the community, and are therefore not entirely captured by the purely monetary GDP measure.

Figure 14 South Waikato employment by cluster, 2022



Source: BERL local authority database

Table 1 South Waikato clusters GDP, FTEs, business units, and productivity, 2022

	GDP (\$m)	FTEs	Business units	Productivity (\$)
Food and fibre	224	1,877	723	119,115
Forestry, logging, and wood processing	265	1,325	54	199,724
Other manufacturing and construction	126	1,109	246	113,669
Transport and business services	210	1,170	864	179,571
Wholesale and retail trade and services	143	1,469	351	97,066
Health, social services, arts, and recreation	185	2,005	210	92,308

Source: BERL local authority database

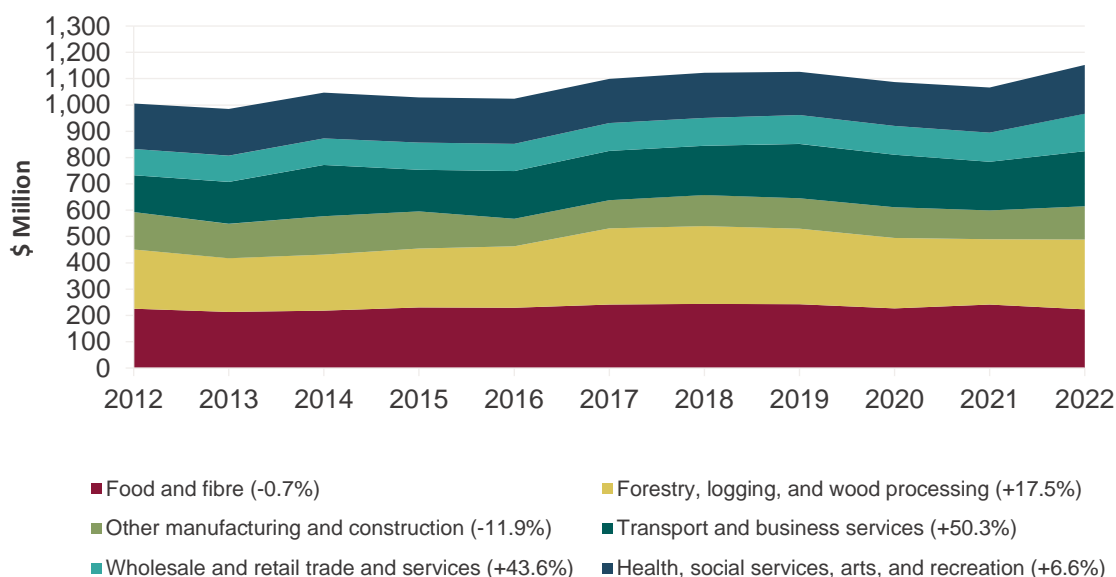
Long term economic trends

Gross domestic product

Since 2012 South Waikato’s GDP has grown by 14.4 percent to \$1.15 billion.²⁶ South Waikato’s GDP growth has lagged well behind national and regional growth rates. Over the same period National GDP grew by 32 percent, and across the Waikato region GDP grew by 34 percent.

Forestry, logging, and wood processing grew by 17.5 percent to surpass food and fibre as the largest cluster in the district. Food and fibre fell 0.7 percent from 2012 to 2022. Transport and business services saw significant growth increasing 50 percent since 2012. Wholesale and retail trade grew by 44 percent. This saw it surpass other manufacturing and construction, which is now South Waikato’s smallest GDP cluster after a 12 percent decline from 2012. Health, social services, arts, and recreation grew by just under seven percent.

Figure 15 South Waikato GDP by cluster, 2012-2022



Source: BERL local authority database

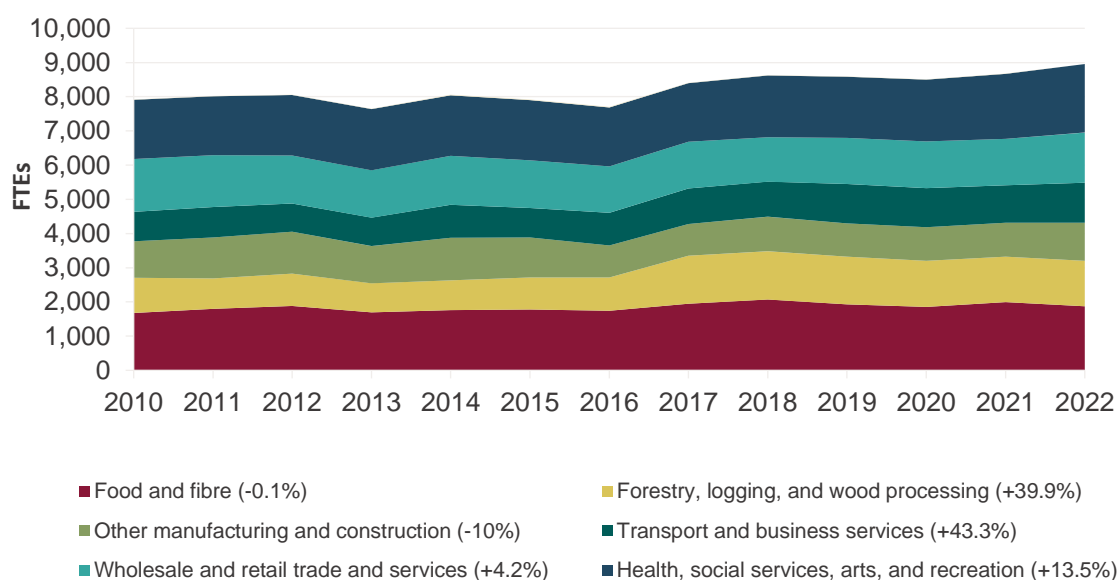
²⁶ Excluding owner occupied dwellings.

Employment

Total employment in South Waikato has grown by 11 percent since 2012, compared to 30 percent nationally and 33 percent in the Waikato region.

An increase in health and education employment has seen health, social services, arts, and recreation grow by 13 percent to surpass food and fibre, which remained constant, as South Waikato’s largest employment cluster. Forestry, logging, and wood processing had the greatest employment increase, adding 378 additional FTEs to grow by 40 percent since 2012. Over the same period transport and business services employment grew by an additional 353 FTEs, an increase of 43 percent. Despite the large increase in GDP contribution, employment growth in wholesale and retail trade and services failed to match, increasing by just four percent since 2012. Other manufacturing and construction was the only cluster with a decline in employment (10 percent).

Figure 16 South Waikato employment by cluster, 2012-2022



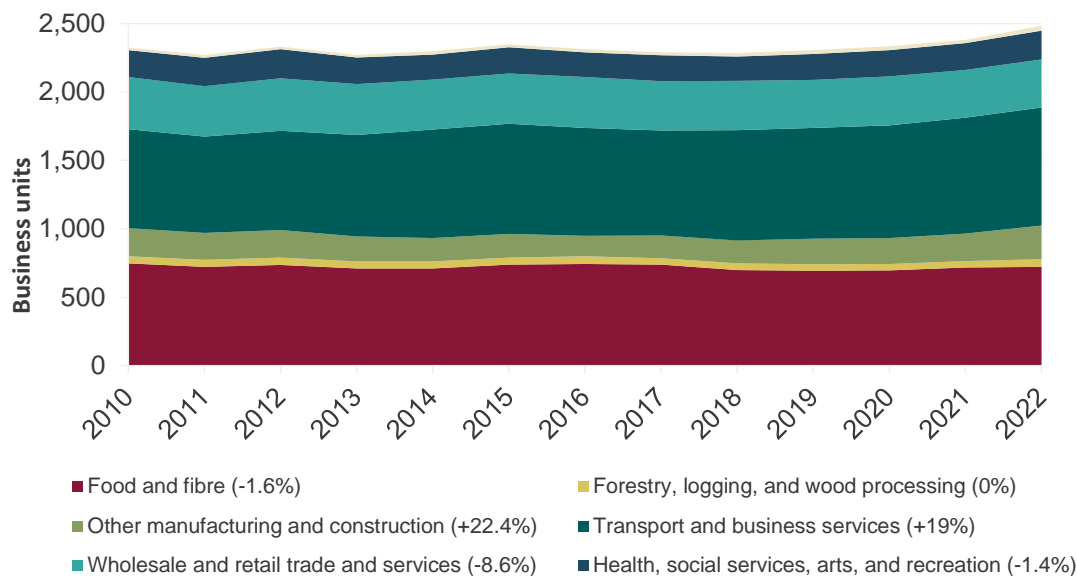
Source: BERL local authority database

Business units

The number of business units in South Waikato has increased by seven percent, an additional 153 business units since 2012, compared to 23 percent nationally and 22 percent in the Waikato region. The greatest total increase was in transport and business services which grew by 138 businesses (19 percent). The greatest increase by proportion was other manufacturing and construction which grew by 22 percent. Other manufacturing and construction grew by 45 business units, predominantly driven by growth in construction, and other industries grew by 18 business units.

Despite the employment and GDP growth of wholesale and retail trade and services the cluster had the greatest declines in total business units (33) and proportion (9 percent). This reflects the decline in the vibrancy and attractiveness of South Waikato’s town centres. Food and fibre declined by 12 businesses units, and health, social services, arts, and recreation declined by three business unit.

Figure 17 South Waikato business units by cluster 2012-2022

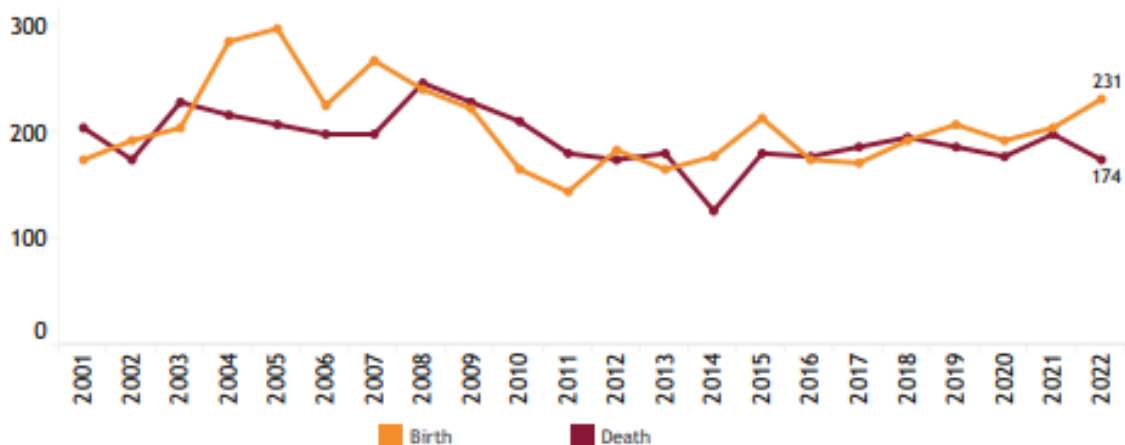


Source: BERL local authority database

Business births and deaths

South Waikato had 231 business births and 174 business deaths in 2022. This continued an upward trend from 2017, that was only interrupted in 2020 by COVID-19, and was the greatest number of births since 2008 (240). The 130 net employee gain in 2022 was the greatest since 2005.

Figure 18 Business Births and deaths, 2001-2022



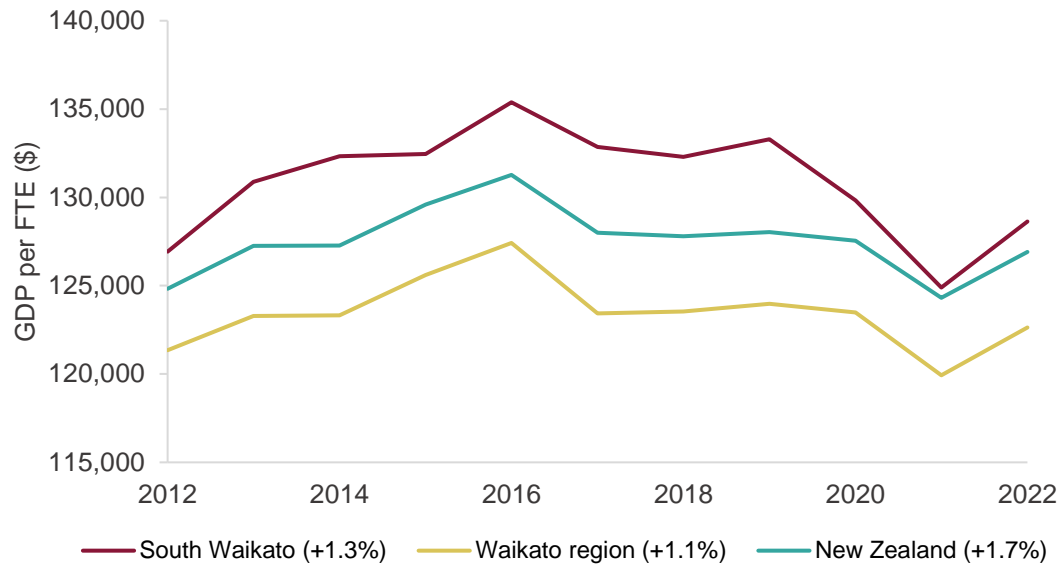
Source: Data n Dashboards, StatsNZ

Productivity

South Waikato’s productivity compares favourably to national and regional averages. South Waikato’s productivity, measured as GDP per FTE, was \$128,640 in 2022. This exceeded both the Waikato regional average of \$122,627 per FTE, and the national average of \$126,919 per FTE. However, the productivity gap has closed since 2012. National GDP increased by 1.7 percent compared to 1.3 percent in South Waikato. The only clusters to increase productivity over the

period were transport and business services, which increased five percent (\$8,390 per FTE), and wholesale and retail trade and services which improved by 38 percent (\$26,600 per FTE).

Table 2 South Waikato, Waikato region, and national productivity, 2012-2022



Source: BERL local authority database

Appendix B Forestry and wood processing industry transformation plan

The Forestry and Wood Processing Industry Transformation Plan (F&W ITP) sets out the actions that the Government will focus on to increase New Zealand's onshore wood processing capacity and capability.²⁷ The aim is to maximise the value of New Zealand's wood through production of higher value products, and drives innovation through developing new industries, products, technologies, and markets. This will lift the quality of the timber passing through ports, and boost New Zealand's wood and wood products up the value chain, support regional communities, and create high-paying sustainable employment.

Almost anything made from fossil fuels today can be made from wood tomorrow. The Government is also investing in developing New Zealand's domestic woody biomass industry to power transport, make plastics and pharmaceuticals, and replace high emission materials in buildings.

The F&W ITP set five aspirational goals to measure progress against the plan.

- **Carbon emissions reduce by 6.9 million tonnes by 2030 and by 54 million tonnes by 2050.** The sector will reduce national emissions by providing low-carbon bio alternatives. Achieving this will require providing the construction industry with 14 million m³ of innovative wood products, using 16.4 million tonnes of wood fuel to replace coal, and 49.3 million m³ of woody biomass to replace fossil fuel
- **Wood processing increases by 3.5 million m³ (25 percent) by 2030.** Domestic wood processing will scale up the use of underused lower grade logs and reduce the number of unprocessed logs exported. This will require establishing new mills, and increasing the capacity of existing processors
- **Export earnings from value-added wood products grow by \$600 million by 2040.** New Zealand will become a world leading exporter of high value wood products. This will require scaling up domestic wood processing and producing high value wood products.
- **Use of wood products in mid-rise or commercial construction increases by 25 percent by 2030.** The emissions from the construction industry will be reduced by replacing emission intensive products with engineered wood products. This will require an additional 400,000m³ of low emission wood products by 2030. These products will mostly comprise cross laminated timber, glue laminated beams, and laminated veneer lumber
- **Planting of alternative species (non-radiata) increases to 20 percent of all planting by 2030.** The resilience and productivity of forests will increase. This will require challenging diversification as existing infrastructure and supply chains are tailored to radiata pine.

The F&W ITP has a priority to modernise and expand wood processing, creating an opportunity for South Waikato. There are two objectives, and a range of actions, to grow and modernise wood processing to get more value from logs, and produce more residues to fuel the bioeconomy.

²⁷ mpi.govt.nz/dmsdocument/55684-Final-Forestry-and-Wood-Processing-Industry-Transformation-Plan-Report

Attract investment to increase manufacturing of advanced wood based products for building, biotech, and fuels

Industry situated around regional centres brings decent jobs and economic prosperity, enabling people to thrive in their community. Expanding and modernising wood processing will require:

- Significant capital investment to upgrade and adopt advanced manufacturing technology
- Increased research and development, and innovation in processing and new product development
- Lifting the performance of secondary processors such as pulp and paper
- The cultivation of new bioeconomy ventures.

Support sector co-location collaboration and sustainability

There is strong interdependence between wood processing and linked industrial processing, such as the use of sawmill residue in fuels. The F&W ITP encourages greater co-location of facilities to create wood processing hubs that will capture benefits from improved efficiency and productivity, to maximise competitiveness and stimulate opportunities for innovation.

This co-location can be taken further by developing cluster initiatives to enable competing firms to collaborate and achieve greater scale and productivity in a common area of specialisation. The F&W ITP identifies that advanced clusters share knowledge and social networks, physical infrastructure, and develop strong brands that are greater than those of individual firms. In the case of wood products clusters could include plant nurseries, forestry contractors, wood processing, chemical/solvent production, logistics, builders, and education. Collaboration reduces operational costs through economies of scale, shared infrastructure and services, and improved contracting of logs and woody biomass.

Appendix C Food and fibre transformation plan

Given the importance of food and fibre to New Zealand's well-being, the Ministry of Primary Industries, through the Food and Fibre Industry Transformation Plan (F&F ITP), aims to maintain the sector's good health by enhancing its strengths while maximising new opportunities and responding to challenges. The F&F ITP aims to transform the aspects of the sector that can drive future export opportunities, and is organised around four transformations.

- Orienting the sector towards consumers and the market
- Increasing investment and innovation, and attracting capital for growth
- Building workforce capability to innovate, commercialise, and improve productive capacity
- Regulatory settings that enable food innovation.

The F&F ITP proposes a vision for the sector's future where global consumers view New Zealand as the home of sustainable, innovative, and high value nutrition, foods, beverages, and technologies. The sector is the foundation of a high-wage, low-emissions economy where New Zealanders thrive.

To achieve this transformation, the F&F ITP proposes that two paths are pursued in conjunction: enhancing traditional foods, and scaling up emerging foods. Enhancing traditional foods involves products which New Zealand already excels in, such as meat, dairy and horticulture, either in their natural state or processed into related products. Scaling up emerging foods refers to new products where New Zealand can excel in the future, such as bioactive products, alternative proteins, and functional foods.

Enhancing traditional foods

Consumers are more willing than ever to pay a premium for sustainable, ethical, and healthier options. New Zealand products are held in high regard, and this well-established reputation should be enhanced and certified. This requires deepening the advantage and building on our reputation for traditional foods, as consumers seek proof of product features and benefits.

Success on this front will establish New Zealand as a clear global leader in environmental excellence, and lead to quality, nutrient rich foods for well-being targeted at high end consumers. Even small improvements in this area are expected to lift productivity, wages, and living standards.

Scaling up emerging foods

The F&F ITP identified that innovation and growth in emerging foods represents an opportunity to grow the food and beverage sector. Scaling up emerging foods involves both utilising the inherent potential in traditional foods to innovate and add value, for example through bioactive and functional foods, and exploring the potential in new areas, such as alternative proteins.

Innovation in emerging foods will be encouraged by actions to assist the sector including support for internationalisation, growing the Food Innovation Network, comprising specialist food and beverage navigators, and assistance to enable high potential businesses in the sector to access capital.

Appendix D National adaptation and emissions reduction plans

National adaptation plan

New Zealand's first National Adaptation Plan sets out the government's long-term approach to adaptation, including the strategies, policies, and proposals that will help New Zealanders adapt to the effects of a changing climate. The plan sets a track towards a low-emissions, resilient economy. The vision is for a net-zero economy in 2050, where energy is accessible and affordable, secure and reliable, and supports New Zealanders' well-being.

With regard to the economy, the objectives and actions of the Plan focus on adapting and building climate resilience into transitioning to an economy where businesses can innovate, thrive, and pay higher wages, emissions are rapidly trending to net zero, and economic security is provided for all.

Emissions reduction plan

The government's Emission Reduction Plan (ERP) identifies that the challenge of transitioning to net-zero emissions presents the single greatest opportunity our country has had, in at least a generation, to develop our economy into one that is more productive, sustainable, and inclusive.²⁸ The ERP is based on five principles: playing our part, empowering Māori, equitable transition, working with nature, and achieving a productive, sustainable, and inclusive economy.

A productive, sustainable, and inclusive economy

The ERP states that climate action can and should be an investment in higher paying jobs and more productive businesses. It sets out the actions that will take place across New Zealand's economy, a number of which South Waikato can take advantage of.

Planning and infrastructure

- Reform the resource management system to promote lower emissions and climate resilience
- Enable low-emissions and resilient housing and urban environments
- Address funding and financing challenges for infrastructure to support low-emissions urban environments.

Research, science, and innovation

- Develop a portfolio of climate innovation platforms
- Support the development, assessment, and deployment of low-emissions technology
- Scale up and reorient existing initiatives towards accelerating our transition to a low-emissions economy

²⁸ environment.govt.nz/assets/publications/Aotearoa-New-Zealands-first-emissions-reduction-plan.pdf

Circular economy and bio economy

- Accelerate the uptake of bioenergy
- Support businesses moving to circular practices
- Develop a circular economy and bioeconomy strategy.

Working with key sectors and industries

The ERP acknowledges that getting New Zealand's economic system to where it needs to be will support every part of the economy, but recognises the need for government to work with industries and sectors to support them both to cut emissions, find new opportunities, and take advantage of them. The ERP identifies key actions that the government is taking with the industries that the plan identifies will drive the future economic development of the South Waikato district.

Forestry

- Grow the forestry and wood processing industry to deliver more value from low-carbon products, while delivering jobs for communities
- Support landowners and others to undertake afforestation, particularly for erodible land
- Provide advisory services to land owners, councils, Māori, and other stakeholders to support choices for sustainable afforestation.

Agriculture

- Support early adoption of mitigation technology and farm practice
- Establish a new centre for climate action on agricultural emissions to drive a step change in mitigation technology innovation uptake on farms
- Develop food and fibre science and matauranga accelerators to support lower-emission land use and food production.
- Introduce climate-focused extension and advisory services
- Introduce a price mechanism for agricultural emissions by 2025
- Fund tikanga-based climate programmes to support the needs and aspirations of Māori.

Energy and industry

- Help low-income New Zealanders have warmer, drier homes
- Improve business and consumer energy efficiency
- Reduce reliance on fossil fuels
- Ban new low- and medium temperature coal boilers, and phase out existing ones by 2037
- Support industry to improve energy efficiency, reduce costs, and switch from fossil fuels to low emission fuels

Building and construction

- Reduce the embodied carbon of construction materials by supporting innovation, and regulating to promote the use of low-emissions building design and materials
- Establish foundations for future emissions reduction by building relationship with Māori, and prioritising behaviour change and workforce transition programmes
- Accelerate the shift to low-emissions buildings by promoting good examples, providing incentives, and supporting the use of low emission practices.

Waste

- Enable households and businesses to reduce organic waste
- Increase the amount of organic waste diverted from landfill
- Explore bans to limit or divert more organic waste from landfill
- Reduce and divert construction and demolition waste to beneficial uses.

Transport

- Increase support for walking and cycling
- Continue to increase the uptake of low and zero-emissions vehicles
- Improve electric vehicle charging infrastructure.