

National **SCIENCE** Challenges

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Supporting Regional Success: District and Town Profiles

Thriving Regions: Supporting Success in 2nd Tier Settlements

September 2019

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Title Supporting Regional Success: District and Town Profiles

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Acknowledgements

This research is funded through the National Science Challenge: Building Better Homes, Towns and Cities: Ko ngā wā kāinga hei whakamāhorahora (BBHTC).

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Recommended citation

Campbell, M. 2019. Supporting Regional Success: District and Town Profiles. National Science Challenge: Building Better Homes, Towns and Cities: Ko ngā wā kāinga hei whakamāhorahora (BBHTC). Wellington, New Zealand.

https://www.buildingbetter.nz/research/thriving_regions.html

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Contents

1. Introduction	1
2. Demographic Profile.....	2
3. Socio-Economic Profile.....	8
3.1 Employment trends.....	8
3.2 Regional Economy	8
3.3 Qualifications.....	15
3.4 House and home	18
4. Conclusion	24
Figure 1: Geographical extent of district boundary of each study area, 2013	1
Figure 2: Change in usually resident population of each study area, 2001-13.....	3
Figure 3: Change in Median Age of each study area, 2001-13	4
Figure 4: Projected change in Median Age of each area with European ethnicity, 1996-2043....	5
Figure 5: Proportion of each study area with European ethnicity, 2001-13.....	6
Figure 6: Proportion of each study area born Overseas, 2001-13	7
Figure 7: Proportion of each study area Employed, 2001-13	9
Figure 8: Proportion of each study area Unemployed, 2001-13.....	10
Figure 9: Share of Gross Domestic Product created by Agriculture.....	11
Figure 10: Nominal GDP per capita, Ashburton District (\$), 2000-15	12
Figure 11: Nominal GDP per capita by Industry in Timaru (\$), 2000-15	13
Figure 12: Nominal GDP per capita by Industry in Waitaki (\$), 2000-15	14
Figure 13: Rate of persons with No Qualifications in each study area (%), 2006-13.....	16
Figure 14: Rate of persons with Level 7 Qualifications in each study area (%), 2006-13	17
Figure 15: Median Rent in each study area (\$), 2001-13.....	19
Figure 16: Median Income in each study area (\$), 2001-13	20
Figure 17: House Prices in each study area (\$), 2002-17	21
Figure 18: Home Ownership in each study area (%), 2001-13.....	22
Figure 19: Affordability measure, 2001-13	23

1. Introduction

This overview document illustrates the baseline socio-economic and demographic characteristics of the three study locations within the Supporting Success in Regional Settlements programme of BBHTC National Science Challenge. The three study locations are: Ashburton township in Ashburton District, Timaru City in Timaru District and Oamaru township in Waitaki District.

Data are presented for Ashburton, Timaru, and Waitaki Territorial Authority areas using data from the 2013 NZ Census to give an indication of the similarities and differences between these places on a number of key measures.

The maps covering the location of each study area are shown below (Figure 1). In the report we present and comment on a series of key statistics and trends over time in the three areas before looking in more detail at the sub-district data for each area. This base-line report supplements a larger body of research conducted using a qualitative co-construction of knowledge methodology, focusing on attempts by local stakeholders to regenerate their regions, districts and small towns.

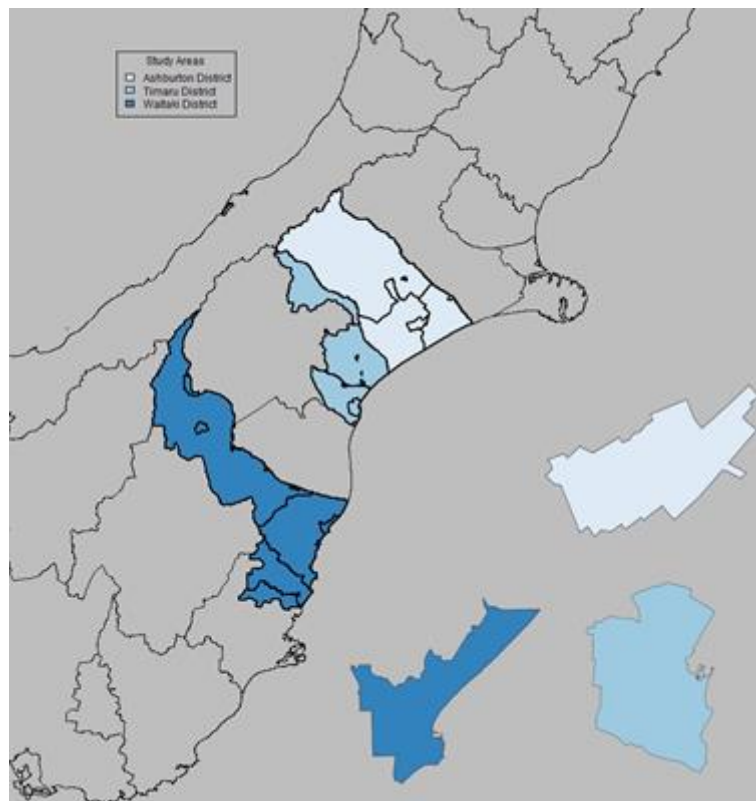


Figure 1: Geographical extent of district boundary of each study area, 2013

2. Demographic Profile

In this section we outline the demographic composition of each study area at the district (territorial authority) level with respect to the trends at the 2001, 2006 and 2013 Censuses. This covers aspects of the populations with respect to their age composition (both current and projected), as well as the ethnic composition and birthplace of the population. We also use population projections from Statistics New Zealand. These are an estimate of the future trajectory of areas within New Zealand over the next 30 years in terms of an estimate of where or how the population will change.

Figure 2 shows that the population grows over time for each study area (Ashburton, Timaru and Waitaki), with increases of 5,598 (22%), 1,965 (4.7%) and 741 (3.7%) respectively. Ashburton, particularly, has had a significant absolute (and percentage) increase in population since 2001, whereas the other study areas, Timaru and Waitaki, have remained broadly stable with only a smaller increase.

In order to understand the effect of population change (or growth) on the age structure of each area better, we also examine the median age of the population. The median age (Figure 3) is also increasing over time, at 39.8 years (up 0.4 years), 44.7 years (up 4.9 years) and 46.3 years (up 3.9 years) in Ashburton, Timaru and Waitaki respectively. However, differences do emerge with Timaru forecast to have the highest Median Age by 2040 off all the districts, while Ashburton is forecast to fall below the New Zealand and South Island average by 2040s (in other words, maintain its median age). The Waitaki District, takes a mid-level trajectory, still ageing above the New Zealand and South Island levels, but below Timaru (see Figure 4). Note that these are the medium projections from the Statistics New Zealand models¹ taking a mid-point between high and low population model projections.

With respect to the changing ethnic composition in each of the areas in Figures 5 and 6, the pattern appears more complicated. Ashburton comprised 95.5% European ethnicities in 2001, falling 10.5 percentage points to 85% by 2013. Similarly, Waitaki District starts with 94.4% and fell 8.7 percentage points to 85.8% by the end of the 2013 Census. Timaru has a different trajectory experiencing a large drop between 2001 (94.1%) and 2006 (79.6%), then arriving at the largest share of the population of the three areas by 2013 at 89.3% European (i.e. nine out of ten people).

Looking at the proportion of people in each district born overseas is one way in which to discover where migrants may be coming from, but this does conflate those born overseas who may have been in New Zealand for many years and moved within the country. We can see from Figure 6 that Ashburton district has the largest growth in this category, from 7.1% in 2001, to 14.6% in 2013 which almost mirrors the corresponding drop of European ethnicities from the previous figure (Fig 5). The other two areas start at almost the same proportion of overseas born 7.8% and 8.4% respectively, but do not increase as quickly as Ashburton, growing to 11% and 12.1% in Timaru and Waitaki respectively at the 2013 Census.

¹ http://www.stats.govt.nz/browse_for_stats/population/estimates_and_projections/subnational-pop-estimates-tables.aspx

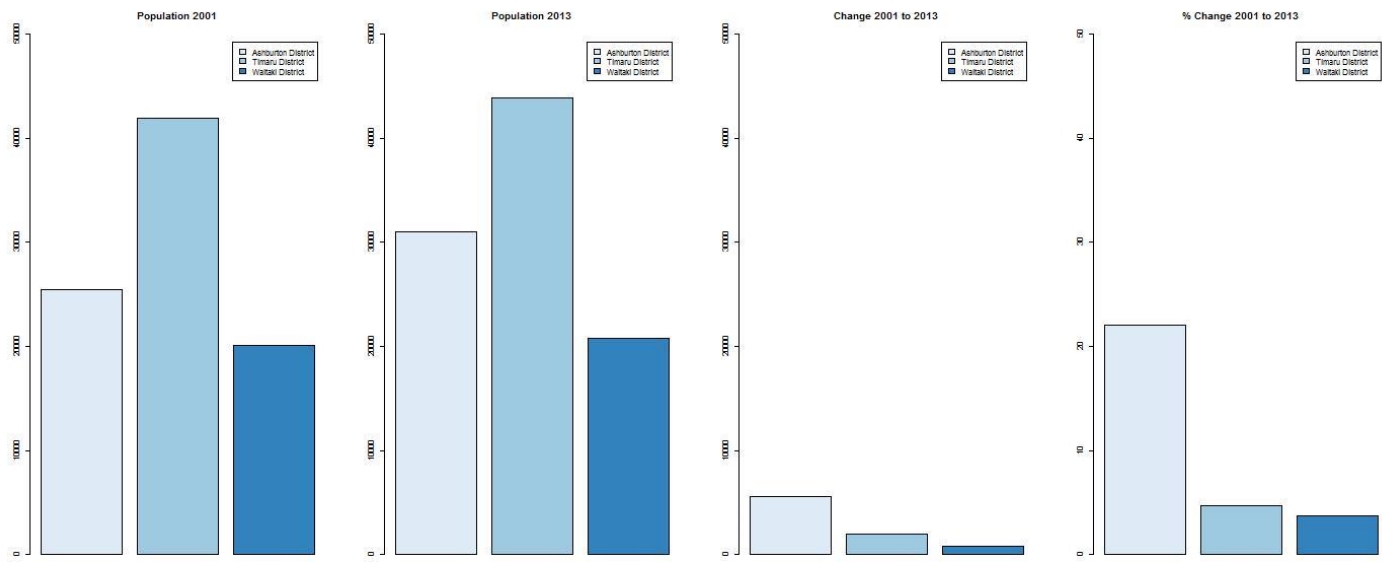


Figure 2: Change in usually resident population of each study area, 2001-13

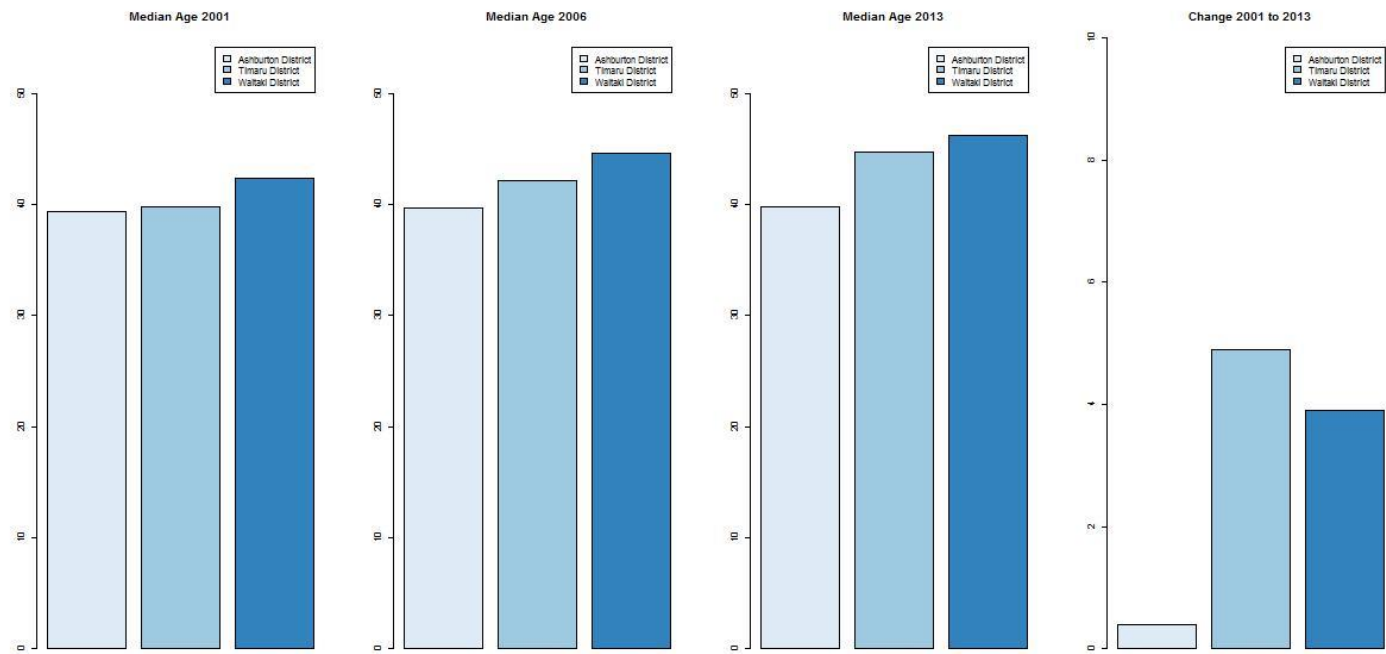


Figure 3: Change in Median Age of each study area, 2001-13

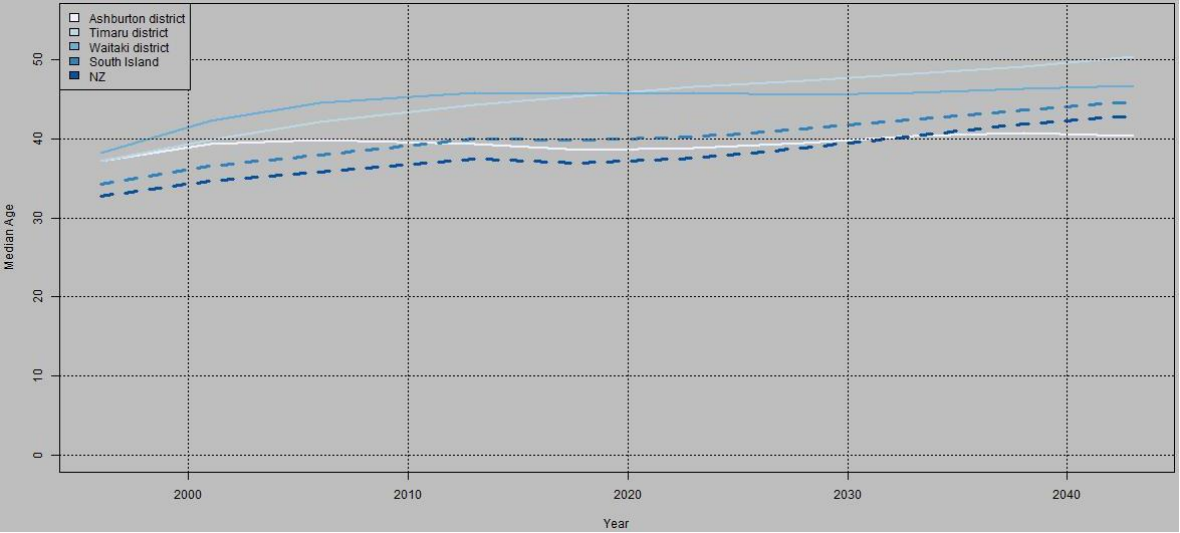


Figure 4: Projected change in Median Age of each area with European ethnicity, 1996-2043

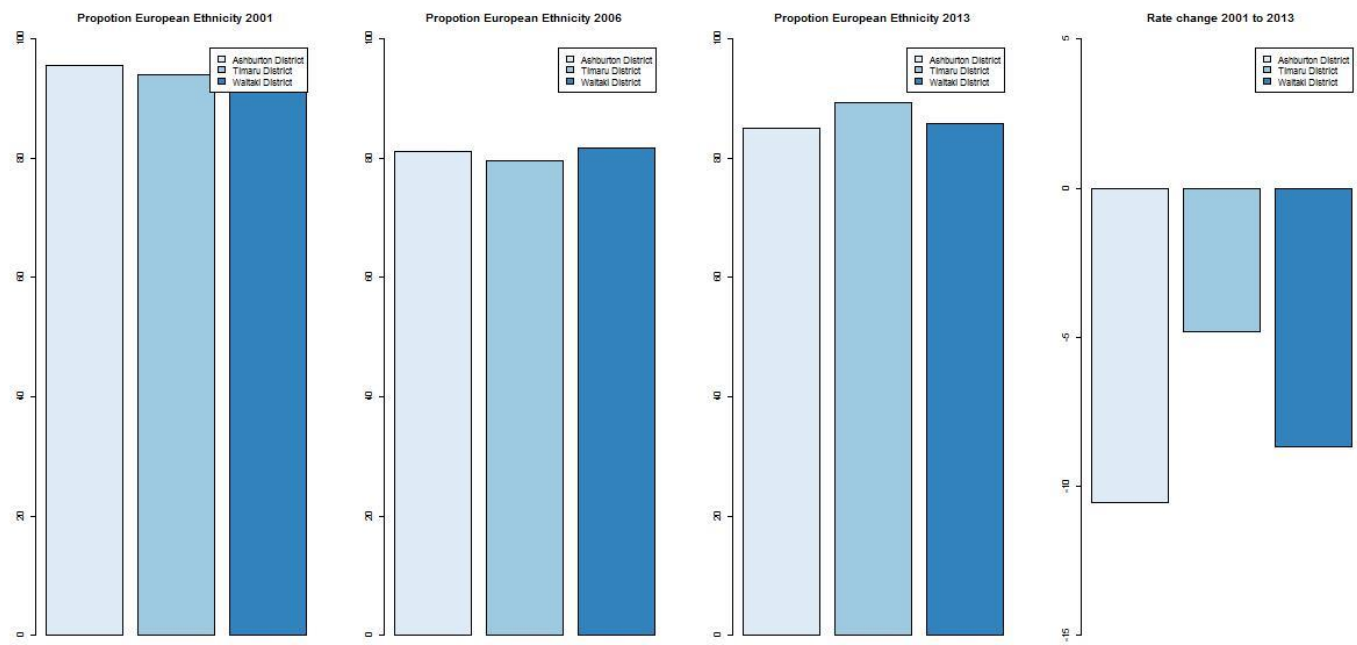


Figure 5: Proportion of each study area with European ethnicity, 2001-13

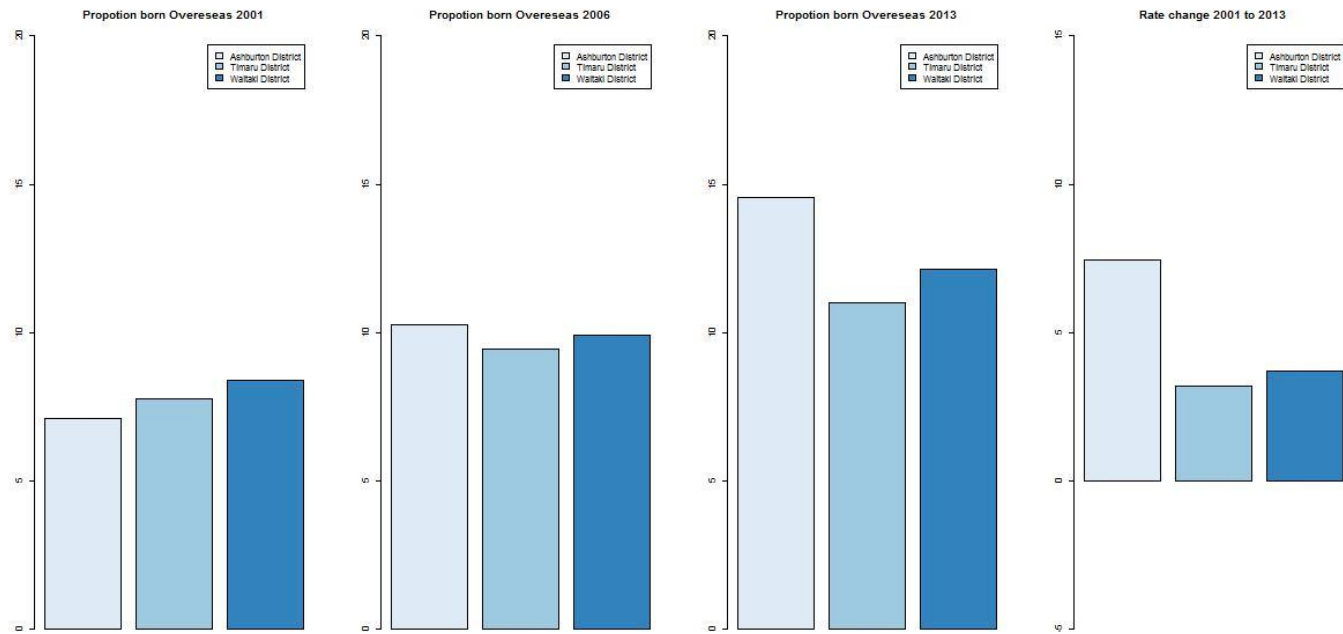


Figure 6: Proportion of each study area born Overseas, 2001-13

3. Socio-Economic Profile

We now look at the economy of each of the three case study areas and compare them with each other, as well as broader national economic trends. We examine the role of different sectors of the economy and their relative importance now, and over the last several years. The human capital and level of qualifications in each study area are also examined, to understand how this has changed over time. Finally, we examine housing: house prices, rental costs and the level of affordability in each study area, and how this compares to national trends.

3.1 Employment trends

The overall level of employment and unemployment can be seen in Figures 7 and 8 respectively. The employment trends for each of the three areas appear stable over time, with a general upward trend in employment rates such that there is a change of 3, 4 or 2.9 percentage point increase in employment in the intercensal period. The employment rate is highest in Ashburton (70%), followed by Timaru (62%) and Waitaki (61%) in 2013. The nature of unemployment in each district is seen in Figure 8, showing a remarkably healthy picture economically, with very low unemployment rates of 2.1%, 2.7% and 2.5% respectively with Timaru losing 1.2 percentage points from its unemployment rate (from 3.9% to 2.7%) in the 2001 to 2013 period. Ashburton and Oamaru are much more static in this regard.

The employment trends for each district are striking in comparison to the national average and illuminate why the employment rates (and unemployment rates) are so high (or low) compared with the New Zealand average. For example, if we focus on the level of employment in agriculture, this paints an especially enlightening picture of the Ashburton and Waitaki districts. We have collected additional data from (MBIE) given the importance of agriculture in these areas showing a more detailed time series analysis and connecting this to the national level, which shows that Ashburton and Waitaki are particularly focused on agriculture (highest in New Zealand at 36%: Figure 9). The levels are almost 10 times (Ashburton) or double (Timaru) the New Zealand average, which suggests a much greater focus on agriculture as the primary driver of economic activity in all three areas. Ashburton stands out, with over one fifth of all Gross Domestic Product (GDP) accounted for by agriculture.

3.2 Regional Economy

The regional economic data in Figures 10, 11 and 12, sourced from MBIE, Modelled Territorial Authority Gross Domestic Product, highlights the trends above. What we can again see is that agriculture is the dominant source of GDP generated for both Ashburton and Waitaki in relation to other sectors of the economy, with an increasing importance over time (the darkest blue circles represent more recent periods) such that the next closest contribution is made by manufacturing at only a third of the value per capita in Ashburton and forestry, fishing, mining, electricity, gas, water and waste services in Waitaki at a broadly similar level, with manufacturing not far behind. This suggests a strength (also shown in Fig 9) in agriculture for Ashburton particularly, and also Waitaki, but also a vulnerability to the fortunes of one sector of the economy and increasingly so over time, 2000 - 2015. In this respect Timaru is much more focused on manufacturing and agriculture as the wealth generators, with a much broader economic base across all sectors. This is a notable difference between the three case study areas. If we focus in on this difference in more detail using additional data, we can see, for example, from Figure 11, Timaru has a higher than average health care and social assistance sector than the New Zealand average, whilst both Waitaki and Ashburton are at a level two thirds below the New Zealand average. Again, this highlights a pattern that there are similarities between Ashburton and Waitaki, but Timaru is somewhat distinct in relation to its economic base.

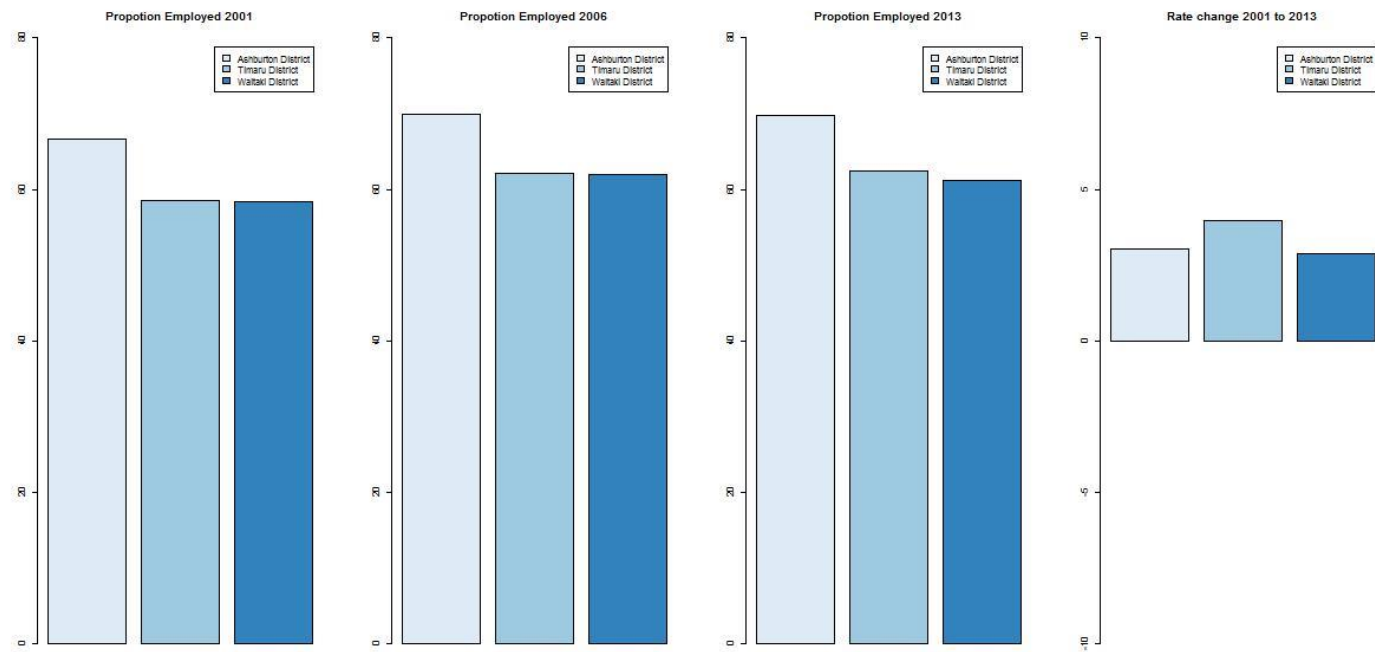


Figure 7: Proportion of each study area Employed, 2001-13

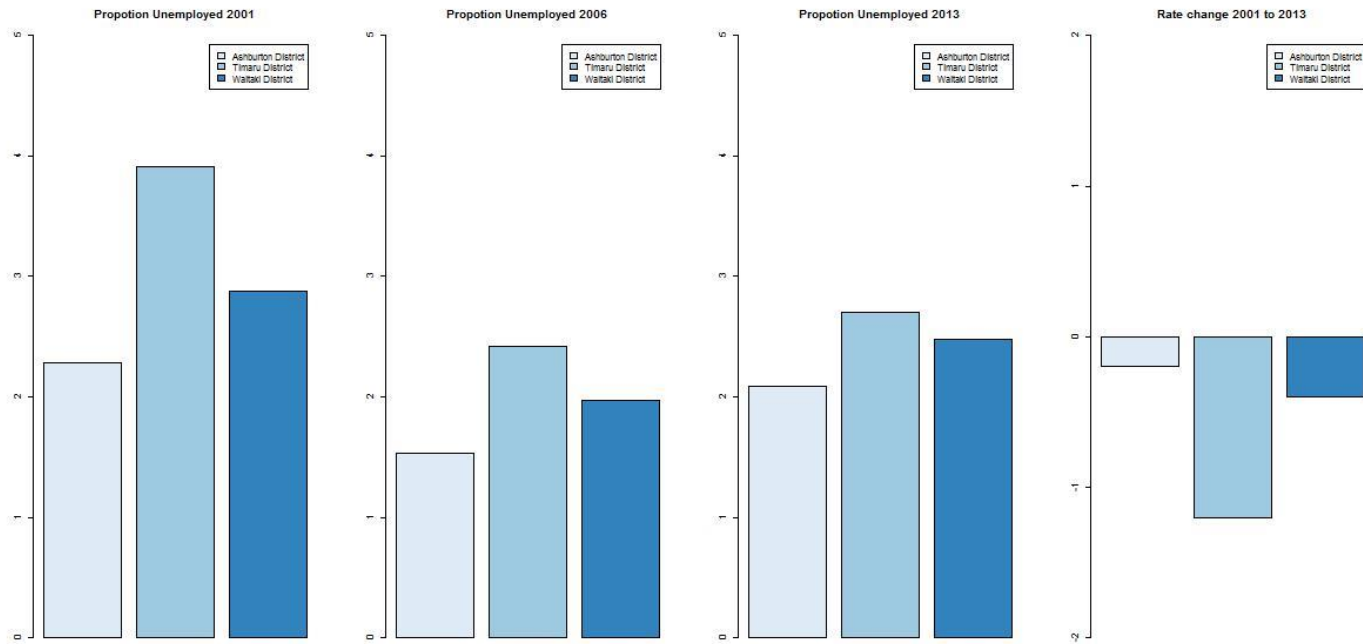


Figure 8: Proportion of each study area Unemployed, 2001-13

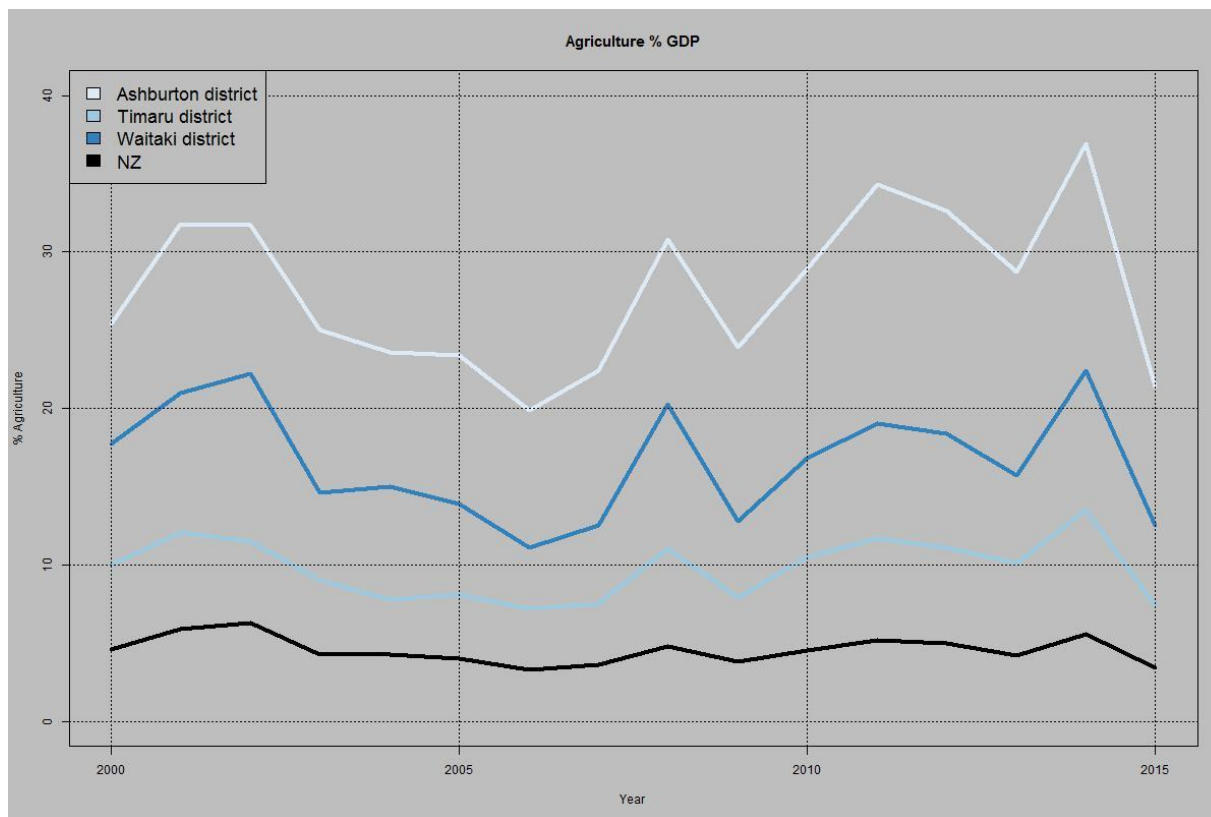


Figure 9: Share of Gross Domestic Product created by Agriculture

Nominal GDP per capita by industry, Ashburton District (\$)

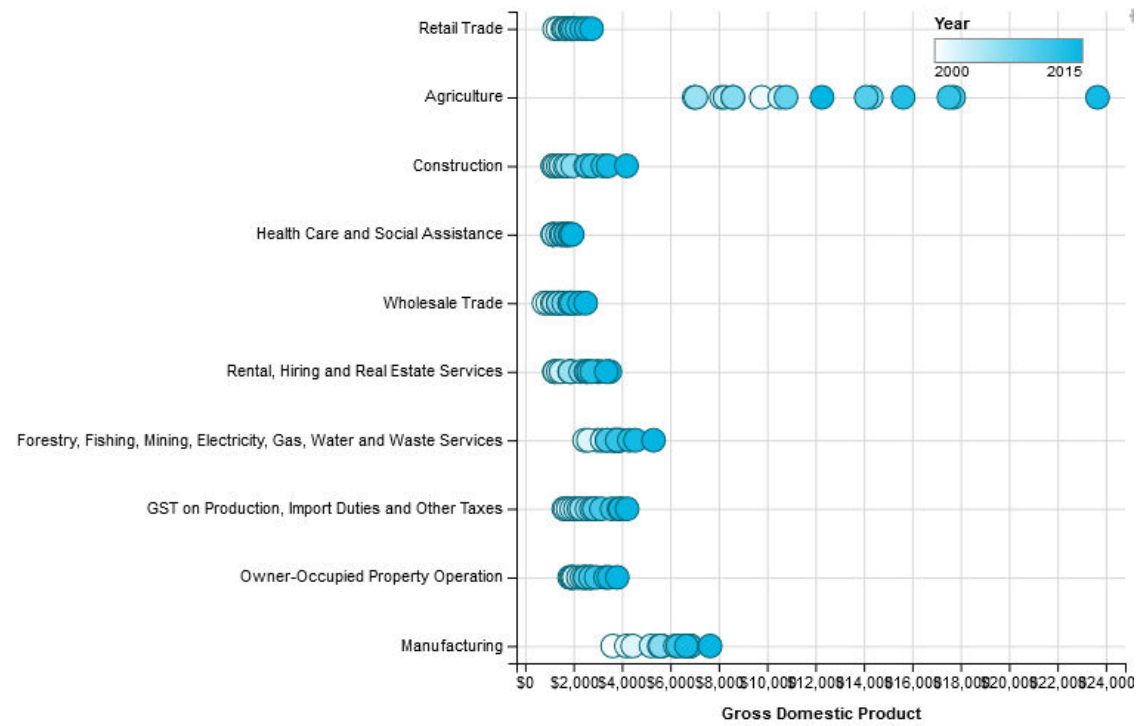


Figure 10: Nominal GDP per capita, Ashburton District (\$), 2000-15 (Source: MBIE: Modelled Territorial Authority Gross Domestic Product)

Nominal GDP per capita by industry, Timaru District (\$)

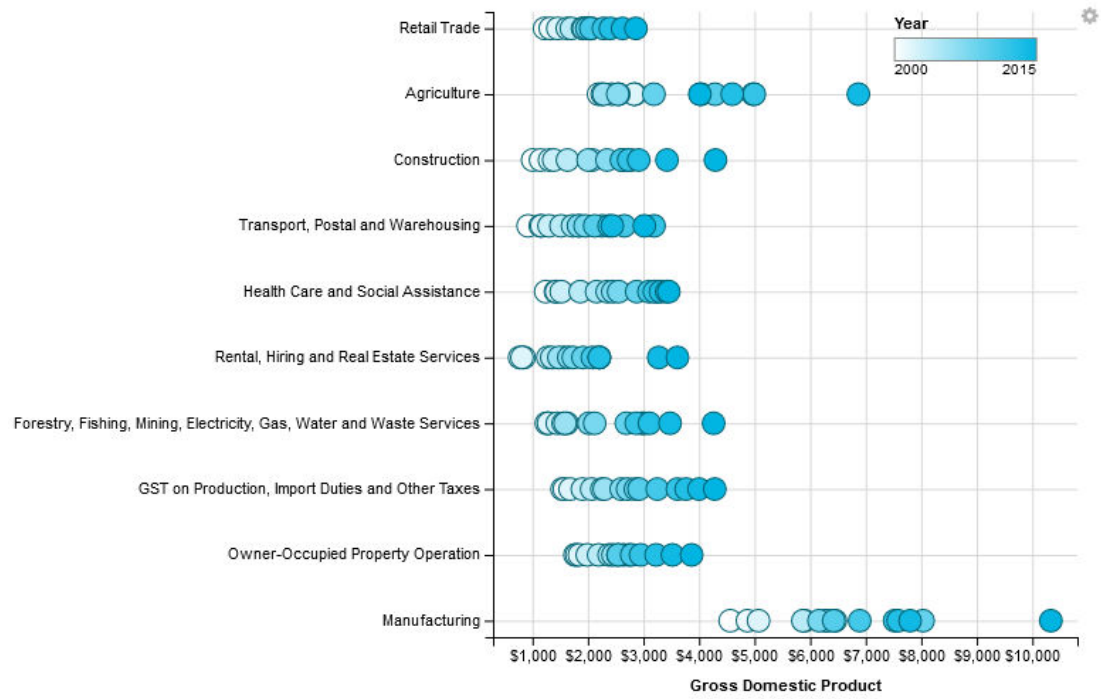


Figure 11: Nominal GDP per capita by Industry in Timaru (\$), 2000-15 (Source: Modelled Territorial Authority Gross Domestic Product)

Nominal GDP per capita by industry, Waitaki District (\$)

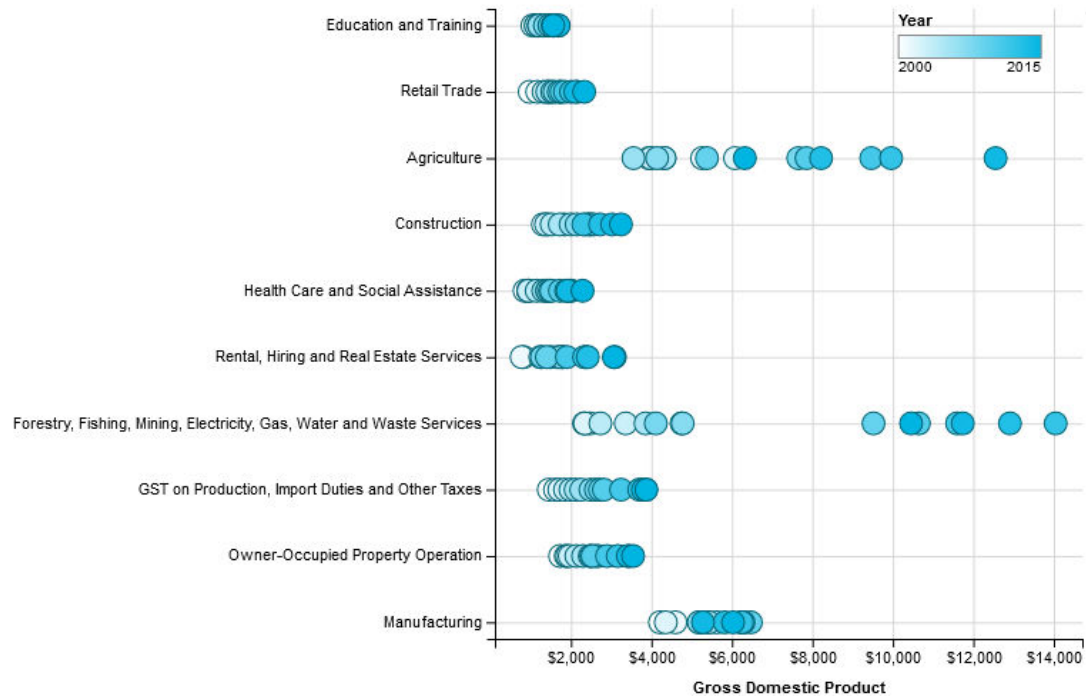


Figure 12: Nominal GDP per capita by Industry in Waitaki (\$), 2000-15 (Source: MBIE, Modelled Territorial Authority Gross Domestic Product)

3.3 Qualifications

The level of qualifications continues to increase, as seen by both a decline in those with no qualifications of around 5% in all three areas, and an increase, although small, in each of the three districts (see Figures 13 and 14) in the proportion of level 7 qualifications between the 2006 and the 2013 Census periods. The three study areas are broadly similar along this dimension suggesting that this is not a key domain of difference. There are modest increases in level 7 qualifications of 2.3, 1.5 and 1.6 percentage points and declines in the proportions of people with no qualifications of around 6.3, 4.6, 6 percentage points in Ashburton, Timaru and Waitaki respectively. This is useful information, given that it shows the continued upskilling of the population of these areas. However, these numbers are subject to an age effect, whereby older areas are more likely to have higher numbers with no qualifications.

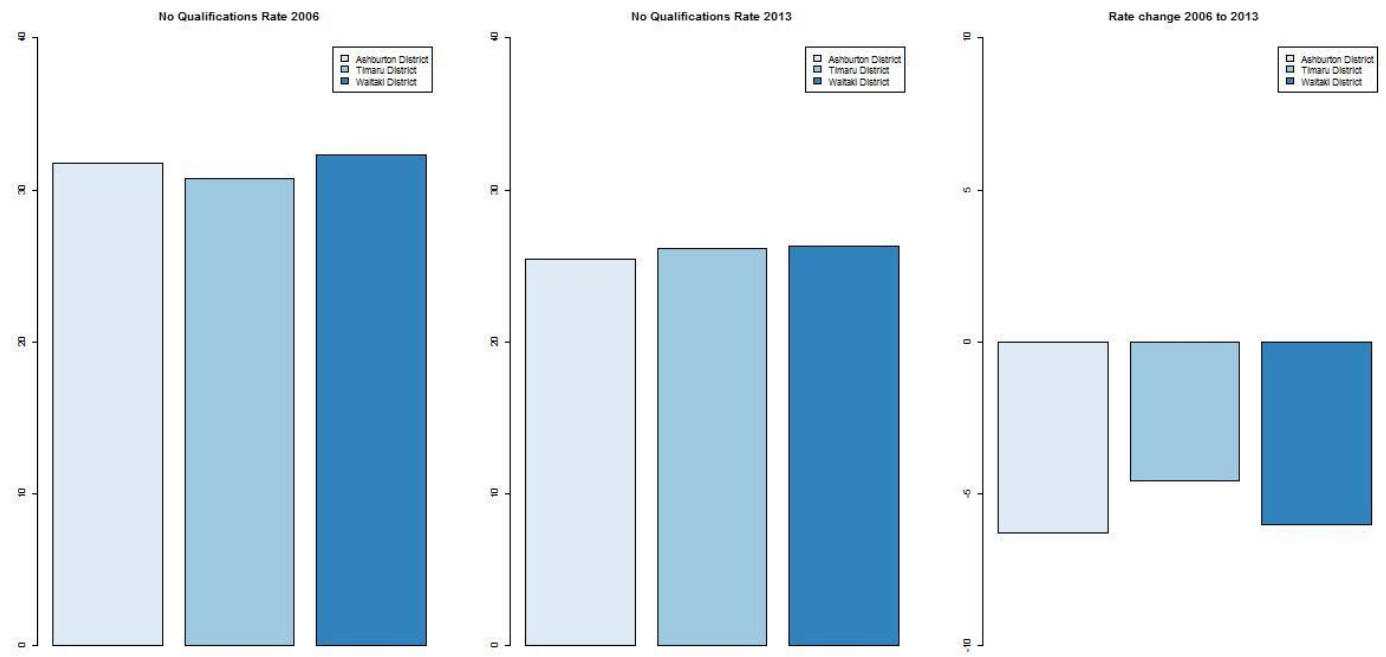


Figure 13: Rate of persons with No Qualifications in each study area (%), 2006-13

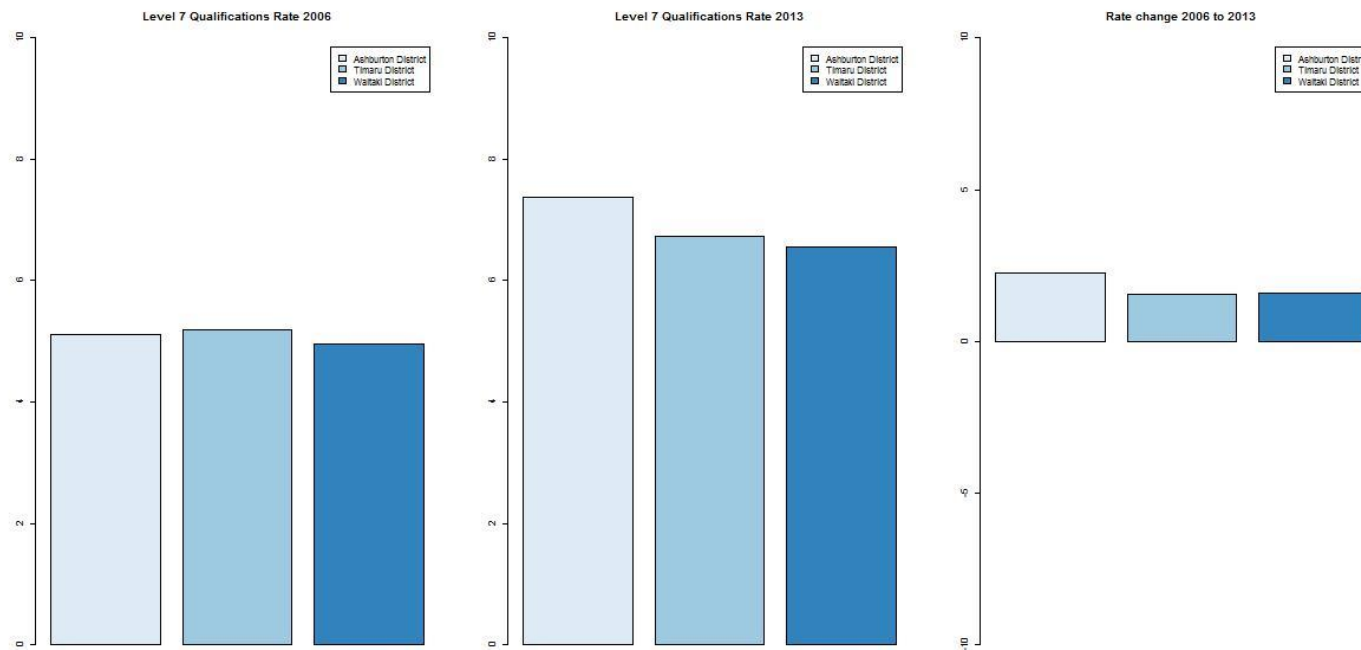


Figure 14: Rate of persons with Level 7 Qualifications in each study area (%), 2006-13

3.4 House and home

What we can see from Figure 15, is that rent is broadly similar in all three districts over time at \$220, \$200, \$190 per week, with rents doubling in Ashburton (increase 100% or \$110), and increasing by \$90 in both Timaru and Oamaru. This trend is mirrored in the median income data (see Figure 16), showing that the changes are remarkably similar over time, with median incomes of \$32,900 (up 79% since 2001), \$26,900 (up 71% since 2001), \$25,300 (up 69% since 2001) in the three areas of Ashburton, Timaru and Oamaru. This does show that Ashburton has a higher median income, with Timaru and then Waitaki as the lowest.

Nationally, housing has been a problematic issue. In each of the study areas house prices in 2017 are much lower than the New Zealand average (\$625,363) and the regional averages in Otago (\$458,680) and Canterbury (\$465,508) at \$356,418, \$335,477 and \$255,116 in Ashburton, Timaru and Waitaki respectively. All have increased over time with some divergence between Ashburton and Timaru and Waitaki by 2017 (see Figure 17). With respect to the changing nature of tenure, owner occupation is again reasonably consistent across the Ashburton, Timaru and Oamaru districts. Similar to the national pattern which illustrates declining home ownership rates there has been a larger (9.5%) decline in Ashburton, compared with declines of 3.4% in Timaru and 6.8% in Waitaki as can be seen in Figure 18. This allows us to see that national trends also have regional impacts that could have important consequences for the mobility of individuals within New Zealand if the ability to move (as a tenant) is easier than it is as a homeowner.

Figure 19 is a crude measure of affordability, the family (or household income) as a proportion of the house price. It shows that the increase in house prices between 2001 and 2006 have reduced affordability across all three study areas. There are a variety of metrics of affordability, not discussed here, suffice to say that New Zealand has become increasingly unaffordable with respect to housing. A key issue for the larger urban centres, but the ripples can be seen in the regions.

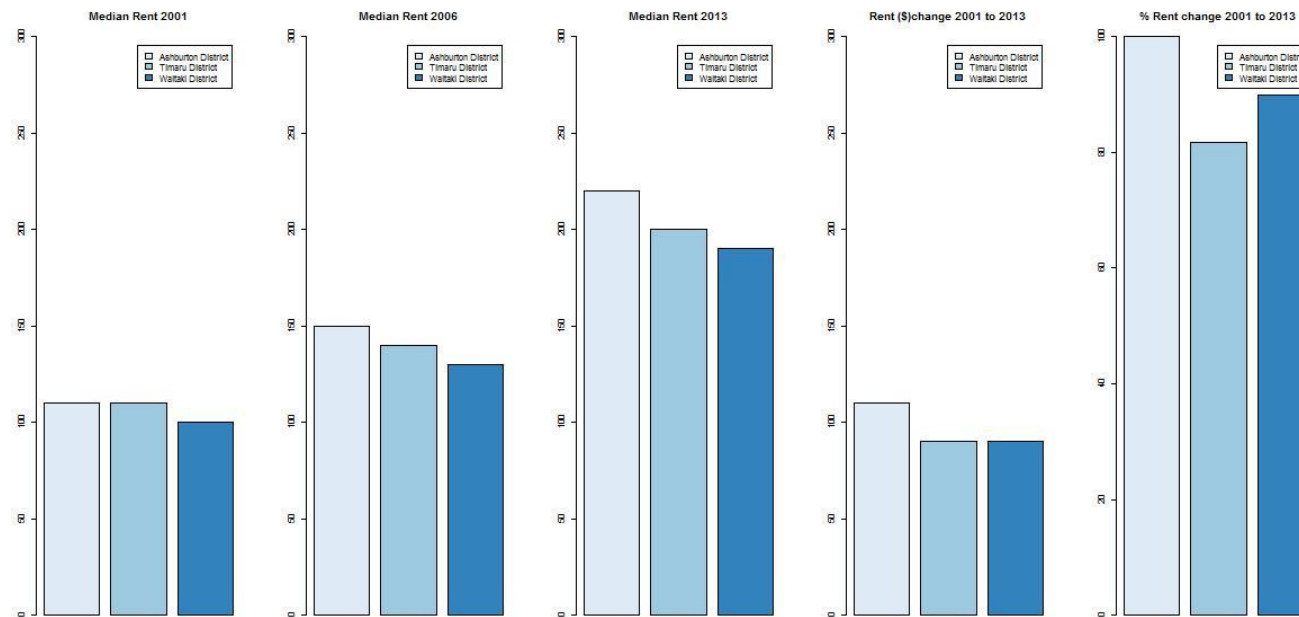


Figure 15: Median Rent in each study area (\$), 2001-13

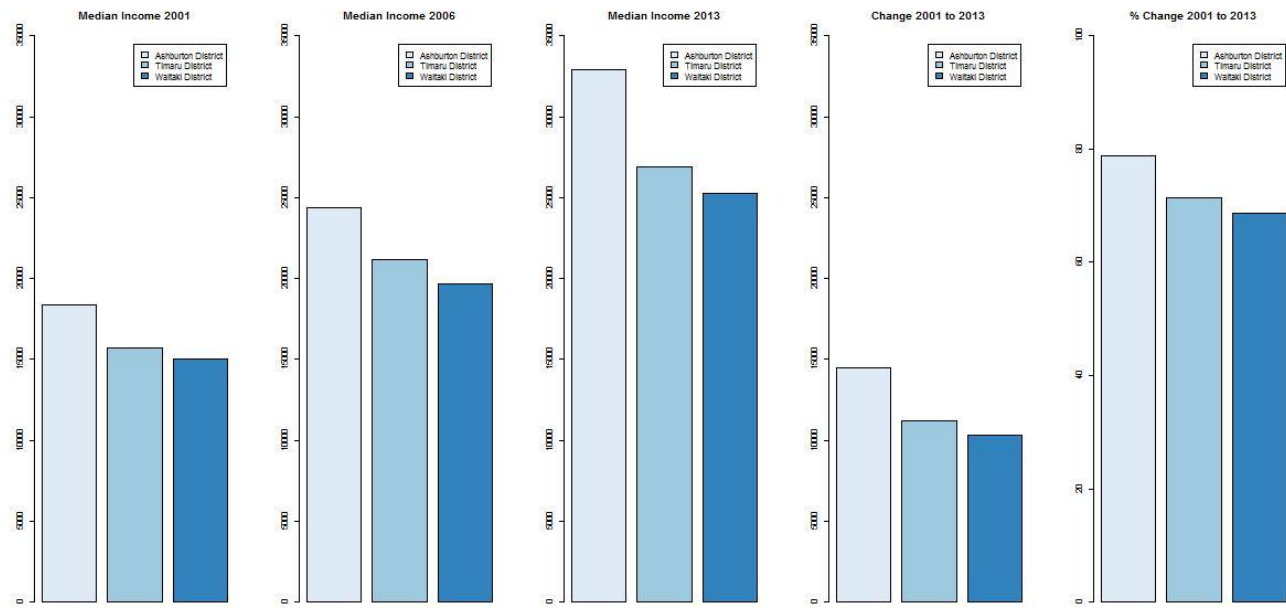


Figure 16: Median Income in each study area (\$), 2001-13

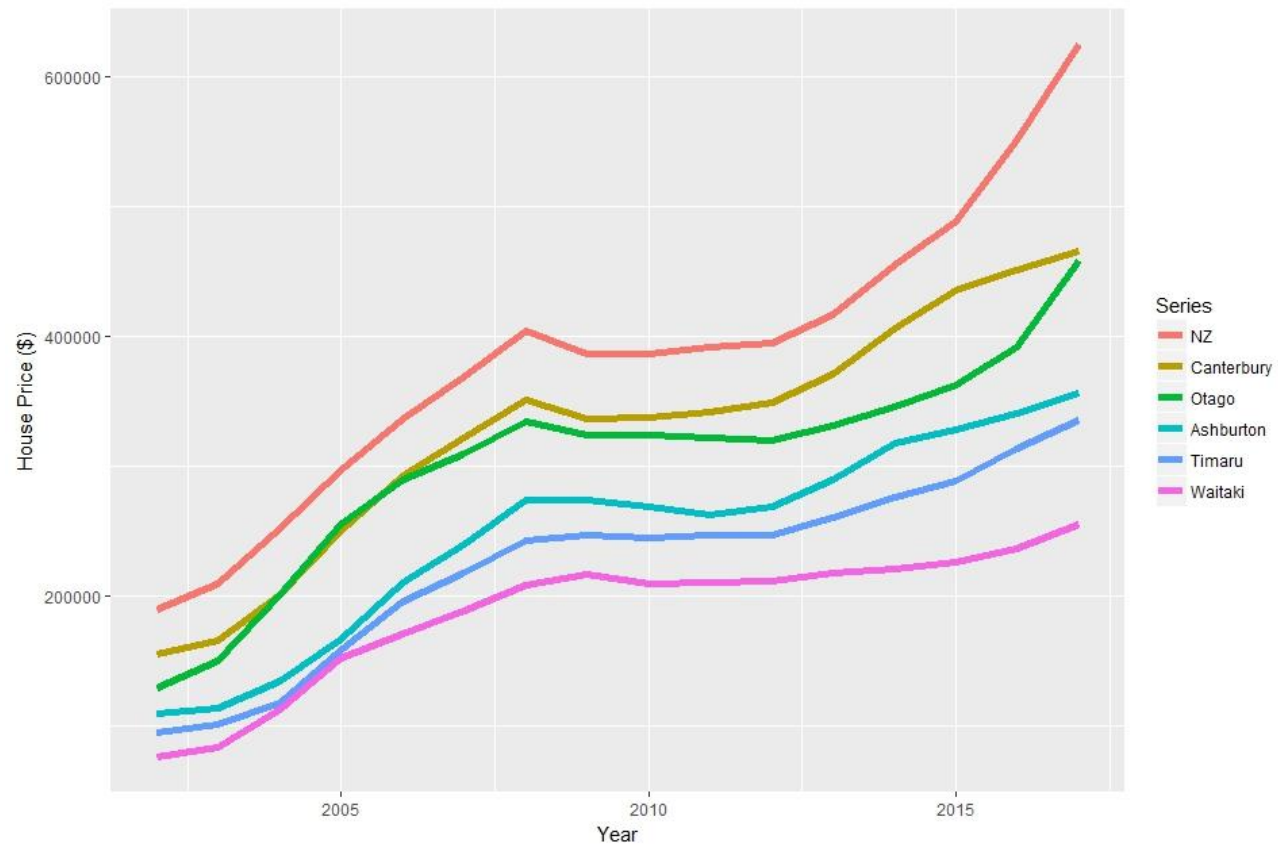


Figure 17: House Prices in each study area (\$), 2002-17

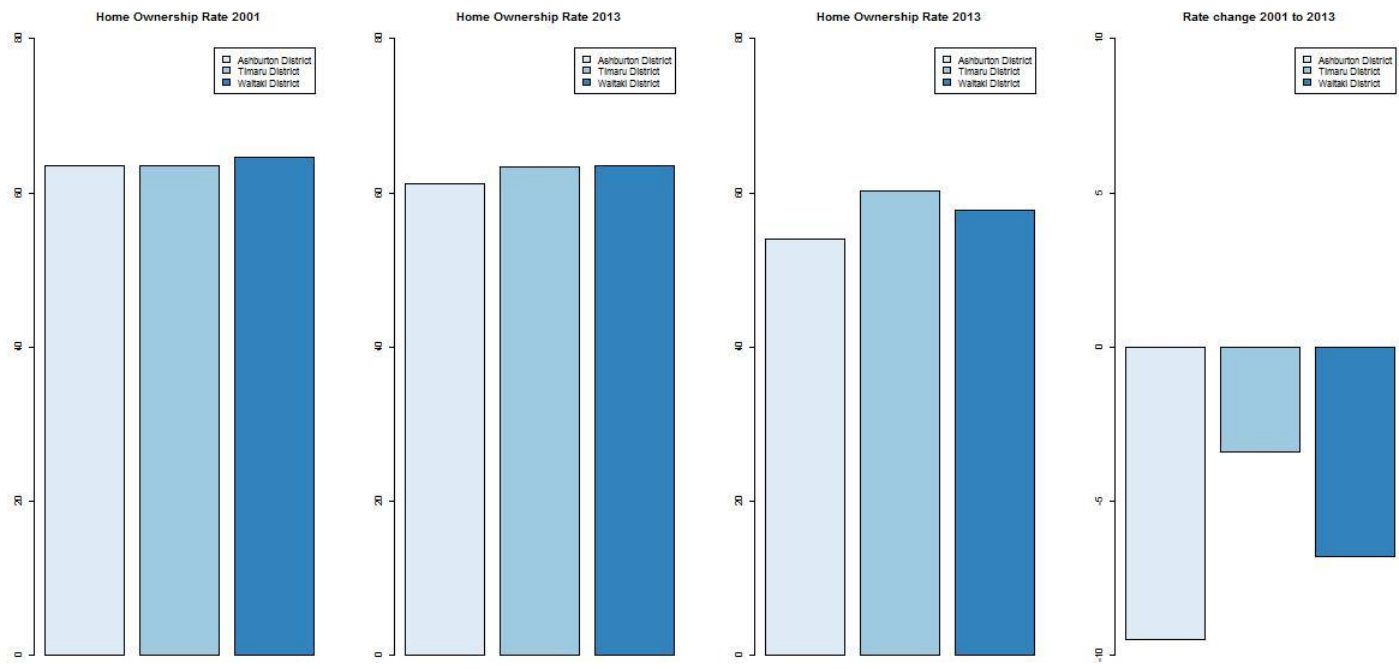


Figure 18: Home Ownership in each study area (%), 2001-13

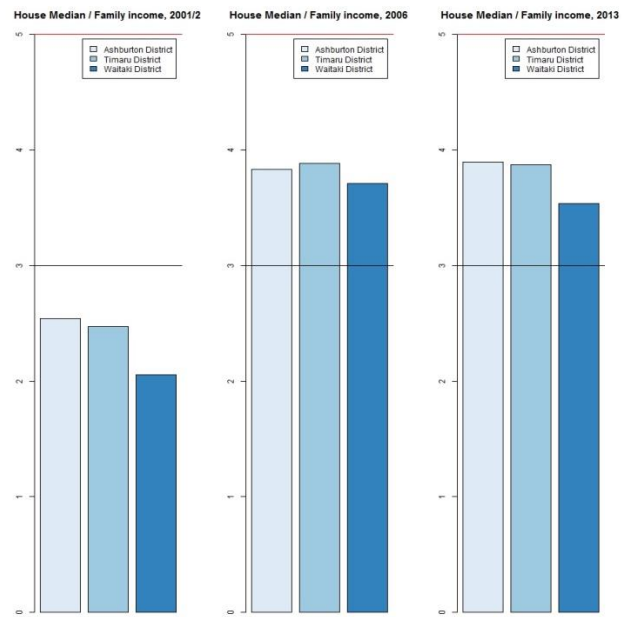


Figure 19: Affordability measure, 2001-13

4. Conclusion

This brief report is designed as a point of departure to give an assessment of key issues facing each case study area as indicated in official statistical data. Overall, we find that the three settlements have much in common, for example the issue of ageing is a New Zealand wide problem, and particularly a concern for the regions of New Zealand. This does appear to be a potential issue that will most noticeably affect Waitaki and Timaru, with ageing and the loss in the proportion of the population who are younger. However, we also conclude that there are important distinctions to be made. Ashburton is growing quickly and therefore not ageing as rapidly as the rest of New Zealand, an important counterpoint to popular arguments about the decline of regional New Zealand.

It is also important to recognise the economic 'success' of the study areas, Ashburton, Timaru and Waitaki having further reductions in unemployment from already low levels as well as increases in the level of employment, most notably Timaru, which is a positive story to tell. It is reasonable to say that these areas are doing well. They are 'healthy' economically at present.

The issue of housing affordability, with respect to house prices, but not necessarily in terms of rentals, has affected each of these study areas, but not to the same extent as larger urban areas, notably Auckland, giving a comparative advantage in the costs of housing. As some of our study areas may need to, or wish to, attract younger cohorts to their existing populations, a key strength is the affordability of these areas. It is incorrect to paint a solely negative picture of these study areas, given there has been important improvements in several key areas (discussed above and throughout this report), though these are not the same for all three areas. However, in thinking about the future, there are key headwinds; notably the changing composition of the population and the structure of the regional economy. These issues need a carefully considered response in order to ensure continued regional success. Specifically, the growth of Ashburton may lead to greater efforts to integrate and retain migrants to ensure a balanced population and a more balanced economic base. In the other areas, Timaru and Waitaki, ageing is, or will become, an issue perhaps balanced with a strong local economy and an affordability advantage.

Data Sources

MBIE data on modelled GDP <http://www.mbie.govt.nz/info-services/sectors-industries/regions-cities/research/modelled-territorial-authority-gross-domestic-product/interactive-web-tool>

NZ Census data, 2001, 2006, 2013 <http://www.stats.govt.nz/Census.aspx>