ED/12/03

Chairperson and Committee Members
ENVIRONMENT AND COMMUNITY DEVELOPMENT COMMITTEE

27 MARCH 2014

Meeting Status: **Public**

Purpose of Report: For Information

KAPITI COAST ANNUAL ECONOMIC PROFILE 2013

PURPOSE OF REPORT

1 The purpose of this report is to provide the Committee with an overview of the 2013 Economic Profile for the District. A copy of the full profile is attached as Appendix 2. Two summary sheets of the profile, Kapiti Coast at a Glance and Kapiti Coast's Rank in New Zealand are attached as Appendix 1.

SIGNIFICANCE OF DECISION

2 This report does not trigger the Council's Significance Policy.

BACKGROUND

3 In 2013, Council commissioned Infometrics to provide an annual economic profile of Kāpiti Coast District. The first profile for the period March 2011 to March 2012 established the baseline data.

4 This report covers the 2013 Annual profile (March 2012 to March 2013). This is the most recent economic data available in the country at the district level. The profile includes some population information to June 2013. Parts of the 2013 Census for the district have now been released. This report includes a brief update on the relevant Census information.

CONSIDERATIONS

Issues

5 Economic development is the sustained effort by a community to improve the local economy and the quality of life by building the district's capacity to adapt to economic change.

6 Good baseline economic data helps the community understand:

- the nature of the local economy;
- where this may differ from what is happening regionally and nationally; and
- the opportunities and challenges this presents now and in the future.

7 It is used to inform Council's decision making on how it delivers services to meet those current and future needs. Trends emerging from the economic profiles will be included in the stocktake undertaken as part of the review of the Strategy for Supporting Economic Development.

Key points of the 2013 Kāpiti Coast Economic Profile

8 The 2013 profile (March 2012 to March 2013 period) confirms that the local economy is showing strong signs of recovery from the economic downturn observed in the 2010-2012 period.

9 While economic growth (GDP) is still negative, the rate of decline has slowed significantly (from -3.6% to -1.0%). There was positive growth in jobs (385 jobs, 0.2% increase). Importantly there was increased growth in the high value add service industries.

10 This recovery can largely be attributed to improvement in the construction sector. Construction industries (which had declined in value by 17% between 2011-2012, grew 6.2% in the 2012-2013 period). Without this activity the rate of decline in GDP growth would have been 0.5% higher.

11 This improvement is likely to continue over the next few years as the construction sector increases in value with the Expressway work and increasing activity in the residential housing sector.

12 The challenge however, is that the diversity of the industry base of the district declined between 2012 and 2013 i.e. became more concentrated on key sectors particularly retail, construction and health and social assistance. Increasing reliance on a few key sectors makes the district more vulnerable to external policy and economic change in the longer term.

13 The construction sector is usually one of the first areas to slow during an economic downturn. Similarly the retail sector is going though structural change with the shift to on-line sales. Nationally growth of online sales was 15% between 2012 and 2013. The increase in the 2013-2014 period is currently tracking at 20%. Overseas this has equated to a reduction in physical stores and staff.

14 The percentage of Kāpiti people employed in the retail and health and social assistance is higher than the national average. Work in both these sectors is often part time and is generally lower paid than other sectors in the economy.

15 The district also has a significant number of self employed people and small to medium enterprises. The percentage of self employed people in the district increased from 27.7% to 29.5% during the period. This remains significantly higher than the national self employment average (17.4%) and is increasing faster than the rate of national increase.

16 Average earnings of the Kāpiti workforce during 2011- 2012[1] was $39,350 per annum compared to the regional average of $57,840 and a national average of $50,110.

17 For the local economy to have sufficient resilience to cope with any post expressway construction downturn and the shifts in the digital retail model there is an increasing need for greater diversification in the economic base and growth in other sectors.

18 Further analysis of these issues and trends will be included in the proposed April briefing to Councillors as part of the review of the Strategy for Supporting Economic Development.

Population Update from the 2013 Census

Age Structure

19 The Census shows a continuing trend for the Kāpiti population to be under represented in the 0-14 and 15-64 age groups and over represented in the 65+

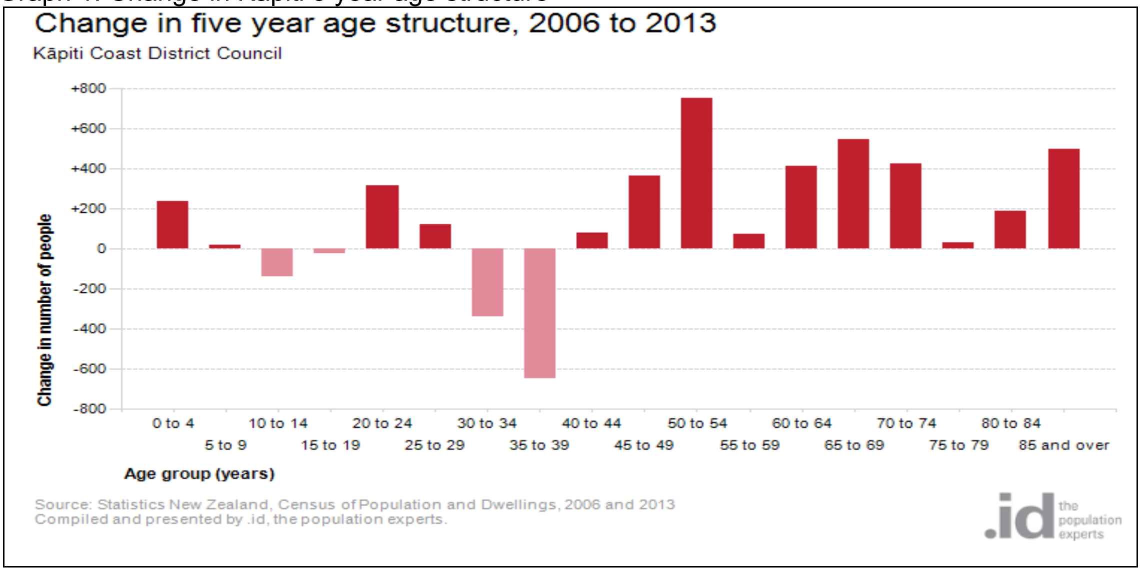
[1] Consistent territorial data on earnings and housing affordability in the 2013 Profile is only available for the year ended march 2012.

age group compared to the rest of the Wellington Region and New Zealand generally. The following graph show that the local work force (15-64 age group) is smaller than the rest of the region and the national average.

Age Group	Kapiti	Wellington Region	National
0-14	18.4%	19.5%	20.4%
15-64	56.3%	67.3%	65.3
65+	25.3%	13.2%	14.3

20 Graph 1 below outlines the change in the age structure of the district between the 2006 and the 2013 census. Specifically there has been a reduction in the 30 to 40 age group in the district and growth in the 50-55 age group. There is insufficient data currently available to determine what has caused the change. It is apparent from national figures that a significant portion of the people who migrated to Australia during the period was in the 20 to 40 age group. Some of the local decline in numbers in the 30 to 40 age group could also be attributable to this.

Graph 1: Change in Kāpiti 5 year age structure



Financial Considerations

21 There are no financial implications.

Legal Considerations

22 There are no legal considerations.

Delegation

23 The Committee has the delegation under Clause 7.1 of the *Governance Structure and Delegations: 2013-2016 Triennium* (November 2013) to develop policies and work programmes that support the social, economic, environmental

Consultation

24 No consultation with Community Boards has been undertaken.

Policy Implications

25 The annual economic profile is used to inform Council decision making on how it delivers levels of service to meet the current and future needs of the community.

26 The trends in the report will inform the Review of the Strategy for Supporting Economic Development and the development of Activity and Asset Management Plans that form part of the 2015 Long Term Plan process.

Tāngata Whenua Considerations

27 There are no matters in the report that require consideration

Publicity Considerations

28 A copy of the report will be provided to the Kāpiti Chamber of Commerce and will be made available for download on the Council web site.

RECOMMENDATIONS

29 That the Committee notes the information in the Kāpiti Coast Annual Economic Profile 2013.

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ATTACHMENTS:

Appendix 1 to SP14-1135: Kāpiti Coast at a Glance 2013
Kapiti Coast's Rank in NZ 2013
Appendix 2 to SP14-1135: Kāpiti Coast Annual Economic Profile 2013