



Queenstown Lakes District COVID-19 Recovery Intelligence Report

March 2021

Kia whakatōmuri te haere whakamua 'I walk backwards into the future with my eyes fixed on my past'

Understanding where we have come from is as important as where we are going. This report tells the story of our district and the impact COVID19 has had on our communities. It looks to track how we recover against a number of economist predictions, but also consider the wider implications on overall quality of life.

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- We generated value well beyond the district...
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- However, a lack of diversification left us exposed...
- ...and we were experiencing growing pains.

Impact of COVID-19 on the district

- When COVID-19 shut our borders, it cut off the bloodstream to the district...
- ...and it could get worse if we 'do nothing'.
- We are united by resilience and a desire to achieve more by working together.
- We have a vision for the future...
- ...and for recovery.

Tracking recovery

- We are tracking our progress to understand how we are weathering the storm.
- Ensuring initiatives are aligned with recovery goals.
- ...and develop an understanding of how COVID-19 has changed our communities.
- Ultimately, these outcomes matter because what made the district a jewel before, remains.

Queenstown Lakes was experiencing rapid growth.

Between 2015 and 2017 the district saw its highest rate of growth.



An increase in resident population of 2,000 people per year.



Around 1,000 new houses per year.



Over 1,000 accommodation units built or in construction.

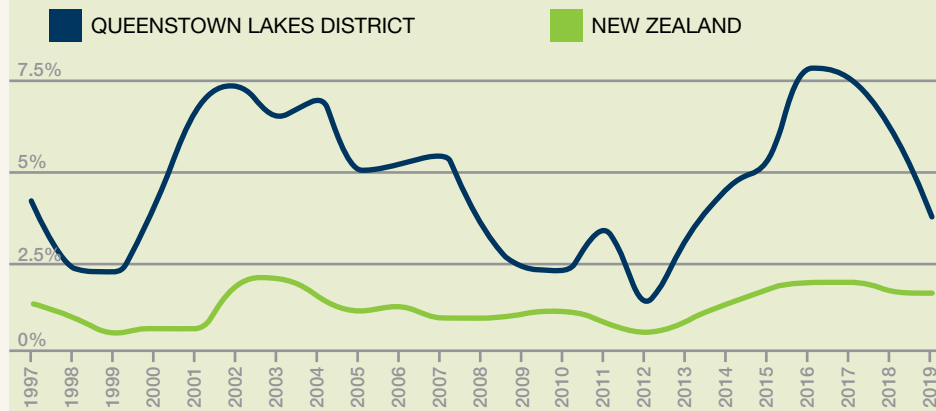
(Source: QLDC Population Projections, December 2018)

We were predicting the district would nearly double in size over the next 30 years.

Growing from the size of Napier to the size of Dunedin.

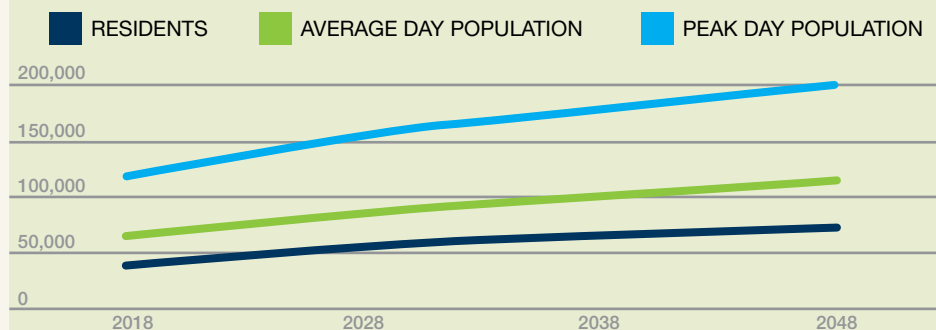
Growth in resident population peaked in 2016 at 7.8% annual change and dropped to 3.7% in 2019.

However, the annual percentage change was still over double the New Zealand average. (Source: Infometrics)



On a peak day, 2 in 3 people were visitors.

And we were predicting this trend would continue.



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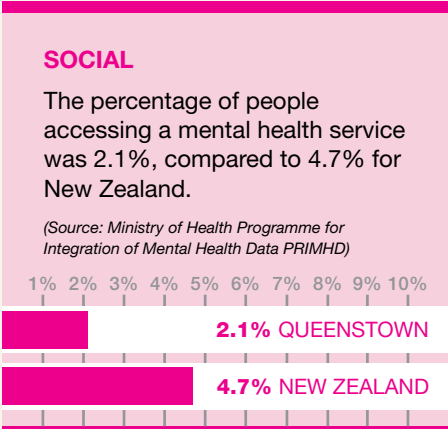
The purpose of local government is “to promote the social, economic, environmental, and cultural well-being of communities”. Using each of these elements, we can explore what a good quality of life meant for our communities.

SOCIAL

The number of people enrolled with a primary health organisation in the Queenstown Lakes District (year to September 2019) increased by

6.1%

compared with the previous year. Growth was higher relative to New Zealand, where the number of enrolments increased by only 2.0%.



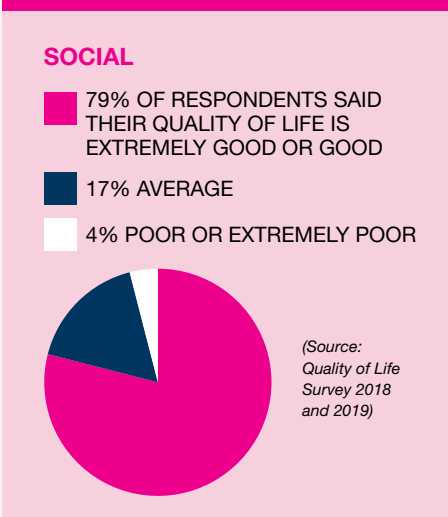
SOCIAL

Life expectancy in the district is

83.9 years

around 2 years more than the New Zealand average.

(Source: Infometrics three year grouped period – 2015-17)



ECONOMIC

The annual average unemployment rate in Queenstown Lakes District was

1.1%

in September 2019.

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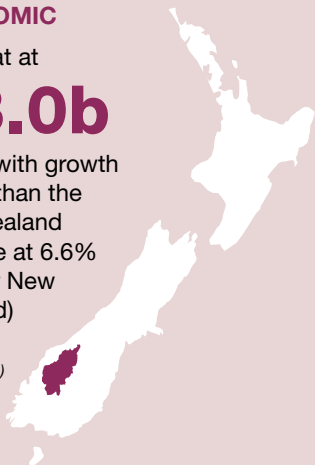
ECONOMIC

GDP sat at

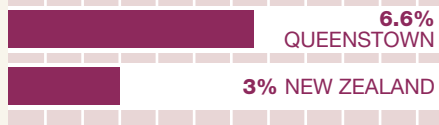
\$3.0b

(2019) with growth higher than the New Zealand average at 6.6% (3% for New Zealand)

(Source: Infometrics)



1% 2% 3% 4% 5% 6% 7% 8% 9% 10% 11%



ENVIRONMENTAL

The district scores

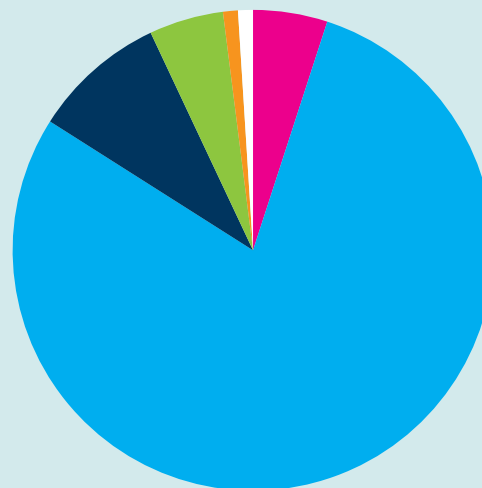
0.9

compared to the New Zealand average of 0.7, on the index that ranks performance on water quality.

(Source: Ministry of Health Annual Review of Drinking Water series. Presented by Infometrics. Summarised annually as part of the QLDC Annual Report)

CULTURAL: ETHNICITY

- MĀORI LIVING IN THE DISTRICT IS 2,094 OR 5% OF THE TOTAL POPULATION
- EUROPEAN IS THE LARGEST ETHNIC GROUP AT 32,739 OR 79% OF THE TOTAL POPULATION
- ASIAN IS THE SECOND LARGEST ETHNIC GROUP AT 3,870 OR 9% OF THE TOTAL POPULATION
- MIDDLE EASTERN/LATIN AMERICAN/AFRICAN ACCOUNTED FOR 5%
- PACIFIC PEOPLES 1%
- AND OTHER ETHNICITY 1%



(Source: Census 2018)

ENVIRONMENTAL

Over

1,800 daily

users of trails in Queenstown.

(Source: QLDC Annual Report 2018-2019)

CULTURAL: EXPRESSION OF CULTURAL IDENTITY

2%

of people (Census 2018) say they have difficulty communicating using their usual language, with a small percentage of those saying they cannot use their language at all

(Source: Quality of Life Survey 2019)

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We generated value well beyond the district...

'Sustaining Tourism Growth in Queenstown' (March 2018) suggests if an international tourist visits Queenstown, spending in the rest of the South Island is

more than three times higher

than if that tourist had not visited Queenstown. This spending added

\$988 million – \$1.10 billion

to the South Island's GDP, and

9,600 – 11,600

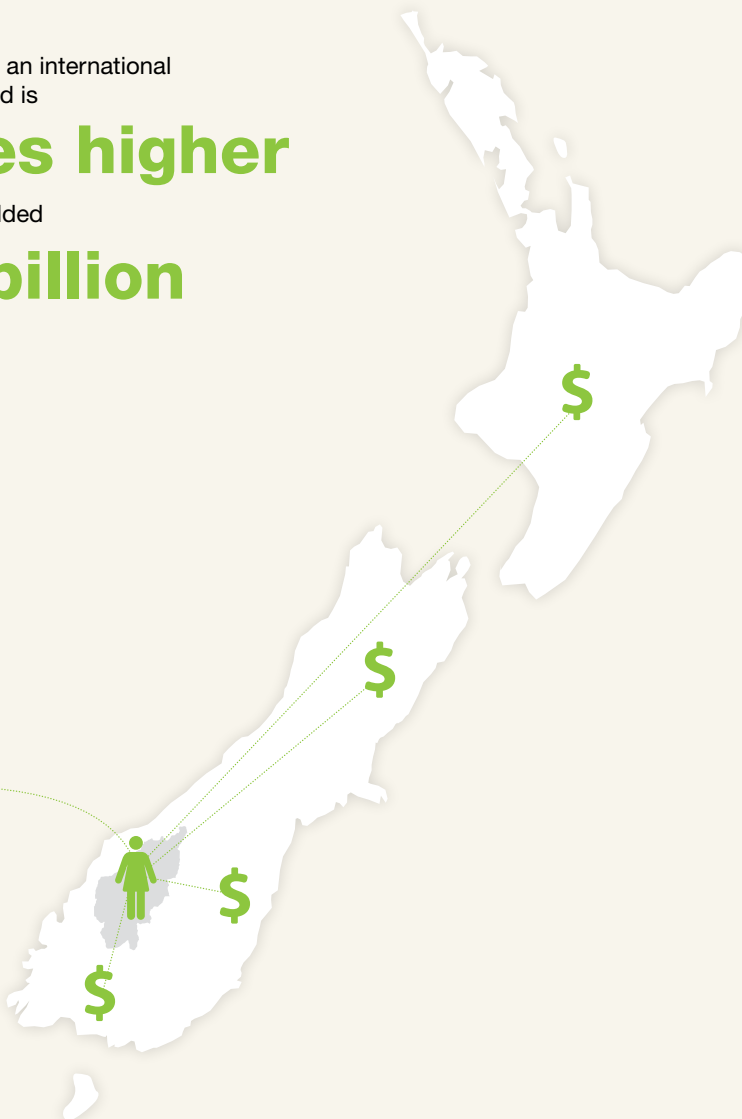
jobs in the South Island. These same visitors spent

\$1.44 – \$1.74b

per annum in NZ, equating to

\$1.3 – \$1.6b

in NZs overall GDP.



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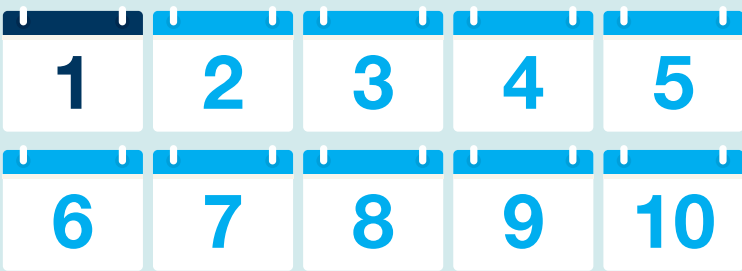
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Lonely Planet and TripAdvisor name Queenstown as one of the top experiences in NZ, as well as providing the gateway to other top spots such as Milford Sound.

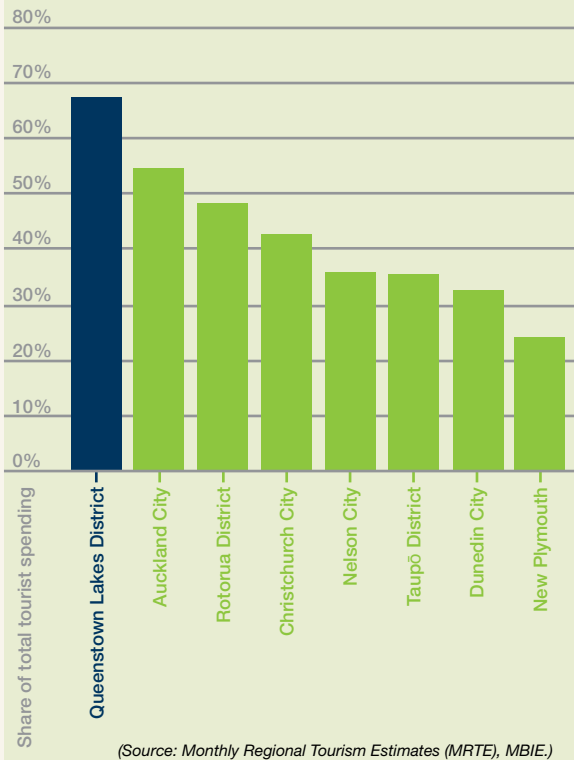
The 2019 '50 most beautiful cities in the world' list 2019 (survey of travel agents and bloggers) includes Queenstown - the only NZ city listed.

1 in every 10 international visitor guest nights were spent in Queenstown.



■ QUEENSTOWN

Spending per international visitor is markedly higher for international visitors to Queenstown than any other key tourist town.



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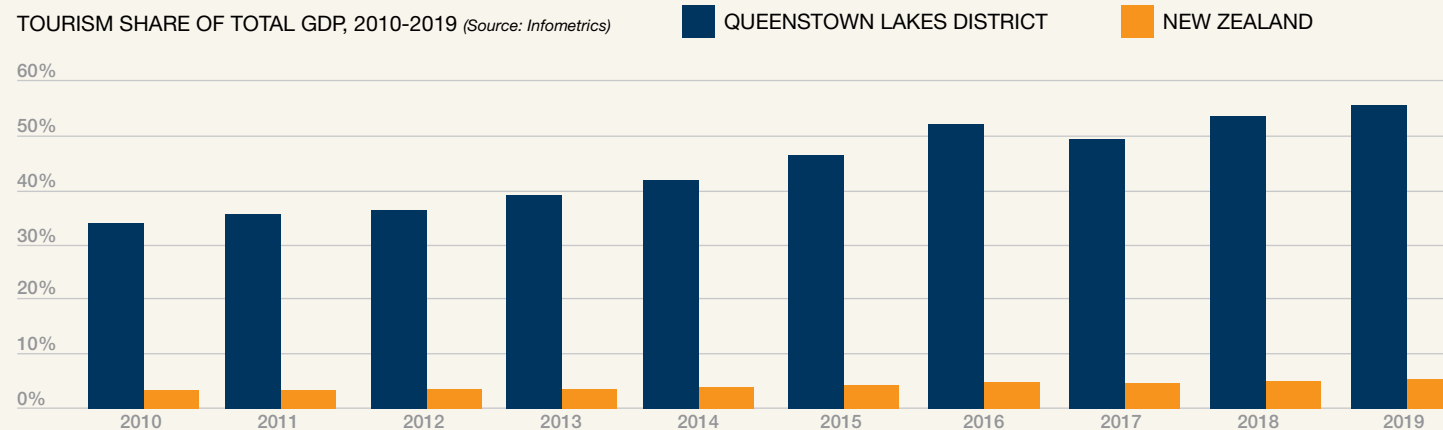
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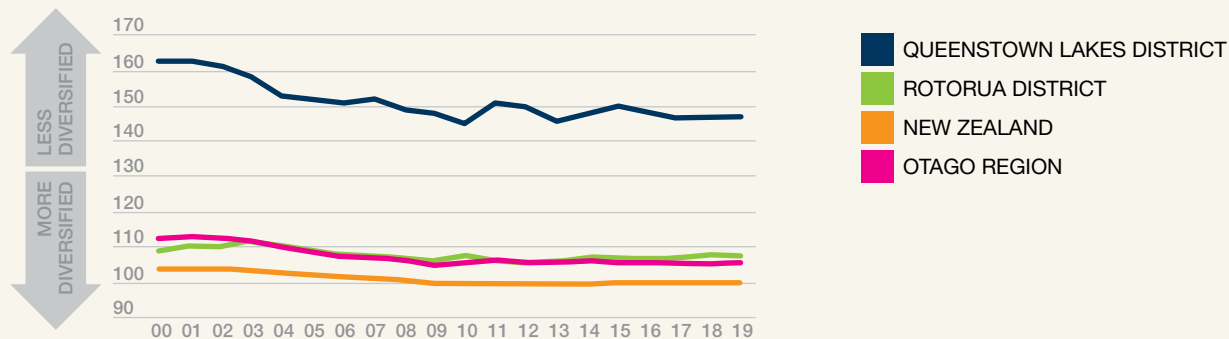
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Tourism contributed \$1.7b out of a total \$3.062b in 2019, more than half our district's GDP and 63.5% of jobs (seven times higher than the NZ average of 9%).



DIVERSIFICATION FOR QUEENSTOWN-LAKES, OTAGO, ROTORUA AND NEW ZEALAND. EMPLOYMENT DIVERSIFICATION INDEX. ANZSIC LEVEL 1 INDUSTRIES, RELATIVE TO REBASING NZ TO 100 IN 2019 (Source: Benje Patterson)



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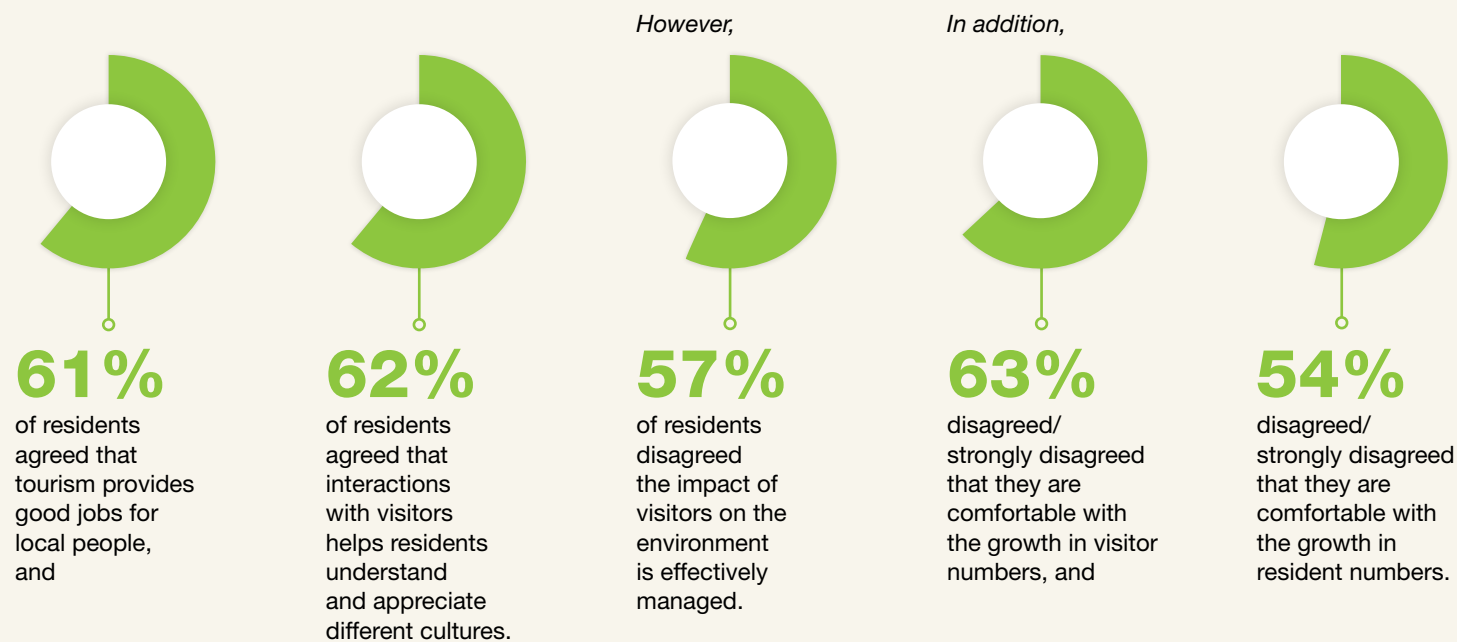
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Communities were starting to push back against growth, despite acknowledging the positive impact of the tourism industry on the local economy (measured by Quality of Life survey 2018 and 2019)



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SOCIAL

25%

of people said they had accessed a mental health service in the last 12 months (QoL 2018). The percentage is similar for the 2019 survey, with

24%

saying they had accessed mental health services through their doctor.

16%

of these respondents also said that someone else in their household was also accessing mental health services through their doctor.

10%

have accessed a counsellor or psychologist.

(Source: Quality of Life Survey 2018 and 2019)

ECONOMIC

10%

of people living in the district were living in crowded households.

(Source: Census 2013. Presented by Infometrics)

ECONOMIC

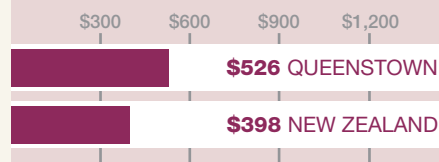
The housing affordability index (the ratio of the average current house value to average annual earnings) shows that for Queenstown Lakes the index was 20.3,

double than the rest of New Zealand.

A higher ratio, suggests that median houses cost a greater percentage of incomes, meaning lower housing affordability.

ECONOMIC

Average weekly rent at March 2018 was \$526 per week, compared to a national average of \$398 per week. The rental affordability index was 0.5, compared to 0.3 nationally.



ECONOMIC

18%

of resident said they have no disposable income and a further

18%

have more than one paid job

(Source: Quality of Life Survey 2019)

CULTURAL

Those who rated their Quality of Life

as poor or extremely poor

were more likely to be from an ethnic group.

ENVIRONMENTAL

75%

of people are concerned or very concerned about the impact of climate change on the district.

30%

were satisfied or extremely satisfied with the steps council is taking to protect the environment.

(Source: Quality of Life Survey 2018)

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Data from the QLDC welfare registration form recorded the following data.



Just over

23,000

welfare requests were received, representing

7,377

unique individuals.



A total of

14,053

food vouchers were issued in Queenstown and

1,392

in Wanaka.



46%

of people registering for welfare said they were unemployed.

The estimated unemployment rate of the working age population was

11%



5,330

welfare requests were received from people on employment or short stay visitor visas.

On Wednesday 1st July, welfare provision to migrants transitioned to the Visitor Care Manaaki Manuhiri programme operated by the Department of Internal Affairs and the Red Cross. This required a transition away from the QLDC/CDEM welfare registration form, on which much of the data in this report is based.

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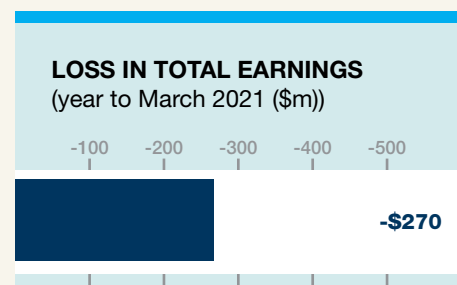
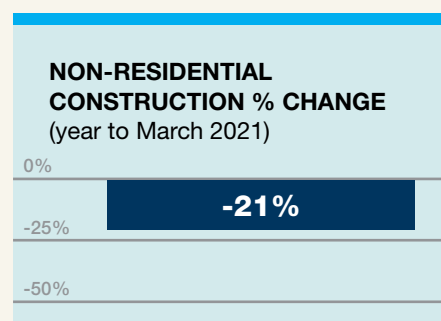
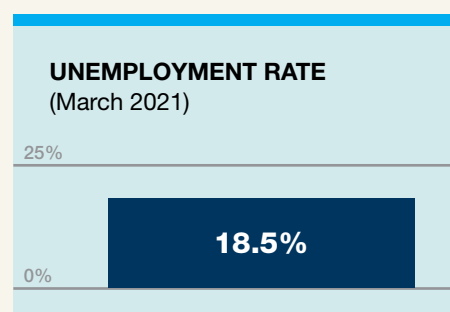
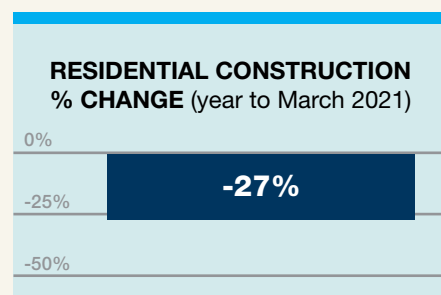
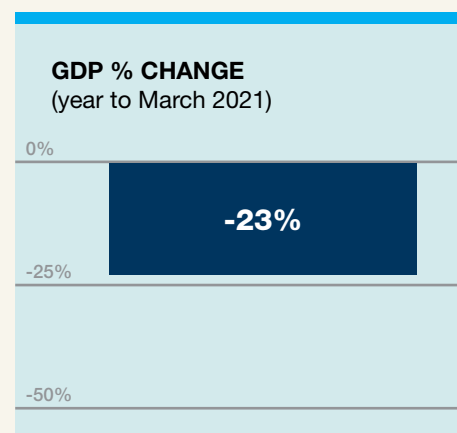
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The following summarises the Infometrics report, 'Economic Impacts of COVID19 on the Queenstown Lakes Economy – Early Estimates' May 2020. These numbers demonstrate a 'do nothing' scenario and can be adjusted to capture the impact of a trans-tasman bubble, as well as a greater share of domestic tourism.

QUEENSTOWN LAKES DISTRICT



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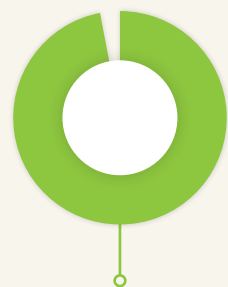
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According to the New Zealand Institute of Economic Research, our communities rank the highest for resilience despite the most significant change in employment. This methodology is based on a numbers of indicators from Census 2018. The limitation with this research is that it does not explore or discuss the capacity of the social sector within the district to support communities.

[View the research here.](#)

IN ADDITION, THE QUALITY OF LIFE SURVEY 2018 INCLUDED A NUMBER OF QUESTIONS REGARDING RESILIENCE AND FOUND THAT:



97%

The majority of residents agreed they take responsibility for their own actions



87%

Have a good support network



86%

The majority agree that they are an optimistic person



68%

Lowest levels of agreement are seen in residents agreeing that they feel supported and never lonely

RECOVERY PROJECTS HAVE SEEN GOVERNMENT, SOCIAL SECTOR AND BUSINESS WORKING TOGETHER IN PARTNERSHIP. These have included Community Trusts, Social Agencies, Business Groups, MOH, MSD, MBIE, MHUD and DOC.

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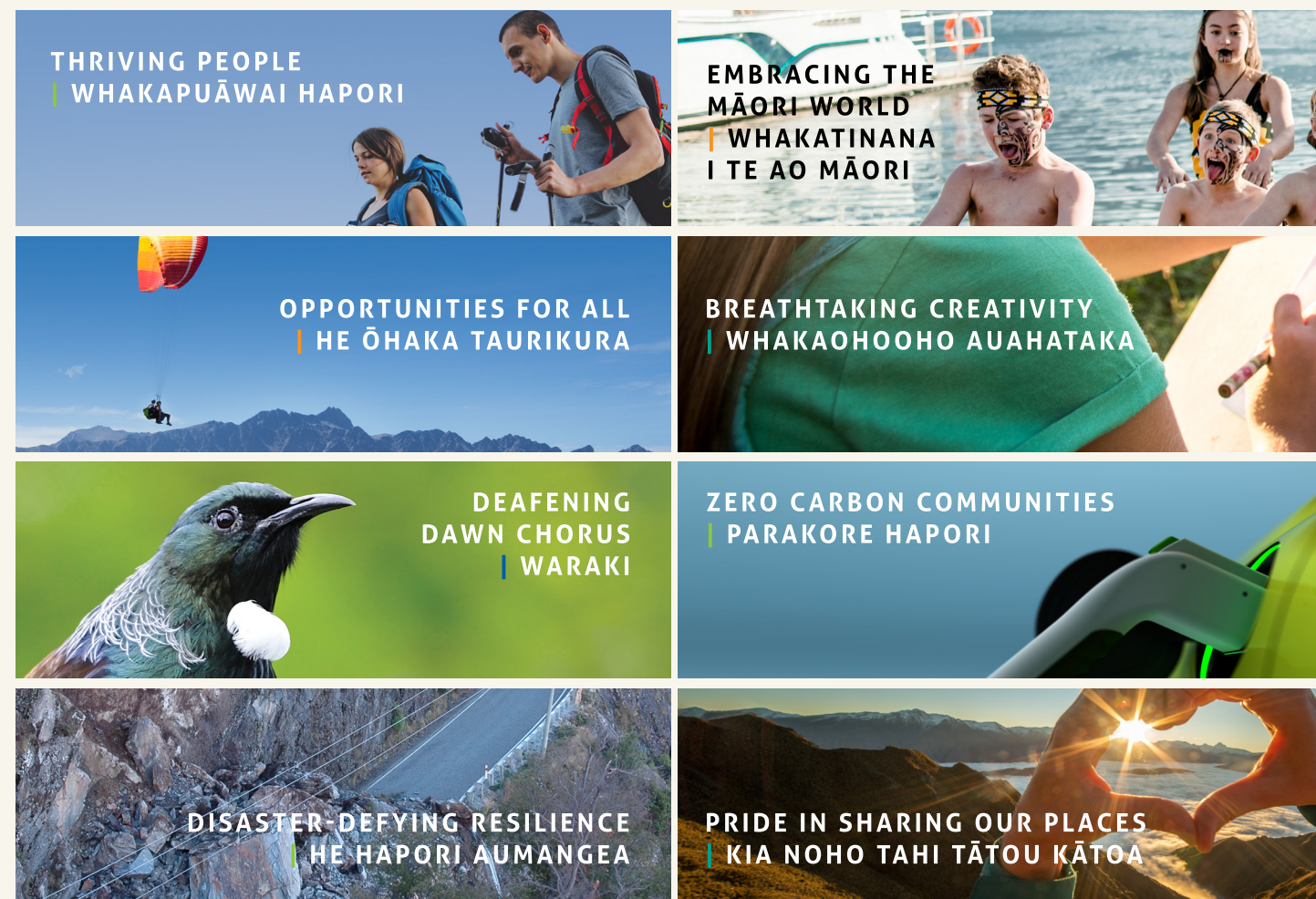
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We have a vision for the future...

We aspire to be a community that holds true to the values that collectively define what is unique about Queenstown Lakes District – our home. ‘A unique place. An inspiring future. He Wāhi Tūhāhā He Āmua Whakaohoho. Vision Beyond 2050.’ Has been developed as a vision for the community and is underpinned by the following vision statements.



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The following summarises the short to medium term goals for COVID-19 recovery in the district. The initiatives to support these goals are listed below.



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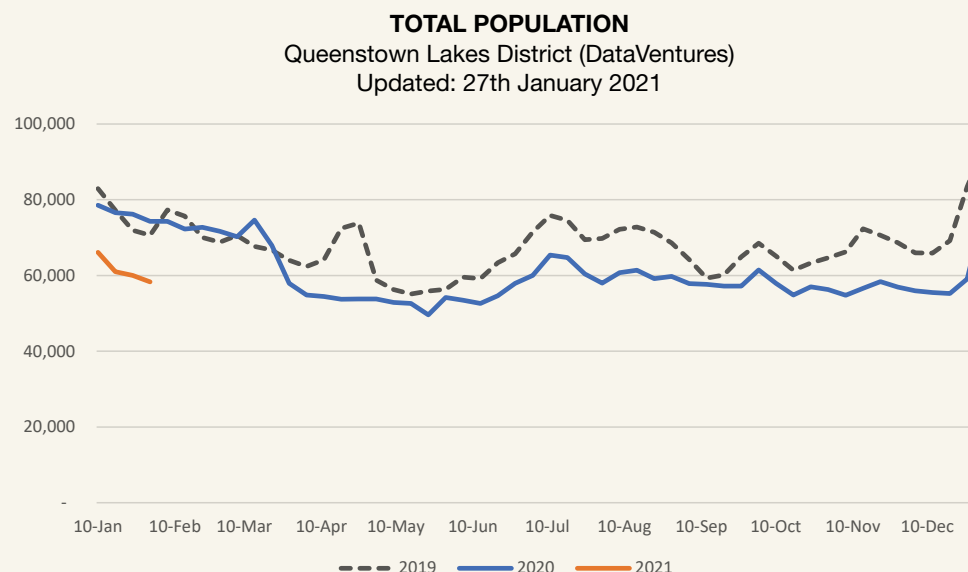
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The following indicators will be updated monthly, or when data is available.

1. POPULATION

Population is estimated using mobile phone signal data. The data helps us understand the flow of both residents (determined as someone spending more than 7 days in any 14 day period in the district) and visitors in and out of the district. Recently we have seen a slight increase in local residents compared to previous years, which is likely due to increased holiday home use and the impact of recent COVID-19 cases in Auckland. Domestic visitors continue to follow the same trend as previous years, with only a couple of thousand additional visitors in the last couple of weeks.



QLDC's arrangement with DataVentures for resident and visitor population figures ended on 31st January 2021. Until we find a new arrangement with DataVentures, we will be unable to update the three population charts on pages 16 and 17.

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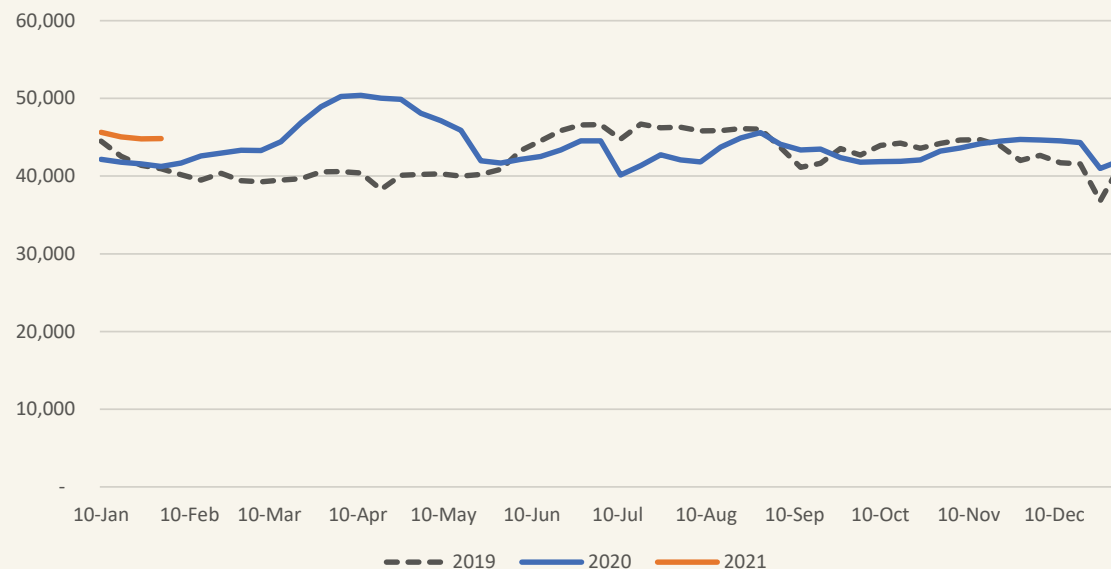
Tracking recovery

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LOCAL RESIDENT POPULATION

Queenstown Lakes District (DataVentures)

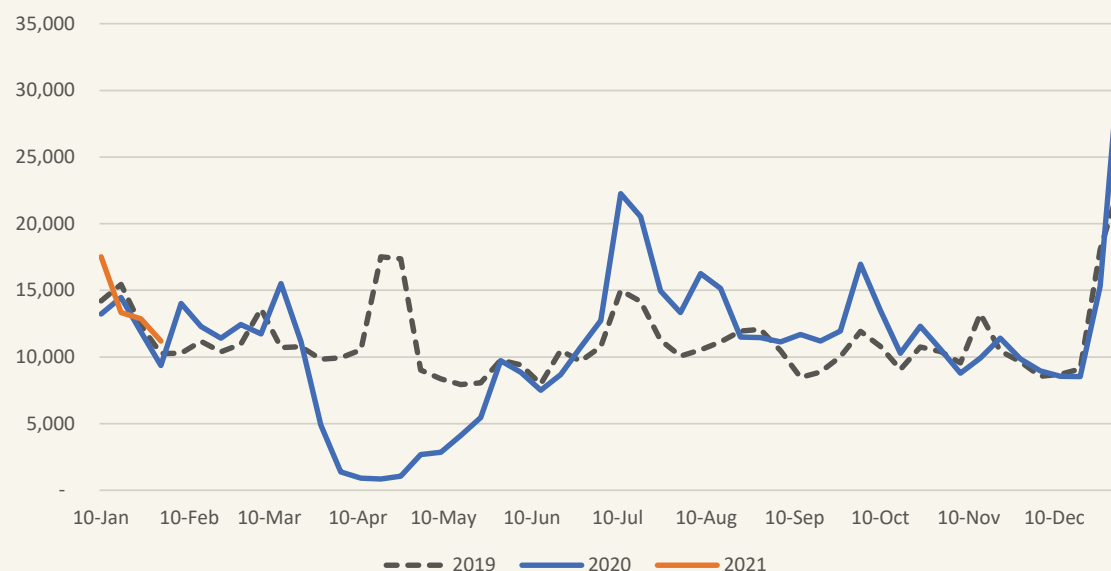
Updated: 27th January 2021



DOMESTIC VISITOR POPULATION

Queenstown Lakes District (DataVentures)

Updated: 27th January 2021



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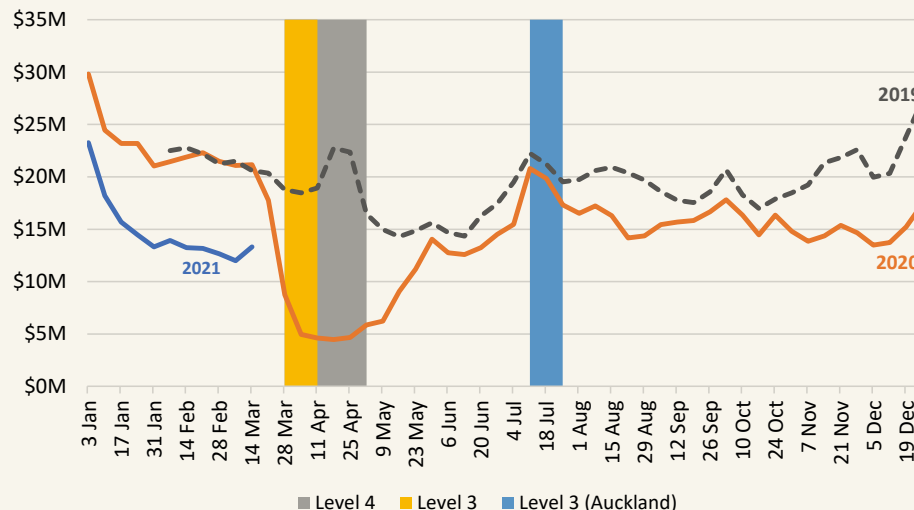
2. CONSUMER SPENDING

The absence of international tourists continues to impact consumer spending, especially now that the summer holiday period has passed.

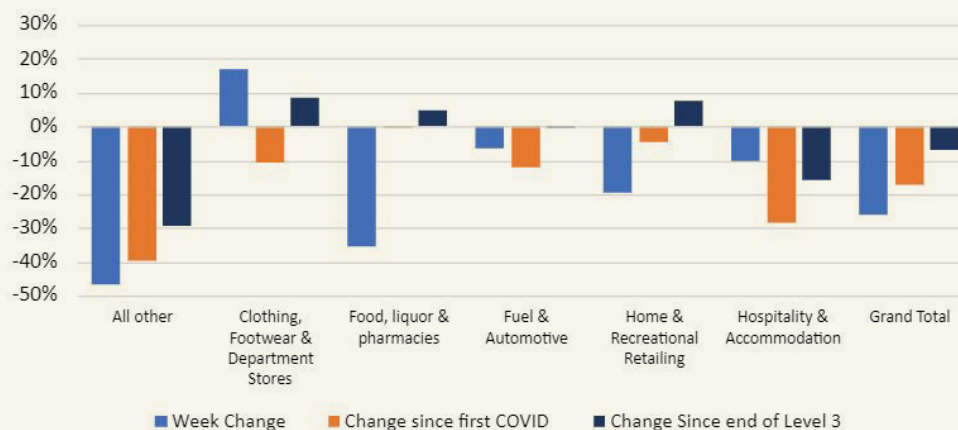
For the 4-week period ending 14th March 2021, spending in the district was down 41%. Tourism activities, hospitality and accommodation continue to experience the greatest contraction, at 60% and 40% respectively. A small increase in spending in the week following the end of the Auckland lockdown was observed, potentially also driven by the Crowded House concert.

For a view on upcoming visitor activity in Queenstown over the next 30 days, please see Destination Queenstown's 30 day Forward Outlook here.

TOTAL WEEKLY CONSUMER SPENDING
Queenstown Lakes District, Paymark Data (~75% EFTPOS)
Updated: Week ending 14th March 2021



YEAR ON YEAR CHANGE IN CONSUMER SPENDING
Queenstown Lakes District, Paymark Data (~75% EFTPOS)
Updated: Week ending 14th March 2021



MarketView's Paymark data captures around 75% of point-of-sale transactions in the district. It does not include direct debit banking or online transactions.

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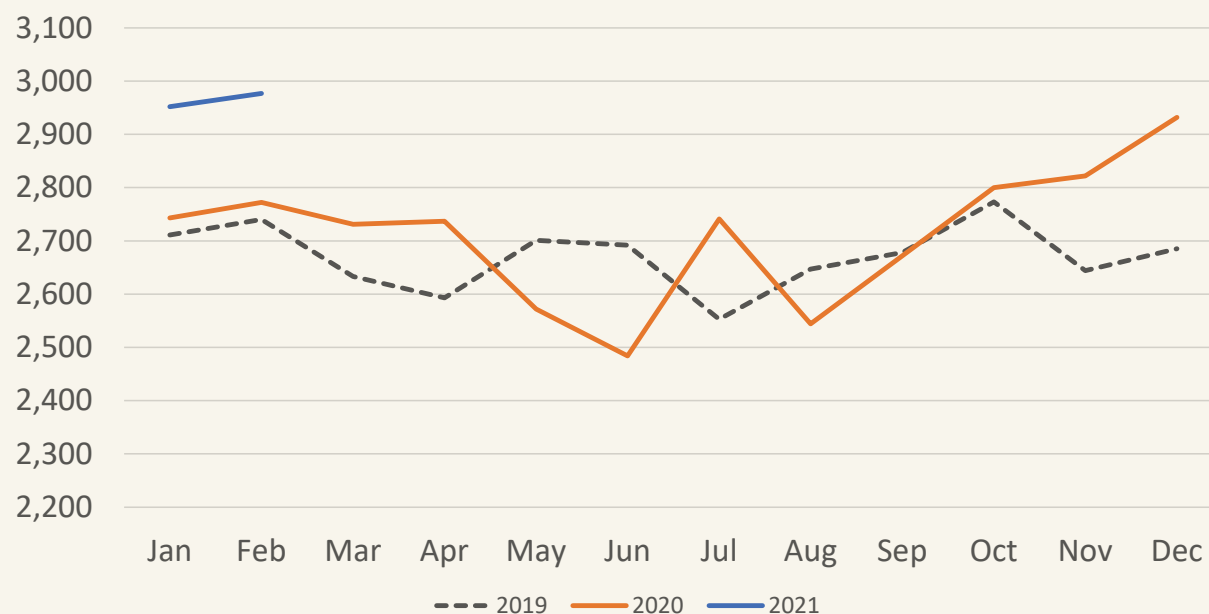
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3. HOUSING

While the median price in Queenstown Lakes (\$1,002,000) decreased 7% from January, and is 2.7% lower than February last year, the HPI increased a small amount (0.8%). This is likely a result of a change in the mix of houses sold: 50 more houses were sold in February than in January (up 65%), and 60 more than February last year. 1,100 houses were sold in the year to Feb 2021, 130 more than in the year prior to COVID. It is likely that some of the February activity is attributable to the imminent return of the LVR restrictions in March. It also remains to be seen what impact the new measures introduced by the Government will have on the district's house market.

REINZ HOUSE PRICE INDEX

Queenstown Lakes District
Updated: February 2021



Data is sourced from the Real Estate Institute of New Zealand (REINZ) monthly reports. REINZ recommend monitoring the Housing Price Index (HPI), which was developed in partnership with the Reserve Bank of New Zealand and provides a more complete picture of the New Zealand housing market.

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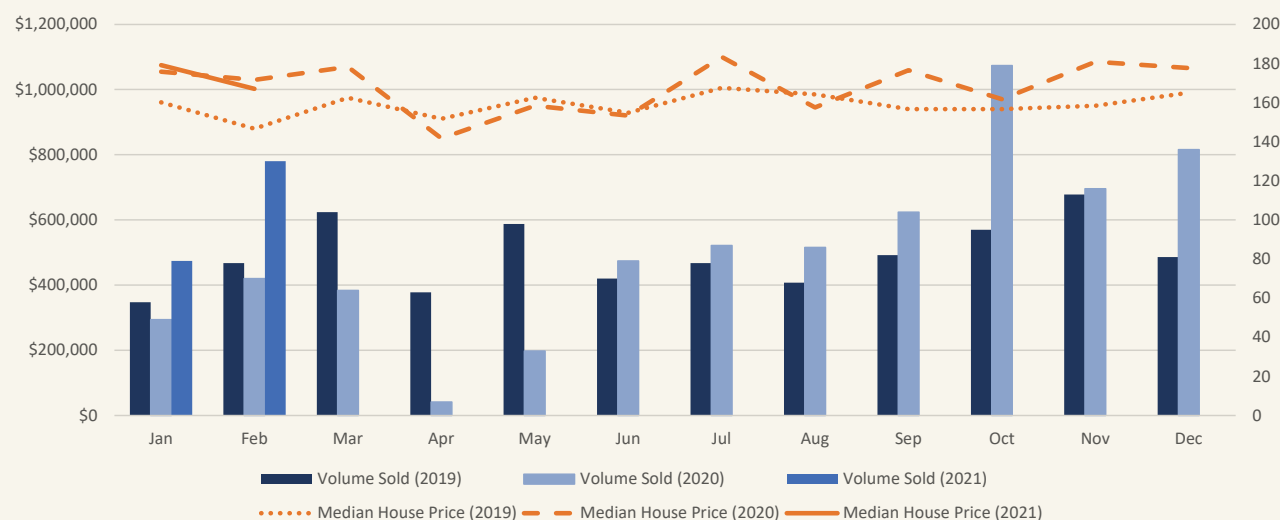
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REINZ MEDIAN HOUSE PRICE VS VOLUME SOLD

Queenstown Lakes District

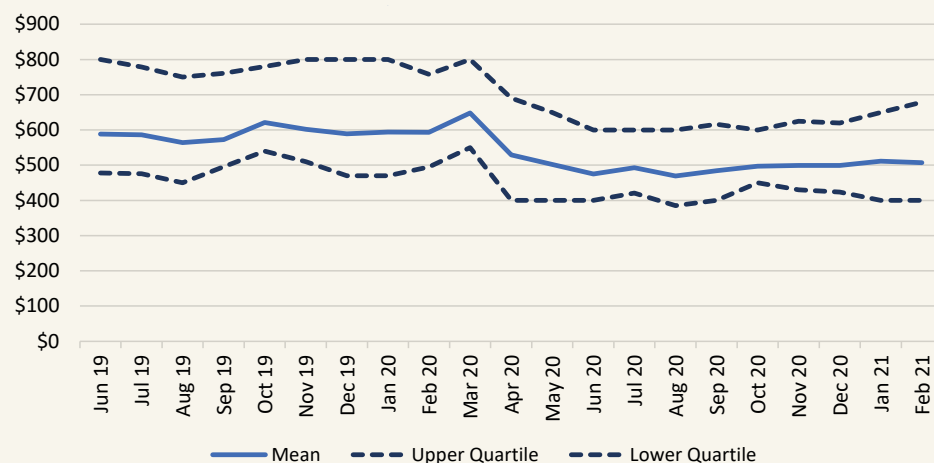
Updated: February 2021



MBIE PRIVATE SECTOR RENTS

Queenstown Lakes District

Updated: February 2021



While average rents remained stable, the upper quartile increased for the second month running. 25% of renters now pay at least \$680 per week.

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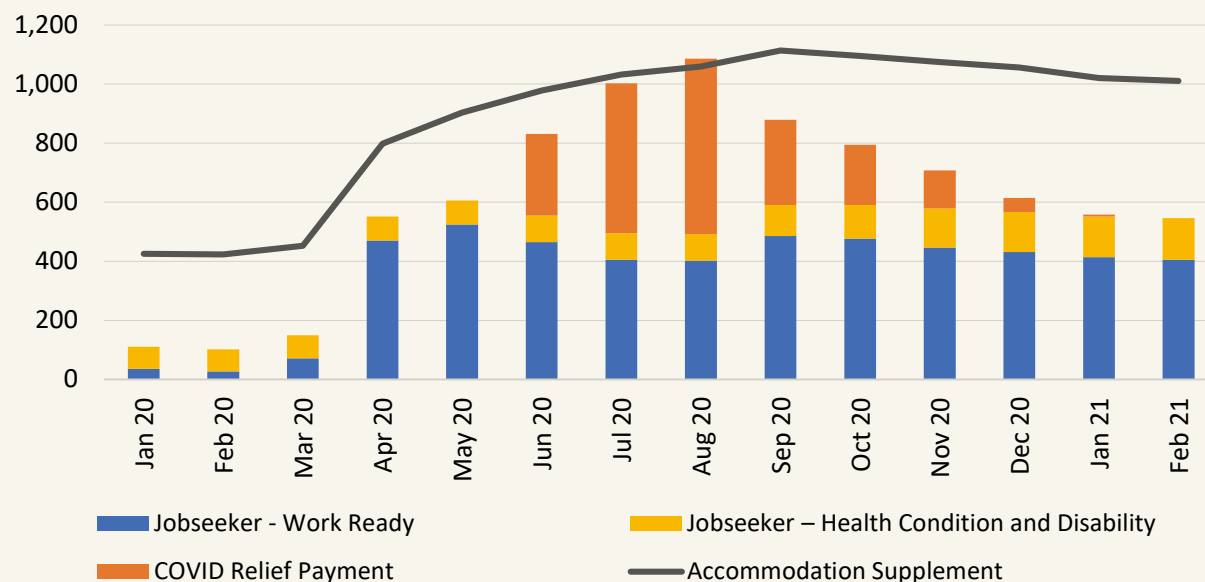
4. UNEMPLOYMENT

Pre-COVID, unemployment was around 0.5%, based on job seeker numbers from the Ministry of Social Development. Unemployment now sits over six times that level at around 600, or 3%. This figure does not take into account migrant workers who have lost their jobs – a survey of migrant workers conducted in September 2020 estimated that unemployed migrants added another 3% to unemployment in the district.

Excluding the COVID Income Relief Payment (CIRP) recipients (which has ended), MSD job seeker numbers have remained stable around 600 since September 2020. The future for employment in the district is highly uncertain at present, primarily due to the timing of a trans-tasman bubble. Prior to the recent announcement regarding the bubble timing, a survey of local businesses by the Queenstown Chamber of Commerce suggested one third of Queenstown CBD businesses could fail in the next 3 months.

MSD BENEFIT RECIPIENTS

Queenstown Lakes District
Updated: February 2021



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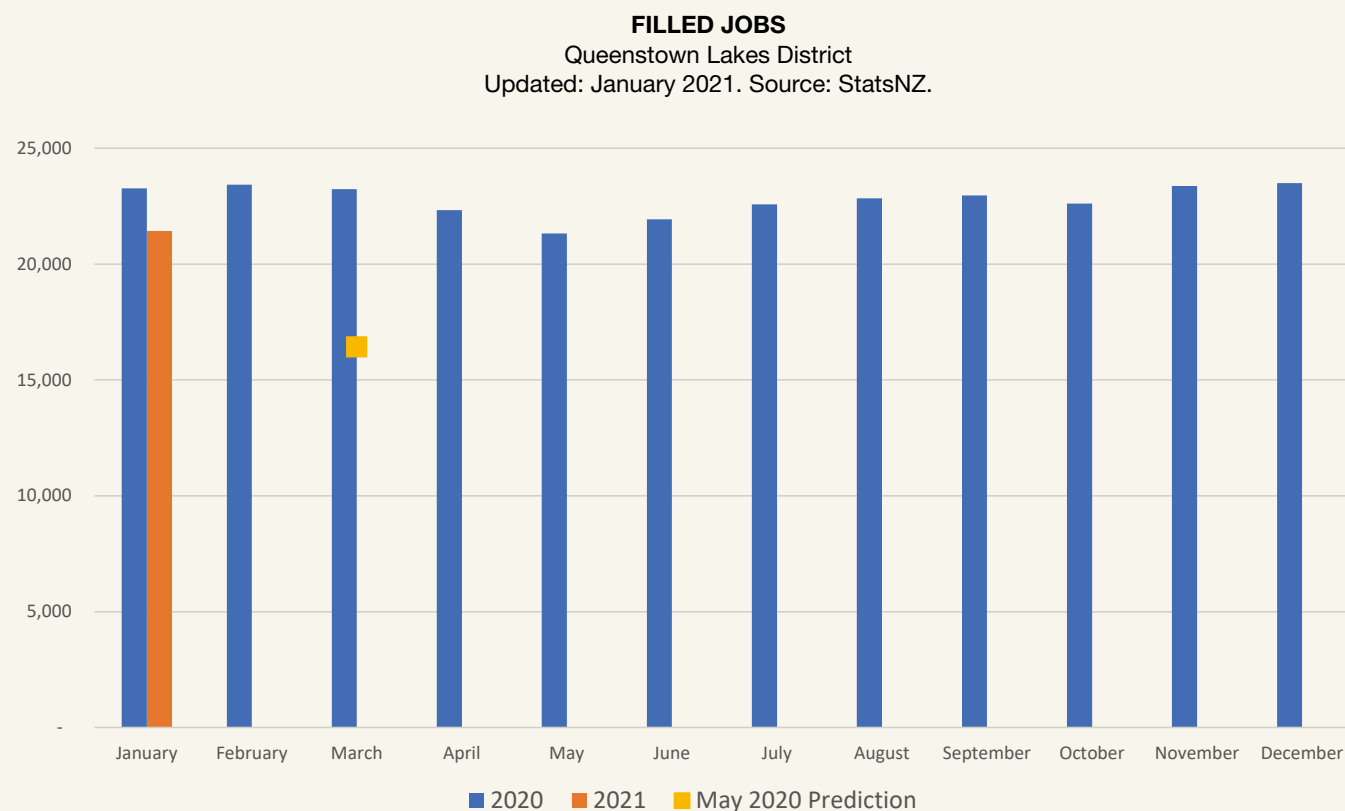
5. FILLED JOBS

Infometrics predict a loss of 7,900 jobs by March 2021. 6,812 of these are predicted in filled jobs (represented in the data below), while 1,088 are self employed. Using March 2020 as the baseline of filled jobs, Infometrics prediction translates into a forecast of only 16,400 filled jobs by March 2021.

The most recent filled jobs data is for January 2021. Comparison to January last year shows a difference of 1,837 jobs (-7.8%). The majority of the jobs lost are in accommodation and food, the largest employment industry in the district.

However, construction, agriculture, forestry, education, training, healthcare and social assistance jobs have increased.

The number of filled jobs in the district is still well above the baseline prediction made by Infometrics in May 2020.



Filled jobs are reported through StatsNZ monthly employment indicator which collates data from pay day filing.

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6a. CONSTRUCTION ACTIVITY

Construction **activity** reached a peak of \$901m in the year to March 2020. Construction activity since then has remained stronger than expected – while perhaps not reaching the 2019/20 level, it will very likely exceed Infometrics forecast of \$770m for the year ended March 2020/21.

6b. CONSTRUCTION CONSENTS

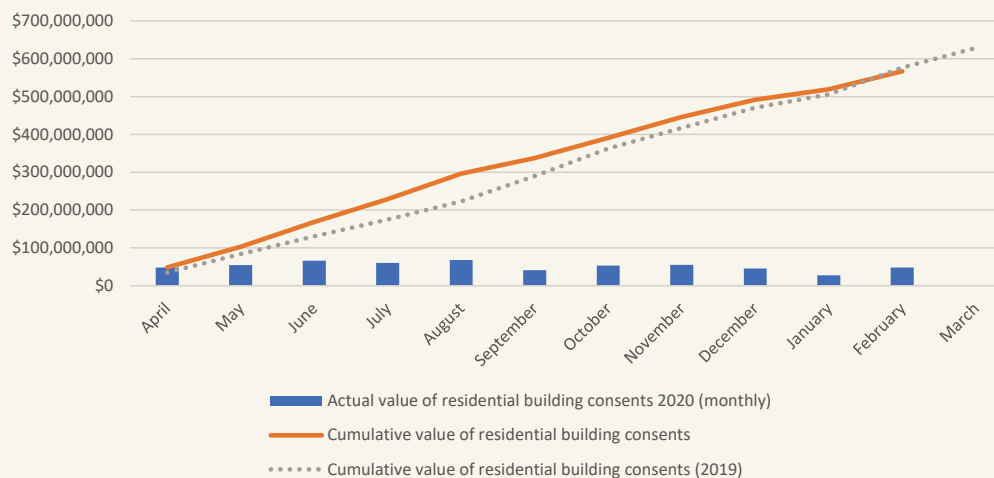
Construction **consents** are a leading indicator of future construction activity. The value of residential construction consents since COVID hit (\$567m) is only slightly behind the same period in the year prior. However, the total value of non-residential construction consents since COVID are \$240m behind the prior comparable period. Infometrics forecast of the near future non-residential construction activity is around \$150m per annum, well down from its peak in 2020 of \$256m.

Given the recent boom in commercial activity was driven by the demands of the tourism industry, it is not surprising that activity has slowed significantly.

CONSTRUCTION – RESIDENTIAL BUILDING CONSENTS

Queenstown Lakes District

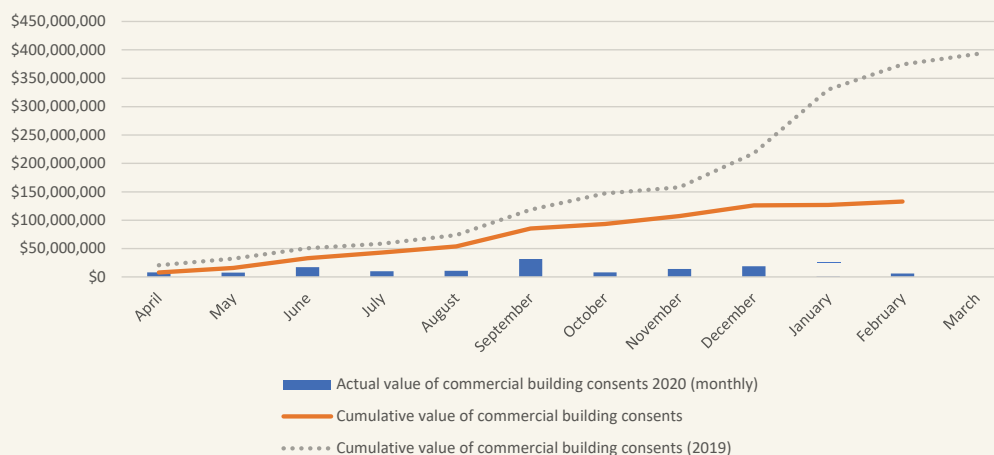
Updated: February 2021. Source: QLDC.



CONSTRUCTION – COMMERCIAL BUILDING CONSENTS

Queenstown Lakes District

Updated: February 2021. Source: QLDC.



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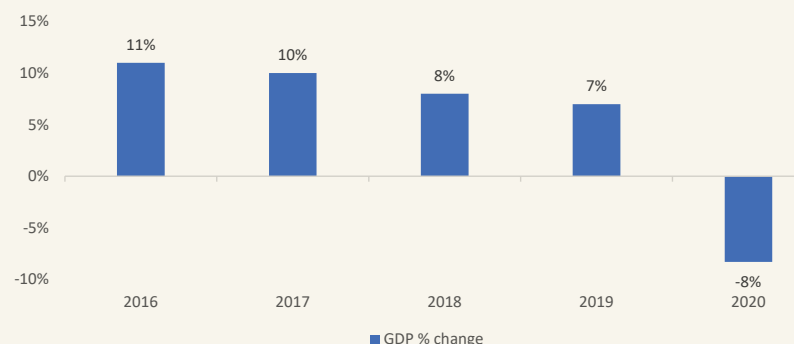
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GDP % CHANGE (ANNUALLY, INFOMETRICS)

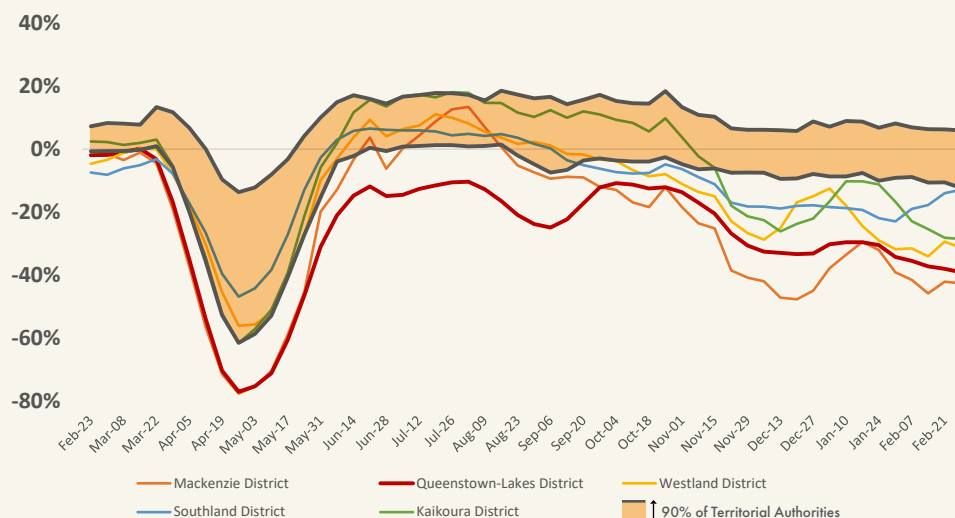
Updated: February 2021



CONSUMER SPENDING BY TERRITORIAL AUTHORITY

MarketView Data, from mbie.govt.nz.

Updated: February 2021



7. QUEENSTOWN LAKES GDP AND SPENDING IN THE NATIONAL CONTEXT

Final GDP figures for 2020 have been received. The Queenstown Lakes economy shrunk by 8.4% over the year, noting that this included the March quarter prior to COVID. Notwithstanding this, we expect the COVID-induced GDP contraction for the year to March 2021 to thankfully fall well short of the -23% predicted by Infometrics last year. That said, Queenstown remains the worst-hit economy in NZ in 2020.

We can see this reflected again when we compare the reduction in resident and visitor spending (as measured by Paymark) in Queenstown Lakes with other parts of the country. The tourism-reliant districts of Westland, Mackenzie, Kaikoura and Southland are still experiencing spending contractions unlike any other district in the country.

TERRITORIAL AUTHORITY	GDP CHANGE, YE DEC 2020
Queenstown Lakes	-8.40%
Mackenzie	-6.90%
Auckland	-4.30%
Waitomo	-3.90%
Westland	-3.60%
Rotorua	-3.40%

Source: Infometrics.

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Ensuring initiatives are aligned with recovery goals.

	 Meet basic needs	 Support job and business creation	 Restore community stability	 Increase diversity and productivity	 Strengthen community and partnerships	 Enhanced natural environment
Kia Kaha QL Hub	● ● ●	●	●		● ●	
In the Wild Partnership					● ●	● ● ●
Workforce Alliance		● ● ●	●			●
Key Talent Retention		● ●			● ●	
Infrastructure projects		● ● ●			●	●
Diversification Plan		● ●		● ● ●		
Torokiki idea portal (Challenges 1-3)		● ● ●	● ● ●		● ●	● ● ●
Mayoral Short-Term Taskforce	● ●	● ● ●			● ●	
Regenerative Recovery Advisory Group				● ● ●	● ●	● ● ●

Underpinned by best-practice data, analysis and modelling.

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To complement the recovery indicators, we have a programme of survey work that will enrich the picture with qualitative data on our communities. The three surveys we will use are:

Quality of Life survey

The survey explored the impact of COVID-19 on the wellbeing of communities. The results of the survey are now available here www.qldc.govt.nz/community/community-research

Social Sector Capacity Study

The results of this survey are available on our website. The study looks at the increased demand that social agencies are experiencing, along with their capacity to deliver.

Welfare follow up survey

We have contacted individuals who registered for welfare to understand their current circumstances, as well as provide information regarding options for welfare under the Visitor Care Manaaki Manuhiri programme. The results from this survey are available on our website.

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QLDC has issued a 2020 update to the demand projections. These state that, “2020 projections indicate that by 30 years QLDC will have the same growth as indicated by 2018 projections”.

The 2018 projections indicated

high growth in first 10 years, slowing down over remaining 20 years

The revised 2020 projections indicate

slow growth in first 10 years, speeding up in remaining 20 years

As in the past, the Queenstown Lakes brand is imperative to national tourism. The slow down affords us time to test approaches to destination management, diversification and climate action, which can then be replicated across New Zealand.

This creates a unique value proposition for both kiwis and visitors alike who recognise the outstanding opportunities the district presents to live, work and play.

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