



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HIKINA WHAKATUTUKI

South Island Portfolio - Fortnightly Report

Fortnight ending:	23 June 2025	Priority:	Medium
Security classification:	In Confidence	Tracking number:	REQ-0015540
Recipient		Action sought	
Hon James Meager Minister for the South Island		Note the contents of this report.	

Ministers' and Ministers' office comments

1. Portfolio Update

1.1 Portfolio priorities Cory Hagenars, South Island Lead Advisor, Strategy, Planning and Performance, Kānoa – Regional Economic Development & Investment Unit (Kānoa)	Economic and Business Activity Update – March 2025 Quarter Statistics New Zealand (Stats NZ) has released their latest snapshot on the performance of New Zealand’s economy. This shows that national gross domestic product (GDP) grew by 0.8 per cent in the March 2025 quarter, following a 0.5 per cent increase in the December 2024 quarter. This marks two consecutive quarters of expansion, signalling a stable and broad-based recovery. The March 2025 quarter saw notable gains across several components of GDP: • Expenditure: a 2.0 per cent increase, which reflects strong domestic demand, likely driven by household consumption, government spending, and investment activity. • Income: a 1.9 per cent increase, which suggests growing earnings across sectors, including wages, profits, and mixed income. • Production: a 0.8 per cent growth in overall economic activity indicates increased output across multiple industries, although the release does not specify which sectors led the growth. Although the GDP release does not provide a regional breakdown, key South Island sectors such as dairy, meat, forestry, tourism, and manufacturing remain significant contributors to national GDP. Their performance is central to achieving the government’s goals of doubling exports and boosting regional economic impact. Source: Gross domestic product: March 2025 quarter Stats NZ ASB Regional Scoreboard Quarter One 2025 The ASB Regional Scoreboard for the first quarter of 2025 confirms the continued economic resilience of South Island regions. Following from the quarter four 2024 report, South Island areas have maintained a strong presence in the top rankings, reflecting good performance across key indicators such as housing, employment, retail activity, and tourism. <i>Marlborough:</i> Marlborough climbed to fourth place, supported by steady employment and the fastest house sales growth in the country (up 31.3 per cent). Wine and seafood exports remain strong, with wine exports up 3.2 per cent and seafood up 2.4 per cent. <i>Nelson:</i> Nelson rose to sixth place, driven by a 66.5 per cent increase in building consents and strong retail sales growth (4.5 per cent). House prices increased 0.8 per cent, and employment remained stable. <i>Tasman:</i> Tasman fell to eighth place, tied with Southland. House sales rose 28.5 per cent, but construction declined, and car registrations dropped significantly. Retail sales growth was modest at 0.8 per cent. <i>West Coast:</i> The West Coast rose to second place, its highest ranking in four years. The region saw the fastest growth in building consents nationally (up 75.8 per cent), retail sales growth of 7.9 per cent, and a 21.6 per cent increase in house sales. While population growth was modest, the region’s economic momentum was notable. <i>Canterbury:</i>
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	Canterbury has moved into first place on the scoreboard, reflecting broad-based improvements across several economic indicators. The region recorded strong growth in house sales (up 24.3 per cent annually), a modest increase in house prices (0.8 per cent), and a two per cent rise in retail sales. Population growth was also solid at 1.7 per cent. While employment growth was modest (0.3 per cent), Canterbury's performance was supported by increased consumer confidence and ongoing infrastructure investment. <i>Otago:</i> Otago ranked third, down from first in Q4 2024. The region continues to benefit from strong tourism, particularly in Queenstown and the Central Lakes District. Employment growth was the highest in the country (7.8 per cent), and retail sales rose 8.5 per cent. House prices increased 0.6 per cent, and house sales were up 11.9 per cent. <i>Southland:</i> Southland also ranked eighth. It led the country in house price growth (up 3.3 per cent) and saw a 19.1 per cent increase in house sales. However, employment declined by 2.5 per cent, and construction activity fell. Source: https://www.asb.co.nz/content/dam/asb/documents/reports/asb-regional-economic-scoreboard/asb-regional-scoreboard-q1-2025.pdf
1.2 General updates Cory Hagaraars, South Island Lead Advisor	Inter-Island Migration on the South Island (2018–2023) Between the 2018 and 2023 censuses, around 2.2 million people in New Zealand changed their residential address (45.2 per cent of the population). Most of these moves were within the same region, but inter-regional and inter-island migration also played a significant role. These migration trends are contributing to population growth in parts of the South Island and may influence future planning for housing, infrastructure, and workforce shortages. Inter-island migration was more common from the North Island to the South Island than the reverse. Marlborough, Nelson, Tasman, West Coast, Canterbury, Otago, and Southland were the top seven regions nationwide for inter-island migration. Each region showed more than four per cent of their 2023 population had lived in the North Island in 2018. Otago had the highest rate of inter-island migration, with 9.9 per cent of its 2023 population having lived in the North Island in 2018. Canterbury received the largest number of North Island movers, with 42,765 people relocating there, and Otago followed with 23,271. Housing affordability and education appear to be key drivers as Canterbury's relatively lower house prices attracted movers. Otago and Canterbury also drew younger people, particularly those aged 15 to 29, likely due to university opportunities in Dunedin and Christchurch. In contrast, most North Island regions had fewer than two per cent of their 2023 population originating from the South Island in 2018. Wellington was the exception, with 2.6 per cent of its population having moved from the South Island. Source: https://www.stats.govt.nz/news/new-zealanders-on-the-move/ <i>Employment Relations Amendment Bill – Implications for the South Island</i> On 17 June 2025, Hon Brooke Van Velden, Minister for Workplace Relations and Safety, announced the Employment Relations Amendment Bill to parliament, aimed at improving labour market flexibility and providing greater certainty for both employers and workers This legislation is particularly relevant to South Island regions, where small and medium-sized enterprises, seasonal industries, and contracting arrangements are common across key sectors such as tourism, agriculture, and construction.

	<i>Key changes relevant to the South Island</i> • Greater clarity for contractors: The Bill introduces a new “gateway test” to help distinguish between employees and contractors. This is expected to benefit South Island businesses that rely on flexible contracting arrangements, especially in tourism and horticulture, where short-term and seasonal work is prevalent. • Simplified personal grievance process: The Bill proposes that employees whose behaviour amounts to serious misconduct will no longer be eligible for remedies such as reinstatement or compensation. This change is likely to reduce costs and risks for employers, particularly in sectors with high staff turnover. • High-income threshold: Employees earning over \$0.18 million annually will not be able to pursue personal grievances for unjustified dismissal. This may encourage South Island employers to offer more opportunities in senior roles without the fear of costly dismissal disputes. <i>Removal of the 30-Day Rule</i> One of the practical changes for employers is the removal of the <i>30-day rule</i>. Under current law, new employees must be employed under the terms of the applicable collective agreement for the first 30 days, even if they are not union members. This rule has often been seen as a constraint on flexibility and negotiation. With the rule removed, employers and employees will be able to negotiate individual employment agreements from day one. This change could benefit South Island businesses by allowing more tailored employment arrangements, particularly in industries where collective agreements are less common or where rapid onboarding is essential. This Bill will be open for public submissions at the Select Committee stage. It presents an opportunity for South Island stakeholders to engage on issues that directly affect regional labour dynamics. Source: https://www.beehive.govt.nz/release/new-bill-boost-labour-market-flexibility
1.3 Major events Kylie Hawker-Green, Manager Major Events, Economic Development & Tourism	There are no new updates from major events.
1.4 Key messages/statistics and figures Privacy of natural persons Lead Domain Analyst, Data Service Delivery, Data, Insights and Intelligence, Corporate and Digital Shared Services	Tourism Electronic Card Transactions: April 2025 MBIE has released the April 2025 data to understand tourism spend activity in New Zealand. <i>Note: This is an interim replacement for the Monthly Regional Tourism Estimates (MRTes, 2016 to 2020 series).</i> • In the year ending April 2025, domestic visitors spent \$3.4 billion in the South Island, down 4.5 per cent when compared to same period last year. On the other hand, international visitors spent \$1.6 billion in the South Island, up 5.6 per cent from last year. • Only West Coast experienced a rise in domestic visitor spending in the year ending April 2025, up 3.0 per cent from last year. • Southland had the biggest increase in international visitor spending for the year ending April 2025, up 9.4 per cent from last year. Source: https://teic.mbie.govt.nz/teiccategories/datareleases/tects/

	International travel: April 2025 Stats NZ has released international travel data, which gathers statistics on the number and characteristics of overseas visitors and New Zealand resident travellers (short-term movements) entering or leaving New Zealand. • In the year ending April 2025, 877,200 international visitors arrived in the South Island, an increase of 14.0 per cent from last year. • More than half (51.0 per cent) of those visitors arrived in the Christchurch airport, which is consistent with last year. Source: https://www.stats.govt.nz/information-releases/international-travel-april-2025/ Business employment data: March 2025 quarter Stats NZ has released employment data, which includes filled jobs and gross earnings. This data is a combination from two different Inland Revenue sources, payday filing and the employer monthly schedule (EMS). • The overall number of seasonally adjusted jobs filled in the South Island was stable this March quarter from the previous quarter, though down 0.8 per cent on March 2024 quarter. • Total earnings across the South Island also dropped 1.4 per cent year-on-year. This is consistent with the year-on-year total earnings trend across the entire country, which dropped this quarter for the first time in the last two years. • Canterbury was the only South Island region with growth in jobs filled, with a 0.1 per cent increase from the previous quarter. Though it was stable on the previous year's March quarter, total earnings still dropped 1.4 per cent. • Nelson had a 0.5 per cent quarterly decrease in jobs filled and a year-on-year total earnings decrease of 4.6 per cent, both of which were the largest reductions in the country. Source: https://www.stats.govt.nz/information-releases/business-employment-data-march-2025-quarter/
1.5 Department of Internal Affairs	There are no new updates from the Department of Internal Affairs.

2. Hon. James Meager - Upcoming Ministerial Items – Minister for the South Island

2.1 Upcoming Meetings, Events and Ministerial Visits

Event details	Event	Event Details
25/06/2025	Meeting with representative from USDA (Parliament, Wellington)	You will be meeting with an agriculture counsellor from the United States Department of Agriculture at your office from 3.30 - 4.00pm. The intended agenda for the meeting starts with a brief introduction of yourself. You will then discuss the agriculture industry in the South Island, including the region's sheep and beef farmers. This is an opportunity for you to meet and build relationships that can benefit South Island agriculture. A briefing is being prepared for you.
TBC	Meeting with senior representatives from nine South Island iwi (Online Meeting)	You will be meeting with senior representatives from nine South Island iwi via Zoom. This meeting is an opportunity for you to discuss the following with iwi leaders: • Your South Island portfolio and vision for the role. • Opportunities to engage with iwi to achieve shared aspirations. • The 'Together Te Taihū' partnership agreement between councils and Te Taihū iwi. A briefing is being prepared for you.
TBC	Meeting with Nelson Building Society (Parliament, Wellington)	You will meet with Nelson Building Society (NBS). The NBS intends to support South Island growth and provide background on challenges facing the Non-Bank Deposit Takers Sector. This event has been postponed. An updated briefing will be provided to you when rescheduled.

2.2 Upcoming Briefings and Aides Memoire

Due to MO	Tracking Number	Product
24/06/2025	REQ-0016278	Meeting with representative from USDA, 25 June 2025
27/06/2025	REQ-0016124	Fast-track Approvals Act: Comments on Southern Link Inland Port project application
16/07/2025	REQ-0016214	Meeting with senior representatives from nine South Island iwi

2.3 Ministerial correspondence received

There are no new Ministerial correspondences received.

Due date	Tracking number	Requester	Summary of request
27/06/2025	JMTIC-1	Hon Chris Bishop (Minister for Transport)	Writes requesting to comment on an application from Southern Link Property Limited for referral of the Southern Link Inland Port under the Fast-track Approvals Act 2024 to the fast-track process.
02/07/2025	JMC-430	Privacy of natural persons [REDACTED] [REDACTED]	Free and frank opinions [REDACTED]
04/07/2025	JMC-447	Privacy of natural persons [REDACTED]	Writes in relation to a funding request for housing in Stewart Island, aimed to improve living conditions and ease housing pressure in the area.

2.4 Official Information Act requests received

There are no new Official information Act requests.

2.5 Meeting advice requested

There are no outstanding Meeting advice requests.