



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

South Island Portfolio - Fortnightly Report

Fortnight ending:	18 August 2025	Priority:	Medium
Security classification:	In Confidence	Tracking number:	REQ-0018073
Recipient		Action sought	
Hon James Meager Minister for the South Island		Note the contents of this report.	

Minister's and Ministers' office comments

1. Portfolio Update

1.1 Portfolio priorities Cory Hagenaars, South Island Lead Advisor, Strategy, Planning and Performance, Kānoa – Regional Economic Development & Investment Unit (Kānoa)	New Zealand – Indonesia Agricultural Cooperation Agreement On 7 August 2025, Hon Todd McClay, in his capacity as the Minister of Agriculture, and Minister for Trade and Investment, signed a bilateral agricultural cooperation agreement in Jakarta with the Indonesian Minister of Agriculture, Andi Amran Sulaiman. The agreement aims to increase collaboration on livestock development, agriculture, biosecurity, and regulatory alignment. Additionally, it commits both governments to establish and meet at a Consultative Forum within a year of signing, which aims to coordinate future cooperation and set joint priorities. The Indonesian agricultural sector contributes over 12 per cent to Indonesia’s gross domestic product (GDP) and employs approximately 29 per cent of the population. It is one of the world’s largest producers of palm oil, rubber, cocoa, coffee, and rice. With a population exceeding 280 million, Indonesia represents a high-potential market for New Zealand’s premium agricultural products. The Ministry of Foreign Affairs and Trade’s “July 2024 Indonesia: Trade and Economic Update” stated that New Zealand exported approximately \$1.62 billion in goods and services to Indonesia in the year ending March 2024, with dairy products making up the largest share at \$653.60 million. Indonesia is not currently amongst New Zealand’s top five export destinations, however this agreement is a strategic step towards unlocking long-term growth. It is expected to reduce red tape and improve market access for these goods, particularly through improved alignment of technical standards and certification processes. This supports your goal of doubling the South Island’s export value over the next decade. Source: www.mfat.govt.nz/en/trade/mfat-market-reports/indonesia-trade-and-economic-update-july-2024 www.mfat.govt.nz/en/trade/mfat-market-reports/indonesia-trade-and-economic-update-july-2024 Strong Economic Growth in South Island Territorial Authorities The Ministry of Business, Innovation and Employment (MBIE) has released the 2025 update of its experimental Modelled Territorial Authority Gross Domestic Product (MTAGDP), providing insights into local economic performance across New Zealand. Between 2019 and 2024, nominal GDP increased in 65 of 66 the territorial authorities, with Grey District, Selwyn District, and Invercargill City recording the highest growth nationwide. These areas also led in GDP per capita growth, supported by strong performance in the Health Care and Social Assistance and Owner-Occupier Property Operation industries. Nationally, the top three industries contributing to GDP growth over the four years to March 2023 were: • Health Care and Social Assistance (+48.3 per cent) • Construction (+42.0 per cent) • Professional Services (not specified). Conversely, petroleum and related manufacturing and forestry experienced the largest declines in GDP over the same period (-43.0 per cent, and -27.8 per cent respectively). The report notes that inflation was a key driver of nominal GDP trends during the COVID-19 period and the years immediately following. While compounded inflation over five years
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was 4.2 per cent, the compound annual growth rate (CAGR) of nominal GDP was 2.6 per cent.

This year's release includes significant methodological improvements, including:

- expansion from 32 to 56 industry groups
- enhanced forecasting techniques
- refined population-based GDP allocation.

While these updates provide a more accurate and granular view of local economies, we note that the MTAGDP remains an experimental tool and should be used to understand economic structure and trends rather than as a performance benchmark.

Source: www.mbie.govt.nz/business-and-employment/economic-growth/regional-economic-development/modelled-territorial-authority-gross-domestic-product/2025-release

Resource Management Act 1991 Reforms to Unlock South Island Development

On 14 August 2025, the Government passed the second Resource Management Act (RMA) Amendment Bill (the Bill), advancing its three-phase reform programme to reduce consenting delays, lower compliance costs, and unlock stalled projects across housing, infrastructure, and the primary sector.

This follows the first Amendment Bill, which established the fast-track consenting system in February 2025. This system is now operational, where projects are being referred such as the Maitahi Village development in Nelson which you provided comment on (briefing REQ-0015563 refers).

The second RMA Bill introduces five key reform packages:

- Infrastructure and Renewable Energy – streamlined consenting for nationally significant projects.
- Housing – simplified planning rules to accelerate supply, including changes to heritage protections.
- Farming and Primary Sector – reduced regulatory barriers, including broader permitted water discharge activities.
- Emergency and Natural Hazards – faster processes for resilience and hazard management.
- System Improvements – Ministerial powers to override restrictive council plans and a freeze on new plan changes until 2027 (with limited exemptions).

Consultation on the proposal to update national direction for infrastructure, development and the primary sector and on options to amend freshwater closed on 27 July 2025.

National direction refers to rules and policies sitting under the RMA that inform how councils develop and implement local plans and rules. The Government is proposing to amend 12 different instruments and introduce four new instruments. Consultation regarding the housing growth proposal, that aims to free up land for development and remove unnecessary planning barriers, closed on 17 August 2025.

The Government plans to finalise 16 new or updated instruments by year-end to support the transition to the new resource management system. Where the reforms are likely to benefit South Island regions by enabling faster delivery of housing developments, infrastructure upgrades, and primary sector projects.

Source: www.beehive.govt.nz/release/rma-reforms-deliver-jobs-and-growth

	Ministry of Health’s Inspection under Section 99 of the Mental Health (Compulsory Assessment and Treatment) Act 1992: Identifies Critical Risks in Canterbury – Waitaha Mental Health Services Waitaha Specialist Mental Health Services provides a wide range of care, including acute inpatient, forensic, community, and rehabilitation services across the Canterbury Region. In June 2022, the Director of Mental Health, Dr John Crawshaw, informed the Minister of Health that an inspection of Canterbury District’s mental health services will be undertaken in accordance with section 99 of the Mental Health (Compulsory Assessment and Treatment) Act 1992 (Mental Health Act). The inspection was initiated following two serious incidents and longstanding concerns about service quality, governance, and workforce pressures, particularly at Hillmorton Hospital. On 12 August 2025, the Ministry of Health released the findings of this inspection which identified significant failings. The inspection confirmed that the region’s mental health services are under strain. It identified nine key findings and issued 18 recommendations, highlighting urgent risks to patient safety and staff wellbeing. The report highlights that governance structures were unclear and ineffective, resulting in inconsistent oversight and a lack of accountability. Leadership was disconnected from frontline services, with limited engagement between decision-makers and clinical teams. This disconnect contributed to fragmented service delivery and operational inefficiencies. Workforce pressures were described as acute. Staff reported high levels of stress and burnout, with inadequate support systems in place. These conditions were contributing to high turnover and undermining the stability of care. The inspection also found that models of care were outdated and inconsistently applied. Clinical pathways lacked clarity, and service integration was poor. Infrastructure was not fit for purpose, and risk management systems were underdeveloped. Strategic planning was limited, and there was no clear roadmap for future service improvement. Two areas were identified as posing immediate high risk. First, the management of leave for forensic patients was found to be unsafe. In response, all leave requests for patients held under the Mental Health Act now requires final review by the Director of Mental Health. Second, the level of workforce burnout was considered a direct threat to patient safety, with staff stretched beyond capacity and unable to consistently deliver safe care. Health New Zealand has begun implementing an improvement programme based on the inspection’s recommendations. Immediate changes have been made to leave procedures, risk assessments, and missing person protocols. The Director of Mental Health will also undertake a 12-month programme of active monitoring to ensure progress is sustained. Recommendations within the inspection align with your priority of improving the delivery of Core Public Services. Source: www.health.govt.nz/publications/section-99-inspection-into-canterbury-waitaha-adult-inpatient-and-associated-mental-health-services
1.2 General updates Cory Hagenaaars, South Island Lead Advisor	Commercial Information [REDACTED] [REDACTED] [REDACTED]

	Commercial Information [REDACTED] [REDACTED] [REDACTED] Ohai Rail Line Mothballing On 5 August 2025, KiwiRail confirmed it will mothball approximately 70 kilometres of the Ohai rail line by late 2026, placing infrastructure into a non-operational state while preserving it for potential future use. This follows the planned closure of Bathurst Coal Ltd's Takitimu Mine near Nightcaps. The first nine kilometres of the line, which services the Alliance Group's meat works at Lorneville, will remain operational. The Takitimu Mine will close in FY27 due to exhausted coal reserves and the lack of viability for further expansion. The Ohai Line has been largely out of use since a severe weather event in September 2023 which caused significant damage. Since then, coal has been trucked to Invercargill and then railed north to Timaru. Reopening the line would require over \$1.00 million in immediate repairs and tens of millions more over five years, including bridge replacements. No KiwiRail jobs will be impacted by the mothballing decision. However, Bathurst Coal Ltd has reportedly begun workforce reductions, with initial redundancies and further impacts likely as operations wind down. The local communities may experience economic impacts from the mine's closure, particularly in Nightcaps and Ohai, where the mine has historically supported local employment and services. Source: www.kiwirail.co.nz/media/ohai-rail-line-to-be-mothballed/
1.3 Major events Kylie Hawker-Green, Manager Major Events, Economic Development & Tourism	Christchurch City Council Economic Development Review under Section 17A of the Local Government Act 2002 – event function impacts Christchurch City Council (the Council) has published findings from an independent Section 17A review into its economic development function, examining how ratepayer funds are spent and the entities delivering these services. From an events perspective, the review, led by Malcolm Alexander, identified duplication of effort between the Council and its two Council-Controlled Organisations (CCOs) (ChristchurchNZ and Venues Ōtautahi). Mr Alexander recommended transferring the events function from ChristchurchNZ to either Venues Ōtautahi or to the Council. ChristchurchNZ has raised concerns about the proposal to transfer its events function, emphasising that events are integral to driving tourism and long-term economic growth. The organisation also warned that such a change could jeopardise access to co-funding from central government and the private sector, as these funds are not typically available to councils or venue operators. Business Canterbury has similarly expressed concern, cautioning that destabilising the current model could deter future events from choosing Christchurch as a host city.

	The Council has advised no decisions will be made until after the upcoming local body elections.
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: June 2025 The Tourism Domain has released the June 2025 Tourism Electronic Card Transactions (TECTs) data. The results showed that the South Island's contribution to the total spend in New Zealand was unchanged from last year. • In the year ending June 2025, spend in the South Island was 30.0 per cent and 41.0 per cent of the total domestic and international spend, respectively, in New Zealand. • In the year ending June 2025, domestic visitors spent \$3.40 billion in the South Island, down 4.6 per cent when compared to same period last year. On the other hand, international visitors spent \$1.60 billion in the South Island, up 3.9 per cent from last year. • Only West Coast experienced a rise in domestic visitor spending in the year ending 2025, up 1.4 per cent from last year. Where Southland had the biggest increase in international visitor spending for the year ending April 2025, up 9.2 per cent from last year. Source: teic.mbie.govt.nz/teiccategories/datareleases/tects/ Building Consents Issued: June 2025 Statistics New Zealand (StatsNZ) has released building consent statistics, which are about the number, floor area, and value of new homes, non-residential buildings, and alterations approved for construction. • In the South Island, 10,413 new dwellings were consented in the year ended June 2025, representing a 7.3 per cent increase from 9,707 in the previous year. The South Island outperformed the North Island, with positive annual growth compared to a decline in the North Island. • In 2025, four out of seven South Island regions showed positive year-on-year growth rates, while one remained unchanged. This marks a turnaround from 2024, when all seven South Island regions experienced negative year-on-year percentage changes in dwelling consents. • The Otago Region recorded the strongest growth compared to the other South Island regions. In the year ended June 2025, 2,637 new dwellings were consented, up 47.5 per cent from the previous year. The Canterbury Regions, while still accounting for the largest share of consents, recorded a 1.8 per cent annual decline to 6,499 dwellings from 6,618 in the previous year. Source: www.stats.govt.nz/information-releases/building-consents-issued-june-2025/ Labour Market Statistics: June 2025 quarter StatsNZ has released labour market statistics, which provides a picture of the New Zealand labour market, including unemployment and employment rates, demand for labour, and changes in wages and salaries. • In the year ending June 2025, total employment increased by approximately 7,500 in the South Island, representing a growth rate of 1.1 per cent. In contrast, total employment in the North Island declined by around 32,100, a decrease of 1.5 per

	cent. Over the same period, the unemployment rate in the North Island rose from 4.5 per cent to 5.4 per cent, while the South Island's unemployment rate increased from 3.7 per cent to 4.3 per cent. • Employment growth in the South Island was primarily concentrated in the Otago Region, which recorded the lowest annual average unemployment rate nationally at 3.0 per cent, compared to the national average of 5.1 per cent. Contributing factors to employment growth in the Otago Regions include expansion in the primary sector, recovery in international tourism, and an increase in residential building consents, which supported activity in the construction sector. Source: www.stats.govt.nz/information-releases/labour-market-statistics-june-2025-quarter/
1.5 Department of Internal Affairs (DIA) Paul Barker Partnerships Director, Local Government, Department of Internal Affairs Te Tari Taiwhenua	Otago Central Lakes City-Regional Deal Earlier this month the Government announced it had entered into memorandum of understanding with three regions including Auckland, Western Bay of Plenty, and Otago Central Lakes. The local councils involved with the Otago Central Lakes Region include Queenstown Lakes District Council, Central Otago District Council, and Otago Regional Council. The intention is to agree the first deal by the end of 2025, with a further two deals expected in 2026. Negotiations [REDACTED] South Island Water Service Delivery Plans Update DIA have provided a South Island Councils update in Annex One.

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

2.1 Upcoming Meetings, Events and Ministerial Visits

There are no new upcoming meetings, events or Ministerial visits.

2.2 Upcoming Briefings and Aides Memoire

Due to MO	Tracking Number	Product
22/08/2025	REQ-0018315	Proactive release of South Island portfolio briefings

2.3 Ministerial correspondence received

New items are indicated in red.

Due date	Tracking number	Requester	Summary of request
21/08/2025	JMC-612	Privacy of natural persons	Free and frank opinions
22/08/2025	JMC-598	Privacy of natural persons	Writes to seek information and clarification on Winter Energy Payment, Student Housing, Inter-Island Ferries and Southerner Regional Rail.

2.4 Official Information Act requests received

New items are indicated in red.

Due to MO	Tracking number	Requester	Summary of request	Status
28/08/2025	JMOIA-61	Privacy of natural persons	Requests copies of the following two documents: Fortnightly Report: South Island fortnightly report to 21 July 2025 and Briefing: South Island Councils - Status and Next Steps.	In Progress

2.5 Meeting advice requested

There are no new meeting advice requests.

Purpose

1. This note provides information to support a discussion regarding a subset of South Island councils which the Department has some concerns that they may not be able to submit a financially sustainable Water Services Delivery Plan (Plan).

Free and frank opinions



Options and next steps

10. Formal interventions available to the Minister of Local Government with respect to some or all of the councils noted above may be needed. The most likely interventions are either appointment of a Crown Facilitator (has no decision-making powers) or Water Specialist (has directing/decision-making powers).
11. Putting either in place will take some time due to the process and notice periods required. If councils request either of these interventions the process for implementing them would be more rapid.

Annex One: South Island Councils – Status and Next Steps

Council	WSDP Status/DIA Engagement
West Coast (Buller, Westland and Grey)	Westland, Buller and Grey have confirmed their preference for a multi-council Council Controlled Organisation (CCO).
Hurunui and Kaikōura	Both councils have committed to a multi-council CCO. The Department of Internal Affairs has received and reviewed a draft Water Services Delivery Plan (Plan) and providing further support to refine the draft Plan.
Timaru	Timaru has resolved to form a single council CCO and is open to extending this to other councils in the future.
Mackenzie	Council resolved to not progress a grouping with Timaru and will progress an in-house model. Free and frank opinions [redacted] DIA wrote to the council requesting a draft Plan by 31 July Free and frank opinions
Southern Water Done Well (Clutha District, Gore and Central Otago District)	Comments on the draft Plan were provided to the group on 26 June. Free and frank opinions [redacted] On 10 July Clutha and Central Otago confirmed their intentions to join/form the group. On 14 July 2025, Gore District Council resolved to stay in the regional model, which now includes three councils. On 8 July 2025 Waitaki resolved to proceed with an in-house business unit leaving the Southern Water Done Well group.
Waitaki	We have received and reviewed Waitaki's draft Plan. Free and frank opinions [redacted]
Marlborough	On 7 July Marlborough committed to a single council CCO. Free and frank opinions [redacted]
Tasman	Tasman District Council has resolved to continue progressing an in-house business unit as its preferred option. A draft Plan has been received and considered and feedback provided to the Council. The Council has been advised of a number of areas where further work is needed before the final Plan is submitted. A request for an extension for 4 weeks to submit the final Plan has been sought by the Council and approved by Minister Watts.
Nelson	Nelson City Council is committed to an in-house business unit. Feedback on the draft Plan was sent to Council on 11 July.
Waimakariri	The final plan has been received and accepted on 21 July.
Christchurch	In June 2025, Christchurch City Council decided to adopt an in-house model.
Selwyn	The final Plan was approved on 4 July for a single council CCO which has been stood up.
Ashburton	Ashburton decided to adopt an in-house model on 21 May.

Annex One: South Island Councils – Status and Next Steps

Waimate	Waimate has committed to an in-house model. We have received partial information from Waimate Free and frank opinions
Dunedin	Dunedin City Council has resolved to continue progressing an in-house model. Two partial draft plans have been received and feedback has been provided to the Council on both.
Queenstown	On 31 July 2025 the Council resolved to form a single council CCO.
Southland	Southland District Council has resolved to continue progressing an in-house model. A draft Plan was received 11 July and feedback provided on 28 July. Free and frank opinions
Invercargill	Invercargill City Council has resolved to continue progressing an in-house business unit. DIA provided feedback on the Council's draft Plan on 11 July.
Chatham Islands	Watercare is assisting the Council to develop its Plan. Community consultation on its direction started on 1 August 2025.