Case study 2: Southland, New Zealand

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Southland is New Zealand’s most southern region, with a population of 93,339 in the 2013 census. Southland’s largest city is Invercargill with a population of 51,696 people (Statistics New Zealand, 2013).

Population estimates for 2018 are 99,100 and 55,300 for Southland and Invercargill, respectively (Ministry for Business, 2019a). Between 2006-2013, Southland grew by 2.7 percent (Statistics New Zealand, 2013).

Southland’s peak population was 99,000 in 1996, however the region experienced a decline until 2007, at an average rate of -6.3%. Southland consists of 2.2% of New Zealand’s total population (Statistics New Zealand, 2013), however if the regional population remains static for the next 10 years, it would decrease to 1.8% of New Zealand’s population (Southland Regional Development Strategy, 2015).

In 2013, the median age in Southland was 39.6 years (an increase from 38 in 2006) and 15.7% of people are over 65 years (The median age of NZ was 38 years, 14.3% were 65 years and over) (Statistics New Zealand, 2013).

In 2019, in-migration exceeded out-migration (+400) and births exceeded deaths (+400), therefore the region is experiencing sustainable growth. However, with current trends, i.e. little population growth and the ageing effect, it is likely that Southland will face challenges associated with population decline.

It is expected that the population of Southland will continue to rise until 2028 (100,600), before stagnating and then experiencing a decline in 2038 (Ministry for Business, 2019a).

Economic profile

In 2017, Southland’s GDP per capita was $60,937 ($56,441 for NZ) (Ministry for Business, 2019a). Although Southland consists of only 2.2% of New Zealand’s population, 70% of Southland’s GDP is exported and 15% of New Zealand’s tradeable exports are produced in Southland (Southland Mayoral Forum, 2015).

Thus, Southland experiences strong economic development compared with other regions in New Zealand. The unemployment rate in 2018 was 4% (Ministry for Business, 2019b).

In 2016, the top five industries in Southland were:

1. Agriculture: Grain, sheep and beef cattle farming ($487M)
Drivers of population change

Southland experienced population decline between 1996-2007, due to an increased out-migration to other regions of New Zealand (predominately youth aged 15-24 years) (Roskruge & Pawar, 2015). The region’s population began to grow again in the late 2000s, mostly due to economic growth and increased employment in the dairy industry (Roskruge & Pawar, 2015).

The drivers of population change in Southland are predominately economic. However, as Southland experiences strong economic growth relative to the national economy and a low unemployment rate, it is lack of diverse employment opportunities which drives out-migration, fuelled by a reliance on the primary sector.

In 2013, Southland’s birth rate was slightly above the national average, however, it is decreasing at a faster rate than other regions in New Zealand. Thus, natural decline is likely to contribute to population change in the future.

Other contributing factors to population change include the geographical isolation of the region and its small urban centre.

Outcomes and implications

A lack of diverse employment opportunities and reliance on the primary sector has driven the out-migration of youth from the region. While youth out-migration has slowed since the overall population decline experienced in the early 2000s, the age group of 15-24 years continued to decline between 2008-2013 (Roskruge & Pawar, 2015).

A 2017 study found that most high school students from region planned to leave as job opportunities were largely limited to the farming industry (Cain et al., 2017). The implications of out-migration include loss of human capital, a shrinking workforce and smaller talent pool (Southland Regional Development Strategy, 2015).
Out-migration in Southland has contributed to a below average population growth on the trajectory for decline, and an increasingly ageing population (Southland Regional Development Strategy, 2015). The implications for ageing in Southland is a declining tax base and higher age-dependency ratio.

A reliance on the primary sector also means that the region has economic vulnerability. Although the region is currently experiencing strong economic growth, future fluctuations in the industry may exacerbate future population change.

The geographical isolation of the region and its small urban centre impact on the opportunity for investors and new business. Even though the region experiences relatively strong economic growth, it is limited by its small population. This further drives the lack of labour market opportunities and the out-migration of youth.

**Policy response**

**Southland Action Plan**


The Action Plan focused on three key areas:

1. **Grow population: 10,000 more people by 2025 (within 10 years)**
2. **Diversify the Regional Economy**
3. **Strengthen local business**

**Diversify the regional economy**

**a. Aquaculture**

**Aim:** Invest in aquaculture and establish an internationally significant industry.

Southland’s climate and water conditions are right for delivering a sustainable and efficient means of producing quality protein. Aquaculture is labour intensive, but a low emitter of greenhouse gases (Venture Southland, 2012).

**Example:** Finfish aquaculture (Venture Southland, 2012)
- Southland Aquaculture Strategy was developed in 2012 (Venture Southland, 2012).
- A successful industry with high environmental standards could contribute economically to the region (Venture Southland, 2012).

**Actions/outcomes:**

- In 2018, received $2 million from the Provincial Growth Fund to study the feasibility of salmon hatchery and a research facility (Morris, 2018).
- If successful, could deliver $400 million in export earnings and create 550 jobs in both primary production and research (Morris, 2018).

**b. Tourism**

**Aim:** Develop Southland’s tourism industry.

Southland has unique natural and cultural assets. Milford Sound is already a tourist attraction but seen as an extension of Queenstown, not Southland. Southland possesses a wild and natural landscape which is untapped (Venture Southland, 2019).

**Example:** Destination Strategy

- Positions Southland as a destination to drive tourist numbers. In conjunction with Southland’s story development.
- Works with businesses to develop their tourism products to attract tourists to the region (Venture Southland, 2019).

**Actions/outcomes:**

- 23.5% increase in the tourism sector between 2015 and 2018 (Brown, 2018).
- A range of employment opportunities as the sector increases

**c. International Students**

**Aim:** Continue to increase number of International Students, with a clear focus on attracting working age population students with young families to complete post-graduate studies and then take up employment in the region.

**Example:** Southland Regional International Education Alliance (Southern Education Alliance, 2016)
Initiative to provide a collective regional response to the opportunities in international education.

Bring in 3,850 more international students by 2025 and support them to stay in the region (with their families).

**Actions/outcomes:**

- Each international student studying in Southland contributes an average of $39,290 to the regional economy.
- In 2015 there was a 20% increase in the enrolments of international students, it is expected over time this has continued to increase.
- International economic contribution to the region is around $60 million.

**Key findings**

- Southland is experiencing ageing and growth, projected to decline
- Experiences strong economic growth relative to national economy
- The region has identified the potential of future decline and its implications
- Countering policy strategies to stimulate economic and population growth
- One of these strategies is to diversify its economy, to provide different employment opportunities, reduce the out-migration of young people and attract young families.

**References**


