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Regional economy

Taranaki boasts one of the strongest regional economies in the country, which can be largely attributed to the strength of the oil and gas, and agricultural industries. Other industries, including tourism, also play a significant part in the region's prosperity.

Despite the global financial crisis that has affected the New Zealand economy over the past seven years, Taranaki's economy has continued to flourish. The region's booming GDP is the highest per capita in the country, with regional output growing at about 13% a year between 2007 and 2010. Between 2009 and 2014, the region's GDP grew by 7.9% and currently contributes 4% to national GDP. Much of the region's prosperity stems from the oil and gas, and agricultural industries.



Agriculture and forestry

Taranaki relies heavily on its natural and physical resources. About 60% of the region is used for intensive farming—predominantly dairying. The region's approximately 1,800 dairy farms are located mostly on the ring plain and produce about 12% of New Zealand's total milk solids.

Dairy farming has been the major land use in Taranaki for many years. However, the total number of dairy cattle in the region has remained relatively stable over the last 15 to 20 years, as has the number of milking cows. In 1998/1999 Taranaki had 481,034 milking cows, accounting for close to 15% of all milking cows in New Zealand. By 2013/2014 dairy cow numbers totalled 493,361, accounting for only 10% of all New Zealand's dairy cows. The drop in the percentage of the national dairying herd was largely brought about by the rapid expansion and conversion to dairying in the South Island—in Southland, Canterbury and Otago in particular. Cow densities have also not changed markedly, averaging 2.8 cows per hectare in 1998/1999 and 2.85 cows per hectare in 2013/2014—below the national average. Taranaki is a well-established, stable dairying region.

Sheep and beef farming are also important, with about 840 sheep and beef farms in the region. These farms are concentrated mostly in the hill country, stocking approximately 103,500 beef cattle and about 434,400 sheep. A number of meat and by-product processing plants also provide employment in the region. Agriculture and its associated processing industries contribute almost 20% to regional GDP.

Farming plays a major role in employment. Sixteen percent of the region's labour force is employed in the agriculture and fisheries sector. Milk processing, and whey and cheese manufacturing also provide significant employment.

The poultry industry has expanded significantly in the last 15 years, and Taranaki is now a major poultry meat producing region in New Zealand. The poultry industry has an ongoing programme of infrastructure upgrade and capacity future-proofing that has seen



Fonterra's Whareroa site near Hāwera produces the largest volume of dairy products from a single factory anywhere in the world.

many farms upgrade their facilities recently. The major poultry processing facility is at Bell Block with broiler sheds throughout the New Plymouth district. The industry supports more than 800 jobs and is the second largest private employer in the region.

With a suitable climate for forestry, and a well-established roading system and port facility, exotic forest plantations also contribute to the regional economy. Currently 20,255 hectares in the region are dedicated to plantation forest.

Oil and gas

Today, the oil and gas industry is a major contributor to the regional economy. The Taranaki Basin is New Zealand's only hydrocarbon producing area, and the Pohokura, Kapuni and offshore Māui fields make up the major part of New Zealand's natural gas resources. It is New Zealand's fourth largest export earner.

In the past 10 to 15 years, continued drilling programmes have added a significant number of new small fields in Taranaki and exploration interest in the region remains high. Oil and gas has also led to development of industry in the processing, distribution, use, and export of hydrocarbons. There are a number of production stations in the region including the Pohokura, Māui, Kapuni, Kupe, Waihapa, Rimu, Kaimiro, McKee and Cheal production stations. Kapuni also hosts a gas treatment plant and an ammonia urea plant, and Bell Block a UF resin plant. The Stratford district is home to a large gas-fired power station and McKee operates a small operation in the New Plymouth district. Methanol production occurs at both Motunui and the Waitara Valley.

The oil and gas sector has stimulated support industries, including transport, machinery and equipment manufacturing, specialist engineering and construction. The sector has also experienced the greatest increase in employment growth in the region in the past decade, currently contributing about 30% to regional GDP.



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Taranaki is home to all of New Zealand's oil and natural gas production and provides 90% of the industry's nationwide employment.

Manufacturing

The manufacturing base in Taranaki is small but distinctive and the region has a national and international reputation for expertise in food processing—particularly of dairy products and speciality dough. The special servicing needs of the dairy and oil and gas industries have also helped both heavy and light engineering industries develop in the region.

In total, food processing, engineering and other manufacturing (including chemical, wood and paper products, textiles, printing and publishing) provide over 15% of all employment in the region.

Wholesale and retail trade

Wholesale and retail industries are the third largest employer in the region, providing 12% of full-time employment in Taranaki. The majority of Taranaki businesses are involved in primary production, which includes farming and services to agriculture.

Construction

The construction industry provides around 8% of all employment in the region and residential construction has continued to be a major driver of construction activity in the region, particularly in New Plymouth. For the year ending December 2014, the number of consents issued for dwellings in region (including apartments) was 486—an increase of 15% from 2013. There was also growth in commercial construction during 2014, in all three districts.

For the year ending December 2014, there were \$310 million of building consents approved in the region—over \$231 million in the New Plymouth district, \$21 million in the Stratford district, and \$57 million in South Taranaki. The value of building consents increased by over 25% in the 12 months up to June 2014, largely because of strong growth in commercial consents in South Taranaki, which experienced significant growth in factory construction or expansion and increased investment in farm buildings during this time.



Residential construction is a major driver of construction activity in the region, particularly in New Plymouth.



'Visitors to Taranaki spent almost \$119 million at retail outlets in 2014 ...'

Tourism and events

Tourism plays an important role in the regional economy. Various attractions such as Mount Taranaki, a range of surf breaks, the coastal and other walkways, and a number of parks, gardens, festivals and events attract a large number of visitors to the region. In 2014, travel experience provider *Experience OZ and NZ* ranked Taranaki at the top of New Zealand's best destinations.

According to Statistics New Zealand, a total of 271,446 people visited Taranaki in 2014, an increase of 4.3% on the previous year. In addition to the estimated 1.1 million visitors staying with family and friends, there were 553,209 guest nights spent in commercial accommodation.

The wide variety of festivals and sporting and cultural events attracts a large number of these visitors. This has significant benefits for the local economy. For example, the nine WOMAD festivals held in Taranaki up to 2014 have attracted 373,000 attendees, with an average of 60% visiting from outside Taranaki. By 2014, WOMAD had pumped more than \$73 million into the regional economy since the festival moved here in 2003.

The June 2014 test match between the All Blacks and France brought 7,500 visitors to the region and injected \$4.53 million into the regional economy—boosting regional GDP by \$1.76 million.

Visitors to Taranaki spent almost \$119 million at retail outlets in 2014.

Find out more

- 📄 ANZ Regional Trends tinyurl.com/TRC1d
- Ministry of Business, Innovation and Employment—Regional Economic Activity Report 2014 tinyurl.com/TRC1a
- Statistics New Zealand—Quick Stats: Taranaki Region tinyurl.com/TRC1f
- Venture Taranaki Economic Impact Assessments tinyurl.com/TRC1c
- Venture Taranaki report 'The Wealth beneath our feet', March 2015 tinyurl.com/TRC1g
- Venture Taranaki Trends tinyurl.com/TRC1b

Significant festivals and events

- ✓ *The World of Music, Arts and Dance (WOMAD) festival*
- ✓ *The biennial Taranaki International Arts Festival*
- ✓ *Festival of Lights*
- ✓ *Powerco Taranaki Garden Spectacular and the Fringe Garden Festival*
- ✓ *National and international music concerts at the TSB Bowl of Brooklands*
- ✓ *International rugby tests*
- ✓ *Cricket World Cup Qualifiers*
- ✓ *FIFA U20 World Cup*
- ✓ *Surf Festival*
- ✓ *Around the Mountain Relay and Around the Mountain Cycle Challenge*
- ✓ *Urenui Rodeo*
- ✓ *The Taranaki Wine and Food Festival*
- ✓ *Whangamōmona Republic Day*
- ✓ *Americarna*
- ✓ *Various exhibitions at Puke Ariki and the Govett-Brewster Art Gallery.*