Case Study 7: Oamaru

Oamaru has a population of 13,750, with an additional 8,000 or so residents in the broader Waitaki District, the rural area serviced by the town. Situated on the South Island’s Pacific coast, it is 155 miles south of Christchurch and 75 miles north of Dunedin, and is connected to both by State Highway 1 and the Main South Line railway. European settlers arrived in the Oamaru area in the 1850s. The town grew as a service-centre for the agricultural/pastoral hinterland between the Kakanui Mountains and the Waitaki River, and rapidly became an important port. New Zealand’s pastoralism and associated frozen-meat industry first developed just south of the town, and Oamaru flourished, bigger in its day than Los Angeles. Oamaru has been called ‘Kiwitown’, an archetypal regional servicing centre, with its shops, stock and station agencies, railway and its harbour.

What the situation was

Oamaru found itself hard hit by the closure of the port in the 1970s together with a general downturn in the New Zealand economy. The land around Oamaru is drought-prone, ‘we have two good years, one average year and then two dreadful ones’, and further recession in the 1980s combined with a bad drought. It no longer seemed clear what the town was for.

What it became

Oamaru has a steady population, and there’s a buzz and optimism around town. The rural economy is on a much more secure footing as a result of irrigation investment, which benefits the town’s agricultural service businesses. The town also sees greatly increased income from tourism, after becoming one of the first New Zealand towns to realise its built heritage was an asset. They also developed significant visitor infrastructure around a local penguin colony, which now draws 75,000 visitors a year. There’s a Victorian theme in town, overlaid with a more recent ‘steampunk’ flavour. This year the town is aiming for the world record of the largest number of steampunkers gathered in one place.

How it happened

Oamaru’s story involves irrigation investment, economic diversification, small penguins, Victorian buildings and steampunk. The combination of these aspects means that a town that might have become a dead end is doing well, and locals feel that in the last decade or so Oamaru has ‘really got its mojo back’. Mayor Gary Kircher is on the record as saying: ‘We simply don’t accept that our population will decline.’

Local government and private sector partnership for irrigation investment

In 2004, Waitaki District Council, based in Oamaru, invested almost $10m to double the amount of irrigated land in the district to 25,000 hectares. The investment was in the form of a loan, but with no principal or interest payable until 10,000 hectares had been watered. The initial financial commitment allowed Phase I infrastructure to be overbuilt to accommodate Phase II expansion at a later date. To initiate Phase II, the Council topped the irrigation scheme

41 Landmarks, Kenneth Cumberland, 1981
42 Interview with Hugh Perkins, Deputy Mayor of Oamaru
43 Steampunk is a subgenre of science fiction or science fantasy that incorporates technology and aesthetic designs inspired by 19th-century industrial steam-powered machinery.
44 Local talk about infrastructure: North Otago. Infrastructure Evidence Base Refresh – Productive Water National Infrastructure Unit, New Zealand Govt, March 2015
loan up to $17m. Waitaki district mayor Gary Kircher said supporting irrigation would have more economic benefit than anything else his council could do. As well as the wider economic benefits, the loan, which comes from Council depreciation reserves, earns the ratepayer a higher return than if the investment was deposited in a bank. Though controversial at the time, he believes the majority of the community now sees the benefits the irrigation has delivered.

“Well you can see the new houses on the farms, the new people in the supermarket, the schools growing, sports numbers increasing – it’s obvious!”

A Social and Economic Benefits Study was commissioned by the Waitaki District Council. It indicated a rising population with higher proportions of younger age groups, and household and personal income for the area in 2013 significantly higher than it was in 2001. The district’s GDP has been estimated to have benefited by 5%, or $48m per year, and employment has grown by 274 jobs. The irrigation has also helped the district avoid the worst of the recent global economic crisis and has brought a level of security and resilience to an area traditionally affected by cyclic droughts.

The benefits can be seen in the numerous start-up, or expanded, businesses associated with farming and support industries. But Oamaru’s economy has further diversified beyond agricultural services, with food processing continuing to expand and large locally-based rubber matting and stock-handling equipment businesses.

Another source of optimism about the town’s future has been the growth of income from tourism. The biggest draw is a colony of little blue penguins which lives in a disused quarry not far from the historic precinct. The penguins established themselves there in the early 1990s.
and in 1992 a group of volunteers started to help make the area suitable as a breeding habitat and provide guided tours. A visitor centre and two grandstands were completed by the District Council in the early 2000s, and today the Oamaru Blue Penguin Colony is the town’s largest tourist attraction, welcoming over 75,000 visitors a year.

Oamaru has also developed Victorian and steampunk-themed attractions, which help tourists spend money during the day (the penguins only perform in the evening). On the recommendation of a council-funded feasibility study, the Oamaru Whitestone Civic Trust was formed in 1987, and work began on restoring the historic precinct beside the harbour.47 The Trust’s buildings were built around the 1870s and are New Zealand’s most complete streetscape of Victorian commercial buildings. The local limestone lent itself to carving and the elaborate neo-classical style popular with the Victorians. By the time of the depression of the 1880s, Oamaru had become the ‘best built and most mortgaged town in Australasia’. The buildings fell into disrepair in the 1930s, as the centre of the town shifted up the street. Until the mid-1980s they were used as low-grade storage.

The Victorian historical quarter of Oamaru is now an example of successful ‘micro-agglomeration’. In a street of white stone buildings, artists, book dealers and Victorian merchants have become a commercial community. There’s also a transport museum, an antique furniture shops, antique clothing shops, and a book binder. The Victorian theme has been embraced by other local shops and galleries.48

More recently a local builder and entrepreneur established Steampunk HQ, a large art project celebrating steampunk culture. Now even the playgrounds at the harbour have joined in the steampunk theme, with a giant Penny Farthing structure supporting the swings, and several other steampunk-styled playground features.49

47 Oamaru Whitestone Civic Trust

48 The Death and Life of Small New Zealand Towns, Quintin Howard, New Zealand Transport Agency, 15th April 2015
49 A Visit to Steampunk HQ, Boing Boing January 12th, 2015