

MEMORANDUM

FROM: Nigel Davenport – Venture Timaru Chief Executive
TO: Timaru District Mayor and Councilors
SUBJECT: Venture Timaru Operational Update for the quarter to 30 June 2024
DATE: 16th August 2024

Background

Please find attached an update relating to our Economic Development and Visitor Promotion operations for the quarter to 30 June 2024.

Local Economy

Our economic performance continued to soften into the middle of the year off the back of inflationary pressures and a higher interest rate environment. Traditionally recording a steady GDP performance, this past year has seen a sustained period of decline. At -1.3% the decline in GDP in Timaru District was provisionally greater than the -0.2% decline recorded for both the Canterbury Region and New Zealand. Timaru's weakness has been driven by a fall in transport, construction and manufacturing activity.

Further to this, our unemployment rate, which has long been one of the lowest in NZ, has risen to levels (3.7%) not seen since the immediate post COVID period 2020/21 and before that way back in 2017. Whilst our unemployment rate is below NZ 4.2% and Canterbury 4.1%, the fact remains our national economy is under a lot of pressure and the weakened labour market and tightening of immigration settings in recent times have flowed directly into our own local labour market.

Of note (*source Infometrics*) :

- job adverts nationally are 40% lower than they were a year ago (the biggest fall since 2009) and are at a level not seen since 2013.
- Employment confidence, surveyed per household, at its weakest since the survey started in 2004 (excluding COVID period)

Local businesses, who are looking to hire, are reporting a surge in the volume of job applicants, which pleasingly in some cases is actually matched by an increase in applicant quality which is somewhat of a positive. That said it is anticipated the weakened labour market nationally and locally will continue for a few quarters yet.

As tends to be the case locally, the colder winter months see a downturn in economic activity as there is an element or "hibernation", with this somewhat amplified by households concerns around employment security. Despite this the Districts consumer spending grew 6.4% over the year to June 2024, well ahead of national consumer spending growth of 1.9% and consumers price inflation of 3.3%.

New house construction in Timaru eased 25% over the year to June 2024, as high interest rates have discouraged new mortgages around the country. However, dwelling consents were relatively strong in the June 2024 quarter with 46 issued, perhaps signaling "green shoots" just as interest rates are starting to be cut. House sale volumes continue to pick up from a trough, with 18% more houses sold in the year to June 2024 than the prior year, with values still rising, up 6.4%pa in the June 2024 quarter.

- Inner/Near City living
 - the “Making it Happen – guideline to inner/near city living” is nearing finalisation. This document aims to Inspire and Excite more inner and near city residential development within the Timaru City Centre bringing with it increased vibrancy and business opportunities. It will evidence Council’s commitment to a more enabling development environment, showcase what developments have been completed and are underway and also what could be possible. It will be a living document that will be updated as more developments progress and further enabling levers are put in place.
 - The database of current city centre developments and opportunities continues to be added to the aim being to ensure support and guidance is provided by appropriate persons (council

staff/professionals etc..) to help facilitate and expedite this much needed enhancement to our City Centre.

- Infill and residential developments – ongoing with landowners and developers to assist where we can with plans they may have to progress residential development of all sizes both within Future Development Areas and throughout other existing residential zoned areas of the district. Concerns recently raised by a local residential developer over the time taken to approve in-fill subdivisions and inconsistencies encountered with building inspections for the same house plan on 3-4 different sites are being reviewed by Council.
- Future Housing Preference Survey – at date this is out in our communities for completion and will be closed off in coming weeks and analysed with results shared.

- Next Steps

- Finalise and implement a Benefits Realisation tool that monitors and reports on increased vibrancy and investment into our City Centre and the impacts this is having – *within 1-2 months*
- Socialise the Making it Happen resource across all City Centre property owners and facilitate & ignite new inner and near city centre residential living developments.

2023/24 Strategic Priority #3 People Attraction - further amplify efforts to attract the people we need to grow and provide vibrancy to our district

- Update

- Attraction [TOOLKIT](#) updated to incorporate new imagery, videos and infographics – free to use by all business, industry and recruitment agencies when attracting new staff.
- This toolkit includes are latest [WORKFORCE ATTRACTION VIDEO](#) which has been shared throughout our business and recruitment agency community.
- A summer attraction campaign to be developed for launch across Nov/Dec months when many traditionally take the time to reevaluate personal circumstances and seek out new opportunities.
- Events play a major part on attracting not only visitors but also new individuals and families. Again supported by Council we recently opened applications for the 2024/25 round of the Major Events Fund and in August 245 we received 20 applications totaling \$555,947 for the \$245,000 available. VT have an established and proven assessment process which encompasses economic, social and cultural criteria and scoring. The following is a list of the events for which funding was both approved and declined:
 - Caroline Bay Rock and Hop 2025 - \$25,000
 - Caroline Bay Carnival - \$20,000
 - Rally South Canterbury - \$10,000
 - World Tennis Tour: Timaru - \$50,000
 - Harcourts Geraldine Festival - \$5000
 - Winchester Show - \$10,000
 - Matariki Night Market - \$10,000
 - Multicultural Festival 2025 - \$10,000
 - Timaru Festival of Roses - \$15,000
 - South Island Masters Games - \$25,000
 - Timaru Ten - \$15,000
 - Seaside Festival - \$25,000
 - Colour Fest - \$5,000

▪ Brews on the Bay 2024 - \$20,000

Of particular note we are thrilled to be working with Tennis NZ and Tennis South Canterbury to bring the World Tennis Tour to Timaru next summer. The event will see up and coming professional players from around the world and NZ's best talent head to the city for a week of world-class tennis in February 2025. More details will be announced soon.

• Next Steps

- VT has recently employed a new Business Development Manager to substantially amplify our business (and people) attraction activities.
 - This role will update all business attraction resources and platforms, thereafter, identifying and then proactively targeting those business and industry sector opportunities to establish a presence in the district.
 - The role will also assume facilitation of the Towards 2050 workstream along with data collection and analysis associated with this and business attraction activities.
- Planning is underway for our highly successful South Canterbury Outstanding Food Festival (SCOFF) for Sept 2024.
- Seasonal visitor attraction campaigns continue.
- Cruise Ship strategy being jointly developed with Primeport and to be aligned as appropriate to the soon to be released NZ Cruise Ship strategy and 2023.24 Cruise season statistics off which we will assess the economic impact of the last cruise season on our district and region. Initial estimates are the 2023.24 cruise season, with 12 ships bringing 18,000 new international visitors to Timaru, had an assessed Economic Benefit \$5.13m.

General updates:

- Traitors NZ (filmed at Claremont Castle in April and screened across July/August) showcased the District extensively and has gained rave reviews nationally and internationally [why this season of the traitors is the best reality TV ever made in NZ](#)
- Opportunities to enhance collaboration and drive efficiencies (across ED and Visitor activities) with neighbouring districts are being actively explored.
- Recent Alpine Energy workshop with large Washdyke Energy users confirmed an ability to accommodate additional scheduled energy use over the next 2-3 years, with importantly a significant improvement in capacity from 2027 on following planned GXP and line upgrades.
- VT 2024 year audit underway and scheduled for completion 20 Sept .
- Met with Domestic and Corporate AIRNZ representatives primarily against the backdrop of increasing flight disruptions locally. All parties agree the level of cancellations is unacceptable and leading into the next national flight schedule review (March 2025) its timely a wider facilitated discussion is undertaken to consider all and any options to reduce disruptions, realign Timaru arrival/departure schedules etc....
- Negotiated the retention of \$914,000 unutilised Regional Apprenticeship initiative funding (contracted with Ministry for Business & Innovation) enabling the support of a further 20 local trades apprentices at an assessed Economic Benefit \$3.20m
- The 2023.24 year saw \$259,734 (including \$14,734 ex VT Reserves) of support provided to events via the Major Events Fund administered by VT on behalf of Council. The average estimated ROI per event supported was \$30.00 for each \$1 invested – or an assessed Economic Benefit of \$7.79m. This past event season was highlighted by the return home by Kaylee Bell which saw 5,500-6,000 attendees at that concert.

VT Annual Survey - undertaken across June/July with the response rate again low 98 (141) and 8/30 responses received ex our Council shareholder. A reassessment of how best to collect this information is to be undertaken in November.

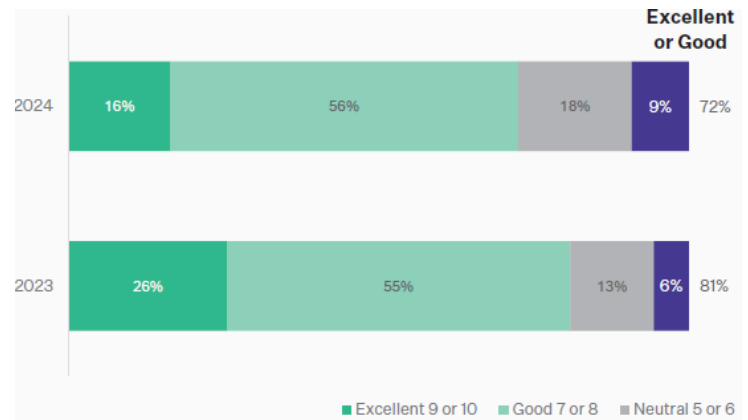
Key Metrics (prior years in brackets)

Ease of doing business

A marked drop to 72% (81%) notably in the excellent category with respondents down to 16% (26%).

What are the barriers to doing business?

- a significant drop in rental availability to 66% (91%) but still considered the main barrier
- attracting people eased to 62% (75%) and still the 2nd most prominent barrier.
- variety in housing type not seen as the barrier it was previously 55% (63%) whilst compliance as a barrier back to 41% (53%)



Observation – More rentals still needed of a suitable and affordable range. Median rentals remain c\$400p.w (tenancy Services) and local rental market remains tight. This result supports the need for our ongoing advocacy for diverse housing options with an elevated focus on rental options. Like the rest of NZ, our local labour market has eased with more applicants per job advert with this reflected in workforce perceived as a lesser barrier. Noting 34% of respondents stated they have current vacancies (half of 2023 levels average vacancies expected to fill in year ahead has also dropped from to 1.6 (2.5)).

What could make it easier to do business in the Timaru District?

- Top 4 were more local support 17% and exchange of information, transport links and district promotion/beautification (all 13% each)
- Notably regulations/red tape and issues with council well down at 8% each

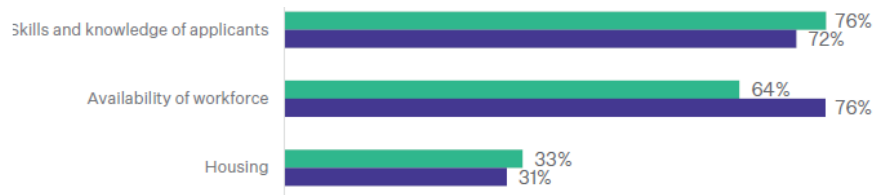
Observation – key matters fall into our VT workspace whilst there is a potential opportunity for large business and employers to better communicate the local procurement and support they undertake as part of their BAU.

Why do you feel it is easy to do business in the Timaru District?

- Friendly people 30%, networks/relationships 15% and range of services/supplies 13%

Barriers to employing the people you need.

Observation – whilst labour market has softened it's the quality of applicants as the prominent barrier. Emphasis's the importance of future workforce priorities associated with MyNextMove – expose educate and excite (and retain) along with our SOI priority around targeted and local training and development for existing workforce.



In response to what more can VT do to assist and retain a skilled workforce? the key responses related to continued/more promotion of the district 23% (10%) businesses/jobs 14% (12%) and more housing/rentals 14% (9%).

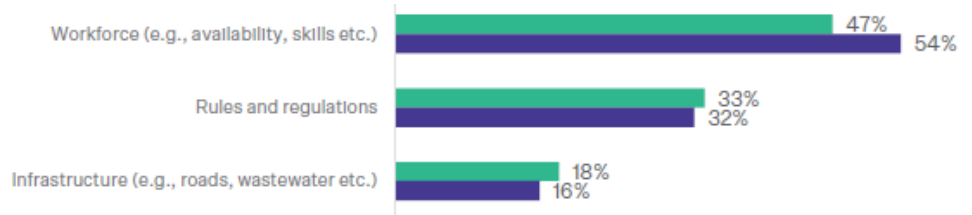
- “focus on ensuring adequate housing”
- “businesses will attract the people – they won’t look at VT’s website”
- “encourage new industries to migrate to Timaru”

Need to continue expanding the promotion and usage of links on business websites to key attraction data and information on VT websites and amplify business attraction activities.

Barriers to expansion plans

A staggering 52% of respondents claim they have expansion plans albeit many of which are relatively small.

Of these workforce rules & regulations and infrastructure are seen as the most prominent barriers.



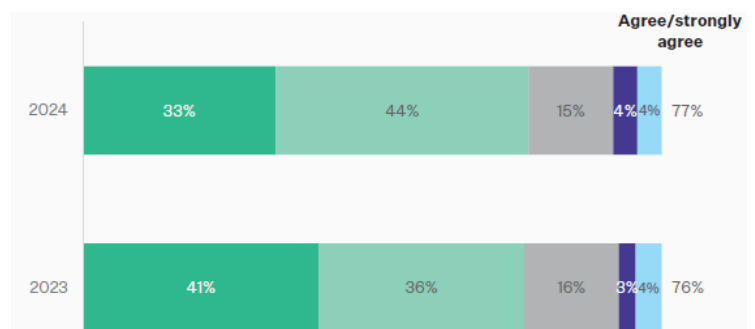
- “unwillingness of professionals to move to the regions”
- “too much red tape”
- “challenging to get resource consents”
- “the changes I seek are too big for the council to grasp”

Observation –no surprises but solidifies our identified SOI priority to get alongside business to better understand these expansion plans and assist to mitigate any barriers incurred through their planning and implementation process. Point in case Barkers with whom we continue to work closely with on their significant facility expansion 2024-2026.

Value of VT work to you and your role

Slightly better at 77% (76%), which is pleasing notably Transport & Logistics 100%, Business Services 100% and Education & Primary both 83%.

- 24% of respondents stated we are doing a good job, 21% state we attract people to the district and 16% believe the promotions we do are positive and important.



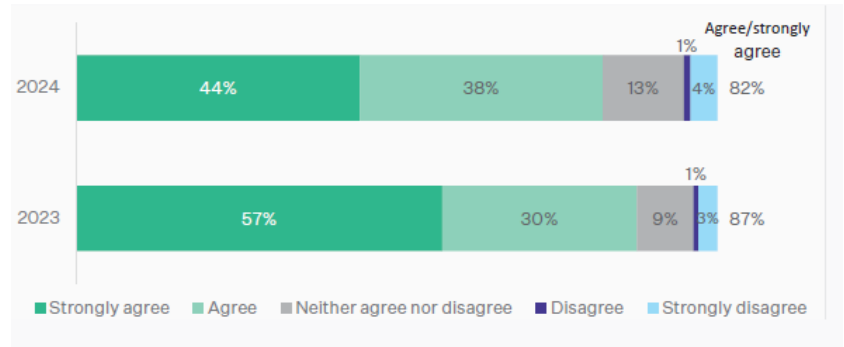
Observation: Rating reduction from Retail 50% (75%), Hospitality 70% (88%) and Tourism 70% (88%) most notable and requires further investigation especially given the work and engagements we have across CBD Group, DMP development T&V BCG etc.

11% of respondents stated they don’t know enough about us or see us often enough.

Value of VT work to the District

A good result but still a reduction to 82% (87%) which equates to 4 respondents rating us less positively this year v 2023.

Notably 5 respondents of the 95 that answered this question rated us negatively whilst a further 12/95 provided an ambivalent answer (neither agreed nor disagreed). Of these 2/5 Tourism sector respondents, Hospitality 1/9 and Professional Services 1/9 rated us negatively in this segment.

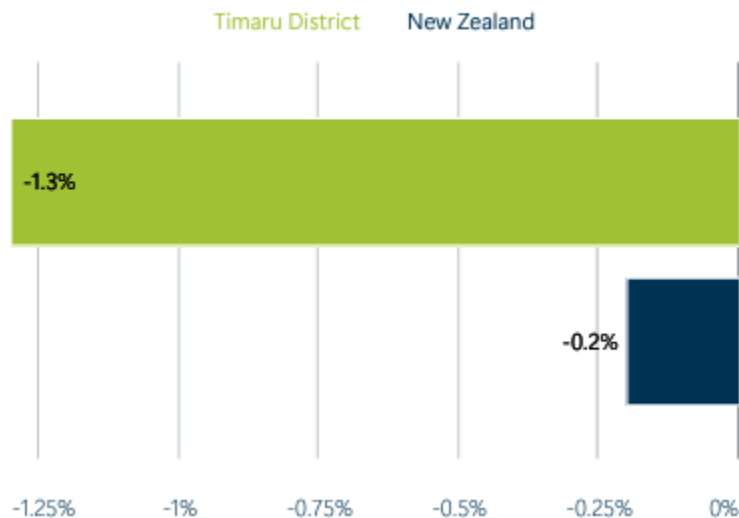


Observation – need to continue to communicate and promote the work we do ensuring wide engagement. Evidence of value provided.

Monitoring Indicators (non-financials) as per 2023/24 Statement of Intent - as at 30th June 2024

1. Gross Domestic Product – Tim Dist v NZ – source Infometrics

Figure 1. Gross domestic product growth (provisional)
 Annual average % change June 2023 - June 2024



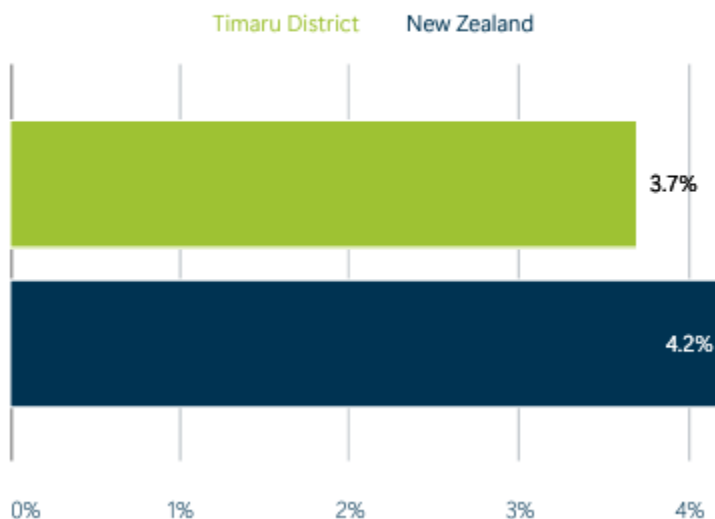
GDP in Timaru District was provisionally down 1.3% for the year to June 2024, compared to a year earlier. The decline was greater than in New Zealand (0.2%).

Provisional GDP was \$3,633 million in Timaru District for the year to June 2024 (2023 prices).

Annual GDP growth in Timaru District peaked at 7.5% in the year to June 2021.

2. Unemployment Rate – Tim Dist v NZ – source Infometrics

Figure 25. Unemployment rate
 Annual average rate to June 2024



The annual average unemployment rate in Timaru District was 3.7% in the year to June 2024, up from 2.8% in the previous 12 months.

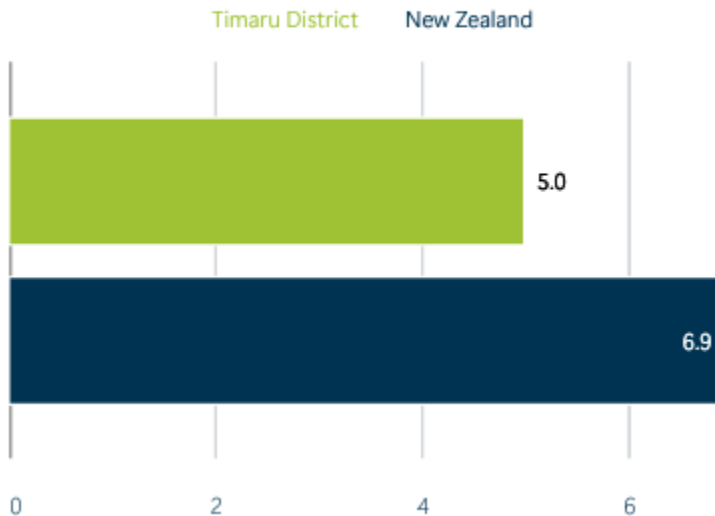
In the year to June 2024, the annual average unemployment rate in Timaru District was lower than in New Zealand (4.2%).

Over the last ten years the annual average unemployment rate in Timaru District reached a peak of 4.1% in June 2021.

3. Housing Affordability – Tim Dist v NZ – source Infometrics/Corelogic

Figure 37. Housing affordability

Ratio of house prices to household incomes, year to June 2024



For Timaru 5.0 times the average household income \$106.4K buys you the average house valued at \$532K.

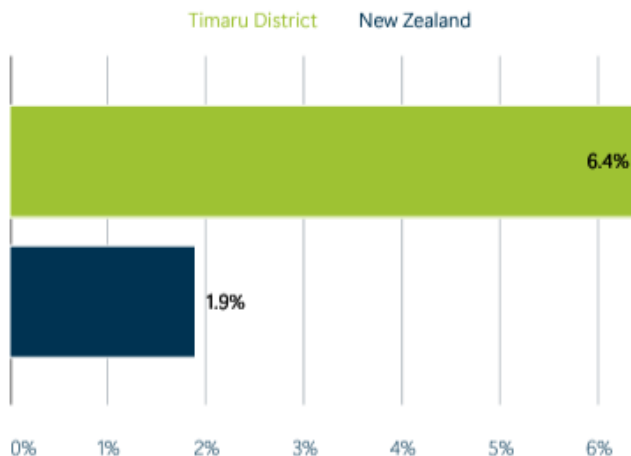
Household incomes are a better measure for housing affordability than individual incomes as it reflects the true ability of a household to afford housing. A higher ratio, therefore, suggests that average houses cost a greater multiple of typical incomes, which indicates lower housing affordability.

4. Consumer Spend – Tim Dist v NZ - source Infometrics.

Consumer spending

Figure 5. Growth in consumer spending

Annual average % change June 2023 - June 2024



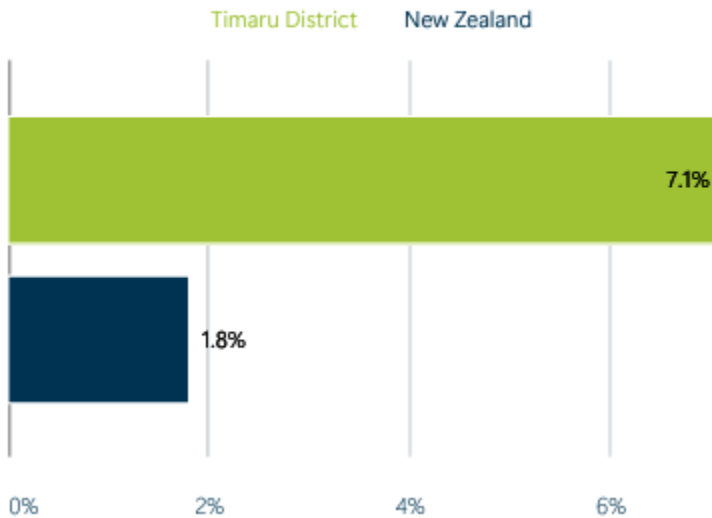
Despite challenging economic times with cost of living pressures, higher interest rates etc..., the Districts consumer spending figures remain a clear bright light.

Consumer spend in the district over the year to June 2024 increased 6.4% v a NZ wide increase of 1.9%.

5. Visitor Spend – Tim Dist v NZ - source Infometrics.

Figure 7. Tourism expenditure

Annual average % change June 2023 - June 2024



Alongside strong consumer spending levels, visitor spend has also performed strongly.

Total tourism expenditure in Timaru District increased by 7.1% in the year to June 2024, compared to a year earlier. This compares with an increase of 1.8% in New Zealand.

Total tourism expenditure was approximately \$272 million in Timaru District during the year to June 2024, which was up from \$254 million a year ago.

New Entry to Timaru Billboards



Financials

Venture Timaru Profit & Loss Statement

1 July 2023 - 30 June 2024

| | YTD ACTUAL 30/06/2024 | YTD BUDGET 30/06/2024 |
|--|--------------------------|--------------------------|
| INCOME | | |
| Economic Development Grant - TDC | \$ 720,000 | \$ 720,000 |
| Tourism Grant - TDC | \$ 395,000 | \$ 395,000 |
| MyNextMove Contract - ex MSD | \$ 147,088 | \$ 177,300 |
| Reg Apprenticeship Initiative - ex Kanoa (Provincial Development Unit) | \$ 476,200 | \$ 520,000 |
| Major Events Funding - Tourism ex TDC | \$ 245,000 | \$ 245,000 |
| Regional Events Funding - Tourism ex Central Government | \$ 15,000 | \$ 15,000 |
| Private Sector Partnership project | \$ 181,912 | \$ 195,000 |
| Other Income - ED | \$ 101,480 | \$ 81,500 |
| Other Income - Tourism | \$ 137,157 | \$ 89,657 |
| TOTAL INCOME | \$ 2,418,837 | \$ 2,438,457 |
| EXPENDITURE | | |
| Economic Development | \$ 309,947 | \$ 328,585 |
| Human Resources | \$ 345,200 | \$ 369,290 |
| Tourism | \$ 531,899 | \$ 504,627 |
| MyNextMove | \$ 136,964 | \$ 180,470 |
| Reg Apprenticeship Initiative | \$ 476,200 | \$ 520,000 |
| Major Events Funding | \$ 259,734 | \$ 245,000 |
| Regional Events Funding | \$ 15,000 | \$ 15,000 |
| Private Sector Partnership project | \$ 181,912 | \$ 195,000 |
| Special Project | \$ 37,046 | \$ 81,000 |
| TOTAL EXPENSES | \$ 2,293,902 | \$ 2,438,972 |
| Provision for taxation | \$ 35,592 | |
| OPERATING SURPLUS/(DEFICIT) | \$ 89,343 | -\$ 515 |

Draft results to year end 30 June 2024 evidence a post-tax surplus of \$89K with key variances:

Income - MyNextMove (MSD) (\$30K) v budget – timing of receipt of approved Tech Step career event funding \$24K and use of residual funds held for South Island broker Hui's both now 2024.25. Regional Apprenticeship funding (MBIE) (\$44k) v budget – purely o/a timing following the successful negotiation to retain and reallocate residual funds to support 21 new apprentices locally. Private sector Partnership (13K) v budget – residual of contracted amount to be received and expensed Q1 2024.25. Other Income ED includes interest and additional overhead contribution from extended RAI contract. Other Income Tourism includes unbudgeted SCOFF sponsorship received from neighbouring areas and "pass through" reimbursed /reallocated MBIE project funding and 2023.24 cruise season income.

Expenses – VT continues to regularly review and implement operational cost efficiencies where possible within the organisation. Resource and overhead contributions received ex MnM and RAI contracts contributed to Economic Development and Human Resource costs being below budgeted levels. Tourism expense included the aforementioned reimbursement and subsequent reallocation of MBIE project funding resulting in the budget variance. Major events funding included an additional \$14,734 that VT approved ex reserves (over Council funding \$245K), largely to assist with the very successful Kaylee Bell concert over New Year.

Venture Timaru
June 5 at 8:29 AM · 🌐

Such a great local success story - check out it out this Saturday morning.



Rural Delivery
June 4 at 12:00 PM · 🌐

In a hotly competitive market, there is a New Zealand family-owned potato chip company based at Washdyke near Timaru that has gone from strength to strength sin... [See more](#)

We Love Timaru
June 11 at 9:39 AM · 🌐

🏃‍♀️ **TRAIL OF THE WEEK** 🏃
Geraldine River Walk

Located right in the heart of Geraldine is the riverside walk, the track winds along the Waihi River. Native bush is found adjacent to Todd Park, and the Rhododendron's look amazing in the spring. This is a great track to take your dog for a walk, with dog exercise areas at either end of the track.

T... [See more](#)



Surrounded by native bush and beautiful birdsong, connect to the whenua (land) at Nga Whare Mānau 🌿 Ready to make memories?

#NZMustDo #NZBucketList
... [See more](#)

100% Pure New Zealand · Original audio



Venture Timaru

July 12 at 12:00 PM · 🌐

What housing does Timaru District need in the future?

Have your say!

We're launching a new survey to get feedback from our community about where and how you want to live in the future here.

Townhouses, inner city apartments, new builds?

Fill in the survey here:

<https://www.surveymonkey.com/r/HousingsurveyTimaru>

What housing does Timaru District need in the future?

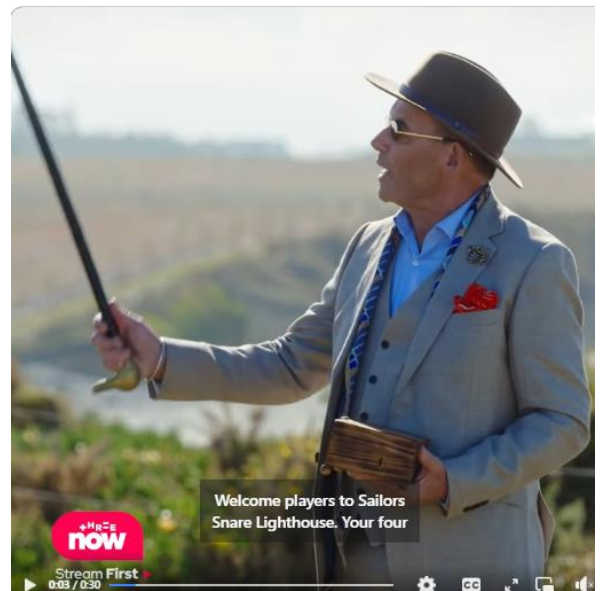
Have your say!



We Love Timaru

July 16 at 4:42 PM · 🌐

Did you see last night's episode of The Traitors NZ?
Doesn't Tuhawaiki (Jack's) Point look stunning! 🏡



Welcome players to Sailors
Snare Lighthouse. Your four

now

Stream First

0:03 / 0:30