

Timaru District Economic Development Strategy

2015-2035

Introduction

Timaru is an area of enviable lifestyle and business opportunity. Located in the centre of the South Island it is a gateway to some of New Zealand's most pristine and visited natural attractions. It is on the doorstep to the largest population centre in the South Island – Christchurch and surrounds.

Timaru District, which is the economic hub of South Canterbury, has a population of 44,000 and has a higher than average standard of living when compared to the rest of New Zealand. (The broader area of South Canterbury has a population of 54,000, and includes the Timaru, Waimate and Mackenzie Districts, between the Rangitata and Waitaki rivers.)

The elected leaders of Timaru District have expressed a strong and visionary desire to maintain, or even increase, this standard of living through stimulating and supporting sustainable business growth *over the long term*. This, they believe, will enhance and build on the lifestyle opportunities that are on offer in Timaru District leading to a much stronger (and more self-determining) future profile for the area.

This strategy has been developed in consultation with the elected members of Timaru District Council and the directors of the Aoraki Development Business and Tourism (ADBT). While many of the actions are currently underway this strategy provides a 'new direction' which pulls together these and a number of new actions all heading towards the same goal. This strategy was adopted by Timaru District Council in February 2015 and is now available for public feedback.

Notes:

1. At this stage the strategy is a framework – it is not meant to capture all underlying details and costings
2. A serious limiting factor to date is that a strategy such as this has wider implications than just Timaru District. However most of the investigation and workshops have been localised to Timaru District only. This will need addressing - particularly as one of the key areas of economic wealth for South Canterbury *outside of Timaru itself* is tourism (see tourism section later in this document). This may also require a new model for delivery than currently exists.
3. Another limiting factor is that the source economic projections are only available to 2025 whereas a strategy such as this, driving such significant change, needs to be focusing out 20 years at least.

Population and economic projections

Future population and economic predictions for Timaru District are (“based on the assumption that economic development in Timaru District is likely to be similar in the future to what it has been in the recent past” –BERL):

- population will grow to 49,000 at a rate 0.6% per year by 2035 (compared to the NZ average of 1.3% per year to 2025) and then will remain static or slowly decline (as the baby boomers pass on)
- the number of working people is expected to grow by 300 FTEs per year to 2025 (most of these are projected to be in construction, wholesale and retail, transport and warehousing)
- around 1/3 of Timaru District’s population will be over 60 by 2035
- GDP in Timaru District is expected to experience strong gains of 3.1% per annum (\$2.4 billion to \$3.4 billion) although its share of national GDP will remain at 1.1%
- the main contributors to the GDP increase will be wholesale and retail, transport and warehousing and food processing.

Almost a quarter of employment in Timaru District is in agriculture (cropping, dairy, cattle, sheep farming and in the manufacturing and support services associated with these) and food processing industries. Food product manufacturing is the single highest contributor to GDP figures at 16.5% - followed by agriculture at 7.3% and road transport at 4.5%.

Road and bridge building as well as dwelling construction will continue to grow due in part to the Christchurch rebuild but is also linked to the increase in the agriculture and food processing sectors (particularly around road freight needs).

Timaru District Holdings Ltd entered into a joint venture with Port of Tauranga last year which has opened up new opportunities for importers and exporters in the South Canterbury district through PrimePort. In addition significantly larger volumes of cargo are now being shipped through the Timaru Container Terminal which is now operated by Port of Tauranga.

In the foreseeable future there is no single, visible, planned major new industry planning to establish in Timaru District (which would generate significant additional jobs, wealth and infrastructure) to stimulate fresh growth above and beyond projections.

Therefore to gain greater share of population and economic growth above and beyond projections new ways of doing things, along with some proactive strategies, need to be applied.

Key elements of the strategy include the following elements:

- clarity about what you are aiming for and then being able to 'tell the story' about how you are going to get there (leadership and measurement)
- enhancing what already exists and deliberately identifying and chasing additional businesses, industries and government initiatives that will contribute to these gains – aligned with the goal and objectives (proactive partnerships)
- understanding the natural, geographical and lifestyle advantages that Timaru has to offer – and boasting your point of difference in a consistent manner (measurement and communication)
- providing business-friendly processes (Pure Council)
- attracting and retaining working families/young people (leadership, proactive partnerships, collaboration)
- facilitation of access to the highest quality health care and education services (connectivity, collaboration and facilitation)
- providing structurally sound infrastructure (Pure Council and partnerships)
- celebrating success -which breeds success (collaboration and communication).

The brackets refer to tactics – see later.

Goal of the economic development strategy

To enhance the lifestyle choice in Timaru District by stimulating and supporting sustainable business growth.

Objectives

1. A strong sustainable economy growing each year by 3.5%.
2. Creation of greater than 300 high quality jobs per year in areas of agriculture, manufacturing, transport, food technology and service industries such as medical and education that positively anchor workers and their families.
3. Collaboration across all sectors in Timaru District demonstrating new ways of working together, new ideas to pursue, and potential for cost-sharing of solutions.
4. A measurable positive shift in public perception regarding living in Timaru District (or surrounds).

These will be measured by:

- annual GDP figures and workforce figures
- an increase in the 'local spend' in Timaru District businesses – by residents, industry and travellers
- a steady increase in numbers of *new families and new businesses* choosing Timaru as their place to settle
- an increase in positive perceptions about Timaru District as a place to live, work and play (nationally as well as locally).

Tactics

The tactics are grouped into the following headings (noting that there is some overlap between them in practice) and that they are not sequential but concurrent.

1. Leadership
2. Proactive collaboration
3. Connectivity and facilitation
4. Pure Council
5. Measurement
6. Communication – mix of marketing and PR (which underpins all of these).

1. Leadership

Be very clear about what you are trying to achieve and communicate it well. Also be clear about what the gaps are and the steps to success.

Align the community and business leaders who need to be speaking in one voice. Make it clear this is a new direction requiring new thinking and new ways of doing things. Be bold and purposeful. Also make it clear that the success of this economic development strategy will be everyone's success.

Identify the economic ambassadors and business leaders of the future. They must be totally in tune with this strategy and able to articulate its purpose and objectives. These people should be involved in clusters and in the ignition forum. Either assign mentors or provide an aspiring leaders' forum they can be nurtured in – through Chamber, Polytech or facilitated by Council.

Decide to bring local MPs and the media into the 'leadership tent' as partners in the success of this strategy.

Have an annual 'summit' or event that brings together the community and business leaders themed around the strategy's actions to generate fresh ideas, monitor progress, swap stories and celebrate success. Import inspiring guest speakers if need be. Make this a 'must attend' event.

Summary:

- clarity of purpose
- alignment
- identification and nurturing
- local MPs and media
- annual 'summit'.

2. Proactive partnerships

Existing business clusters are reported as being successful and it is important to formally build on this success as well as to create new ones focused on the goal and objectives of the strategy. New ones will include one that is across 'all of government' and one focused primarily on an 'ignition forum'.

The central government cluster will include representatives from NZTA, MBIE, MPI, DOC, MfE, MoE and Treasury who should meet with representatives of all three councils; most of the government initiatives/opportunities will be sub-regional or regional - not

exclusively city based. This cluster need only meet once or twice to establish future government focus in the sub-region. The outcome from this will be the active exploration of possible opportunities (and threats) for Timaru as well as being a catalyst for the councils of the sub-region to work together (see next section).

An inventory of all potential assistance and partnerships for regional economic development initiatives also needs to be undertaken. This inventory can then be considered against the potential that Timaru offers and a limited number chosen to pursue. (There is likely to be much greater success with two or three initiatives than by spreading effort and investment across 10-20 different ones.)

The ignition forum will be tasked with identifying and nurturing specific future business development and growth opportunities such as with the Port, in the food technology space and within existing business enterprises. Before any 'new' enterprise is supported it must be clear how it will contribute to the overall goal and objectives.

There are examples of proactive leadership and partnership already in evidence such as Opuha Dam, McCains Foods at Washdyke, and Heartland Chips. Using these examples as case studies the ignition forum would be supported to identify similar opportunities in a forward thinking manner.

Private sector partnerships. As demonstrated through the funding success of the Caroline Bay Trust Aoraki Centre identifying other joint venture opportunities with shared public/private sector funding needs to be investigated. These could include training and development, medical/retirement/education facilities, infrastructure, environmental projects or tourism facilities.

Ngai Tahu has a commercial asset base in excess of \$800 million. The business arm of Ngai Tahu extends to fisheries, aquaculture, property, tourism, education, conservation and food processing. Ngai Tahu is a major player in the future of the South Island's economic growth. There are potentially already areas where a partnership approach would generate much greater benefits than working in isolation. This is another urgent conversation. (As a matter of interest Ngai Tahu also have existing links to the Bay of Plenty. The descendants of Whatu Māmoe came down from the North Island's east coast to claim a place for themselves in the south. Continuing the link with the east coast of the North Island, Paikea landed in the Bay of Plenty and fathered Tahu Pōtiki).

Port of Tauranga/Timaru. Create the conversation asking not what the Port can do for you but what can Timaru do for the Port. From this, and linked in with number 3 below, focus on gaps and opportunities that might lead towards new ways of doing things or can be filled by partnerships building on business clusters. It is clear that the Port is an opportunity in waiting but not clear how Timaru is going to channel this to best

advantage. Investigating a 'sister-city' relationship with Tauranga City is worth consideration as well – particularly looking into the possibilities around their approach to economic development.

Summary:

- focus existing clusters on objectives of strategy
- central government cluster
- create 'ignition forum'
- develop inventory of government assistance
- investigate joint venture opportunities
- invite partnerships with Ngai Tahu
- establish dialogue with Port
- possible 'sister-city' with Tauranga.

3. Connectivity, collaboration and facilitation

Other councils

Mackenzie District Council, Waimate District Council, Environment Canterbury and including – possibly – Tauranga City Council. The immediate need is to have the conversation with neighbouring councils on this strategy – seeking their input and endorsement. Of particular note is the need to review the focus on tourism - this is covered later in this paper. [clearly their willingness to participate/partner needs to be ascertained which will add an entirely new dimension to the process]

All three councils' 30 year infrastructure strategies are currently being developed for the 2015/25 Long Term Plan. Even if it is too late to add in major infrastructure projects now it is not too late to signal that Timaru's 'economic development strategy' is seeking joined-up thinking about potential infrastructure benefitting the entire South Canterbury area and that this will be consulted on this year. The question to ask is: over the next 20 years what 'nice-to-haves' would contribute to greater economic and/or lifestyle growth and if we could secure them are PPPs an option worth exploring to fund them? This is clearly a conversation for all three councils to have.

The initiatives outside of the Port that could be made with Tauranga City include 'sister business clusters' focused on food technology, manufacturing, transport/freight logistics and the retirement industry.

Tertiary

There are already initiatives underway at the Aoraki Polytech that will strengthen this strategy – Rural Professional Development Hub, Aoraki Education partners, Primary Industry Programmes – truck driver training. Identification of new programmes or qualifications linked to creation of high quality jobs in areas of agriculture, manufacturing and food technology should be undertaken. These may take two to three years to get up and running but will add significantly to the attractiveness of this area as a training destination.

It would be particularly pleasing (and effective) to see Timaru reposition itself as a major centre of excellence in food product manufacturing. Tertiary qualifications could be enhanced (or incentivised) that support this and apprenticeships/cadetships/internships offered by the food technology business cluster.

These in turn would be used to attract new food technology businesses to be based in Timaru or to relocate there.

There are a limited number of scholarships currently available at the Polytech for students leaving high school. Explore other opportunities for 'high-end' scholarships that will attract new young families – alongside development of apprenticeships and employment opportunities in 'new' or developing businesses. These scholarships can be funded jointly by private sector and potentially an endowment fund set up to have ongoing funding established.

South Canterbury District Health Board (SCDHB)

The Bidwill Trust Hospital and Timaru Hospital have a wide range of initiatives based around health where there may be opportunities for 'health clustering' to occur. With the prospect of the population getting older clearly the SCDHB is gearing up to provide services that are increasingly targeted at this population bubble. The Council also has a range of activities that contribute to public health and having a more 'liveable' community. With the lifestyle on offer in South Canterbury this could become the 'Bay of Plenty of the South' (to rival Nelson and Marlborough) if a decision was made to smooth the path for active retirees to settle there.

Attendance at national and international business fairs and employment expos is where specific marketing is undertaken to attract new working families based on all that Timaru has to offer (assuming there are high quality jobs being created out of the proactive partnerships).

Ultrafast broadband will be up and running by 2016.

Summary:

- other councils
- new qualifications and training opportunities
- scholarships
- Timaru as a centre of 'food technology excellence'
- active retirees looking for safe, sustainable lifestyle in the centre of the South Island
- business fairs/employment expos
- ultrafast broadband.

4. Pure Council

Pure Council actions are those expressed in the existing Long Term Plan – all of which in some way contribute to the lifestyle and business opportunities of Timaru. These are not canvassed in detail here.

However there are two additional actions that are considered essential for this strategy to be realised.

Channelling the Council's processes for business development – consents, advice, planning – through one point of contact. This person would also be the connection person for the government and ignition forum clusters. Many councils have a liaison person who is not just a 'processor' but also a facilitator who can make the right connections. (This role could possibly be shared across the three councils.)

Infrastructure Strategy – this needs to be developed with the other councils in the sub-region focusing on where investment and savings can be made in core infrastructure by either 'spatial planning' methods (which minimises 'doubling up' on core and lifestyle infrastructure) and joint purchasing agreements.

One 'district plan' developed for all three councils - along with other 'spatial' planning documents.

Summary:

- business facilitator
- infrastructure
- district plan.

5. Measurement

You have to know where you're going to know if you got there or not... Create benchmarks now that will provide the point from which all future measurements will be made. The following are the minimum and must be agreed by all partners that they will form the basis of this Strategy.

1. GDP
2. Workforce figures
3. Census
 - population
 - households
 - occupation
 - length of residence
 - annual income
 - education level.
4. Annual local 'spend' – residents, business/industry, travellers [define 'local' and define 'spend']
5. Public perception survey – not of the Council but of the area. This needs to be external as well as local.

Suggest this is commissioned through an external service provider. Will probably cost up to \$12,000 to get suitably credible benchmarks but repeating it will be less (suggest annually).

6. Communication

Branding the strategy so it is easy for everyone to speak about and understand and can be used to frame every conversation and all communication/marketing material. DO NOT call it an 'economic development strategy' but examples such as:

“Growing Timaru”

“A strong, affordable community – Timaru 2035”

“People and Prosperity”

The fact it is an economic development strategy can be the byline (underneath the title).

All marketing for Timaru should be aligned with this economic development strategy. This includes council, tertiary, health, business, tourism and so on. It doesn't mean they all need to look exactly the same but that they should market their 'products' using the common brand where they line up with economic development goals.

District entrance enhancements – yes but this will be much more successful as a collaborative effort with partnering councils. In effect you may want to rename the entire sub-region “Aoraki” as if the council boundaries did not exist (noting that this may take some considerable time and effort to achieve).

Celebrate success not just with Business Awards but consider other ways the Council can celebrate achievement of targets established in the objectives of the strategy.

Develop a marketing campaign aimed at ex-pats and potential employees to bring people back – as long as new business opportunities are created. (This is not needed until years 5-10.)

The best way to re-position Timaru in the minds of people is to have common understanding about what you want that new position to be and then to align everything the Council and players in the City/District does towards that. The creation of the ‘lifestyle’ and social infrastructure is already there. Now the economy needs to be booming and growing faster than other centres (so this can be a key ‘fact’ in the narrative that will generate more and more success). Re-positioning the City/District can’t happen unless there is truth in the proposition.

Alternative funding streams for economic development

The following are new or revised funding opportunities that can be explored for new or updated economic development activities. It is recommended that a small working party be established specifically to focus on investigation of the following options – including reviewing what other councils are doing in this space. The working party should be required to report back within 6-8 weeks.

- PPPs
- Endowment funding
- More focused government funding
- Saving money by being more efficient with current spend eg where can co-location of facilities save money eg for information centres and libraries.

*Tourism

Unless tourism is going to be selected as a major 'new' contributor to economic growth in Timaru District it does not yet form a significant part of this strategy. That is not to say tourism is not important in the wider Aoraki area but that for Timaru District it is not a current nor potential feature of economic wealth.

The benefits that the Timaru District should focus on in tourism are **to enable the travelling tourist to experience a highly customer focused transition to the actual tourist destinations** they are choosing to go to. That does not mean that there are no benefits to be had from the experiences and attractions that Timaru has to offer, it just means that investing further in them as destinations at the expense of other services, may not be the best bang for buck.

Next steps

The keys to economic prosperity for Timaru, to achieve the goal and objectives outlined, will be leadership, collaboration and partnerships. There are numerous levers that can be pulled to make considerable change in the economic forecast for the sub-region but very few of these are able to be effective without the support and buy-in from neighbouring councils and leaders in all sectors of the community.

This paper provides the framework for discussion and some ideas that require consideration by all parties and further development by the Council and ADBT.

The paper does not presuppose changes in the *structure* of delivery of 'economic development' but does presuppose changes in *what is* delivered and *the way* things are delivered. [And notes that these are significant changes.]

Next steps are to review this paper and provide feedback. In particular there is an urgent need for agreement (or not) on the extent to which this becomes a three-council discussion or a singular council proposal.

Timeframes will then need to be considered and costings for all this work brought together into a cohesive whole merging the actions in this strategy with those in the Long Term Plan/s.