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## **South Taranaki – What Makes it Unique**

The South Taranaki District covers 361,834 hectares on the west coast of the North Island of New Zealand, from Waitotara in the south to the Stony River in the north and east to the Matemateonga Range. In 2006 the district had a population of 26,487, a slight drop from 27,537 in 2001. South Taranaki ranks 40th in population numbers out of the 74 New Zealand territorial authorities but with only one resident per 13 hectares, its population density ranks alongside some of the more sparsely populated districts of the South Island and East Coast. It is one of three territorial authorities and one regional council that together provide local governance for the Taranaki region.

South Taranaki's relative isolation and the wide geographic spread of its communities presents a number of economic development challenges.

### **History**

Farming, particularly dairying, has formed the basis of the South Taranaki economy since the late 1800s. The district's temperate climate and fertile soils make it one of the world's most productive dairying areas.

The dairy industry underwent considerable change during the 20th century. In 1949, Taranaki dairy factory numbers peaked at approximately 112 in Taranaki, with more than half located in South Taranaki. By 1983, the number of factories in the district had been reduced to three as a result of factory amalgamation and other changes such as the introduction of tanker milk collection.

These dairy factory closures, coupled with the closure of the Patea Freezing Works, were the catalyst for population decline and brought huge changes to the social structure of rural communities. A relative decline in retail and services was inevitable and these losses peaked in the 1990s as the Government began to form State Owned Enterprises (SOEs) out of New Zealand's utilities. The ensuing process of centralisation led to rural towns losing key services such as post offices, police stations, hospitals and railway services. Some school closures followed.

### **Location**

South Taranaki's rural location and geographically dispersed population has a major influence on the ability to maintain population numbers and attract the skilled workers required for economic growth. Because population is widely dispersed throughout a number of rural communities, the level of services, education, sports, cultural and recreational facilities that people from larger centres have come to expect are often not sustainable within South Taranaki.

The district's location, within easy driving distance of the provincial city of New Plymouth, and with a growing reputation as a good place to live and visit, has advantages and disadvantages. As the appeal of New Plymouth as the regional centre grows, South Taranaki is losing residents who are choosing to live in North Taranaki and travel to work in the south, or relocate altogether. However, industry leaders advise that without the proximity of the cultural environment offered in New Plymouth, they would be unable to attract the senior management and highly skilled staff they need to operate effectively.

## **Overview of the Economy**

The Taranaki region is essentially a rural-based economy that relies heavily on the agriculture industry. In 2006 there were 1,906 people employed in the agricultural and servicing sectors, excluding farm owners. Interwoven with agriculture, the region's main economic driver is the manufacturing sector. This is a significant employer in Taranaki, accounting for about 13.57% of the workforce in North Taranaki and 42% in South Taranaki. While the manufacturing sector in North Taranaki is spread over a wide range of products, in South Taranaki 75% of these workers are processing dairy or meat products.

Taranaki is also strategically important to the national economy for its oil and gas production. The biggest direct impacts for the district economy occurred in the late 1960s and 1970s during the construction of major oil and gas processing plants at Kapuni and Oaonui on the South Taranaki coast. Since then, pipeline construction and further exploratory work have had periodic impacts. Both the dairy and energy sectors provide short, intense periods of employment for large numbers of engineering and support workers during construction periods and maintenance shutdowns.

South Taranaki's strong engineering base has grown from years of servicing the local dairy, meat and petrochemical industries. However, it has been subject to fluctuations as a result of the various expansion and maintenance requirements of these industries. The recruitment difficulties experienced during these periods are now being compounded by high employment levels and the impact of international competition for skilled workers. Similarly, industries with seasonal labour requirements are experiencing increasing difficulty attracting staff. Skills shortages are being experienced across all sectors and have emerged as a major impediment to economic growth locally, regionally and nationally.

Larger industries in South Taranaki are more likely to be influenced by global market forces which are outside the influence of this strategy. However, the Council does need to be aware of the risks involved in an economy supported by such a high percentage of large industries. Nationally plant closures are increasing as manufacturing operations relocate to Asia to reduce costs and remain competitive in the global market. While the district has not lost any large businesses, at least one company has relocated part of its operation to Asia, as have some major suppliers to local industries. Venture Taranaki, the regional economic development agency, has advised that in this period of high employment and exchange rates it would be wise to focus on a retention rather than a growth strategy.

At a district level, it may be more appropriate to focus on the areas of the economy which have less direct economic benefit, but whose indirect impacts have implications for all areas of the business sector and for communities themselves.

The retail, visitor and cultural sectors add value to communities far beyond the income they generate. These sectors are a major factor influencing the ability of industries, health and education services to attract and retain staff. The cultural, social and retail attractions of New Plymouth, combined with rising transport costs, are severely impacting on South Taranaki's ability to retain its labour force.

## **Climate Change**

Whether one is convinced that climate change is a reality or not, the impacts of legislation designed to respond to international concerns about climate change cannot be ignored. The implications for the economy and the delivery of Council services are significant. Examples are proposed changes to insulation requirements in new homes expected to be introduced in November 2007 and proposed legislation requiring a percentage of transport fuels to be bio-fuels. Even if this legislation requires only a 2.5% bio-fuel contribution, this would make the construction of bio-fuels plants a viable option and open up the potential for a new industry in South Taranaki.

## **Communication**

Throughout the research and consultation process for this strategy a consistent message was received from business leaders, iwi and both regional and national economic development professionals.

The professional sector identified one of the key issues for the effective delivery of economic development activities as communicating the reasons for what we are doing and the benefits. If the community can see the connections between district and regional objectives and their own local vision and initiatives, buy-in is more likely to occur. It is important to raise overall awareness of the economic benefits of funding infrastructure and facilities, and the positive impacts of good environmental policies on the economy, because if ratepayers cannot see what they are getting for their investment they are not likely to support it.

District stakeholders believe that being seen as an innovative and exciting place to live will help market South Taranaki to new residents and help generate a sense of pride and ownership which may encourage young people to stay or to return. Key messages are:

- Celebrate our successes and communicate those success stories both inside and outside the district;
- Generate a sense of ownership and pride in our district;
- Communicate the benefits of economic development activities;
- Advocate for the needs of our economic stakeholders.

There is a need for both the Council and the community to be informed about the actual and potential impacts of the global economy. The Economic Forum mooted in this strategy could play a key part in helping achieve that in the long term.

In summary, because the Council is not directly involved in business it can only be a partner in economic development. Therefore, the Council must demonstrate united support from stakeholders for district and regional initiatives, showing that the local business community is involved and working in partnership with the regional economic development agency to address major issues.

# Delivery of Economic Development Services

## National

The Ministry of Economic Development is responsible for determining the direction for economic development and is developing a new framework for regional policy.

While details have yet to be finalised, the Ministry intends to reshape the existing Major Regional Initiatives fund (MRI) as the Enterprising Partnerships Fund. Unlike the MRI fund, this new fund will be contestable with funding decisions to be made by Cabinet. Projects to be funded will be selected based on their merits relative to other projects and their ability to contribute to both regional and national economic outcomes. The time frames for introduction of this policy have yet to be determined. The immediate priority is to make a transition from the existing 26 economic regions to about 14, based broadly around regional council boundaries. Taranaki's existing economic region is already aligned with the regional council boundary and will not be affected.

Similarly, the existing focus of Venture Taranaki aligns with the Government's goal for the new regional economic development framework, which is *"Improving the quality of the regional business environment to support the development, attraction and retention of globally competitive firms."*

The Ministry has indicated it will provide funding up to \$750,000 for the development of a Regional Economic Development Strategy.

The new approach recognises that while central government can influence a number of productivity drivers at the national level, some issues affecting firm productivity can only be addressed at the regional level. Similarly, local government plays a key role in influencing the regional business environment through activities such as funding infrastructure, urban planning, regulatory functions and regional marketing. The new approach also recognises that, like central government, local government is unable to influence all of the necessary productivity drivers and must balance the achievement of economic outcomes with other outcomes sought by its communities.

## Regional Economic Development

Venture Taranaki is the regional development agency for Taranaki, with priorities to provide a strategic and focused approach to regional economic development and tourism promotion.

Venture Taranaki drives and facilitates the creation of economic wealth for Taranaki and beyond. The organisation boasts independent teams working together in tourism, economic development, events, film and major projects to make Taranaki a prosperous region like no other.

Venture Taranaki works across a broad range of sectors. Funded by the councils of the New Plymouth district, Stratford district, South Taranaki district and other entities, the organisation's economic development arm includes within its responsibilities:

- Business assistance, including [www.taranakijobsnz.com](http://www.taranakijobsnz.com)
- Training and workshops, including Enterprise Training Programme
- High growth business support
- Business start-up support
- Māori business development
- Business grants facilitation
- Business mentoring
- National advocacy

- Clusters and sector projects
- Projects and feasibility studies
- Exporters Forum
- Research and market intelligence

In July 2004 South Taranaki District Council (STDC) entered into a partnership with the New Plymouth District Council and Stratford District Council to contract its regional tourism service to Venture Taranaki. Venture Taranaki has since developed and implemented a five year Regional Tourism Strategy to 2010 which is supported by STDC.

### **District Economic Development**

As Venture Taranaki's role involves interaction at a national and district level, the member councils' role provides an interface with the regional agency through contracted services and joint projects and with the local business sector and communities.

In recognition of Venture Taranaki's regional role this strategy acknowledges, but does not focus on, national and international impacts. This reflects the limitations of the member district councils' role.

The completion of South Taranaki District Council's District Economic Development Strategy is timely in that it will assist the Council to have informed input into the new Regional Economic Development Strategy to be developed as a part of the Ministry of Economic Development's new framework for regional policy.

### **Summary of South Taranaki's Economic Development Strategic Goals:**

1. To minimize barriers to responsible industrial development.
2. To develop attractions, product and facilities to maximize the use of our unique coastal environment by visitors and residents.
3. Hawera central business district offers an attractive retail, social and cultural centre which appeals to retailers, customers and visitors.
4. To work proactively with regional and district stakeholders to support activities which increase workforce productivity and raise the capacity of all people to play a full and active role in our social, cultural and economic life.
5. District and Community Action Plans are developed to complement the Regional Tourism Strategy, Regional Skills Strategy and support local tourism and retail clusters.
6. To facilitate business development which aligns with the Community Outcomes.
7. To respond quickly and effectively to new opportunities for responsible development.
8. To provide opportunities for knowledge sharing, networking and capacity building.
9. To increase levels of service of diversification and niche market development in the primary sector.
10. To assist the engineering sector to obtain a greater percentage of local and export contracts.
11. To work in partnership with Future Taranaki to develop and implement a regional strategy to meet our long term skill and labour needs.
12. Raise the profile of district and region to encourage inward migration of skilled and creative people.
13. Our retail and visitor sectors have the knowledge, skills and capacity to meet the expectations of their markets.

# The Strategy and Action Plan

South Taranaki's District Economic Development Strategy is presented in four parts, aligned to the four distinct roles of the Council in relation to economic development:

1. Foundation
2. Social Responsibility
3. Partnerships
4. Leadership and Marketing

Each part contains:

## **A Definition of the Role**

A definition of each role and how those functions contribute to economic development.

## **Community Outcomes**

The Community Outcomes to which each role contributes.

## **Current Actions**

A summary of the activities and actions through which the Council currently contributes to economic development as a part of that role.

## **Summary of Key Issues and Opportunities**

The issues and opportunities identified through the research which could be addressed through each role.

## **Strategic Goals and Action Plan**

Tables outlining strategic goals and actions to address issues or take advantage of those opportunities.

The action plans included in the strategy are designed to complement rather than replace the existing activities of the Council.

# **ACTION PLAN PART 1**

## **Foundation – Council’s Core Business**

### **The Foundation Role**

The Council has some core responsibilities which, while generally viewed in terms of meeting the needs of residents (or individual ratepayers), form the basic building blocks of economic growth. These include provision of infrastructure and facilities and delivery of regulatory services such as environmental planning, licensing and consents.

### **Provision of Infrastructure**

Provision of infrastructure, including the roading network, water supply, wastewater and solid waste disposal, are core services. Future planning for these services has not been covered in detail in this strategy as the long term infrastructural needs of the district have already been considered in depth through the Long Term Council Community Plan (LTCCP) process and the Council has made significant commitments to address these.

### **Visitor Facilities**

This is another layer of infrastructure, but it is one which tends to be allowed to become run down for the very reasons that our other infrastructure is not. Roads, water and waste disposal are services which are used by all residents and any drop in service levels is quickly raised by users. However, the condition of visitor facilities is not generally noted by local residents and, lacking obvious impact on the ratepayers, these facilities are often a low priority for expenditure.

### **Environmental Planning**

The Council is responsible for environmental planning and the development and review of the District Plan with the intention of guiding and supporting responsible development.

### **Licensing and Consents**

As with environmental planning, the role of the Council in administering licenses and consents is, to a large extent, determined by central government. However, the Council does have a role in interpreting that legislation and creating a culture of supporting development which can have an enormous impact on the district’s economic environment.

## Community Outcomes

### Community Outcomes

**The foundation role of Council in relation to economic development is guided by, and contributes to achieving the following Community Outcomes:**

The need for economic development is balanced with environmental sustainability.

Existing large industries are retained and responsive to the needs and aspirations of the community.

Our economic environment encourages diversification and development of small environmentally sustainable and locally owned businesses which enhance the lifestyle of the community.

Our economy portrays innovation, sustainability and excellence, and projects an image that appeals to business markets, residents and visitors.

## Current Actions

### 1. Infrastructure

**Planned upgrades to water and wastewater infrastructure are in progress.**

As previously stated, these planned upgrades to water and waste water infrastructure have been covered in detail in the Long Term Plan and are not discussed in depth in this strategy.

#### **Camping and Visitor Facilities**

The Council owns six motorcamps, most of which are in prime coastal locations. A new ablutions block was constructed in 2005 at the Opunake Beach Camp and plans are in progress to relocate the Hawera Motorcamp from its current site adjoining King Edward Park to a larger site.

In September 2003 the Council adopted a strategy to install a network of seven campervan effluent dump stations in partnership with the New Zealand Motor Caravan Association.

### 2. Environmental Responsibility

The South Taranaki District Council encourages **responsible development** through its environmental functions. The Long Term Plan states that *we will aim to reduce impediments to those people who want to responsibly develop land, buildings or businesses*. Our message is: *If you want to do it right, we'll make it as easy as possible for you*.

The Council actively promotes the **use of positive language** around resource management, building control and licensing. It recognises that language can be an impediment (for example, terms such as *regulatory* conjure images of enforcement). Our pamphlets and forms have had *plain English* review.

## **Environmental Services: Specific Measures to Support Business**

The Council's Environmental Services group has developed specific measures to support business including:

- **Free pre-application advice** for resource consents, including free reviews of draft applications.
- **Key players meetings** for larger consent or licence applications where the inspections process is complex and potentially lengthy.
- **Money-back guarantees** for resource consents that are not processed within the Council's own deadlines

During 2007 the District Plan is being with the objective of reducing policy and rule impediments to responsible development.

In line with the its desire to reduce impediments to development, the Council has recommended that Development Contributions to the funding of capital expenditure will not be charged on building consents, resource consents or connections to Council services.

The Council will instead include robust Financial Contributions provisions in the District Plan, allowing for developers to make reasonable contributions to costs without preventing more marginal projects from proceeding.

## **Summary of Key Issues and Opportunities**

### **Industrial Land**

A shortage of suitable land for industrial development has been identified by a number of sectors.

During preparation of this strategy, several engineering companies identified a shortage of industrial land to accommodate expansion as an issue. Of particular concern was finding locations where resource consents relating to noise and 24-hour operations would not be a problem. The lack of high quality industrial developments with serviced sites was also noted. Some company leaders compared sites available in South Taranaki with the quality serviced sites available in other areas. This feedback, combined with the level of uptake of developed sites in comparable areas, indicates purchasers are prepared to pay for the advantages of attractive sites with kerb and channel, adequate stormwater planning, electrical and water/wastewater services appropriate to their need and the minimisation of resource consent issues.

**The largest industries** identified issues that are currently impacting on their existing operation or expansion plans. These were:

- Proximity to a suitable power supply
- Proximity to labour pool
- Proximity to rail and storage facilities

These factors should be considered in the identification of suitable industrial land for future needs.

In view of the identified risks of losing any major industry, it is also important that consideration be given to the expansion, storage and related service needs of large industry and the potential for any development related to diversification.

## **Consents**

New legislation, industry guarantees and related increases in inspection requirements to achieve compliance are increasing the workload of both trades sector and Council staff.

## **Camping and Visitor Facilities**

Visitor surveys by Venture Taranaki indicate a growing level of dissatisfaction with the standard of Taranaki camping grounds and particularly the lack of cabin accommodation. The South Taranaki District Council owns six motorcamps, most of which are in prime coastal locations. While it would be foolish to rush out and build cabins in these camps on the basis of these surveys, a review of existing facilities and the development of a strategy to bring selected camping grounds up to an appropriate (or Qualmark) standard should be considered.

The changing needs resulting from coastal development, such as the artificial reef being built at Opunake, the repair of the Patea River moles and coastal walkway development should also be considered at this time.

## **Infrastructure and Services**

A number of larger industries expressed concerns about water supply and wastewater disposal. All of these companies are investing in storage facilities or developing environmentally friendly processes to reduce consumption or waste. While work is in progress to address the supply and service issues, this situation does raise an anomaly for Council. Incentives involving the subsidised provision of services or infrastructure are currently offered to new businesses through a large business incentive package.

The reliability of energy supply is also a growing issue for farmers, with an increasing number experiencing extended power cuts due to storm damage or perceived lack of line maintenance. As a result a number of farmers are purchasing their own generators. There are also concerns about changes expected to take effect by 2013 which will remove the legal requirements for power companies to supply remote areas.

## **Transport**

The variety of destinations for container shipping is currently limited to those visited by Maersk, the only container shipping line currently servicing Port Taranaki. While this is an infrastructure issue, any action by the Council would take place as a part of its leadership and advocacy role.

## **Cultural Tourism**

Māori capacity to participate in tourism development through marae based tourism is in some cases restricted by limited access to potable water. Individual marae will be supported to address water supply issues through a new partnership between the Council, Te Puni Kokiri and iwi to engage a marae development officer.

## Foundation Strategic Goal and Action Plan

**1. Strategic Goal:** To minimise barriers to responsible industrial development.

Objective	Actions	Timeline	Resources	Measures
To ensure the provision of suitable industrial sites to accommodate new business and expansion until 2020.	Industrial Land Supply Study to include: <ul style="list-style-type: none"> <li>• Criteria to assess the need for more industrial zoning;</li> <li>• Land use survey;</li> <li>• Activities on industrial land;</li> <li>• Industrial activities in other zones;</li> <li>• Industrial development rates and trends; and</li> <li>• Anecdotal evidence.</li> </ul>	June 2007	Funding for consultant.	<ul style="list-style-type: none"> <li>• Loss of new business opportunities.</li> <li>• Relocations of existing businesses.</li> <li>• Industry feedback (economic development forum and Business Advisor reports).</li> <li>• Feedback from Real Estate Agents.</li> <li>• Non compliance rates for industrial resource consents.</li> </ul>
	Council to consider provision for capital funding to contribute to the development of a dedicated industrial site is included in the 2008 Ten Year Plan.	May 2008	Subject to Council decision.	
To reduce impediments to responsible development through planning processes.	Streamline processes to encourage responsible development through the review of the District Plan.	In medium term	Staff resources.	<ul style="list-style-type: none"> <li>• Feedback from applicants.</li> <li>• % Timeframes met.</li> </ul>

**2. Strategic Goal:** To develop attractions, product and facilities to maximise the use of our unique coastal environment by visitors and residents.

Objective	Actions	Timeline	Resources	Measures
Develop and implement a programme to upgrade coastal camping and visitor facilities.	Complete cost/benefit study for upgrading Council motor camps and visitor facilities including: <ul style="list-style-type: none"> <li>• Toilet facilities; and</li> <li>• Opunake Northern Headland.</li> </ul>	April 2008	Staff resources.	<ul style="list-style-type: none"> <li>• Use levels of motor camps.</li> <li>• Visitor surveys.</li> <li>• Associated private development.</li> </ul>
	Council to consider provision for capital expenditure to implement coastal facility development programme.	June 2008	Subject to Council decision.	
	Council to consider provision for capital expenditure to implement Stage 2 of the Coastal Walkway development.	June 2008	Subject to Council decision.	

**3. Strategic Goal (part 2):** Hawera central business district offers an attractive retail, social and cultural centre which appeals to retailers, customers and visitors.

Objective	Actions	Timeline	Resources	Measures
Council and stakeholders work co-operatively to develop and maintain an attractive and functional retail environment.	Council to consider provision for capital expenditure to develop and maintain assets in the Hawera central business district.	April 2009	Subject to Council decision.	<ul style="list-style-type: none"> <li>• Feedback from customers and retail sector.</li> <li>• Customer surveys.</li> </ul>

## **ACTION PLAN PART 2**

### **Social Responsibility**

#### **Social Role of Council**

The Local Government Act (LGA) 2002 places a responsibility on the Council to identify the outcomes communities wish for themselves and to consider these in its decision making. In the case of Economic Development, district communities have provided clear guidelines on how they would like their social and cultural needs considered in relation to economic development.

Technically, most of what the Council does in this area involves working with partners or in an advocacy role, but the way it does things is a lot different to working with the business sector and the goals are quite different.

#### **Current Situation**

The cyclical nature of the economy has periodically had negative impacts on South Taranaki communities, particularly for those families in lower income brackets. There is now a strong focus on adding value to the primary and engineering sectors in an effort to level out these highs and lows and create a more stable economy.

However, this direction carries its own risks, with increasing skill and education requirements for workers and the potential for a widening gap between those who are able to benefit from the district's economic growth and those who cannot. To avoid exchanging one problem for another, the issues of education and training should be addressed in parallel to research and development.

#### **Community Outcomes**

##### **Community Outcomes**

**The social role of the Council in relation to economic development is guided by, and contributes to achieving the following Community Outcomes:**

Education and training are accessible and everyone has the opportunity to participate in our economic growth.

Our economic environment encourages diversification of small environmentally sustainable and locally owned businesses which enhance the lifestyle of the community.

All residents are able to access the health services, education and information they want.

## **Current Actions**

The Council undertakes several activities which contribute to building the capacity of the workforce and addressing skills shortages:

The Council is a member of Education Taranaki, which has a research and advocacy role in the education sector and undertakes projects which enhance the quality, relevance of and participation in, education and training.

The Council is a funding partner with Education Taranaki in the Taranaki Careers website [www.taranakicareers.co.nz](http://www.taranakicareers.co.nz). This website is designed to:

- Focus on areas of skill shortage in the region.
- Provide comprehensive information on scholarships available to Taranaki students.
- Inform young people of local career opportunities.

The Council takes a leading role in the South Taranaki Biennial Skills Expo in partnership with CApENZ (Centre of Applied Engineering), education providers and industry.

The Council employs a Youth Development Facilitator through a contract with the Ministry of Youth Development to deliver outcomes related to education, training and employment.

The Council has supported the establishment of a Youth Transitions Service in South Taranaki and is represented on the Regional Reference Group for this service facilitated by the Ministry of Social Development.

## **Summary of Issues and Opportunities**

### **Skill Shortages**

Skill shortages are being experienced across all sectors in South Taranaki and employer surveys nationally indicate skill shortages are now the foremost impediment to business growth. These shortages are due to a number of factors including:

- Aging population
- Failure to train a replacement generation of skilled labour
- Increasing international competition for skilled people.

The enormity of this issue has been acknowledged by Future Taranaki, a group of regional lead agencies including representation from each of Taranaki's four district and regional councils. Future Taranaki has developed an action plan for a regional skills strategy and the actions proposed as part of our district strategy are aligned to support this regional initiative.

A number of specific concerns with social links relating to shortages were raised during preparation of this strategy by employers and stakeholders in South Taranaki.

### **Increasing Skill Requirements**

As increasing use of technology raises the skill requirements to gain meaningful employment, the high percentage of the district's workforce with no formal qualifications is a concern. The high percentage of students leaving school with no qualifications can only compound this problem.

More young people are benefiting from current high employment levels and entering the workforce at a young age. Many of these entry level jobs may have lower skill requirements but also have lower pay, so it is particularly important that young people are encouraged to

participate in continuing education and training to achieve their full potential and improve their chances of remaining employed through any future economic downturn.

Aging workforce is an issue for all sectors, but the risk is much greater for larger manufacturers which tend to employ shift workers. Older workers, particularly those who have worked in highly skilled and well paid positions for many years, are financially able to choose semi retirement and/or more lifestyle friendly occupations.

### **Māori Capacity to Obtain Skilled Employment**

The stark biculturalism of South Taranaki is apparent and, with higher birth rates than the European population combined with increasing life expectancy, Māori will form a much higher percentage of the South Taranaki workforce of the future. This raises corresponding issues, with Māori currently over represented in unemployment statistics and lower skilled sectors of the workforce. Māori students must be encouraged to set higher goals and obtain more skilled and better paid employment.

### **Lack of Interest in Trades**

Recent reluctance of parents and schools to promote trades as an attractive career choice has been an ongoing problem for the construction sector, though there are indications of positive change. Sector representatives also identified a trend for young people to be less committed to long term careers.

### **Difficulty Attracting Seasonal Staff**

The last two years have seen a large drop in applicants for seasonal positions and this change has serious impacts, both for the companies involved and for new employees entering the workforce after long periods of unemployment.

### **Limited Capacity of Existing Labour Pool**

As the pool of available workers reduces, employers are forced to engage increasing numbers of new staff who are not adequately prepared for the workplace. One company has reported it now spends \$2,000 to \$3,000 training each new employee to prepare them for work on the factory floor. Increases in spending on employee assistance programmes are also reported. Much of this expenditure is related to budget advice as families make the transition from a stable benefit income to dealing with weekly fluctuations and budgeting for gaps in income when lay-offs occur.

### **Need to Support At-Risk Youth to Achieve Meaningful Employment**

Despite low numbers of young people registered with Work and Income New Zealand, there will be a number of young people who do not register until they become eligible for the unemployment benefit at 18 years. The age group from 15 to 17 is therefore particularly at risk. The Youth Transitions Service opened in Hawera in October 2006 to assist at-risk young people in the 15-17 year age group who are not actively engaged in education or employment. Six months later, in April 2007, the service had 76 young people from South and Central Taranaki registered for assistance. At least 60 of these were not registered with Work and Income New Zealand.

Current high levels of employment provide a unique opportunity to assist at risk young people, who may otherwise become long term beneficiaries, to achieve meaningful employment and benefit from the district's economic growth.

### **Reducing Participation in Tertiary Education**

The low number of students going on to full time tertiary study, coupled with high employment numbers, raises viability issues for tertiary education and training providers in Taranaki. There is a growing trend toward part time rather than full time study and anecdotal evidence indicates Western Institute of Technology at Taranaki (WITT) now needs six

enrolled students to make one full time equivalent, with corresponding increases in administration costs. The risk of losing the regional polytechnic is a significant issue.

With high employment the incentive to take on full time study is diminished, though the need for skilled staff is increasing. Maintaining skill levels in this environment will require a commitment from employers to support in-work training programmes and workforce acceptance of the need for ongoing education and training.

### **Low Levels of Immigrant Workers**

South Taranaki is not attracting immigrant workers at a comparable rate to other regions – a phenomenon that is, to some extent, self-perpetuating as immigrants often settle close to their families or other immigrants.

### **Opportunities**

It is possible that if the district was to develop a strategy to attract families of immigrants, then others would be likely to follow.

### **Workforce Transience**

Taranaki experiences a high level of workforce transience due to a combination of seasonal work and periodic development in the dairy and energy sectors. There is also an increasing tendency for younger people in particular to use employment in South Taranaki as a career stepping stone rather than a long term commitment.

### **Reduced Levels of Home Ownership**

South Taranaki has experienced a 7% drop in home ownership between 2001 and 2006. With already high rates of transience there is a risk that this could become self-perpetuating as more incoming workers chose a rental option and therefore have less reason to stay when other opportunities arise.

### **Impacts of Rising House Prices on Low Income Families**

South Taranaki iwi have recognised the potential negative impacts of rising housing costs on low income families and, ultimately the economies of communities. This is of particular concern in the Opunake area where local iwi believe the impacts on families are exhibited in reduced school rolls.

### **Opportunities**

Opportunities for providing reasonably priced rental accommodation and promoting home ownership are already being considered or supported by iwi and it is possible they could provide leadership or guidance to expand these initiatives throughout the district.

### **Impacts of Shift Work on Families**

The high percentage of the workforce engaged in shift work generates a range of social issues which can put additional stresses on family life. With the current high levels of employment, it is not unusual for both partners in a family to be working shifts.

## Social Strategic Goals and Action Plan

**4. Strategic Goal:** To work proactively with regional and district stakeholders to support activities which increase workforce productivity and raise the capacity of all people to play a full and active role in our social, cultural and economic life.

Objective	Actions	Timeline	Resources	Measures
Increase the capacity of our labour pool and at-risk members of the workforce.	Support opportunities for adult education and lifelong learning through community based programmes.	Ongoing.	Staff resources partners: <ul style="list-style-type: none"> <li>• Education Taranaki</li> <li>• TEC</li> <li>• PTE's</li> <li>• WITT</li> <li>• DIA</li> </ul>	<ul style="list-style-type: none"> <li>• Feedback from employers (Economic Development Forum).</li> <li>• Employer investment in work support/training.</li> <li>• Vacancy and tertiary entrance rates.</li> </ul>
	Support and advocate for the establishment of pre-employment and in-work training to meet long term workplace needs.			
	Investigate transport needs and cost sharing options to assist with access to employment and training.			
Objective	Actions	Timeline	Resources	Measures
Support the establishment of incoming workers to improve retention.	Provide settlement support for new migrants.	Two programmes per year – Ongoing.	Staff resources partners: <ul style="list-style-type: none"> <li>• AOG Church.</li> <li>• Service Groups.</li> <li>• NPDC CD Unit.</li> </ul>	<ul style="list-style-type: none"> <li>• Feedback from employers on incoming staff retention (<i>using Economic Development Forum and follow ups</i>).</li> </ul>
	Support spouses to find meaningful employment and/or engage in social and cultural activities.	Ongoing.		
Objective	Actions	Timeline	Resources	Measures
Promote local career paths with a focus on areas of skill shortages.	Support Taranaki Careers website.	Ongoing.	Staff resources \$5,000-7,000 pa Partners: <ul style="list-style-type: none"> <li>• Education Taranaki</li> <li>• NPDC</li> </ul>	<ul style="list-style-type: none"> <li>• Website hits and user surveys.</li> <li>• Feedback from employers/ITO's.</li> <li>• Apprenticeship rates (TEC).</li> </ul>
	Co-ordinate bi-ennial Skills Expo.		Staff resources \$2,500 per Expo (including transport).	

# ACTION PLAN PART 3

## Partnerships

### The Partnerships Role of the Council

Partnerships are an important factor in achieving sustainable economic development. While there are issues in dealing with a wide range of agencies and stakeholders, there are also long term benefits to be gained through information sharing and co-ordinated action.

There are additional benefits from taking a collaborative approach in community initiatives and the building of social capital (trust, co-operation and information sharing) through new relationships.

The Council's approach to developing partnerships will determine:

- Whom we work with;
- Whom we fund;
- What we advocate for; and
- Whom we advocate to.

If we are going to enter into partnerships, we need to know what we want out of them. We need to have a clear understanding of our own needs and the responsibilities of each partner.

### Community Outcomes

#### Community Outcomes

**The Partnership Role of the Council in relation to economic development is guided by, and contributes to the following Community Outcomes:**

Our economic environment encourages diversification and development of small environmentally sustainable and locally owned businesses which enhance the lifestyle of the community.

Our economy portrays innovation, sustainability and excellence, and projects an image that appeals to business markets, residents and visitors.

The diversity, stories and heritage of all our people are preserved and respected, and the uniqueness of our individual communities is retained.

We have clean, well maintained functional facilities which meet our changing needs in the areas of sport, recreation, art culture and heritage.

## **Current Actions**

In addition to its longstanding partnership with Venture Taranaki to deliver regional economic and tourism services, the Council undertakes the following activities at a district level:

### **Economic Development Unit**

- Provides a free Business Advisory Service for new and existing businesses
- Collates regional and local statistics to support businesses in decision making
- Economic Development Advisor and staff in the Environmental Services Group have an informal relationship to facilitate information sharing and provide co-ordinated support to any business receiving assistance from the Economic Development Advisor.

Contracted services provided by the Council through Venture Taranaki., which are free to clients, include:

- Business mentors
- Business training programmes
- New opportunity response – undertaking feasibility studies or special projects to respond to regional needs or opportunities.

### **Business Incentive Package**

The Council offers a Business Incentive Package to provide support for new enterprises in the district. Standard incentives include discounted planning and consent fees and assistance with staff relocation costs. Larger businesses may receive assistance with the funding of environmental impact reports and Image Improvement incentives for smaller businesses aim to assist with the improvement of the exterior appearance of properties whose appearance detracts from the district's commercial business districts.

### **Events**

The Council provides support to the organisers of a number of public events each year which bring economic benefits to the district. In 2007 these included the More FM Women's Triathlon and the Americana Taranaki car festival .

### **Funding Partnerships**

The Council is involved in a number of funding partnerships to support district attractions. They include the Tawhiti Museum in Hawera, the Opunake Artificial Reef and the Rotokare Pest Excluder Fence, Hawera Cinema 2, the South Taranaki District Museum in Patea and STAGE Art Space in Hawera.

### **The Hub – District Sports, Leisure and Recreation Facility**

The development of *The Hub*, a central district leisure and recreation facility, will also make a significant contribution to economic development – directly, with the capacity to host sporting and cultural events and conferences, and indirectly through making the district a more attractive place to live and work. For these reasons this project is strongly supported by the business community.

## **Summary of Key Issues and Opportunities**

### **Skill and Labour Shortages**

As previously mentioned, skill shortages are being experienced across all sectors in South Taranaki and nationally, employer surveys indicate skill shortages are now the foremost impediment to business growth.

These shortages are due to a number of factors including:

- An aging population
- Failure to train a replacement generation of skilled labour
- Increasing international competition for skilled people

The enormity of this issue has been acknowledged by Future Taranaki, a group of regional lead agencies, including representation from each of Taranaki's four district and regional councils. Future Taranaki has developed an action plan for a regional skills strategy and the actions proposed as part of South Taranaki's District Economic Development Strategy are aligned to support this regional initiative.

A number of specific concerns relating to shortages were raised by employers and stakeholders in South Taranaki during the preparation of this strategy:

### **Demographic Changes**

Declining birthrates and an aging population are nationwide issues and a significant factor in Statistics New Zealand's predictions of future population decline in South Taranaki. The impacts on the economy and labour market are also significant. However, there is an opportunity to redress this balance in South Taranaki through attracting families to the district by promoting factors such as safety, affordable housing, higher incomes and outdoor lifestyle.

### **Skill and Labour Shortages in Large Industries**

A shortage of qualified tradespeople has been identified as an issue, particularly in dairy products manufacturing. A review of staff in some plants showed the average age of trades people to be in their late forties and the dairy industry has responded with programmes to reduce the age with annual intakes of new apprentices.

There is an increasing tendency for younger people to use employment in South Taranaki as a career stepping stone rather than make a long term commitment.

### **Skill and Labour Shortages in the Primary Sector**

Employment is cited by Ministry of Agriculture and Fisheries as the biggest issue for farming, particularly in the dairy sector. Shortages are the result of a combination of the perceived unattractiveness of the industry and the increasing difficulty of attaining farm ownership. The trend to amalgamate neighbouring farms, combined with increased land prices, has had huge downstream impacts on opportunities for farm ownership and has reduced the incentive for young people to choose farming as a career.

### **Opportunities**

There is potential to work alongside successful industry marketing strategies, such as the 0800 GO DAIRY career change campaign funded by Dairy Insight to attract new blood into the dairy industry. It targets new workers who see other goals rather than a sole aim of farm ownership.

It is also interesting to note that nationally the highest percentage of callers to the 0800 number were from Auckland (23.5%) indicating a level of dissatisfaction with either careers or lifestyle and a potential target market for skilled workers in a wide range of industries.

### **Skill and Labour Shortages in the Energy Sector**

The temporary influx of tradespeople and skilled labourers is also happening at a time when a large number of skilled positions are available locally. With a number of positive new developments in the district, such as the leisure venues project, our

potential to retain these workers in the district is improving. There is an opportunity to capture temporary workers attracted by the current development phase in the oil and gas sector by promoting the long term employment and lifestyle opportunities in Taranaki.

### **Skill Shortages in the Engineering Sector**

Despite the increased training capacity available as a result of the Major Regional Initiative focus on trades training, one of the biggest constraints to development of the engineering industry at present is a shortage of tradespeople and skilled labour. Growth in the region's shipbuilding industry along with the Pohokura and Kupe developments are further impacting on skills shortages in South Taranaki.

New technology in the sector is increasing the demand for highly skilled workers.

### **Skills Shortages and Work Continuity in the Construction Sector**

Fluctuations in the dairy payout, and, to a lesser extent spikes of activity in the energy sector, cause peaks and troughs in the construction industry.

The dairy processing and energy sectors attract qualified staff such as electricians and plumbers from local companies, compounding shortages of skilled staff.

### **Opportunities to Attract Families**

Declining birthrates and an aging population are nationwide issues and a significant factor in Statistics New Zealand's predictions of future population decline in South Taranaki. There is an opportunity to redress this imbalance in South Taranaki through attracting families to the district by promoting factors such as safety, affordable housing, higher incomes and our relaxed outdoor lifestyle as an alternative to the pressures of city life.

### **Risks of Loss of Large Industries**

The relocation or closure of any large industry in South Taranaki would have significant impacts on the local economy. The potential to mitigate the impacts of any loss after the fact is limited. Long term strategies to address skill and labour issues, provide appropriate land and infrastructure, attract relevant services and develop a more diverse economic base are necessary to create a resilient economy.

Nationally there is an increasing number of plant closures as manufacturing operations relocate to Asia to remain competitive. While South Taranaki has not lost any large businesses, at least one company has relocated part of its operation to Asia, as have some major suppliers to local companies.

It is important that the Council maintain close relationships with these companies and be aware of risks in the early stages.

### **Attracting New Business and Investment**

The combination of an excellent growing climate and the concentration of primary processing industries means South Taranaki offers an ideal location for the establishment of bio-fuels plants. At this time, production costs for bio-fuels mean such developments would not be profitable, but increasing oil prices and pending government legislation mean this situation is likely to change by 2008.

A positive factor, and one worth promoting, is the growing reputation of the district and regional council for supporting responsible development. Few councils of similar size would have the experience of working in partnership with so many large industries and those years of experience are now paying off in our ability to forge co-operative relationships with industry.

While the cyclical nature of the energy sector is an ongoing issue in South Taranaki, the latest development phase does present some opportunities. Each surge in activity serves to raise the profile of the district and may bring in new residents attracted by opportunities for investment or downstream business enterprises.

There are opportunities to form alliances and joint ventures to improve the engineering sector's capacity to compete for energy construction and maintenance contracts.

### **Retail Opportunities**

After years of retail contraction, South Taranaki's smaller communities appear to have reached a period of relative stability. While growth in the number of retail businesses is not likely, a shift should be expected as marginal operations close and create opportunities for more innovative operators. There are opportunities for niche market development in Opunake, Eltham, Patea and Waverley capitalising on their unique characteristics or nearby attractions. The capture of passing traffic is also an opportunity, albeit to a lesser degree in Opunake due to lower traffic volumes.

### **The Visitor Sector**

South Taranaki lacks the major venues and resources to support huge crowd pullers, but is also hampered by lack of visitor accommodation for large events, with only 527 available beds. The district can concentrate on establishing events to suit its venues, such as smaller sporting tournaments, equestrian competitions and cultural activities.

Feedback from moteliers suggests that development of weekend events and improvement of venues to host these would be the most effective way to increase visitor numbers. However, it is essential that visitors' needs are catered for, particularly by the café and restaurant sector. There may also be potential for local events, such as beach carnivals or Arts in the Park, to piggy-back off other regional events, extending the visitor experience and encouraging stopovers in South Taranaki.

There is a growing trend for South Taranaki's larger industries to accommodate and entertain visiting senior staff and clients in New Plymouth where they are able to access higher standards of accommodation, restaurants and entertainment.

### **Accurate Visitor Statistics**

The difficulty in obtaining tourism statistics directly relating to South Taranaki was identified during the Council's community planning process in 2003 and remains an issue. This lack of information has proved to be a barrier for emerging tourism operations in putting together proposals for grants. These issues relate to information collected by both Statistics New Zealand and the Ministry of Tourism. Similar problems have been experienced by other district councils and both Venture Southland and Central Otago have begun to collect more relevant local data.

In view of the considerable investment already made by the Council in the tourism sector, it may be appropriate for the collection of data to be a co-operative effort involving industry stakeholders.

## Partnerships - Strategic Goals and Action Plan

Outcomes: Our economic environment encourages diversification and development of small environmentally sustainable businesses which enhance the lifestyle of the community.

<b>5. Strategic Goal:</b> District and Community Action Plans are developed to complement the Regional Tourism Strategy, Regional Skills Strategy and support local tourism and retail clusters.				
<b>Objective</b>	<b>Actions</b>	<b>Timeline</b>	<b>Resources</b>	<b>Measures</b>
Communities and stakeholders are informed and empowered to develop complementary action plans and maximise benefits of regional initiatives.	Information obtained through retail, visitor and skills research is shared with communities and stakeholders.	June 2008	Economic Development Unit (EDU) time.	<i>Communities are informed and able to identify their own outcomes and decide how progress will be measured.</i>
	Support development of community marketing strategies in Opunake, Eltham and Patea as capacity develops and where local strategies align with district outcomes.	To be determined by communities.	<ul style="list-style-type: none"> <li>• Community Development Unit (CDU)/EDU resources.</li> <li>• Funding on project by project basis</li> <li>• Partners: Community Business Associations/ Retail and Tourism Networks.</li> </ul>	

**6. Strategic Goal:** To facilitate business development which aligns with the Community Outcomes.

Objective	Actions	Timeline	Resources	Measures
Support the establishment of locally owned businesses which enhance the lifestyle of the community and attract or meet the needs and expectations of visitors to the district.	Implement a Business Incentive Package which supports: <ul style="list-style-type: none"> <li>• New businesses for which a need has been identified through the Community Development Process, retail leakage studies or other research undertaken by Council or economic development partners.</li> <li>• New businesses which provide a unique product or service which will attract visitors to South Taranaki or have export potential.</li> <li>• New businesses which benefit the environment and/or mitigate the impacts of climate change.</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>• EDU/CDU staff resources.</li> <li>• Funded from proposed Economic Development Reserve.</li> </ul>	<ul style="list-style-type: none"> <li>• 80% of emerging businesses supported through incentive packages are successfully operating 12 months from opening.</li> </ul>
Objective	Actions	Timeline	Resources	Measures
Support the development of attractive commercial centres in our communities.	Promote and administer an incentive package which supports owners of buildings which have a negative impact on commercial centres to complete painting and image improvement work.	Ongoing	<ul style="list-style-type: none"> <li>• Dependent on applications.</li> <li>• Funded from Economic Development Reserve.</li> </ul>	<ul style="list-style-type: none"> <li>• The perceptions of commercial centres are improved.</li> </ul>

**7. Strategic Goal:** To respond quickly and effectively to new opportunities for *responsible development*.

Objective	Actions	Timeline	Resources	Measures
Support incoming and expanding business or industry.	Senior management to negotiate flexible incentive packages.	Ongoing	<ul style="list-style-type: none"> <li>• Staff resources to investigate individual applications.</li> <li>• Funded from proposed Economic Development Reserve.</li> </ul>	<ul style="list-style-type: none"> <li>• Measures to be established as part of decision making process for each application using package criteria as a guide.</li> </ul>

**8. Strategic Goal:** To provide opportunities for knowledge sharing, networking and capacity building.

Objective	Actions	Timeline	Resources	Measures
To improve the capacity of the district's economic sector to take an active role in regional planning	Work with Venture Taranaki to facilitate establishment of a bi-annual forum for industry and business leaders, Iwi, community leaders, councillors and economic development staff to: <ul style="list-style-type: none"> <li>• Consider economic issues of district wide significance.</li> <li>• Combine resources to advocate for district needs.</li> <li>• Facilitate partnerships.</li> <li>• Provide a forum where regional agencies can keep informed of district trends and issues.</li> <li>• Take a leading role in promotion of the district's successes.</li> </ul>	Forum established April/May 2008 Provides opportunity to support skills strategy.	<ul style="list-style-type: none"> <li>• EDU/CEO staff resources.</li> <li>• Cost of Elected Member attendance at EDANZ conference \$2,000-3,000.</li> </ul>	<ul style="list-style-type: none"> <li>• Economic successes are promoted and supported.</li> <li>• Participation in Forum.</li> <li>• Feedback from participants.</li> <li>• Number of partnerships developed.</li> <li>• Collective views inform district and regional decision making.</li> </ul>

Objective	Actions	Timeline	Resources	Measures
To work in partnership with Iwi to increase participation in local economic development?	Investigate the engagement of a shared salaried person to work alongside Māori Trusts and Incorporations to facilitate partnerships and new enterprises.	To be determined by Iwi.	<ul style="list-style-type: none"> <li>• Staff resources.</li> <li>• Possible funding through TPK or DIA (Community Internships) and MSD.</li> </ul>	<ul style="list-style-type: none"> <li>• Number of new enterprises or partnerships.</li> </ul>
	Encourage Iwi participation in the District Economic Forum.	Ongoing from April/May 2008.	<ul style="list-style-type: none"> <li>• Staff resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Iwi Participation levels.</li> </ul>
	Support marae development and resolution of water supply issues through partnership with Te Puni Kokiri (TPK) and Iwi to engage Marae Development Officer.	Ongoing from Sept 2007 to Sept 2009.	<ul style="list-style-type: none"> <li>• Staff resources.</li> <li>• Partners: TPK.</li> </ul>	<ul style="list-style-type: none"> <li>• Number of marae with adequate water quality and supply.</li> </ul>

**9. Strategic Goal:** To increase levels of diversification and niche market development in the primary sector.

Objective	Actions	Timeline	Resources	Measures
To identify and promote awareness of opportunities for land use diversification and niche market development and provide a catalyst for development of networks and partnerships.	Co-ordinate two annual seminars with speakers from research institutes and niche industries	2007/2008.	<ul style="list-style-type: none"> <li>• EDU staff resources.</li> <li>• \$4,000 pa.</li> </ul>	<ul style="list-style-type: none"> <li>• The number of research and development studies and grants.</li> <li>• The number of new enterprises.</li> <li>• The diversity of land based enterprises.</li> </ul>
	Co-ordinate two Business After Milkings targeting the primary sector.	2007/2008.	<ul style="list-style-type: none"> <li>• EDU staff resources.</li> <li>• \$600 pa.</li> </ul>	
	Support primary sector to maintain after five networks.	Ongoing.	<ul style="list-style-type: none"> <li>• EDU staff resources.</li> <li>• \$ min (venue cost).</li> </ul>	

**10. Strategic Goal:** To assist the engineering sector to obtain a greater percentage of local and export contracts.

Objective	Actions	Partners	Resources	Measures
Provide a catalyst for development of industry networks and partnerships to improve capacity and capability.	Co-ordinate two Business After Fives targeting the engineering sector.	2007/2008.	<ul style="list-style-type: none"> <li>• EDU staff resources.</li> <li>• \$500.</li> </ul>	<ul style="list-style-type: none"> <li>• The number of research and development and export capability grants.</li> </ul>
	Support the engineering sector to maintain after five networks.	Ongoing.	<ul style="list-style-type: none"> <li>• EDU staff resources.</li> <li>• \$ min (venue cost).</li> </ul>	<ul style="list-style-type: none"> <li>• The number of significant local and export contracts obtained.</li> </ul>

**11. Strategic Goal:** To work in partnership with Future Taranaki to develop and implement a Regional Strategy to meet our long term skill and labour needs.

Objective	Actions	Timeline	Resources	Measures
To determine the long term skill requirements of South Taranaki industry.	Work co-operatively with Future Taranaki to complete in depth research to identify Taranaki's long term skill and labour market needs.	Venture Taranaki to complete Sept 2007.	<ul style="list-style-type: none"> <li>• EDU/CDU staff resources.</li> <li>• (External Funding).</li> </ul>	<ul style="list-style-type: none"> <li>• Qualitative feedback from industry leaders.</li> <li>• Quality of ongoing information.</li> </ul>
	Support research project leaders to establish and maintain partnerships and processes to monitor and update changing skills needs.	Ongoing.	<ul style="list-style-type: none"> <li>• EDU/CDU Staff resources.</li> <li>• Partners: VTT.</li> <li>• District Economic Development Forum.</li> <li>• Individual businesses.</li> </ul>	<ul style="list-style-type: none"> <li>• Costs on ongoing data collection.</li> </ul>

Objective	Actions	Timeline	Resources	Measures
To establish effective business and agency partnerships to facilitate meeting long term regional skill requirements.	Support Future Taranaki to inform and advocate to relevant agencies and tertiary providers for appropriate careers information, education and training programmes.	Ongoing from April 2008.	<ul style="list-style-type: none"> <li>• EDU/CDU staff resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder satisfaction with quality of information.</li> <li>• Business sector satisfaction with staff capability and retention levels.</li> </ul>
	Support Future Taranaki to promote practices to improve staff retention and capability of business sectors.			

**12. Strategic Goal:** Raise the profile of district and region to encourage inward migration of skilled and creative people.

Objective	Actions	Timeline	Resources	Measures
Undertake targeted promotions to fill short term needs.	Support Venture Taranaki to undertake targeted promotions to visitors to major events.	Ongoing.	<ul style="list-style-type: none"> <li>• EDU staff resources</li> <li>• Possible contributions to individual promotions.</li> </ul>	Measures to be established at planning stage.
	Promote long term employment and lifestyle opportunities to transient workers attracted to the district for seasonal or temporary shutdown and expansion work.	Ongoing.	<ul style="list-style-type: none"> <li>• EDU staff resources</li> <li>• Partners: Business sector, Real Estate Agents</li> </ul>	

Objective	Actions	Timeline	Resources	Measures
Develop a long range marketing strategy to promote our lifestyle and employment opportunities.	Support Venture Taranaki to complete regional research to identify lifestyle advantages and target markets in conjunction with skills shortage research.	April 2008.	<ul style="list-style-type: none"> <li>• EDU staff resources.</li> <li>Partners:</li> <li>• Venture Taranaki.</li> <li>• Business stakeholders.</li> </ul>	Measures to be established at planning stage.
	Facilitate interagency and business collaboration to develop and jointly fund national and international recruitment drives and promotional resources.	Ongoing from 2008.	<ul style="list-style-type: none"> <li>• EDU staff resources.</li> <li>• Costs to be identified for individual promotions/ resources.</li> </ul>	
	Develop networks to identify and build relationships with skilled ex-pats.	Ongoing.	<ul style="list-style-type: none"> <li>• Staff resources.</li> <li>• Partners: VTT, businesses.</li> </ul>	

# ACTION PLAN PART 4

## Leadership and Marketing

### The Leadership and Marketing Role of Council

Essentially the leadership and marketing role of the Council relates to how it leads and portrays itself both inside and outside the district.

Because the Council is not directly involved in business it can only be a partner in economic development. Therefore, its leadership role is about facilitation. Demonstrating united support from stakeholders for district and regional initiatives, showing that the local business community is involved, and working in partnership with the regional Economic Development Agency to address major issues.

There will also be times when the Council will have to advocate for the needs of the district and it will be equally important that it is able to present collective views of the business community and stakeholders.

To some extent, leadership is also about remaining focussed on the objective through the ups and downs of economic growth cycles and the resulting changes in community support for development. The Council's role is to ensure that South Taranaki is positioned to take advantage of opportunities and ride out the difficult times, both today and in the future.

### Tourism

The promotion of tourism in South Taranaki is shared between Venture Taranaki Trust (VTT) and the Council. Each has quite clearly defined roles with VTT responsible for marketing Taranaki outside of the region and the Tourism Unit of the Council responsible for promotion within the district. Its role can be described as keeping visitors informed of what is available, once VTT has attracted them to the district. The Unit produces local promotional material and responds to direct enquiries from visitors.

### Community Outcomes

#### Community Outcomes

**The Leadership role of the Council in relation to economic development is guided by, and contributes to the following Community Outcomes:**

Our economy portrays innovation, sustainability and excellence and projects an image that appeals to business markets, residents and visitors.  
*(This was the outcome most strongly identified with by Councillors at the Long Term Plan Workshop in November 2005).*

#### Social

Our district contains growing, thriving communities that have retained their essential character and community spirit.

## **Current Actions**

### **Tourism**

The Council produces a range of publications to promote the district's attractions. These include:

- South Taranaki Visitor Guide – produced by Information South Taranaki.
- Lake Rotokare and Lake Rotorangi brochures – produced by the Community Development Unit.
- Heritage brochures featuring protected buildings and sites for each of the district's seven communities – produced by Environmental Services.

### **Business Advisory Service**

The Economic Development Unit provides a Business Advisory Service which includes supporting access to external research and development, and export growth funding.

## **Summary of Key Issues and Opportunities**

### **Communication**

A consistent message from business leaders, iwi and both regional and national economic development professionals is that we need to celebrate our successes and communicate these success stories both inside and outside the district.

The professional sector identified one of the key issues for the effective delivery of economic development activities as communicating the reasons for what the Council is doing, and the benefits. If the community can see the connections between the district and regional objectives and their own local vision and initiatives they are more likely to provide buy-in. It is important to raise the overall awareness of the economic benefits of funding infrastructure and facilities and the positive impacts of good environmental policies on the economy. If people do not see what they are getting for their investment they will not support it

District stakeholders believe that being seen as an innovative and exciting place to live will help to market the district to new residents and help generate a sense of pride and ownership which may encourage young people to stay or return.

We need to:

- Celebrate our successes and communicate those success stories both inside outside the district.
- Generate a sense of ownership and pride in our district.
- Communicate the benefits of economic development activities.
- Advocate for the needs of our economic stakeholders.

### **Global Issues**

The major issues affecting this sector are global with increased competition and changing expectations from international markets, and exchange rate variations. Also of global significance are the impacts of climate change. While the impacts of environmental changes are still being hotly debated, it is clear that there will be economic impacts, both positive and negative. Growing worldwide awareness of the impacts of carbon emissions in particular is creating resistance to some products and government legislation designed to address this issues will have impacts on the primary sector.

### **Primary Sector**

While the impacts can be positive or devastating for the district's farmers, local authorities can have little influence and the Council's role must focus on supporting the development of a diverse economy which can minimise the impacts of fluctuations in farming incomes.

### **Diversification**

There is growing interest in diversification into niche products or alternative crops, though lack of information about products and market opportunities, and high establishment costs, are barriers. Driven by growing concerns about climate change, there is increased support available for crop research and product development through tertiary and crown institutes. Legislation in progress to mitigate the effects of carbon emission will have a positive impact on companies and producers wishing to diversify into bio-fuels. It is also likely that the level of support to diversify into new crops and develop niche products will increase.

### **Engineering Issues**

The fortunes of the district's engineering sector have fluctuated as the result of expansion and maintenance requirements of the dairy and energy industries. With current high levels of employment, it is becoming increasingly difficult to attract the staff required to meet peak demand. There is an urgent need to diversify into new products, access export markets and improve competitiveness for larger contracts to ensure a more steady flow of work and greater industry stability.

Initial work to encourage alliances and joint ventures to improve competitiveness and develop new products has had positive outcomes and more effort is justified in this area.

### **Retail Sector Issues and Opportunities**

*Note that the issues and opportunities relating to rural communities are addressed in the partnership section of this strategy, acknowledging the higher level of community ownership and stated desire to develop their own marketing plans.*

Competing with the total retail experience offered by New Plymouth is an issue.

Event organisers and the accommodation sector have commented on the lack of interest from both retailers and food outlets in supporting events. There are considerable opportunities, particularly for Hawera retailers, to benefit from local and regional events and cultural activities, however, limited co-operation and communication mean this potential has not been realised.

Feedback from customers, landlords and the retail sector itself indicates that there are vast differences between the views of these interest groups on what the real issues are for the future of retailing in Hawera. Some of the frequent issues raised were:

- Limited opening hours of cafés to support the total shopping experience.
- The number and poor condition of the available retail premises and negative impact on Central Business District.
- The lack of co-operative action between retailers and event organisers.
- Increasing dissatisfaction with customer service standards.
- Impacts of Big Box retailers.
- Lack of interest in either opening new or buying existing businesses.
- Too many empty shops.
- The unattractive Central Business District and Town Square.

There are a number of opportunities for rejuvenation of the retail sector, but until a shared view is reached on the real issues, agreement on a strategy to move forward is unlikely.

Despite South Taranaki's sound economic base and stabilising population the competitive environment makes new retail ventures particularly challenging, as attracting customers depends not only on the quality of one's own product and service but on neighbouring businesses. Until some momentum is generated by local business people to work co-operatively and create a total retail environment, attracting new retailers to the Hawera Central Business District will remain a challenge.

### **Tourism**

An interest in developing heritage tourism through heritage trails and better promotion of museums and historic sites has been identified in nearly all of the district's seven Community Development Plans.

There are opportunities for promoting South Taranaki's stories simply and effectively through printed material and signage.

To take cultural tourism to the next level requires the development of interactive and entertaining tourism product of the high standard expected by 21st century tourists. This type of development would require a considerable financial commitment in a high risk sector with limited guarantee of return. Without financial support from central or local government or charitable trusts, it is unlikely that such developments would succeed. At this level even income generating businesses such as Dairylands and the Tawhiti Museum have required public support to remain competitive.

Recent Council investment in the Opunake Artificial Surf Reef, Patea River moles and Lake Rotokare Pest Excluder Fence are all investments in free activities. The financial benefits depend on entrepreneurial businesses capitalising on that investment, servicing the needs of day trippers and extending visits to overnight stays.

On the positive side, there is a growing interest worldwide in visiting significant cultural icons, places of natural beauty and just getting off the beaten track - all areas in which South Taranaki is well placed to develop and promote itself. The development of scenic attractions into tourism product is largely a matter of increased promotion and better access, both areas where the Council, the regional tourism agency and Department of Conservation can work together effectively.

## Leadership and Marketing Strategic Goals and Action Plan

Outcomes: Our economy portrays innovation, sustainability and excellence and projects an image that appeals to business markets, residents and visitors.

<b>13. Strategic Goal:</b> Our retail and visitor sectors have the knowledge, skills and capacity to meet the expectations of their markets.				
<b>Objective</b>	<b>Actions</b>	<b>Timeline</b>	<b>Resources</b>	<b>Measures</b>
Develop and implement a strategy to raise the capacity of the retail sector to remain regionally competitive.	Work with stakeholders to develop a brief for retail and visitor sector research including identification of retail and visitor markets, product needs and service expectation.	Sept 2007	<ul style="list-style-type: none"> <li>• Staff resources.</li> <li>• Cost of marketing professional to develop surveys</li> <li>• Partners: Fast Forward Hawera.</li> <li>• Est budget \$4,000.</li> </ul>	<ul style="list-style-type: none"> <li>• NRB Surveys.</li> <li>• (Retention and growth of district residents shopping in Hawera).</li> <li>• Successful promotions.</li> <li>• Number of new businesses.</li> <li>• Qualitative input from retailers.</li> </ul>
	Complete research and establish processes for any ongoing data collection.	Jan 2008	<ul style="list-style-type: none"> <li>• To be identified.</li> </ul>	
	Complete analysis and work with stakeholders to promote research findings.	June 2008	<ul style="list-style-type: none"> <li>• Staff resources.</li> <li>• Partners: Fast Forward Hawera.</li> </ul>	
	Research informs decision making for Business Incentive Package and CBD development.	Ongoing from June 2008	<ul style="list-style-type: none"> <li>• Funding informed by research.</li> </ul>	
	Support development of partnerships to unashamedly promote Hawera as the district retail centre.	June 2009	<ul style="list-style-type: none"> <li>• To be identified.</li> </ul>	
The visitor and retail/food sectors work cooperatively to maximise the economic benefits of tourism and events.	Support the tourism sector to develop effective networks with key retail/food operators.	Ongoing	<ul style="list-style-type: none"> <li>• Staff resources</li> <li>• Partners: Tourism, retail and food sector leaders.</li> </ul>	<ul style="list-style-type: none"> <li>• EDU reports of successful promotions/partnerships.</li> <li>• Could become a performance measure.</li> </ul>
	Promote successful partnerships to the wider business community.			

Accurate information is available to inform visitor sector planning and development.	Statistical needs are identified.	March 2008	<ul style="list-style-type: none"> <li>• Staff resources.</li> <li>• Partners: Visitor sector stakeholders and emerging businesses.</li> </ul>	<ul style="list-style-type: none"> <li>• Data informs Council planning and funding.</li> <li>• Emerging businesses able to access accurate information to inform planning.</li> </ul>
	Joint processes for data collection agreed between Council officers and visitor sector.			

**14. Strategic Goal:** Our Hawera central business district offers an attractive retail, social and cultural centre which appeals to retailers, customers and visitors.

Objective	Actions	Timeline	Resources	Measures
Council and stakeholders work co-operatively to develop and maintain an attractive and functional retail environment.	The costs/benefits of investment in developing the CBD are identified and Council and retail sector roles are agreed.	Dec 2008.	<ul style="list-style-type: none"> <li>• Staff time.</li> </ul>	<ul style="list-style-type: none"> <li>• Joint proposal is agreed by Council officers and retail stakeholders.</li> </ul>
	Plan for ongoing development of the Hawera Commercial Centre is prepared.	Feb 2009.	<ul style="list-style-type: none"> <li>• Staff resources.</li> <li>• Possible need for professional fees.</li> </ul>	<ul style="list-style-type: none"> <li>• Proposal effectively informs Council decision-making.</li> </ul>

**15. Strategic Goal:** The natural, heritage and cultural attractions of the district are developed and promoted to visitors and potential residents.

Objective	Actions	Timeline	Resources	Measures
The natural, heritage and cultural attractions of the district are effectively promoted.	A programme for the production and reprinting of promotional and marketing resources is implemented.	July 2008	<ul style="list-style-type: none"> <li>• Staff resources</li> <li>• Individual costs to be identified in programme</li> <li>• Est budget \$4,000.</li> </ul>	<ul style="list-style-type: none"> <li>• Brochure supplies are maintained.</li> <li>• Visitors are satisfied with information available.</li> </ul>
	The District Heritage Package developed for TRENZ 2007 is further developed and marketed outside the region.	Dec 2007	<ul style="list-style-type: none"> <li>• Staff resources.</li> <li>• Existing budget.</li> <li>• Partners: Tourism Action Group.</li> </ul>	<ul style="list-style-type: none"> <li>• Package uptake.</li> </ul>

<b>Objective</b>	<b>Actions</b>	<b>Timeline</b>	<b>Resources</b>	<b>Measures</b>
Stage 1 of the Coastal Walkway is developed.	Signage installed and brochures printed.	Min 2 walks by Dec 2007.	<ul style="list-style-type: none"> <li>• Staff resources.</li> <li>• Est budget \$2,500.</li> </ul>	<ul style="list-style-type: none"> <li>• Feedback from visitor surveys.</li> </ul>
	Guided summer walks organised and promoted.	Ongoing from Dec 2007.	<ul style="list-style-type: none"> <li>• Staff resources.</li> <li>• Est budget \$500.</li> </ul>	<ul style="list-style-type: none"> <li>• Walk participation.</li> <li>• Participant satisfaction.</li> </ul>
	Cross Council working party established and cost/benefit study for development of further walkway stages completed and presented to Council.	March 2008.	<ul style="list-style-type: none"> <li>• Staff resources.</li> <li>• Possible professional fees.</li> <li>• Est budget \$2,000.</li> </ul>	<ul style="list-style-type: none"> <li>• Report effectively informs Council decision-making.</li> </ul>

## Background

### Our People - Who lives here and how does that relate to our economy?

#### **Population**

At the time of the 2006 population Census, South Taranaki district was home to 26,480 people. This was a 3.8% decrease on the 2001 usual resident total, a contrast with the 7.8% national increase. This followed a 5.5% drop in population between the 1996 census and 2001 census. Over the last five years only three of the district's Census area units showed an increase in population: Hawera West, Tawhiti and Kaponga. Those with the largest falls were Kahui (210), Patea (160), Opunake (130) and Eltham (120). The largest proportionate falls occurred in Waitotara, Rahotu and Patea.

#### **Ethnic Diversity**

South Taranaki is less ethnically diverse than New Zealand as a whole. At the 2006 Census, 74% of the district's residents identified themselves as European compared with 68% nationally. The percentage of Māori was also higher, making up 22% of residents compared with 15% nationally; an increase of 3% since the 2001 Census. In 2006 12% of the district's residents chose 'New Zealander' as their ethnic group, compared to 11% nationally. However, smaller ethnic groups were present at only around a seventh of the national rate. *(NB: the Census allows people to nominate more than one ethnic group, therefore, total ethnicity figures are higher than 100%).*

In 2006, just 7% of South Taranaki district's residents were overseas born. While this is an increase of 1% since 2001, the national proportion increased from 19% to 23% over the same period. New Plymouth district had 13% of residents born overseas in 2006, an increase from 11% in 2001. The most common overseas birthplaces in both districts are the United Kingdom and Ireland, making up 3% of the population in South Taranaki and 6% in New Plymouth district.

#### **Issues**

These figures indicate that South Taranaki is not attracting immigrant workers at a comparable rate to other regions, a phenomenon that is, to some extent, self-perpetuating as immigrants often settle close to their families or other immigrants.

#### **Opportunities**

It is possible, however, that if the district was to develop a strategy to attract families of immigrants, then others would be likely to follow.

#### **Issues**

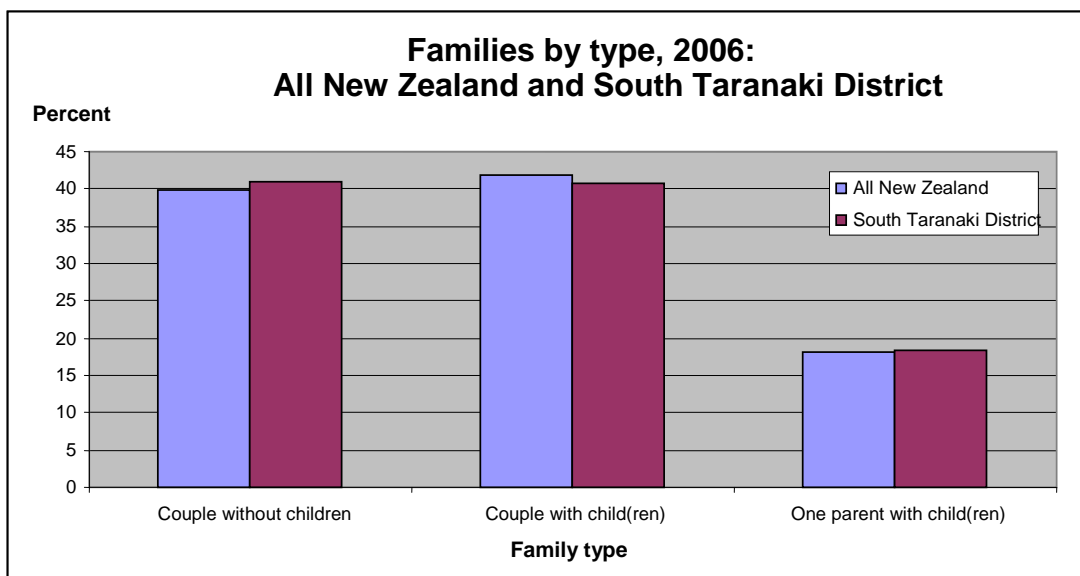
The stark biculturalism of South Taranaki is apparent and, with higher birth rates than the European population combined with increasing life expectancy, Māori will form a much higher percentage of the South Taranaki workforce of the future. This raises corresponding issues, with Māori currently being over represented in unemployment statistics and lower skilled sectors of the workforce. It is increasingly important that Māori students be encouraged to set higher goals and obtain more skilled and better paid employment.

### Age Groups

At the time of the 2006 census, 24% of South Taranaki's population was aged under 15 years, 2% higher than the 22% nationwide. This difference was reversed in the 15 to 29 year group which made up only 18% of the district's residents compared with 20% nationally and 21% were aged 30 to 44 years compared to 22% nationwide. The remaining age groups were all within a percentage point of the national proportions.

### Families

In 2006, South Taranaki was home to 7,080 families<sup>1</sup>. Couples without children numbered just over 2,900 or 41% of all families in the district – an increase from 39% in 2001 and slightly higher than the 40% nationwide. Couples with children numbered 2,880 or 40.6% of the district's families. This was a drop from 44% in 2001 and is slightly less than the 42% nationwide. The number of sole-parent families in South Taranaki is 1,290, an increase from 17% to 18% since the 2001 Census and currently in line with the current national percentage.



Source: Statistics New Zealand

Statistics New Zealand projects the number of couples without children in South Taranaki will increase slightly over the next two decades to 3,500 in 2011 and then to 3,600 by 2016 and then remain stable through to 2021. At that stage, it is estimated that couples without children will make up 52% of the district's families. Two-parent families are projected to fall to 2,700 by 2011 and then to 2,100 by 2021. One-parent families are projected to number 1,300 in 2011 and then fall to 1,200 five years after that.

### Issues and Opportunities

Declining birthrates and an ageing population are nationwide issues and a significant factor in Statistics New Zealand predictions of future population decline in South Taranaki. The impacts on the district economy and labour market are also significant, but there is an opportunity to redress this balance by attracting families to the district through promotion of factors such as safety, affordable housing, higher incomes and our relaxed outdoor lifestyle as an alternative to the pressures of city life.

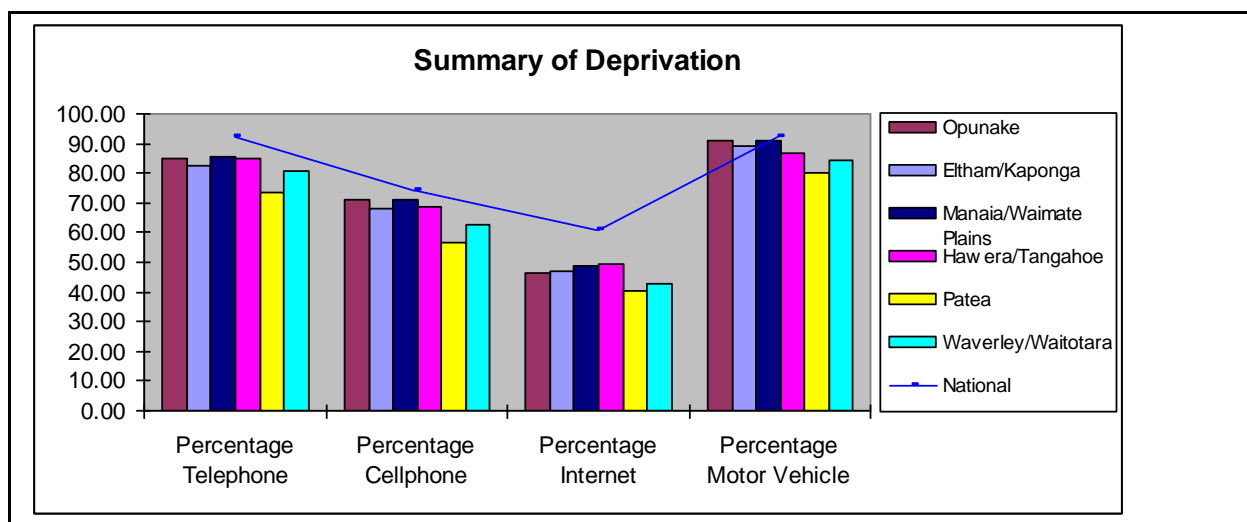
<sup>1</sup> In the Census, a family is defined as a "family nucleus" (a couple, or parent(s) and child(ren)). Child dependency is not considered. This means a 90 year-old woman living with her 60 year-old daughter would be classified as "one parent with children".

### Socio-Economic Deprivation

A number of indicators are used to measure levels of socio-economic deprivation. Four of these factors are likely to have a direct impact on the ability to access employment or training, or demonstrate the levels of familiarity with the technology used in most employment today. In 2006, the percentages of South Taranaki households with access to a telephone, the internet, or a vehicle were as follows:

- 88% of the district's households had a land-line telephone (92% nationally);
- 72% had access to a cell phone or mobile phone (74% nationally);
- 50% had internet access (61% nationwide); and
- 93% had access to a motor vehicle (92% nationwide).

The graph below shows the levels of access to transport, communication and technology in our different communities. With the exception of access to a motor vehicle, South Taranaki falls below the national average in each area.



Source: Statistics New Zealand

### Issues and Opportunities

Of particular concern is the low level of households with internet access. Computer literacy is a requirement in many of industries and family access to a computer is an important factor in maintaining the skill levels of the workforce where all generations can learn from each other.

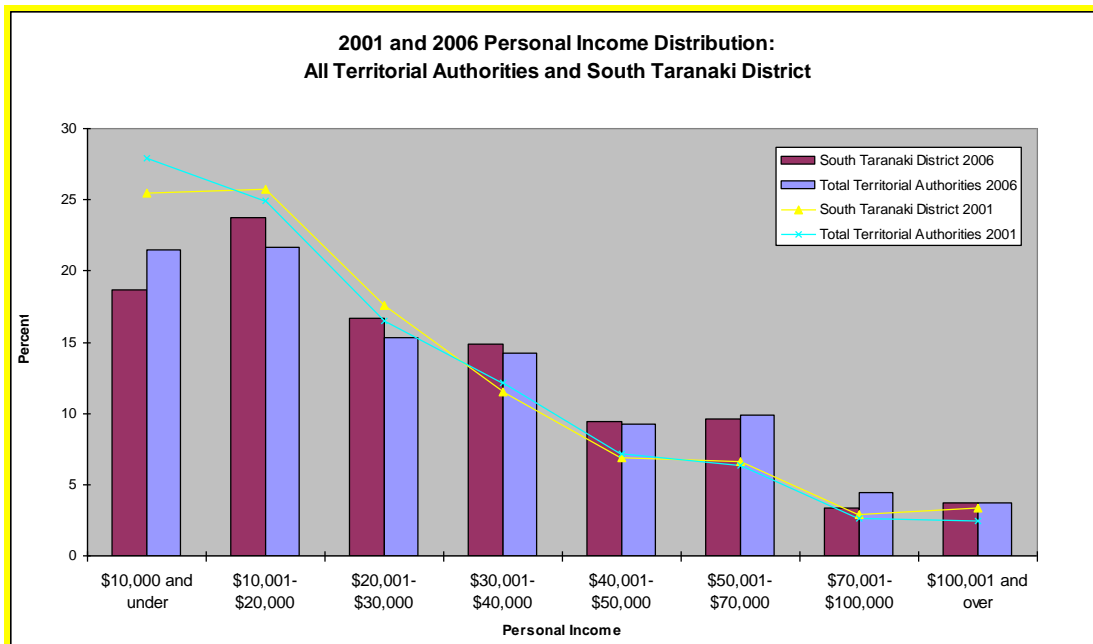
In Eltham and Kaponga the Eltham E-Community Group is working to raise the technological capacity of the community by running a programme to train families in computer skills and provide computers and internet access for graduates. A similar initiative is currently being planned for Patea.

### Income

In the five years between 2001 and 2006 the number of residents with annual personal incomes under \$30,000 had reduced while those with incomes between \$30,000- \$70,000 had increased. The number of people receiving more than \$70,000 had reduced, possibly reflecting lower farming incomes in 2006 and the gradual relocation of highly paid senior Fonterra staff.

In 2001 South Taranaki residents had a median personal income of \$19,400, higher than the national median of \$18,500 and the whole of Taranaki at \$17,300. In 2006 South Taranaki's median income had increased to approximately \$28,000, \$3,600 higher than the national median of \$24,400.

The graph below shows a comparison of the changes in personal income distribution between 2001 and 2006.



Source: Statistics New Zealand

## Income support<sup>2</sup>

### People aged 65 years and over

At the end of December 2006, 3,440 South Taranaki district residents aged 65 years and over were receiving New Zealand Superannuation, which is not income tested. Of those, around 840 were also receiving disability allowances and just over 100 were in receiving accommodation supplements, both of which are income tested. This provides an indication of the number of superannuitants who do not own their own homes and/or have no additional income.

### People aged 20 to 64 years

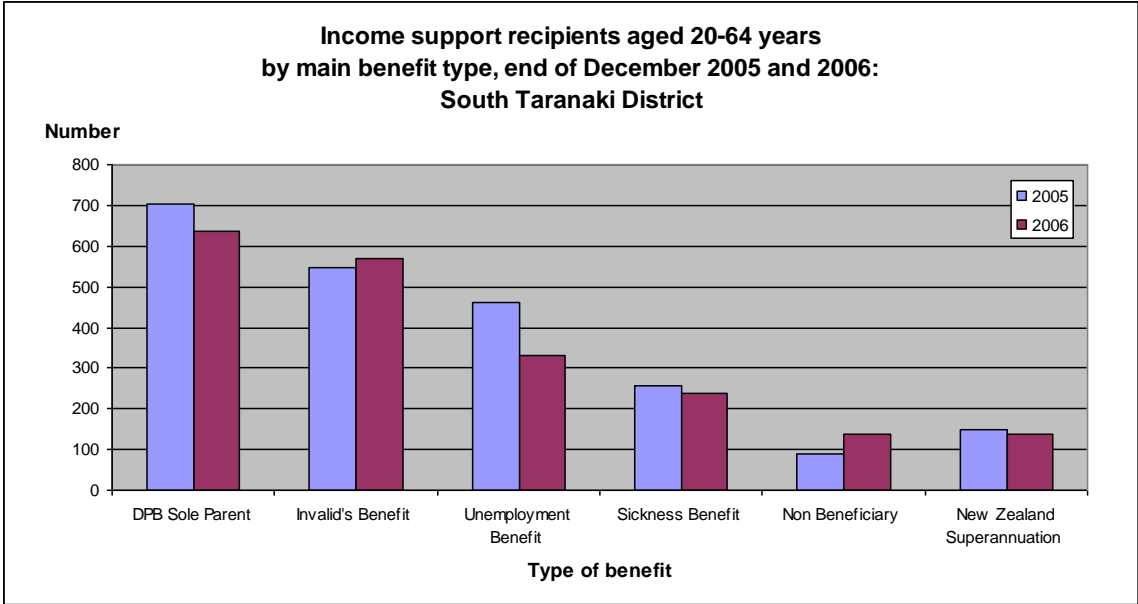
At December 2006, the income support payment most commonly received by 20 to 64 year olds in South Taranaki was the Domestic Purposes Benefit Sole Parent with 640 people receiving this benefit, a drop of about 70 on December 2005. The Invalid's Benefit was the next most frequently paid with 570 recipients, an increase of 24 from the previous year.

The Unemployment Benefit was the third most commonly received form of income support at the end of December 2006. There were 330 recipients in December 2006, a drop of 130 or 28% on the previous year. This drop was in keeping with the fall in unemployment across New Zealand over the last few years.

The number of non beneficiaries<sup>3</sup> receiving a supplementary benefit increased from about 90 to just under 140 in 2006. Some of this increase would have resulted from the expansion of

<sup>2</sup> Work and Income NZ data. Note due to changes in the method of collecting the income support statistics in this section comparisons can not be made to figures prior to December 2005. The figures shown represent all Work and Income clients living within the South Taranaki District boundaries at the end of December 2005 or 2006. Previous figures available were based only on the number of clients registered with the Hawera Work and Income Service Centre. This applies to all Work and Income data in this document.

eligibility for supplementary benefits through the Working for Families package. At the end of 2006, just under 140 South Taranaki 20-64 year olds,<sup>4</sup> received New Zealand Superannuation, a slight decrease on the number a year earlier.



Source: Ministry of Social Development

**People aged under 20 years**

At the end of December 2006, 100 South Taranaki teenagers were receiving some form of income support, a 34% decrease on the number one year earlier. The most common forms of support received by this group were:

Domestic Purposes Benefit Sole Parent recipients	28
Invalid's Benefit	16 recipients
Unemployment Benefit	16 recipients
Sickness Benefit	14 recipients
Unemployment Benefit (in training)	9 recipients

**Issues**

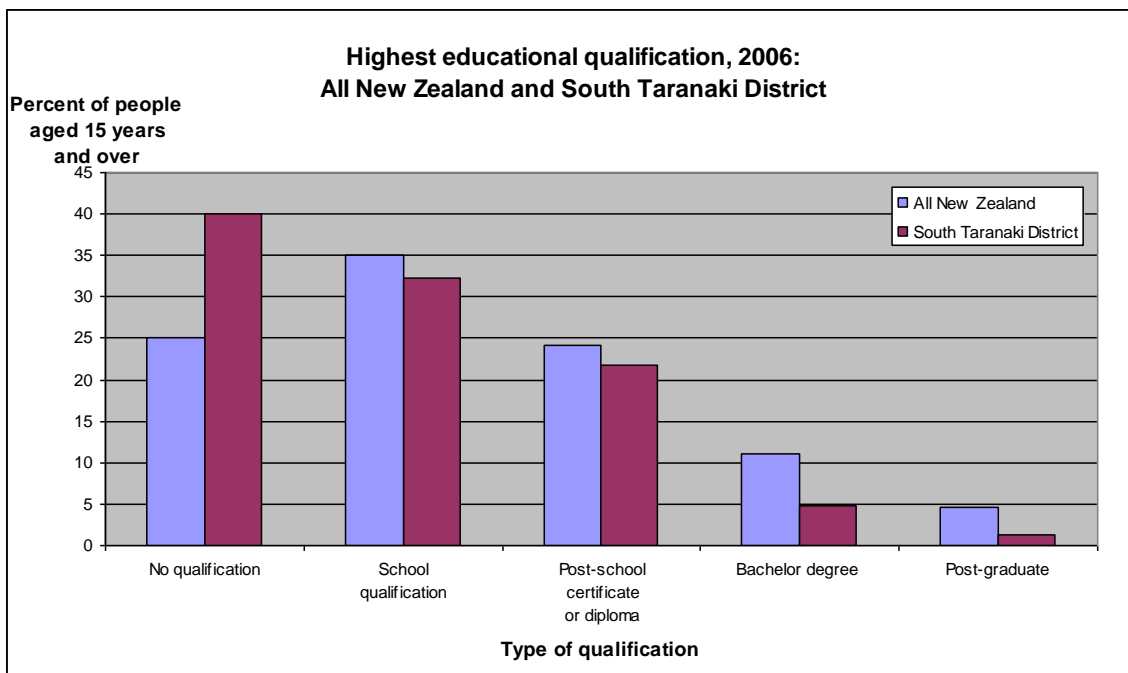
Despite low numbers of youth registered with Work and Income, we need to be aware that, as the eligible age for unemployment benefit is 18 years, there will be a number of young people who do not register until this time. The age group from 15-17 is therefore particularly at risk. The Youth Transitions Service opened in Hawera in October 2006 to assist at-risk young people in the 15-17 age group who are not actively engaged in education or employment. Six months later, in April 2007 the service had 76 young people from South and Central Taranaki registered for assistance. At least 60 of these were not registered with Work and Income.

**Qualifications**

In 2006, 40% of the district's residents aged 15 years or over had no formal educational qualification compared with 37% in the Stratford district, 30% in the New Plymouth district and 25% nationally. Our levels of qualification were below the national average across all levels of qualification:

<sup>3</sup> People not receiving an income-tested benefit or pension from Work and Income, but who do receive a supplementary benefit (eg Accommodation Supplement or Childcare Subsidy).

<sup>4</sup> Individuals under the age of 65 years whose spouse qualifies for National Superannuation may also be eligible.

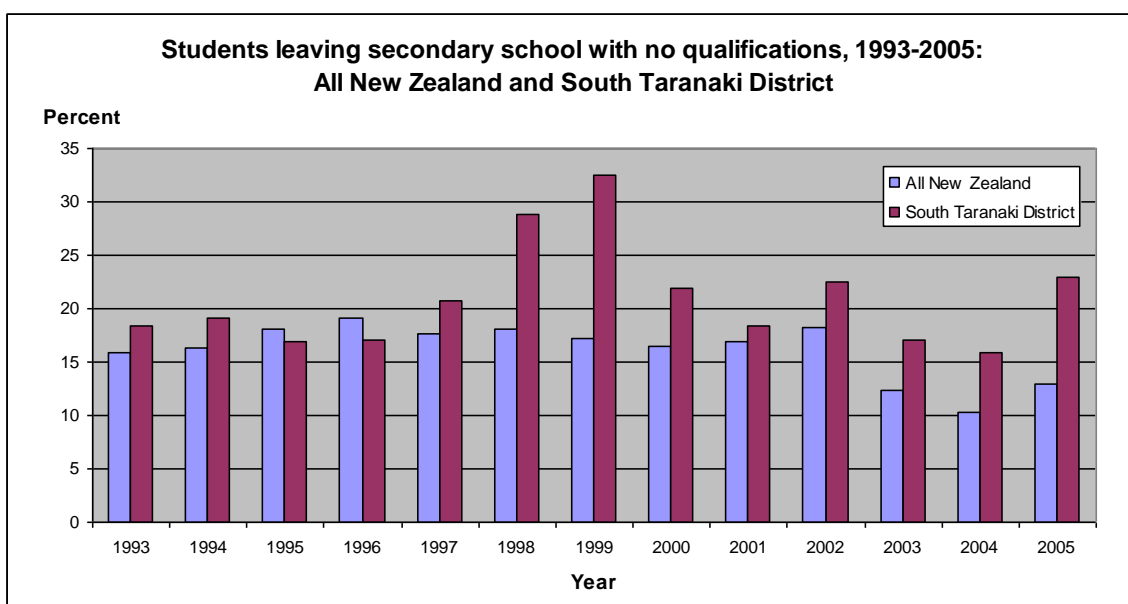


Source: Statistics New Zealand

### School leavers with no qualifications

In all but two of the 13 years between 1993 and 2005 the proportion of South Taranaki District students leaving school with no formal qualifications was higher than the national average. In some years, the difference was very large, particularly in 1999 when almost one-third (33%) of South Taranaki's school leavers had no formal qualifications – 15 percentage points higher than the nationwide average. Between 2002 and 2004, the difference between the district and the national rate ranged between 4 and 6 percentage points. However, in 2005 the gap increased markedly to 10 percentage points (23% of South Taranaki District students left school with no formal qualifications compared with 13% nationally).

This contrasts with neighbouring districts. The number of students leaving school without qualifications in New Plymouth District over the 13 year period exceeded the national average in only three years and in Stratford in five years.



Source: Ministry of Education

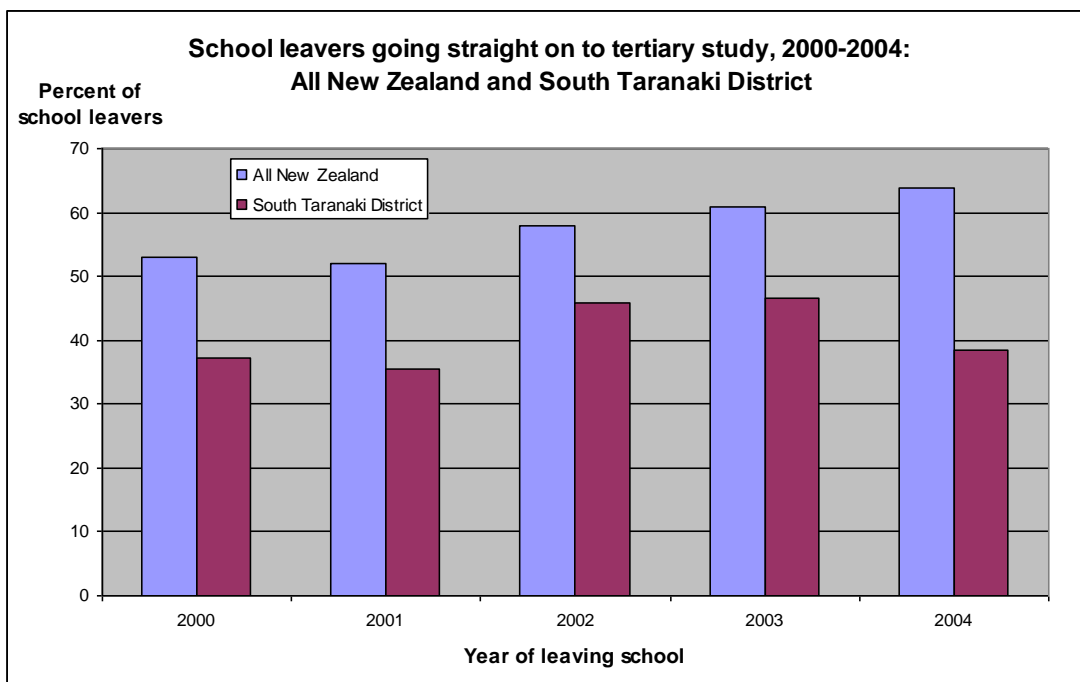
### Issues

As increasing use of technology raises the skill requirements to gain meaningful employment, the large percentage of the workforce with no formal qualifications is a concern. The high percentage of students leaving school with no qualifications can only compound this problem.

More young people are benefiting from high unemployment and entering the workforce at a young age. As many of these entry level jobs may have lower skill requirements and be lower paid it is particularly important that young people are encouraged to participate in continuing education and training to achieve their full potential and improve their chances of remaining employed through any future economic downturn.

### Tertiary destinations

The proportion of South Taranaki district students who left school between 2000 and 2004 and went straight on to tertiary training lagged well behind the national average. In each of the five years the South Taranaki proportion was at least 12 percentage points lower than nationally and in the most recent year for which data is available the gap grew to 25 percentage points. Just 38% of South Taranaki school leavers in 2004 went straight on to tertiary education the following year (64% nationwide).



**Source:** Ministry of Education

Between 2000 and 2004 the 604 South Taranaki district students who commenced tertiary education immediately after leaving school made different choices from students nationwide. Nationally students were most likely to attend university (44%) followed by polytechnics (34%). However, the largest number of young people from South Taranaki (48%) enrolled at polytechnics, with only 31% choosing university. The 18% enrolling at private training establishments was the same locally and nationally. Just over 3% from South Taranaki chose wananga (2% nationally), while less than 1% of the district's school leavers enrolled at colleges of education (1% nationally).

Of the 290 students who left a South Taranaki school between 2000 and 2004 to study at a polytechnic, 153 or 53% enrolled at the Western Institute of Technology Taranaki (WITT). Over the same period there were 83 enrolments from the Stratford district and 970 from the

New Plymouth district. This equates to an average of only 241 WITT enrolments drawn from the regions schools each year.

**Issues**

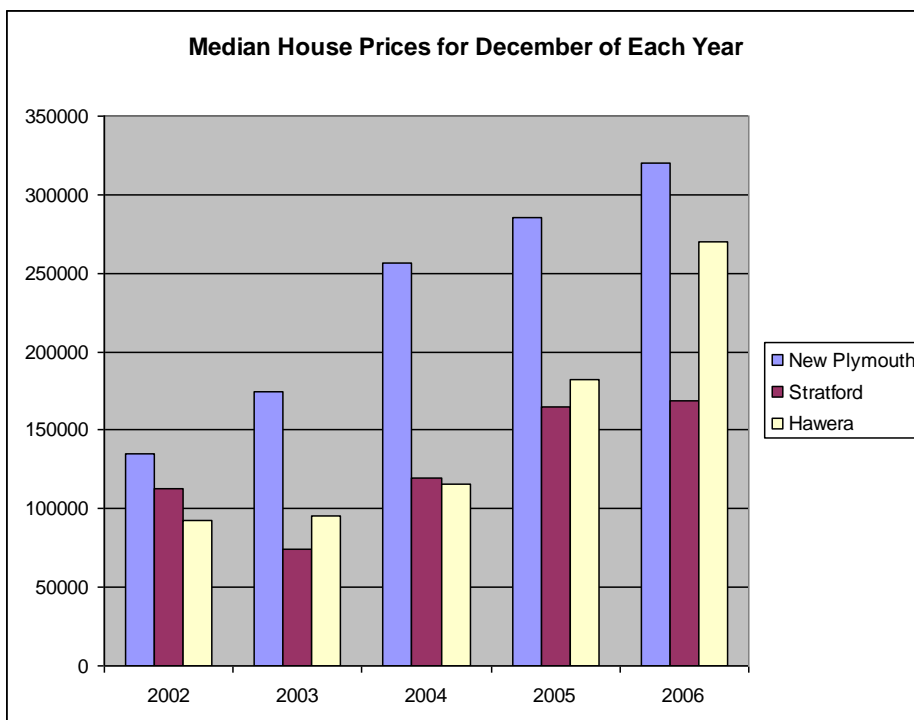
The low number of students going on to full time tertiary study, coupled with high employment numbers, raises viability issues for tertiary education and training providers in Taranaki. There is a growing trend toward part time rather than full time study and anecdotal evidence indicates WITT now need six enrolled students to make one full time equivalent, with corresponding increases in administration costs. The risk of loss of our regional polytechnic is a significant issue.

With high employment, the incentive to take on full time study is diminished, yet the need for skilled staff is increasing. Maintaining skill levels in this environment will require a commitment from employers to support in-work training programmes and workforce acceptance of the need for ongoing education and training.

**Property and Rental Affordability**

House prices throughout the region have increased significantly in the past five years. While prices in North Taranaki appear to have stabilised, South Taranaki is still experiencing steady growth. This is likely to continue with an influx of labour expected during the Kupe development, resulting in pressure on rental accommodation.

The table below shows the increase in median house prices throughout the region over the five years from 2002 to 2006.



**Source:** Real Estate Institute NZ (REINZ)

Housing prices are frequently used as an indicator of economic growth but we should also be aware of the negative impacts of price increases on those who do not own their own homes. In the past, when property and rental prices have risen in Hawera, lower income families have moved to cheaper homes in smaller communities.

The dramatic changes in the last four years may mean this is no longer such a viable option. In 2002 demand in smaller communities, such as Eltham and Patea, was extremely low and had been so for a number of years. Low house prices had resulted in a lack of investment in maintenance and improvements, and the quality of housing stock in both of these communities was poor. Despite this, there has been a phenomenal turnaround and evidence of properties selling for double the prices they would have achieved in 2002. The increased demand has flowed on into rental prices and rental properties are hard to find, particularly in Eltham and Opunake.

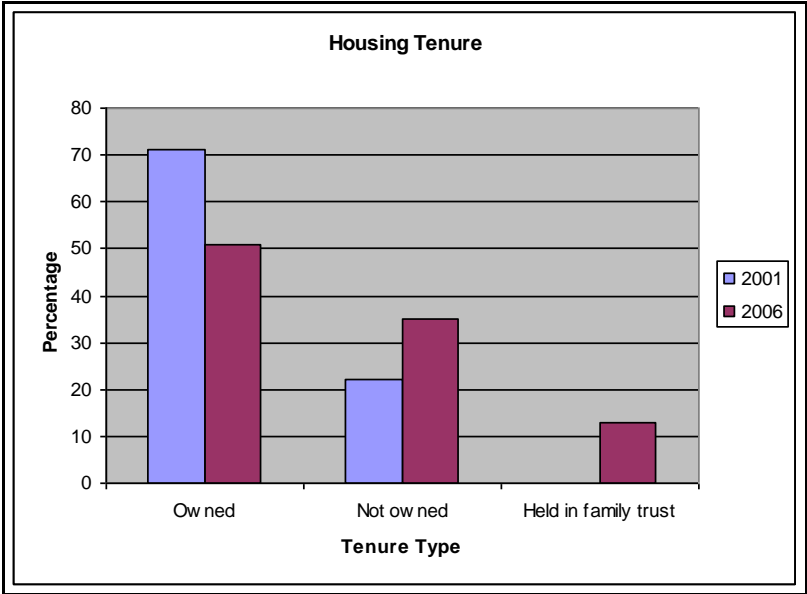
## Housing

### Tenure

Nationally, the number of people who own their own home has reduced from 68% in 2001 to 55% in 2006. Again, comparisons and conclusions are difficult to make due to differences in the way data was collected. In the 2006 Census respondents were asked whether their homes were owned by a family trust. This change is likely to have reduced the number of respondents who identified themselves as 'owning their own home' by a corresponding amount.

Even allowing for the 13% of South Taranaki properties now identified as being owned by a family trust, the drop in home ownership levels from higher than the national average, at 71% in 2001, to below at 51% in 2006 indicates a 7% drop in home ownership levels.

Stratford district has experienced a similar drop in ownership from 73% to 51% with the number of homes owned by family trusts even higher at 18%, reflecting the strong rural base of that district. Alternatively, the New Plymouth district has managed to retain its place above the national average despite high price increases. That district's total drop in home ownership was 13% from 72% to 59%; reflecting the 13% of New Plymouth households who now report living in a home owned by a family trust.



Source: Statistics New Zealand

### Rents<sup>5</sup>

<sup>5</sup> Tenancy Services Data August 2005 and January 2007

Tenancy Services data for the six months ending January 2007 shows that three-bedroom houses are the most popular rental properties in South Taranaki. Over the six months to January 2007, the national average weekly rent for a three bedroom house was \$295 compared to \$206 in Hawera, while in rural areas of the district it was only \$155. Two-bedroom houses, the second most popular type of rental property in Hawera, were rented out at an average of \$183 per week (\$248 across New Zealand).

While rents in the district remain considerably below the national average, it is worth noting that, between August 2005 and January 2007, the national average rental for a three-bedroom home increased by 7.2% while the increase in South Taranaki over the same period was 15%.

### **Accommodation Supplement (AS)<sup>6</sup>**

At the end of December 2006, just over 1,350 South Taranaki district residents were being paid the Accommodation Supplement, a decrease of around 50 on the previous year. The main reason for the drop was the reduction in unemployment beneficiaries (a drop of around 100 in 2006). This was balanced by an increase of around 60 non-beneficiary recipients (at least in part as a result of the Working for Families package, which expanded the number of Accommodation Supplement recipients around New Zealand).

This reduction indicates that, despite increasing housing and rental costs, South Taranaki household incomes are currently keeping pace with those increases.

### **Issues**

South Taranaki iwi have recognised the potential negative impacts of rising housing costs on low income families and, ultimately the economies of our communities. This is of particular concern in the Opunake area where iwi believe the impacts on families are being exhibited in reduced school rolls. At March 2006, Opunake High School had 276 students compared to 312 in November 2002 (a drop of 36). While individual primary school rolls have increased as a result of school amalgamations, the total number of students attending primary school in the Opunake area has reduced by 111 since 2002.

### **Employment**

In 2001, 11,764 people were employed within the South Taranaki boundaries. Of these, 10,575 were sourced from within the district and 1,189 travelled from New Plymouth and Stratford districts. On the other hand, 573 South Taranaki residents travelled outside the district for employment, with the majority (315) working in the New Plymouth district.

### **Main Locations for Taranaki District Residents to be Employed 2001**

<b>Location of Employment (District)</b>	<b>Number of South Taranaki District Residents Employed</b>	<b>Number of Stratford District Residents Employed</b>	<b>Number of New Plymouth District Residents Employed</b>	<b>Total Positions In Each District</b>
<b>South Taranaki</b>	10,575	580	609	<b>11,764</b>
<b>New Plymouth</b>	315	270	24,327	<b>24,912</b>
<b>Stratford</b>	180	2,800	255	<b>3,235</b>

**Source:** Census of Population and Dwellings, 2001. Note that these figures are based on the 93% of census respondents who provided a workplace address able to be coded to a Territorial Authority.

<sup>6</sup> Work and Income New Zealand Data.

When the number of people employed in each district per head of population is considered, the significance of South Taranaki in the regional economy is clear.

District	Population	Total Positions	Percentage of Positions Per Head of Population
South Taranaki	27,537	11,764	42.7%
New Plymouth	69,000	24,912	36.1%
Stratford	8,886	3,235	36.4%

There are a number of possible reasons for this difference and, while a strong economy is one, it should also be noted that at the time of the 2001 Census the percentage of the South Taranaki population over 65 years was 12.5%. This compares with 14% in the Stratford district and 15% in the New Plymouth district.

### **Shift Work**

Accurate figures on the percentage of the South Taranaki workforce engaged in shift work are not available. However, a reasonable estimate of 3,000 can be made based on production staff numbers of the nine large district industries whose staff are primarily engaged on a shift-work basis.

#### **Issues**

The large percentage of the workforce engaged in shift work generates a range of social issues and this can mean additional stresses on family life. With the current high levels of employment, it is not unusual for both partners in a family to be working shifts.

### **Seasonal Work**

The highs and lows of seasonal work have long been a part of Taranaki life, particularly in the dairy and meat industries. The effects on families during extended lay-off periods are familiar. Despite this, seasonally advertised positions have, until recently, attracted high numbers of applicants.

#### **Issues**

The last two years have seen a large drop in applicants for seasonal positions and this change has serious impacts, both for the companies involved and for new employees entering the workforce after long periods of unemployment.

As the pool of available workers shrinks, employers are forced to engage increasing numbers of new staff who are not adequately prepared for the workplace. One company has reported it spends \$2,000 to \$3,000 on training each new employee to prepare them for work on the factory floor. Increases in spending on employee assistance programmes are also reported. Much of this expenditure is related to budget advice, as families make the transition from a stable benefit income to dealing with weekly fluctuations and budgeting for gaps in income when lay-offs occur.

## Business Demographics

### Business Size

The table below illustrates the size of business units and the number of staff employed in each size band in 2005.

Area	South Taranaki		Taranaki Region		Total New Zealand	
	Business Units	Employee Count	Business Units	Employee Count	Business Units	Employee Count
0	1,095	0	4,448	0	216,009	70
1 to 5	544	1,430	2,360	5,960	91,024	221,030
6 to 9	139	990	640	4,630	23,024	166,630
10 to 19	99	1,350	456	6,080	19,537	261,690
20 to 49	43	1,180	249	7,270	11,129	331,480
50 to 99	14	920	70	4,560	3,230	222,190
100+	12	4,030	57	12,390	2,175	523,040
<b>Total</b>	<b>1,946</b>	<b>9,900</b>	<b>8,280</b>	<b>40,890</b>	<b>366,128</b>	<b>1,726,130</b>

*Source: Statistics NZ 2005 figures - note these are actual employee counts – not FTE's*

56.2% of South Taranaki's business units are one person operations which do not employ staff. This is in line with the national average of 58.9%.

## Large Employers

A factor which distinguishes South Taranaki from the region and the rest of the country is the high percentage of the workforce that is employed by the largest companies. This is illustrated in the table below. While the percentage of businesses employing more than 100 staff is consistent with regional and national figures, the percentage of the workforce engaged in this sector at 40.7% is considerably higher.

Area	South Taranaki		Taranaki Region		Total New Zealand	
	Business Units	Employee Count	Business Units	Employee Count	Business Units	Employee Count
100+	0.6%	40.7%	0.6%	30.3%	0.59%	30.3%

### Risks

South Taranaki is fortunate to have so many large employers but this also carries a considerable risk. While large employers are generally more stable than the much more volatile small business sector, we should not be complacent about retention. We need to be aware of our history and the impacts of past rationalisation in the primary processing sector.

A number of factors which may impact on the future of these industries over the next 10 years were identified during recent interviews with these companies, including:

### **Ageing Plant and Buildings**

As the need for any major upgrade or expansion arises it is only prudent for larger companies with multiple sites to consider relocation as an option. Increasing export quality and hygiene standards, and the location of a number of meat and dairy manufacturers in older plants, mean this is a risk which needs to be considered. This could be a real concern if the need for a costly upgrade were combined with other risk factors identified by industry.

Lack of room for expansion was identified as an issue by three companies. Two of these are located in urban areas and any possibility of expanding on site is dependent on the willingness of neighbours to sell. To overcome space issues, one of these companies has developed an offsite storage facility on a new industrial subdivision in Central Taranaki and another transports product to a storage facility in North Taranaki to be containerised for export.

### **Access**

There is risk of flooding restricting access to the Waitotara PPCS plant. While the company is currently committed to continued operation, the combination of an ageing plant and distance from labour market, combined with increasing speculation of further rationalisation in the meat industry, mean a risk of closure should access to this plant should be impeded for an extended period.

### **Skills and Labour**

Difficulty attracting and retaining staff is a problem, particularly for the engineering sector and rurally located businesses.

### **Issues**

Engineering companies are competing for staff in an international market and often lose skilled people to overseas positions.

Rurally located companies are reporting increasing difficulty in attracting staff despite excellent salary packages. They consider there is an increasing reluctance by workers to travel outside urban centres for employment, despite the competitive wages offered. Alternatively, large industries located within or on the boundaries of urban areas identified location as an advantage in competing for labour. While the labour issues arising from the location of existing industry are beyond the influence of the Council, proximity to a labour pool should be considered in the location of any future industrial development.

An ageing workforce is an issue for all sectors. However, for larger manufacturers with the propensity for shift work, the risk is much greater. Older workers, particularly those who have worked in highly skilled and well paid positions for many years, are financially able to choose semi retirement and/or more lifestyle friendly occupations.

A shortage of qualified tradespeople has been identified as an issue. particularly in dairy product manufacturing. A review of staff in some plants showed the average age of tradespeople to be in the late 40s and the dairy industry has responded with programmes to reduce the age with annual intakes of new apprentices.

There is an increasing tendency for younger people to use employment in South Taranaki as a career stepping stone rather than make a long term commitment.

Falling rates of home ownership appear to reflect an increasing tendency for younger people in particular to use employment in South Taranaki as a career stepping stone rather than a long term commitment. There is a risk that this could become self perpetuating, as more incoming workers chose a rental option and therefore have less reason to stay when other opportunities arise.

### **Risk of Closures**

Nationally there is an increasing number of plant closures as manufacturing operations relocate to Asia to remain competitive. While South Taranaki has not lost any large businesses, at least one company has relocated part of its operation to Asia, as have some major suppliers to local companies.

Nationally, there has been increasing speculation about the potential for further rationalisation in the meat industry.

The relocation or closure of any large industry in South Taranaki would have significant impacts on the local economy. The potential to mitigate the impacts of any loss after the fact is limited. Long term strategies to address skill and labour issues provide appropriate land and infrastructure, attract relevant services and develop a more diverse economic base are necessary to create a resilient economy. It is important that the Council maintain close relationships with these companies and be aware of risks in the early stages.

## **Primary Sector**

From the mid-1970s to the mid-1980s there was a renewed cycle of dairy factory amalgamations and closures brought about by immense competition in the dairy industry. At the same time, new technology led to significant improvements in farm productivity. Leading to increased prosperity. This in turn fuelled farm amalgamations and increased herd sizes as farmers used their increased capital to purchase neighbouring properties to take advantage of economies of scale.

Dairying continues to dominate the agricultural scene with the steady conversion of farms from dry stock to dairy. While the number of farms has decreased, changes in the way that agricultural statistics are collected mean that it is difficult to track the exact detail of what is happening in this sector. The table below, which includes data provided by and the Ministry for Agriculture and Fisheries (2002) and Statistics New Zealand data collected from 2004 to 2006, highlights just how different the figures can be.

Standardised Statistics New Zealand figures show that, although the number of farms is continuing to decrease, there has been a small increase (5%) in the number of employees. In 2006, the agricultural sector employed 1,720 people directly as well as an additional 186 through the provision of services to the sector, such as aerial spraying and shearing.

	<b>Farms*</b>	<b>Enterprises</b>			<b>Employee Count*</b>		
<b>Agricultural Industries</b>	<b>2002</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Horticulture and Fruit Growing	39	31	31	22	55	55	55
Grain, Sheep & Beef Cattle Farming	330	283	298	284	170	170	190
Dairy Cattle Farming	1,200	1,671	1,631	1,606	1,360	1,450	1,430
Poultry Farming	3	3	4	3	3	9	6
Other Livestock Farming	52	73	71	53	30	50	35
Other Crop Growing	12	15	14	9	3	0	0
<b>TOTAL Agriculture</b>	<b>1,636</b>	<b>2,076</b>	<b>2,049</b>	<b>1,977</b>	<b>1,620</b>	<b>1,720</b>	<b>1,720</b>

*Statistics New Zealand & Ministry for Agriculture and Fisheries \* refers to waged workers*

It is apparent, however, that changes in land use have led to changes in livestock numbers in the district. Dairy cow numbers rose from 239,648 in 1995 to 373,213 in 2002, an increase of 55.7%. Conversely, sheep numbers dropped from 469,840 in 1995 to 329,000 in 2002, a reduction of 29.9%. Similar figures are recorded for beef farming, with 70,651 beef cattle in

1995 reducing to 55,030 in 2002, a drop of 22%. Growth of forestry has also impacted on the agricultural sector with the number of hectares of land planted in forestry increasing by 29% from 11,571 in 1995 to 14,990 in 2002.

Despite the fertile soils and a three-tier seasonal climate advantage (crops could be grown to mature first in North, then South, then Central Taranaki) which can give an extended season for any processing operation, there are only a small number of horticultural enterprises operating in South Taranaki. Small producers in South Taranaki grow Sandersonia, Calla lilies, asparagus and other high value crops, while the larger horticultural enterprises grow hydroponic lettuce, hothouse tomatoes and orchids and export them from South Taranaki.

The climate and soil conditions mean there is potential for both increased production and a wider range of crops. However, the narrow profit margins, coupled with the cost of transport to markets for food products, form a major barrier. While niche market production of more specialised crops or flower products may be viable, the cost of research and establishment is prohibitive.

### ***Issues and Opportunities***

#### **Global Issues**

The major issues affecting this sector are global, with increased competition and changing expectations from international markets and exchange rates. Also of global significance are the impacts of climate change. While the impacts of environmental changes are still being hotly debated, it is clear that there will be economic impacts, both positive and negative. A growing worldwide awareness of the impacts of carbon emissions in particular is creating resistance to some products and government legislation designed to address this issues will have impacts on the primary sector.

#### **Diversification**

There is a growing interest in diversification into niche products or alternative crops, though lack of information about products and market opportunities, and high establishment costs, are barriers. Driven by growing concerns about climate change, there is increased interest in crop research and product development by tertiary and Crown institutes. Legislation in progress to mitigate the effects of carbon emission will have a positive impact on companies and producers wishing to diversify into bio-fuels. It is also likely that the level of support to diversify into new crops and develop niche products will increase.

#### **Skill and Labour Shortages**

Employment is cited by the Ministry of Agriculture as the biggest issue for farming, particularly in the dairy sector. Shortages are the result of a combination of the perceived unattractiveness of the industry and the increasing difficulty of attaining farm ownership. The trend to amalgamate neighbouring farms, combined with increased land prices, has had huge downstream impacts on opportunities for farm ownership reducing the incentive for young people to choose farming as a career.

## **Energy Sector**

Taranaki is strategically important to the New Zealand economy for its oil and gas production with 90% of the country's natural gas production coming from the offshore Maui field and the Kapuni onshore field. The remainder is produced by a number of smaller fields including McKee, Kaimiro, Ngatoro, Waihapa/Ngaere and Tariki/Ahuroa. However, despite its national significance, the energy sector paradoxically has a lesser impact on the local economy than

other major sectors. The exception is Ballance Agri-Nutrients, which adds value to its products and employs 120 full time equivalent employees (FTEs).

The biggest direct impacts for the local economy occurred in the late 1960s and 1970s during the construction stages of major plants at Kapuni and Oaonui. Since this time, pipeline construction and further exploratory work have had periodic impacts. The energy industry also provides short, intense periods of employment for large numbers of engineering and support workers during construction periods and maintenance shutdowns.

In 2005, 405 FTEs, around 94% of all FTEs in New Zealand's oil and gas exploration industry were employed in the Taranaki region. However, despite the bulk of the gas resource being located in South Taranaki, this is not reflected in the location of businesses engaged in the industry.

The table below shows the numbers directly employed in the oil and gas sector in Taranaki in 2006.

	New Plymouth		Stratford		South Taranaki	
	Business Units	Employee Count	Business Units	Employee Count	Business Units	Employee Count
Oil and Gas Extraction	9	310	0	0	3	260
Petroleum Exploration	2	30	0	0	0	0
Petroleum Exploration Services	6	390	2	0	0	0
Other Mining Services	17	90	0	0	3	0
<b>Total</b>	<b>34</b>	<b>820</b>	<b>2</b>	<b>0</b>	<b>6</b>	<b>260</b>

*Statistics New Zealand*

Between 2000 and 2006, South Taranaki employee numbers in this sector increased from 200 to 260 (40%), while in North Taranaki the increase has been much higher, rising from 250 to 860 (244%).

While benefits have been irregular, the industry has raised our own awareness of new opportunities and brought the realisation that there is more to Taranaki than farming. During those early development years, when our rural communities were reeling from the impacts of centralisation and closures in dairy and meat processing industries, energy developed to keep Taranaki on the map as a vital link in the national economy.

### **Current Position**

The Taranaki development cycle has begun again and is being driven by two main factors: a global increase in demand for energy and the rapid decline of the Maui gas field, which has seen a subsequent shortfall of suitably-priced gas for electricity generation. This is not the case, however, with the production of condensate and gas deposits at Kapuni, managed by the Shell-BP-Todd consortium, which is expected to continue beyond 2020.

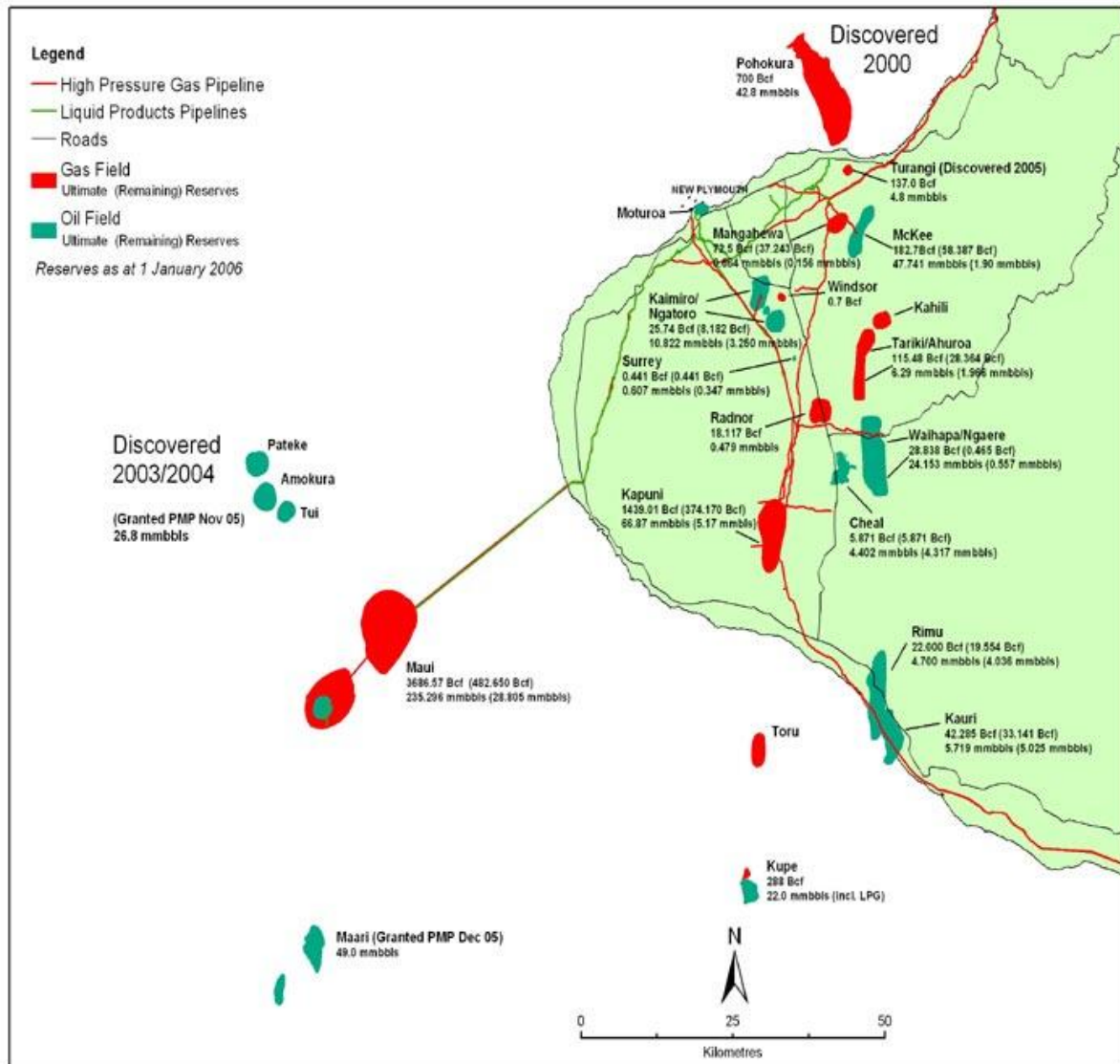
Exploration and commercialisation is occurring throughout Taranaki. South west of Stratford is Austral Pacific Energy's Cardiff field, which was discovered in 1991. Tests at its Supplejack-1 well have produced modest condensate levels with gas at several hundred thousand cubic feet per day. The options are to generate electricity onsite or to connect to a pipeline 2.5 kilometres to the east. The Cardiff-2A well is undergoing production testing. To date, analysis of the tests has shown that the production of the well is improving. Flow rates are now more than 3 million cubic feet of gas and 100 barrels of condensate a day<sup>7</sup>. Austral

<sup>7</sup> Daily News, 7 January 2006

Pacific's Cheal A4 well at Ngaere has resumed production and was linked to a 1MW gas engine generator in October 2005.

### TARANAKI OIL AND GAS RESOURCES

Below is a map of main oil and gas fields and downstream infrastructure of Taranaki Basin.



Source: <http://crownminerals.govt.nz>

In 2005, there were two major developments in the sector: Pohokura in North Taranaki and Kupe in the South. Pohokura involves the construction of three offshore production platforms and a new production station at Motunui, at a total cost of nearly \$1 billion. Kupe, which was discovered in 1986 30 kilometres off the coast of Hawera, is estimated to contain 16 million barrels of oil and 260 billion cubic feet of gas. Origin Energy purchased 50% of the Kupe field, which is being developed at an estimated cost of around \$980 million<sup>8</sup>. It is estimated that \$100-\$200 million of this will be spent paying New Zealand companies and people. Origin Energy will then on-sell the gas to Genesis, which has a 31% stake in the field, for power generation at a new 365 MW gas-fired power station.

The Kupe development is significant to the national economy as a supplier of efficient, clean, low-cost fuel for the generation of electricity. Kupe will help reduce the risk of significant

<sup>8</sup> Dominion Post, 3 July 2006.

increases in electricity costs, which would otherwise impact negatively on all industrial, commercial and residential consumers and thus the New Zealand economy.

In South Taranaki, there are new onshore wells being developed by the Swift consortium at Manutahi to increase production at the Rimu-Kauri oil and gas sites. Estimates of the gas reserves in this area have increased to 176 billion cubic feet.

### ***Electricity Generation***

There are two hydro power stations in South Taranaki: the Patea Dam station owned by Trustpower and the Opunake Power Station owned by New Zealand Energy Limited. Further hydro power development is limited by the small size of Taranaki's radial streams and the inability of the existing infrastructure to export significant generation surpluses. Two companies operate co-generation power stations: Fonterra at Whareroa and the Natural Gas Corporation at Kapuni.

The rising cost of all power generation is boosting interest in the potential of wind generation. The Taranaki bight and coastal areas of South Taranaki have been surveyed and data collected with a view to identifying possible wind generation sites. Indications are that the potential of these sites for large-scale generation is limited and companies are focussing on other areas. However, plans have been announced for a wind farm near Waverley, producing up to 150MW, by Australian company Allco Wind Energy.

There is increasing interest in developing Remote Area Power Supplies (RAPS) using a combination of solar, wind, hydro or diesel/gas co-generation near to areas of demand. This is being driven by the planned lifting of the government requirement in 2013 for electrical line companies to maintain uneconomic lines. This is likely to impact most heavily in remote farming areas. Any loss of service to these uneconomic lines may also threaten the viability of small townships. There is potential for farmer-owned small hydro plants in some areas of the district where streams have sufficient capacity.

### ***Issues and Opportunities***

As with the primary sector, investment in energy exploration and production is governed by global markets, and local government's ability to influence change or development is limited.

However, the combination of excellent growing climate and the concentration of primary processing industries mean South Taranaki offers an ideal location for the establishment of bio-fuels plants. Current production costs for bio-fuels mean such developments may not be profitable, but rising oil prices and pending government legislation mean the situation is likely to change by 2008.

A positive factor, and one worth promoting, is the growing reputation of the district and regional councils for supporting responsible development. Few councils of this size would have the experience of working in partnership with so many large industries and those years of experience are now paying off in the ability to forge co-operative relationships with industry.

While the cyclical nature of the energy sector is an ongoing issue in South Taranaki, the latest development phase does present some opportunities. Each surge in activity serves to raise the profile of the district and may bring in new residents attracted by opportunities for investment or downstream business enterprises. The temporary influx of tradespeople and skilled labourers is also happening at a time when there are a large number of skilled positions available locally. With a number of positive new developments in the district, such as The Hub leisure venue project, the potential to retain these workers in the district is improving.

# Engineering Trades Sector

## Current Position

South Taranaki has 67 engineering companies encompassing expertise ranging from heavy black steel manufacturing, specialist stainless steel, and oil and gas requirements to servicing the meat and dairy processing sector. Of the 67 companies in the district, 54% are involved in the manufacture of machinery and equipment and 40% in the manufacture of metal products.

<b>Engineering</b>	<b>Geographic Units</b>	<b>Employee Count</b>
<b>2000</b>	60	540
<b>2001</b>	58	460
<b>2002</b>	65	540
<b>2003</b>	67	470
<b>2004</b>	65	480
<b>2005</b>	60	460
<b>2006</b>	67	550

*Statistics New Zealand*

South Taranaki's strong engineering base has grown from years of servicing the dairy, meat and petrochemical industries. However, it has been subjected to fluctuations as a result of the various expansion and maintenance requirements of these industries. The need for short term labour is a significant issue as Taranaki cannot supply the skills required for the many large projects undertaken within the region. The district relies on attracting an itinerant workforce and while this brings a temporary influx of skilled workers to the region, it does not allow capability and capacity to be built within the local industrial support base.

South Taranaki's communities have enjoyed the downstream benefits of the influx of workers for major developments along with negatives such as pressure on local housing and the spates of redundancies that follow. With the current high levels of employment and skill shortages expected to continue in the foreseeable future, engineering companies cannot afford to lay off skilled staff in down times and expect to be able to re-employ in peak periods. These fluctuations in the sector have provided an incentive for local companies to diversify in an attempt to ensure a more steady flow of work and a greater level of stability. For some time the engineering sector has been investing considerable effort in research and development to find new markets and level out these highs and lows.

The sector has also become aware of the need to collaborate and over the last few years a number of Taranaki engineering companies have worked together as a cluster to compete for major national and international contracts.

The concept of developing Taranaki as a sustainable centre for engineering excellence has been supported as a Major Regional Initiative (MRI) with government funding of \$2.1 million over two years. The high risk of dependence on commodity-based industries led to engineering being chosen over dairying as the industry with the most potential for growth. The five pillars of the MRI are:

1. Growing sales revenue by pursuing new opportunities.
2. Creating a regional brand that identifies Taranaki as a Centre of Applied Engineering.
3. Enhancing industry competitiveness and efficiency.
4. New product development.
5. Filling the skill gaps in the engineering sector<sup>9</sup>.

<sup>9</sup> <http://www.capenz.co.nz>

The MRI was officially implemented in 2003 and funding has since been used to establish the CApENZ (Centre of Applied Engineering New Zealand), a partnership between the Western Institute of Technology Taranaki (WITT) and Engineering Taranaki Consortium, which reports to Venture Taranaki Trust. It provides the following services to the engineering sector:

- Procurement and collective purchasing.
- New product/service/process development: CApENZ will assist companies to secure research grants and assistance.
- Business development to increase sales: CApENZ can help by identifying alliances and partnerships in the sector, gathering market intelligence, working closely with New Zealand Trade and Enterprise and supporting businesses to attend trade shows and conferences.
- CApENZ branding, which positions Taranaki as the centre of engineering excellence in New Zealand.
- Training and skills development.

The cluster can collectively source 1,000 tradespeople and bid for contracts to the value of \$200 million, allowing it to compete nationally and internationally for major contracts. In 2007, two years after the completion of the MRI, the success rates of South Taranaki companies obtaining good supply contracts was increasing. In addition, a number of engineering businesses are developing new products with strong export potential. As a result, one company had increased staffing from 15 to 40, another was predicting a 50% increase in staffing, and a new operation had successfully entered the export market.

The development of a Regional Engineering Strategy enabled WITT to secure \$300,000 from the Polytechnic Regional Development Fund in 2003 to establish an applied engineering centre and increase its capacity to provide training for the industry. As these courses were developed it was hoped WITT would establish a stronger presence in South Taranaki focussing on ground level training and apprenticeships. However, that now seems unlikely.

The 2005 Venture Taranaki Annual Review reported that both WITT and the Engineering Taranaki Consortium had either achieved or exceeded their milestones with annual regional sales increasing by \$34 million and export sales by \$2 million. In addition, the number of full time trade engineering students increased from 36 to 136 in two years while the number of apprentices increased from 127 to 170<sup>10</sup>. This bodes well for increasing the number of FTEs in the sector and shows that CApENZ has been successful at attracting new blood into the industry.

#### ***Issues and Opportunities***

Despite the increased training capacity available as a result of the MRI, one of the biggest constraints to development of the engineering industry at present is a shortage of tradespeople and skilled labour. Growth in the region's ship building industry, along with the Pohokura and Kupe developments, are further impacting on skills shortages in South Taranaki.

New technology in the sector is increasing the demand for highly skilled workers.

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<sup>10</sup> VTT (2005). *Venture Taranaki Annual Review*. New Plymouth: Venture Taranaki Trust.

A number of companies identified a shortage of suitable industrial sites to accommodate expansion as an issue. Some company leaders compared sites available in South Taranaki with the quality serviced sites available in other centres. This feedback, combined with the level of uptake of developed sites in comparable areas, indicates purchasers are prepared to pay for the advantages of attractive sites with kerb and channel, adequate stormwater planning, electrical and water/wastewater services appropriate to their need, and the minimisation of resource consent issues.

Initial work to encourage alliances and joint ventures to improve competitiveness and develop new products has had positive outcomes and more effort is justified in this area.

## Building and Construction

### **Current Position**

During the 1990s, low economic growth was reflected in the building sector and few new apprentices were employed. As a result the sector was unprepared to cope with the continuous growth over the six years from 2000 to 2006.

During that time, the number of businesses in the sector in South Taranaki increased by 15% from 145 to 167. More significant is the 64% increase in the numbers employed during the same period, up from 360 to 613 employees. After reaching a peak with 110 new positions in 2005, the construction sector appears to be stabilising.

<b>Construction</b>		
<i>Note figures include housing, commercial and civil construction</i>		
<b>Year</b>	<b>Business Units</b>	<b>Employee Count</b>
2000	145	370
2001	133	400
2002	140	450
2003	141	476
2004	147	483
2005	158	593
2006	167	610

### *Statistics New Zealand*

Following the lack of opportunities in the 1990s, the various trades within the sector have had to work hard to overcome the reluctance of young people to consider trades as a career option.

Skill shortages have been exacerbated by the food processing and energy sector attracting skilled employees away from South Taranaki construction and service companies. While many employers in the building industry are now offering excellent wages, most would be unable to compete with the higher salary packages and benefits offered by these large companies. Industry guarantees, compliance costs and the continual 'creep' of government regulations being imposed on the industry have placed added pressure on operators and may have influenced the decisions of some tradespeople to accept other employment opportunities.

At present there is a real shortage of qualified plumbers and electricians and, to a lesser degree, other skilled disciplines such as builders, cabinetmakers, roofers and plasterers.

### **Issues and Opportunities**

Fluctuations in the dairy payout, and to a lesser extent spikes of activity in the energy sector, cause peaks and troughs in the construction sector.

The dairy processing and energy sectors attract qualified staff such as electricians and plumbers from local companies, compounding shortages of skilled staff.

The apparent reluctance of parents and schools to promote trades as an attractive career choice has been an ongoing problem.

There is a trend for young people to be less committed to long term careers.

New legislation, industry guarantees and related increases in inspection requirements to achieve compliance are increasing the workload of both the trades sector and Council staff.

## **Retail**

### ***A National Perspective***

New Zealand's retail environment has changed dramatically over the last 20 years. Declining rural population is a factor, but mobility and lifestyle changes have had a deeper effect. Rural residents travel far more than they used to, for both employment and social activities.

In today's world shopping has become part of a total recreational experience and research confirms customers are willing to travel up to an hour to their shopping centre of choice. Retail centres which are unable to offer the variety and quality of product and service and associated entertainment customers have come to expect will lose business to those that can.

Larger centres are also experiencing the impacts of change, with a growing trend to the location of Big Box retailers in complexes outside the central business districts (CBDs). The drivers for these moves are generally motivated by the limited space available for expansion and parking requirements in town centres. While initially these changes have had detrimental impacts, a positive trend is emerging.

Vacant spaces offer opportunities for the redevelopment of boutique shopping encompassing the café culture and supporting social and cultural activities customers have come to expect. These relaxed environments are now the focus of successful rejuvenated town centres throughout New Zealand.

A number of studies show the difference in economic activity generated by locally owned stores as opposed to Big Box retailers. The figures vary considerably, with one study showing \$100 spent in chain stores generating approximately \$13 of local economic activity, while \$45 was generated when spent in a locally owned business. Another showed \$45 of activity generated by chains compared to \$68 by local stores.<sup>11</sup> A number of factors impact on the figures in different studies, including comparative wage rates, whether the large retailers were locally owned through a franchise type arrangement and the level of discretion the owners of these franchises have to purchase local goods and services, contributions to social capital through such things as sponsorship, and the level of competition for the retail dollar from neighbouring centres. Despite the variations in these studies there is no argument that locally owned businesses provide a much greater contribution to local economies.

### ***District Overview***

Changes in South Taranaki's retail environments have reflected the national picture and as with many rural communities in New Zealand, there is a strong anti-centralisation feeling in the smaller towns. Smaller rural communities have suffered as a result of increased mobility and, until now, Hawera has benefited from their custom. However, rising expectations mean that, while some further contraction can be expected in smaller centres, it is unlikely that Hawera will continue to benefit. The biggest challenge will be to ensure that Hawera remains

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<sup>11</sup> Institute for Local Self-Reliance:USA 2003

competitive with New Plymouth and Wanganui, and retains the retail dollar within South Taranaki.

Residents, like people all over New Zealand, are demanding more from their retail experience and the social environment. Available entertainment options will play a large part in retaining district residents custom in the future. The growing arts and café culture in New Plymouth, along with extended shopping hours and the range of entertainment choices, is proving stiff competition for South Taranaki retailers.

### ***The Changing Face of the District's Commercial Areas***

#### **Hawera**

Hawera offers a compact, flat retail centre with four large parking areas. The presentation is good in relation to towns of comparable size, with an urban upgrade completed in 1998. Centralisation has worked to its advantage with rural residents having to travel to Hawera to access most central government services.

The number of vacant retail premises has been an ongoing concern in the Hawera CBD. The poor condition of many of the empty premises is a factor in attracting tenants. During the last three years this has been compounded by the closure or relocation of several large retailers. The relocation of The Warehouse in particular has resulted in a loss of foot traffic in the eastern end of High Street and this is mirrored in the opening of several new businesses, particularly food orientated, on the western end. Much of this movement must be recognised as a normal part of the retail cycle which happens in all commercial areas. The construction of Pak n' Save on the fringe of the eastern end of the CBD could result in a balancing of the current westward movement.

One advantage of The Warehouse move may be the freeing up of more parking in the CBD, particularly in the Regent Street area. The commercial development of Glover Road is positive for similar reasons with the relocation of trades, home improvement and farm services which require easy access for both suppliers and customers to load heavier goods.

The high profile sites which remain vacant as a result of changes have been the cause of considerable public debate and there has been a growing expectation that the Council will take leading role in resolving this issue. Unfortunately, there is a limit to the action the Council can take.

#### ***Rural Communities***

The level of contraction appears to have stabilised, with most communities having reached a sustainable level for business. Communities have recognised that without major increases in population, retail expansion outside Hawera is unlikely. Smaller communities need to focus on the retention of essential products and services – those anchor businesses essential for day to day living such as groceries, petrol supply, vehicle maintenance, pharmacy, banking and doctors. Anything over and above these core services must be able to attract external custom to survive. Examples are antiques, crafts, stylish cafés – anything unique which cannot be obtained in the neighbouring town.

#### **Opunake**

Opunake's relative isolation is a plus. Situated further from its urban competitors, Opunake serves a large rural area with a captive market for basic needs and farm services. As a result, Opunake has retained a wider retail base than other communities of similar size. Opunake also has the potential to market itself as a holiday and weekend destination, capitalising on the growing popularity of its coastal attractions. Opunake's small population base is in this case an advantage, being unlikely to attract large chain stores. Therefore, the retail environment lends itself to smaller entrepreneurial developments which have greater economic benefits for the community. Development of visitor orientated hospitality

businesses will also provide a wider variety of options for its own residents and could help stimulate population growth. With the recent upgrade of the commercial area, Opunake presents an attractive environment for any new business venture. An upgrade of the camping ground facilities in 2005, the pending construction of a new hotel and the success of the Parihaka Peace Festival, which is now likely to become an annual event, all have positive implications for the retail sector.

### **Eltham**

Eltham, within easy travelling distance of both Stratford and Hawera, has an entirely different set of challenges and opportunities. With a very limited 'captive market' Eltham has continued to lose variety in its retail centre. On the positive side, the community has weathered risks to its essential services, retaining its bank and pharmacy. Again, farsighted locals are acting to ensure these basic essentials are retained with the recent establishment of a Medical Trust to ensure the future availability of a local doctor. The need to travel for health services further increases the likelihood of shopping elsewhere.

The greatest opportunities for Eltham lie in encouraging a percentage of the hundreds of workers who commute daily to work in this community to chose to live in the area, or attracting some of the 6,700 vehicles that pass through daily to stop. To achieve this, a change in the perception of the commercial area is needed and the community has recently supported the completion of a marketing strategy which focuses on the promotion of Eltham's heritage and history of innovation. Several new businesses, including café, boutique retail and accommodation, have opened in the past two years and will contribute to the rejuvenation of the commercial area. The potential of the Rotokare Mainland Island Sanctuary project has yet to be realised but can only be positive for Eltham.

### **Patea**

Patea's options for growth are similar to Opunake though its proximity to Hawera has both positive and negative effects. Patea is more likely to lose retail business to Hawera, though residents alternatively benefit from easier access to employment opportunities. As the popularity of coastal living grows, it is possible that more people will chose the lifestyle option of living in an attractive coastal community and commuting to work in Hawera. Locally driven initiatives to improve the streetscape and beach environment have added real value to these areas, with a corresponding increase in residential property sales. For Patea, one of the most underdeveloped opportunities is capturing the traffic travelling in and out of the Taranaki region.

### **Waverley**

Waverley, located about 30 minutes drive north of Wanganui, serves a large rural area and this is reflected in the selection of contractors, transportation, farming and veterinary supplies. Other large employers in the area include a sawmill and meatworks. The community is far enough away from other commercial centres to have retained essential grocery, pharmacy, fuel and food outlets and professional services. Waverley has even retained its bank while its larger neighbour, Patea, has lost its though mid-2007 saw the opening of a branch of Credit Union Taranaki in Patea. In contrast to other communities in the district, Waverley residents who shop outside of their community are more likely to travel to Wanganui than larger centres within Taranaki.

There has been renewed activity in the business area with older shops being sold and refurbished into a gift shop and café/restaurant. As with Patea, the capture of traffic travelling in and out of the Taranaki region is an opportunity.

### **Manaia and Kaponga**

Manaia and Kaponga both saw the complete breakdown of their retail centres during the 1980s and 1990s and are now reduced to little more than farm servicing centres. Kaponga in particular, being off the main highway, is fortunate to have retained two farm supply

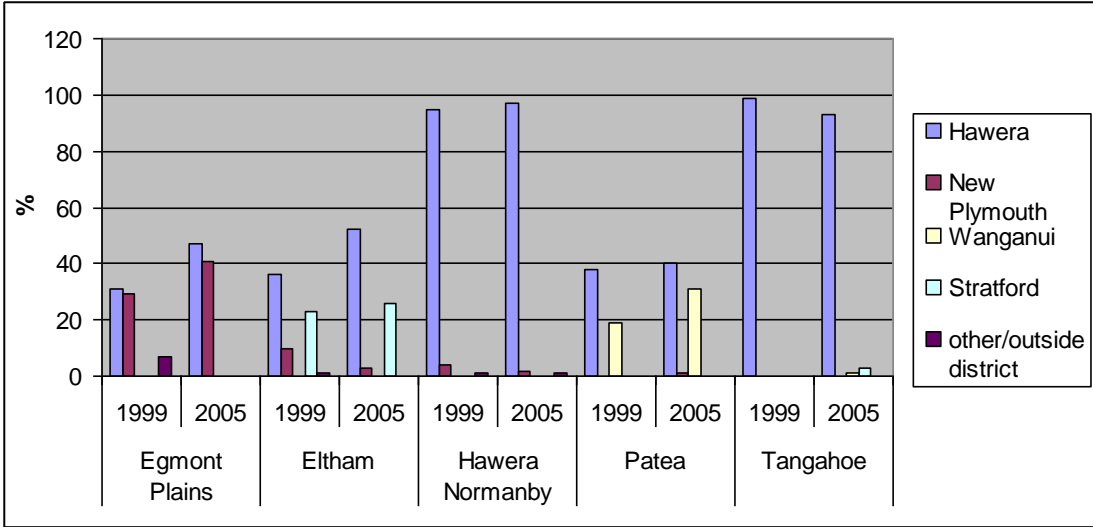
companies. The traffic generated as a result of these businesses is a key factor in the retention of the town’s small supermarket and petrol supplies. The retail losses of these two small communities is far out of proportion with the general drop in population and more likely the result of increased mobility and the rising expectations of shoppers.

**Business Associations and Networks**

Until recently, active business associations were operating in most of South Taranaki’s retail centres. Retail contraction has led to the demise of some, while in two areas, Eltham and Opunake, the local associations have risen to the challenge and increased the range of their activities. The focus of each of these two groups is quite different, reflecting the individual nature of their communities. It is interesting to note that both have run successful activities and achieved increases in business and community support through their own resources. However, Progress Hawera, which had received annual grants from the Council gradually reduced its activities and in 2006 ceased operations. The Taranaki Chamber of Commerce has a South Taranaki membership of 51 as at June 2007, 85% of the membership is Hawera based businesses.

**Research**

Information on where district residents have shopped over the last six years has been gathered through three sources. The biennial National Research Bureau Communitrak survey undertaken by the Council includes questions on where residents in communities throughout the district carry out most of their weekly shopping.



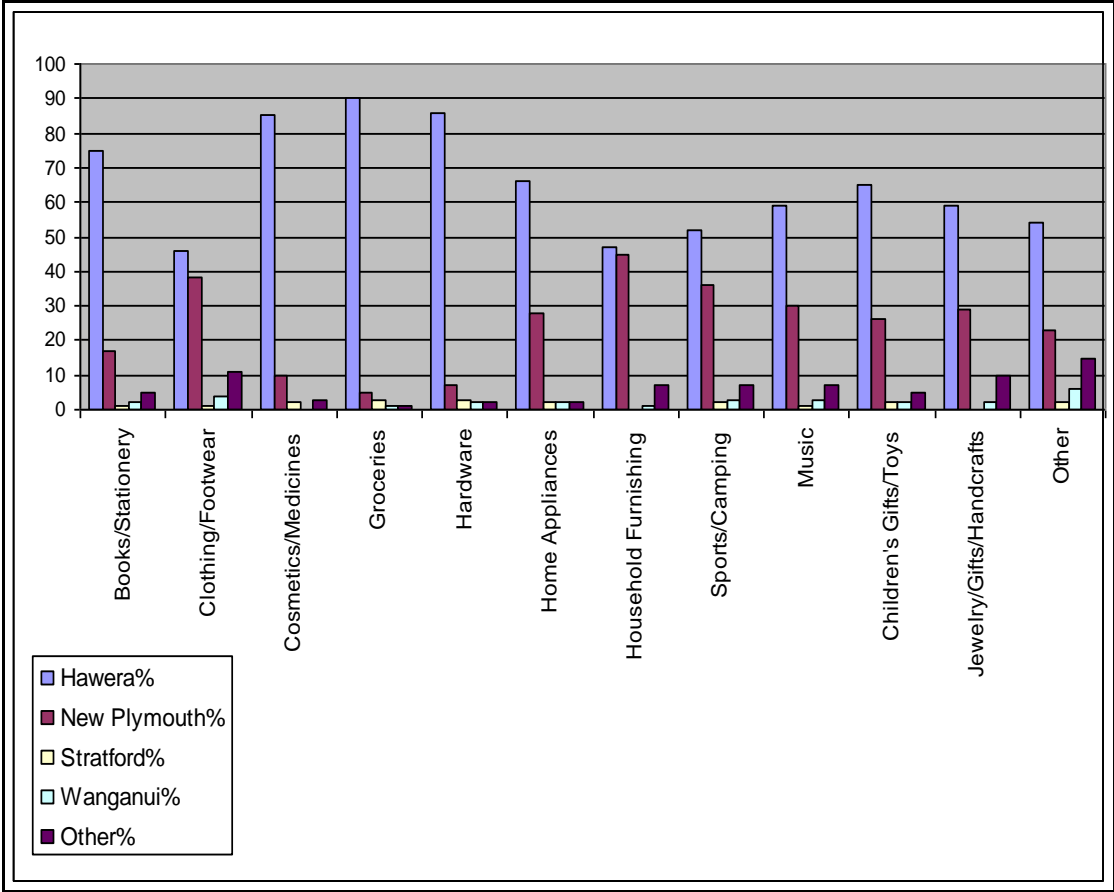
This survey indicates that the proportion of residents in the Hawera, Tangahoe and Patea areas who do most of their weekly shopping in Hawera has remained relatively consistent since 1999. Meanwhile, the percentage of Egmont Plains and Eltham residents who shop in Hawera, Stratford and New Plymouth has increased over the same period.

While this survey provides a general indication of trends, it is likely to reflect shopping habits relating to groceries and smaller essential items, and does not reflect larger or non-essential purchases.

Retail leakage studies were undertaken by Progress Hawera in 2002 and 2005 which asked more detailed questions relating to where residents of Hawera and the immediate rural area purchased particular products and their satisfaction with related issues such as the retail environment, customer service standards and opening hours.

These studies provided more detailed information on individual purchases and confirm anecdotal evidence of a growing dissatisfaction with retail service standards and increasing trend to travel outside the district for larger purchases. Unfortunately, the sample groups did not accurately reflect the demographic makeup of the district and the recording and analysis provides limited information on which to base planning or improvements.

The table below shows where Hawera Ward residents are more likely to purchase specific items.



The majority of respondents in the 2002 study were satisfied with the standard of customer service and product knowledge but 57% were dissatisfied with shopping hours. In 2005, the level of dissatisfaction with shopping hours had risen to 60% while 64% felt customer service standards needed improving and 51% were not happy with the level of product knowledge. Even allowing for a level of inaccuracy in these surveys it is clear that the level of satisfaction with the overall shopping experience in Hawera is declining.

**Retail Sector Issues and Opportunities**

Competing with the total retail experience offered by New Plymouth is a serious issue.

Event organisers and the accommodation sector have commented on the lack of interest from both retailers and food outlets in supporting events. There are considerable opportunities, particularly for Hawera retailers to benefit from local and regional events and cultural activities. However, the limited co-operation and communication means this potential has not been realised.

Feedback from customers, landlords and the retail sector itself indicates that there are significant differences between the views of these interest groups on what the real issues are for the future of retailing in Hawera. Issues frequently raised include:

- Limited opening hours of cafés to support the total shopping experience.
- The number and poor condition of the available retail premises and negative impact on CBD.
- Lack of co-operation action between retailers and event organisers.
- Increasing dissatisfaction with customer service standards.
- Impacts of Big Box retailers.
- Lack of interest in either opening new or buying existing businesses.
- Too many empty shops.
- Unattractive CBD and Town Square.

There are a number of opportunities for rejuvenation of the retail sector but until a shared view is reached on the real issues, agreement on a strategy to move forward is unlikely

Despite South Taranaki's sound economic base and stabilising population the competitive environment makes new retail ventures particularly challenging, as attracting customers is dependent not only on the quality of a retailer's product and service but on those of its neighbours. Until some momentum is generated by local business people to work co-operatively and create a total retail environment, attracting new retailers to the Hawera CBD will remain a challenge.

After years of retail contraction the district's smaller communities appear to have reached a period of relative stability. While growth in the number of retail businesses is not likely, a shift should be expected as marginal operations close and create opportunities for more innovative operators. There are opportunities for niche market development in Opunake, Eltham, Patea and Waverley, capitalising on their unique characteristics or surrounding attractions. For Eltham, Patea and Waverley the capture of passing traffic is also an opportunity.

## Tourism Sector

### **Overview**

*The extent of the tourism information provided in this report is high in comparison to the contribution the visitor sector makes to the district's economy. However, like many of its counterparts, the extent of South Taranaki District Council's contribution to tourism (78.7% of total operational investment in economic development over the three years from July 2003 to June 2006) is high and warrants a detailed look at the return for that investment.*

Nationally the tourism industry is the largest foreign exchange earner generating over \$17.5 billion in the year ended March 2006 and predicted to increase to \$20 billion by 2010. In 2006, the tourism industry was estimated to support, directly and indirectly around 176,000 FTE jobs, or 9.8% of the total New Zealand workforce<sup>12</sup>. Taranaki is a relatively small player in the industry with a total tourism income of \$191.23 million and 2,843 jobs (1.6% of the national total) supported by tourism.

There are 551 tourism-related businesses operating in Taranaki and 2,843 people directly employed by the industry, nearly half of which are in the food and beverage sector<sup>13</sup>. Of

<sup>12</sup> Ministry of Tourism (2006). Leading Indicators Monitor. Wellington: Ministry of Tourism.

<sup>13</sup> Taranaki Tourism Strategy (2004)

these businesses, 104 are based in South Taranaki. The exact number of full time positions created through tourism in South Taranaki is unknown, though all 280<sup>14</sup> positions in the accommodation, café and restaurant sector would at least be partly supported by the tourist dollar. Tourism also benefits the retail, cultural and recreational services sectors.

### **Tourism Services**

The promotion of tourism in South Taranaki is shared between Venture Taranaki Trust (VTT) and the Council, and each has quite clearly defined roles. VTT is responsible for marketing Taranaki outside the region. To achieve this VTT maintains relationships with all the major tourism organisations, including Tourism New Zealand, so Taranaki can be sure it is included in any opportunities to market the region. One such opportunity is the international media programme co-ordinated by Tourism New Zealand. VTT has also developed a new brand and advertising campaign through which to market the region.

The Tourism Unit of the Council is responsible for promotion within the district. Its role can be described as keeping visitors informed of what is available, once VTT has attracted them to the region. The unit produces local promotional material and responds to direct enquiries from visitors.

### **Branding**

In September 2005 Venture Taranaki launched the 'Taranaki – Like No Other' brand. The impact of this new brand has yet to be determined as initial funds available were used for design development and a serious media campaign was only beginning at the close of the 2006/07 financial year. Nevertheless, there has been good uptake of the brand by local businesses and councils. 'Taranaki - Like No Other' allows the flexibility to reflect the wide range of visitor, lifestyle and business activities in the region and South Taranaki has committed to incorporating the brand in its own promotional publications. Stratford district has reconfigured the brand and used the concept and iconography to create an individual identity.

### **District Perspective**

#### **Tourism Product/Attractions**

South Taranaki has a wealth of scenic and natural attractions; although there is little in the way of tourism product, meaning operator based activities which generate direct income. While we do boast one well-known and established operation, the Tawhiti Museum, most are only part-time activities. The number and variety of tourism operations that are readily accessible to the casual visitor is relatively small.

<b>Product Type</b>	<b>Regular Opening Hours/Departures</b>	<b>Booking Required</b>	<b>Total</b>
<b>Tour/Charter</b>	0	9	9
<b>On-site Operation</b>	6	4	10
<b>Museum/Collection</b>	3	4	7
<b>Total Operations</b>			<b>26</b>

South Taranaki has 26 business operations whose primary target market is visitors to the district. However, only a small number of these operators would derive their sole income from visitors and most are only part-time operations. Of these operations, nine are tours or charters and 10 are on-site operations, six of which have regular opening hours. In addition there are seven museums and private collections that are open to the public and operate on a non-profit basis. Only three of these have regular advertised opening hours, with the majority open by arrangement.

<sup>14</sup> Statistics New Zealand: Business Demographic Statistics (2005)

### ***Issues and Opportunities***

Recent Council investment in the Opunake Artificial Surf Reef, Patea River moles and Lake Rotokare Pest Excluder Fence are all investments in free activities. The financial benefits depend on entrepreneurial businesses capitalising on that investment, servicing the needs of day trippers and extending visits to overnight stays.

On the positive side, there is a growing interest worldwide, in visiting significant cultural icons, places of natural beauty and just getting off the beaten track – all areas in which South Taranaki is well placed to develop and promote itself. The development of scenic attractions into tourism product is largely a matter of increased promotion and better access, both areas where the Council, the regional tourism agency and Department of Conservation can work together effectively.

### ***Cultural Tourism***

Venture Taranaki's Taranaki Tourism Strategy 2005 to 2010 places a strong emphasis on cultural tourism. It makes specific recommendations about harnessing the region's distinctive stories to make Taranaki a more compelling visitor destination. Another area of focus is building capacity in the Māori tourism sector.

Much of Taranaki's existing cultural tourism product is in New Plymouth, with the jewels in the crown being Puke Ariki and the internationally renowned Govett Brewster Art Gallery. While South Taranaki cannot hope to duplicate these major facilities, it does have a rich vein of untapped history and stories to be told which are second to none in New Zealand. These include the battles at Turuturu Mokai, Te Ngutu o te Manu and the legendary figures of Te Whiti, Tohu and Titokowaru. These stories could be promoted through printed material and signage, and expanded to include marae-based cultural activities. The realisation of the potential in this area is largely dependent on the capacity of iwi who must either lead or be significant partners in any such development. There is potential to generate an increase in tourism income if visitors can be encouraged to stay overnight and spend on meals and accommodation.

### ***Issues and Opportunities***

An interest in developing heritage tourism through heritage trails and better promotion of museums and historic sites has been identified in nearly all of the district's seven Community Development Plans.

There are opportunities for promoting our stories simply and effectively through printed material and signage.

To take cultural tourism to the next level requires the development of interactive and entertaining tourism product of the high standard expected by the 21st century tourist. To achieve this requires considerable financial commitment in a high risk sector with limited guarantee of return. Even well known income generating businesses such as the Tawhiti Museum have sought public support to remain competitive.

The very small number of businesses that are able to cater for organised tours severely restricts the district's ability to attract the financial benefits of overnight stays. The few tours that stop in South Taranaki would rarely, if ever stop overnight.

## **Event Tourism**

### **The Region**

Event Tourism has played a significant part in the recent growth in the region's visitor numbers. Established events such as the Rhododendron Festival and Taranaki Arts Festival have been augmented by a number of new events such as WOMAD, the Parihaka Peace Festival and an increasing number of high profile acts at the Bowl of Brooklands in New Plymouth. There is now a diverse, high-quality programme of entertainment for both locals and visitors to enjoy. In addition to the injections of tourism dollars into the regional economy, these events have contributed to Taranaki's rise as New Zealand's latest 'hot' destination, providing the opportunity to showcase other attractions in the area and encourage participants to stay longer or return for holidays.

### **The District**

The South Taranaki District Council supports an annual programme of events that generally appeal to local audiences. The exception is the Parihaka Peace Festival. The inaugural festival held in March 2006 was successful, despite the challenges of obtaining funding for an unproven concept. Approximately 6,500 tickets were sold for the second festival held in January 2007 and anecdotal evidence indicated that 50% of visitors may have come from outside the region. This confirmed the potential to become a nationally and internationally recognised event capitalising on the heritage of the Parihaka community and the pacifist ideals it espouses.

The district hosts a number of sporting and community events which have strong local support and have become almost ritual for their regular participants. These include the Patea and Ohawe beach fishing competitions, beach carnivals and the Rotorangi Gutbuster, a gruelling triathlon held in the eastern hill country. A recent addition is Patea's Paepae in the Park, first held on Waitangi Day 2004 and now an established event with a successful format that combines nationally-renown performers with local talent and a vibrant market.

Hawera hosted a women's Triathlon for the first time in 2006. This event attracted 1,200 participants and their supporters and its success served to put Hawera on the map as a potential venue for similar sized events.

With final design work in progress for The Hub, a combined sports and leisure facility in central Hawera, the district will soon have the capacity to host a wide range of sporting competitions and development camps. This complements Venture Taranaki's Tourism Strategy to attract world-class sporting events such as the World Triathlon.

### ***Issues and Opportunities***

South Taranaki lacks the major venues and resources to support huge crowd pullers, but is also hampered by lack of visitor accommodation for large events, with only 527 available beds. The district can concentrate on establishing events to suit its venues, such as smaller sporting tournaments, equestrian competitions and cultural activities.

Feedback from local moteliors suggests that development of weekend events and improvement of venues to host these would be the most effective way to increase visitor numbers. However, it is essential that visitors' needs are catered for, particularly by the café and restaurant sector. There may also be potential for local events such as beach carnivals or Arts in the Park to extend the visitor experience and encourage stopovers in South Taranaki.

### **Cafés, Restaurants and Retail**

The majority of the district's 43 cafés, restaurants and bars could benefit considerably from tourism. However, the extent of that benefit will depend on whether they are offering the product and service expected by visitors. Unfortunately, the quality, variety and opening hours of dining options in Hawera do not meet the needs of visitors. Moteliers report that many operators close on weekends and over holiday periods.

There is a lack of high quality dining to meet corporate needs and visitors still have difficulty finding a good café open on weekends, even in the Hawera central business district. Holiday makers must not be restricted to noon to 2pm lunch periods and will expect to eat outside standard hours. There are exceptions which show that a café offering unique food and atmosphere with good seven day service can become a destination in itself. Similar issues apply to the retail sector, with only a few businesses opening after noon on Saturdays.

### **Accommodation**

<b>Year Ending June</b>	<b>Number of Establishments</b>	<b>Guest Arrivals</b>	<b>Stay Length</b>	<b>District Occupancy Rates</b>	<b>Taranaki Occupancy Rates</b>
<b>1999</b>	25	23,784	2.03	15.24%	26.8%
<b>2000</b>	27	23,303	2.05	15.37%	27.3%
<b>2001</b>	27	25,184	1.96	15.39%	28.6%
<b>2002</b>	26	28,496	1.73	15.21%	29.3%
<b>2003</b>	23	26,265	1.90	14.88%	32.4%
<b>2004</b>	22	28,182	1.87	17.48%	31.3%
<b>2005</b>	20	29,182	1.88	18.34%	34.2%

*Statistics New Zealand*

### **Issues**

The difficulty in obtaining tourism statistics directly relating to South Taranaki was identified during the community planning process in 2003 and remains an issue. This is illustrated by the occupancy rate figures provided by Statistics New Zealand for South Taranaki. On face value, the average occupancy rates of around 16% from 1999 to 2005 seem very poor in comparison to the whole of Taranaki until we consider how these figures are obtained. Statistics New Zealand advise they were calculated on 22 accommodation establishments (a mix of 10 hotels, seven motels, four caravan parks and one backpacker facility). However, Information South Taranaki confirms that in 2006 there were 13 hotels, 12 motels, 15 private lodges/bed and breakfasts, nine motorcamps and six backpackers facilities in the district, making a total of 55 establishments.

Some types of accommodation, such as motor camps, are designed for peak summer holiday periods and have comparatively low occupancy rates throughout the year, lowering the average. South Taranaki hotels are not comparable with those in New Plymouth, many of which are purpose built for the higher end of the market, while in the south most are country hotels that offer budget accommodation.

Occupancy rates are available for individual types of accommodation, but these figures are only available on a regional basis and do not provide a clear picture of visitor patterns. For example, while average motel occupancy rates for the region were 55.9% for the year to June 2005, discussions with Hawera moteliers indicates they often have occupancy rates of between 60% to 70%. They have, in fact exceeded those of New Plymouth, even during the 2003/04 'boom' year with the added demands of filming of the *Last Samurai* and major events such as WOMAD. This is not surprising as Hawera has a long tradition of high occupancy due to corporate business generated by major industries. This is reflected in the busiest days for Hawera motels being Monday to Thursday. However, moteliers are reporting an increase in weekend visitors, particularly those offering larger units that can cater for families.

### Occupancy Rates for (For year ending June)

Accommodation Type	2003		2004		2005	
	Taranaki	NZ	Taranaki	NZ	Taranaki	NZ
Motels	55.5%	55.1%	51.2%	56.3%	55.9%	56.5%
Hotels	45.7%	56.0%	38.2%	57.4%	40.5%	57.8%
Backpackers	39.2%	49.3%	35.2%	49.1%	30.8%	46.2%

Source: Statistics New Zealand

At present, none of the private lodges located in South Taranaki are included in the Statistics New Zealand research, however, some of the more exclusive operations in this category report being fully booked several months ahead. This reflects research completed by Destination Taranaki indicating a shortage of top of the range accommodation targeted at the more exclusive market.

#### **Issues**

There is a growing trend for larger industries to accommodate and entertain their visiting senior staff and clients in New Plymouth where they are also able to access higher standards of accommodation, restaurants and entertainment.

#### **Camping Facilities**

There is growing concern nationwide at the number of sales of prime coastal camping areas to developers who are closing these areas to the public in favour of building high priced holiday resorts. As a result, the demand for remaining sites is increasing and the Council's network of six camping grounds, most of which are located in prime coastal locations, is the envy of many other regions.

#### **Issue**

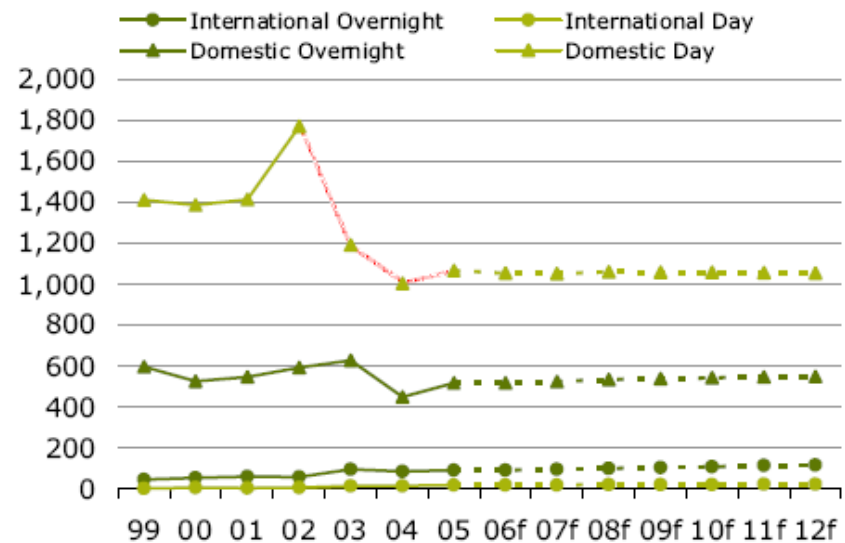
However, the condition of the Council's campgrounds is of concern. Visitor surveys undertaken by VTT indicate a growing level of dissatisfaction with the standard of Taranaki camping grounds, and particularly with the lack of cabin accommodation.

In 2004, in response to the growing number of campervans visiting the district, the Council commenced a joint programme with the New Zealand Motor Caravan Association to install a network of seven campervan effluent dump stations throughout the district. This project is being undertaken to meet current demand and also encourage this visitor group to stay longer in South Taranaki. To date, new dump stations have been installed in Waverley, Normanby and Opunake.

#### **Looking Ahead**

Knowing the market, profiling visitors and targeting promotions is an ongoing issue for South Taranaki. As previously mentioned, the majority of data available pertains to Taranaki as a whole and may not reflect district issues and opportunities. This is a particular problem for new and emerging operations where access to accurate statistics could support government funding applications and the attraction of investment capital. However, the following information is worth considering.

**Total domestic and international visits to Taranaki in total Visits to Taranaki in 000's.**

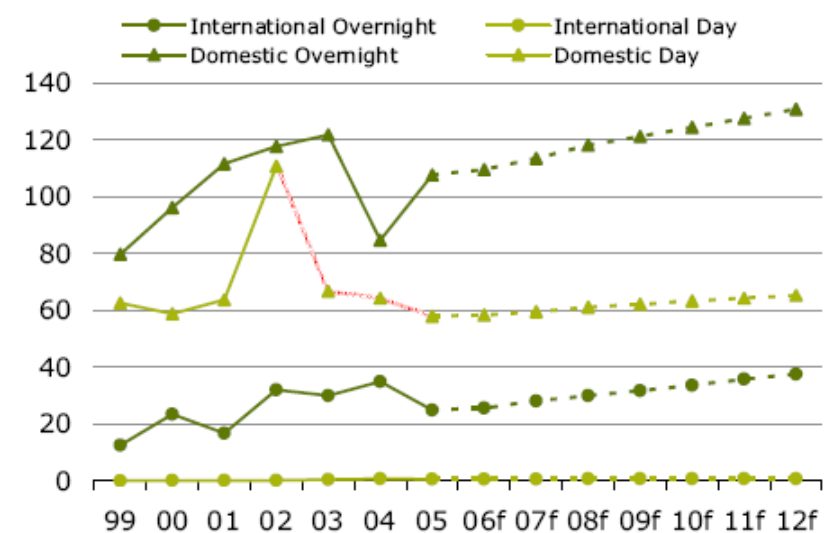


Ministry of Tourism

The graph above shows the total visits to Taranaki, including both domestic and international day and overnight visits from 1999 to 2005 and forecasts to 2012. The Ministry of Tourism predicts both international day and overnight visits will increase by approximately 29% by 2012. It also predicts a small increase in domestic overnight visitors of 5.9% and a reduction in domestic day visitors of 1.3%.

To see what that means for the South Taranaki economy it is necessary to consider the actual numbers in each visitor category and the amount spent by each of these groups, along with the reasons visitors come to the district.

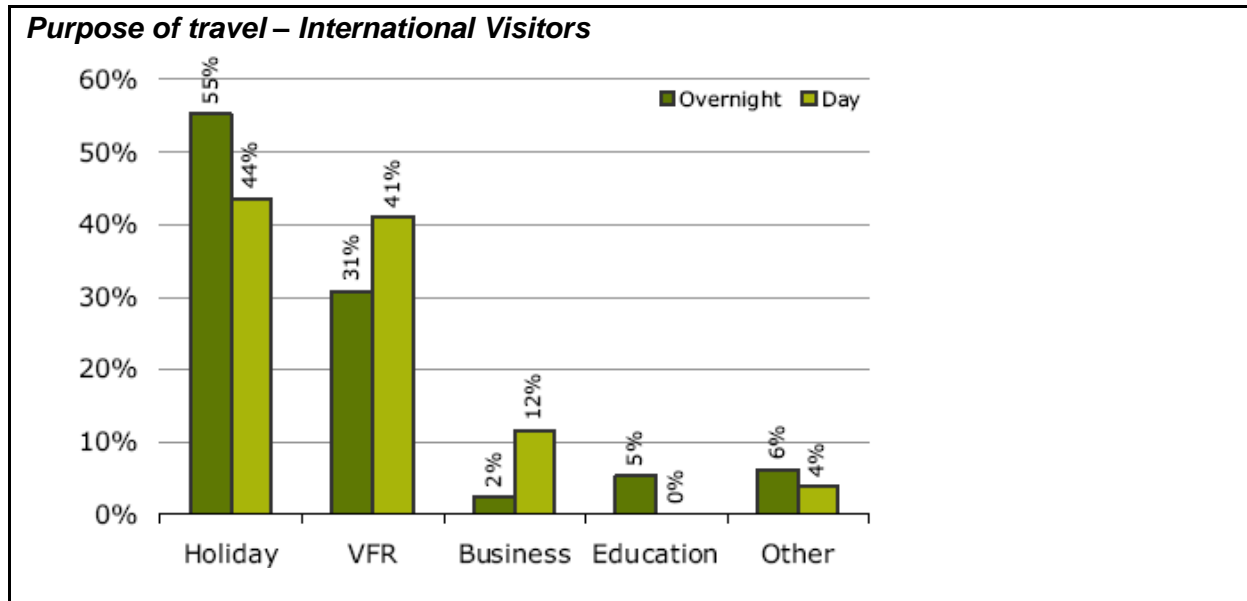
**Total Visitor Expenditure**



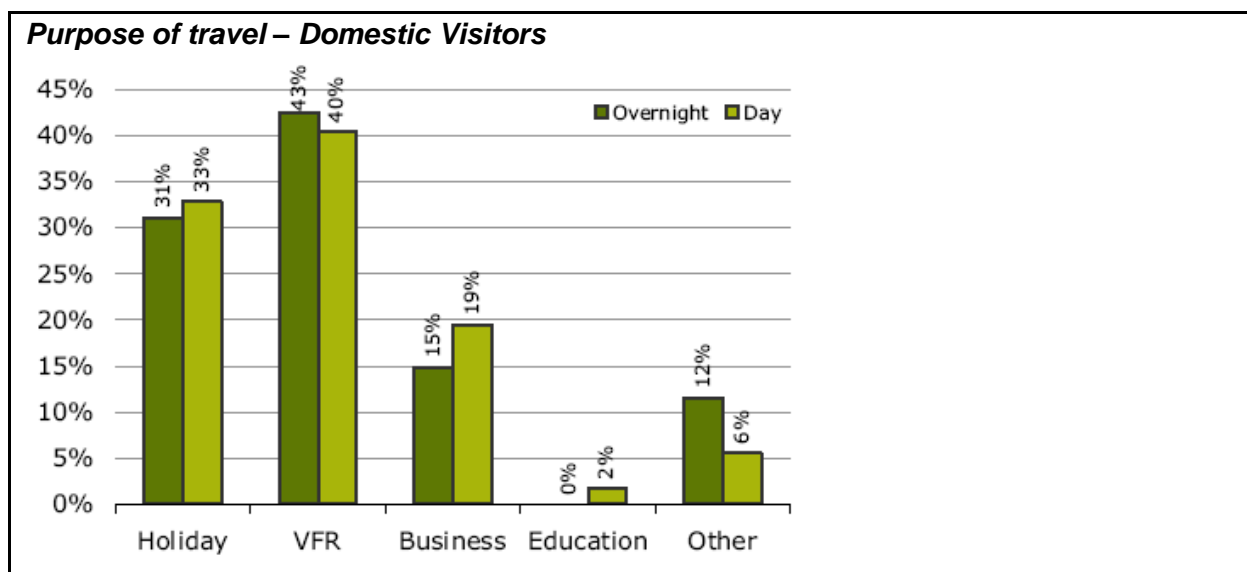
Ministry of Tourism

The graph above shows the total expenditure by both domestic and international day and overnight visitors from 1999 to 2005 and forecasts to 2012. International visitor spending is expected to increase by \$12.7 million (50.8%) to \$37.6 million for overnight visitors and \$200,000 (27.4%) to \$930,000 for day visitors. For domestic visitors spending is expected to increase by \$23 million (21.3%) to \$130.7 million for overnight visitors and \$7.4 million

(12.8%) to 65.3 million for day visitors. So while the predicted 29% increase in international visitors is positive, we need to be aware that the majority of our tourism income is from the domestic market.



Ministry of Tourism



Ministry of Tourism

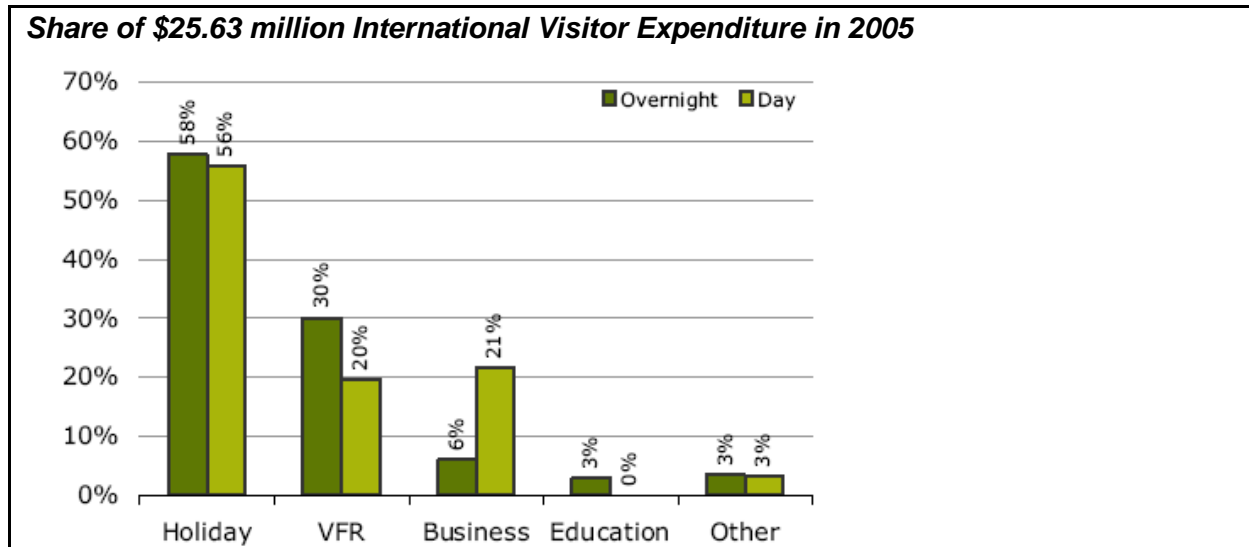
The tables above show the purpose of travel for international and domestic visitors to Taranaki in 2005. The Ministry of Tourism does not expect any significant change in the current purpose of travel by 2012. While there is no breakdown available for visitors to South Taranaki, it would be safe to conclude that a greater percentage of our own visitors would come to visit friends and family or for business purposes. This conclusion is based on the greater appeal of New Plymouth as a visitor destination, particularly for overnight stays, the number of major events held in New Plymouth and anecdotal evidence from the South Taranaki accommodation sector and major employers. Due to its large industrial base, South Taranaki has traditionally been more of a ‘business’ rather than a ‘visitor’ destination.

However, as New Plymouth has become an attractive destination in its own right, a trend has emerged for local industries hosting corporate visitors to accommodate and entertain them there. This trend is likely to grow as the gap between what is offered in Hawera and New

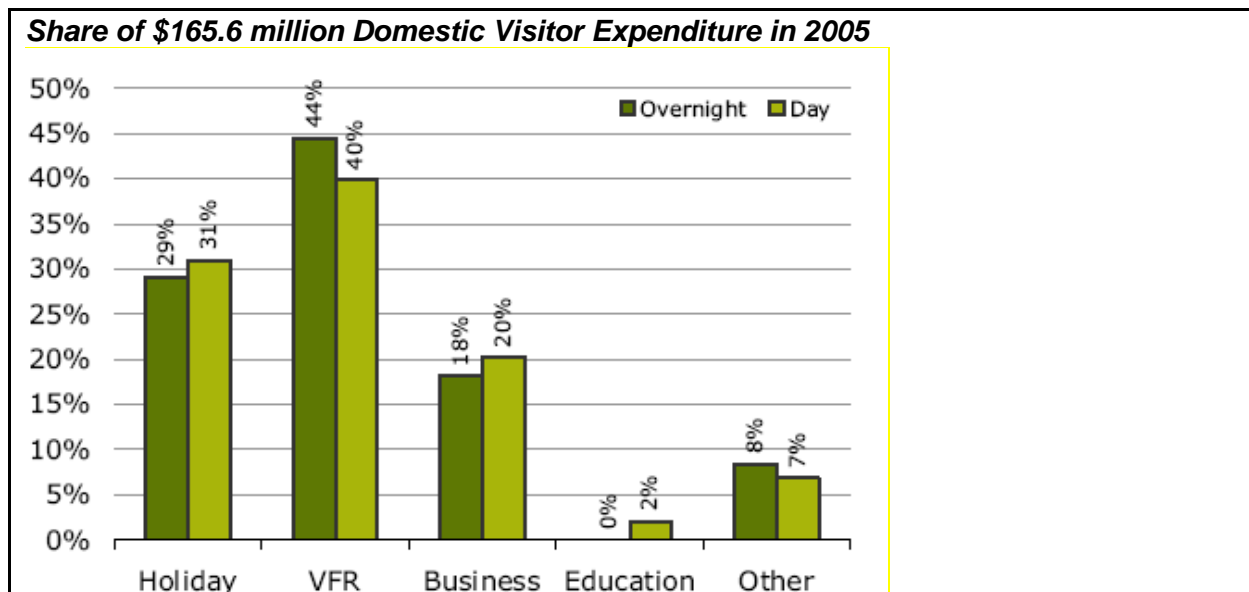
Plymouth widens. This is an important consideration in any planning or strategy as the needs of expense account business visitors vary considerably from holidaymakers.

**The bottom line – where does the money come from?**

In 2005 international visitors spent a total of \$25.63 million in Taranaki while domestic travellers spent a total of \$165.6 million. The chart below shows the percentage of spending by each visitor type.



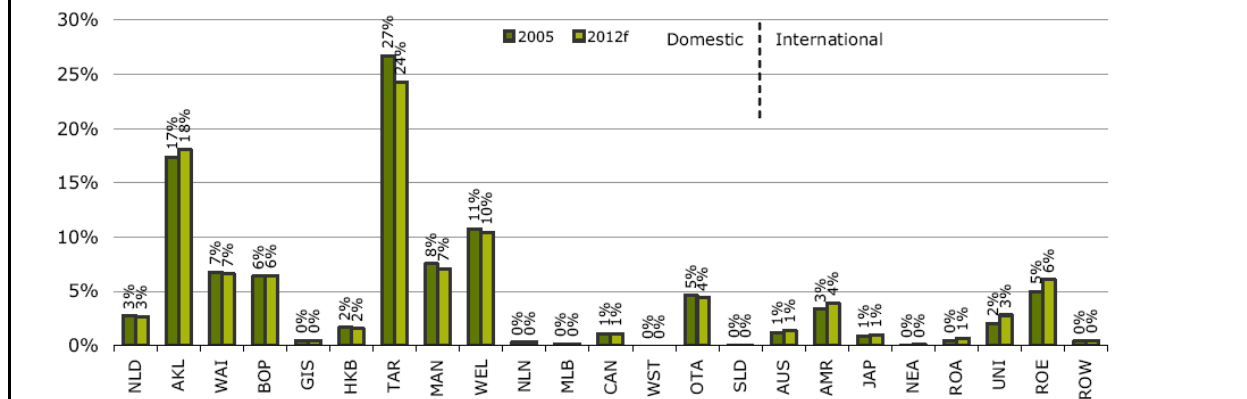
Ministry of Tourism



Ministry of Tourism

## Food for Thought

The chart below shows the share of visitor expenditure by origin of traveller



### Ministry of Tourism

The origin of travellers is an important consideration for Venture Taranaki in planning national and international promotions but would not normally impact on South Taranaki's district planning.

Of interest from a district perspective is the 27 percent of tourism income generated from 'Taranaki' visitors. While internal visitor spending is a factor in all 15 regions only four others have recorded a share of local spending in excess of 20%. The remaining 10 regions earn an average of 11.2% from their own regions.

The four regions with similar spending patterns to Taranaki are Waikato, Canterbury, Otago and Southland.

These figures indicate a high level of movement within the district for day and overnight visits. There are a number of factors which could influence this, including:

- Residents with holiday homes elsewhere in the district.
- Residents, particularly dairy farmers holidaying at local beaches during summer.
- Day trips to other centres.
- Travel to events within the region.

It is of concern for the district that a large portion of this expenditure is likely being drawn to New Plymouth as South Taranaki residents visit events and arts and cultural attractions.

### Issues

As previously mentioned, the lack of accurate visitor data at regional level is an issue. The statistics provided by the Ministry of Tourism are thought provoking but often raise more questions than answers. While there are some issues which need to be addressed, accurate local data is required to provide clear direction.

In consideration of the investment already made by the Council in the tourism sector, it may be appropriate for collection of data to be a co-operative effort involving industry stakeholders.

## Infrastructure

The provision of adequate infrastructure to support economic growth is of primary importance. While in many areas the needs of the community and the needs of industry overlap, for the purposes of this strategy infrastructure has been considered from the perspective of impacts on economic growth rather than the wider community or individual ratepayers.

Infrastructure issues which sit outside the responsibility of Council have also been included, acknowledging the expectation of participants in the consultation that the Council should be prepared to advocate for the needs of local industry.

### ***Transport Networks***

#### **Road**

Local industries are generally happy with the district roading network and for most, road transport is the preferred option for moving both raw materials and product. The northern access route to Taranaki remains a concern, though there is a perception that this is improving. For PPCS Richmond in Waitotara the Limeworks Bridge is a concern. The bridge has been closed for extended periods on two occasions during the last five years, once due to flooding in 2004 and a year earlier for repairs following a heavy vehicle accident.

#### **Rail**

The district's rail network is relatively underutilised, with the exception being the dedicated milk trains running from the Wairarapa and Hawkes Bay to Fonterra's Whareroa milk processing plant. For some companies, infrequent rail movements and efficiency issues mean road remains the preferred option for time sensitive materials and products. For others, years of poor maintenance and lack of replacement of rolling stock have contributed to a poor perception of rail as a transport option. The closure of the shunting yards and goods sheds in Hawera was also raised as an issue.

While rising fuel prices will inevitably mean rail is considered in future planning, any major increase in rail use is likely to require a co-operative effort and long term commitment from users to achieve the economies of scale required to negotiate service improvements.

#### ***Issues and Opportunities***

Some companies that see rail as a viable option are restricted by availability of land for storage and containerising facilities adjacent to rail. This is an issue which should be considered in planning for any future industrial development.

The advantages of this type of development are apparent in Stratford, where the shunting yards continue to operate and industrial land development alongside the rail is attracting considerable interest. This includes the construction of a large storage facility by Fonterra to meet the needs of its Eltham operation.

#### ***Port Taranaki***

On paper, with the location of many of our larger industries in close proximity to the rail and a short line to Port Taranaki (Westgate) it would appear relatively easy to access international markets. In reality, a number of factors combine to limit the use of the rail and port.

A number of our larger manufacturers interviewed in 2006 indicated that the single container company (Maersk) currently visiting Port Taranaki did not ship to destinations which aligned

with South Taranaki export markets. They therefore continued to move product, mainly via road, to East Coast ports.

On the positive side, Westgate is positioning itself to handle uncontainerised products such as logs, coal and liquefied gases. Existing storage and pipeline infrastructure are also an advantage in servicing the long term needs of the oil and gas sector.

**Issue**

The variety of destinations for container shipping is currently limited to those visited by Maersk, the only container shipping line currently servicing Port Taranaki.

**Air Transport**

The potential for development of the Hawera airfield has been the subject of a number of investigations and proposals. While proponents of this development concept do not consider these investigations conclusive, the support of the district's major industries as core users must be considered as a key factor in determining viability. The value of improving air access to Hawera was discussed with the district's 10 largest employers in 2006.

Only four of the 10 largest operations based in South Taranaki indicated interest in using a Hawera-based air passenger transport service. Of these, four were clear that this use depended on having regular daily flights to and from their preferred destinations – Auckland, Hamilton, Tauranga and the South Island. It should be noted that none of the senior staff representing the 10 companies interviewed considered a local passenger service would be a significant advantage to them.

Those who were not interested in using a local airport saw little financial or time advantage for the following reasons:

- The higher cost of flights with smaller airlines.
- The time involved in additional airport route changes negated any advantage of not travelling to New Plymouth.
- Where direct flights to some centres may be an advantage to some travellers who currently drive, there would be increased costs in rental car hire at destination.

None of the 10 companies interviewed considered there was a need for an airfreight service. This included urgent deliveries currently moved through courier systems.

**Water and Waste Water**

Both supply and distribution of potable water is an acknowledged issue and the Council's Ten Year Plan includes a development programme to meet future domestic and industrial needs.

In 2006, interviews were held with the seven industries who are the largest users of water in the district. The findings generally reflected those of the Water Supply Study completed by Opus Consultants in 2002, with seasonal shortages continuing to be a problem. One company indicated that water supply issues were limiting their capacity to expand. All had strategies for minimising use of potable water with some making major investments in such initiatives as storage and recycling facilities.

**Solid Waste Disposal**

A long term strategy for the disposal of solid waste is also included in the Council's Ten Year Plan. While this strategy addresses the overall management of the district's waste, the cost of commercial and industrial solid waste is largely borne by the business sector. Interviews with the district's largest companies indicate that all are taking a proactive approach by recycling. In addition, economies of scale achieved by some of these industries mean

increased viability for recycling operations and new recycling operations expanding into South Taranaki as a result.

Growing concern relating to environmental issues will almost certainly result in additional government legislation around waste management and recycling and there is potential for co-operative efforts to reduce waste to landfill, which will benefit both the business sector and ratepayers.

### ***Energy Supply***

The cost and supply of energy is a national issue and the impacts and opportunities for South Taranaki's energy industry are addressed in the energy section of this strategy.

At a local level, some companies in Manaia, Okaiawa, Kapuni areas served by the Kapuni and Normanby Road substations have identified issues of supply capacity and continuity. Power cuts have been a problem in recent years and for one company line capacity is insufficient for the needs of proposed new development on the site. One company considered upgrade work being undertaken to accommodate the Kupe development at Inaha Road may provide an opportunity to overcome supply issues.

#### ***Issues***

These concerns are worth noting as access to appropriate energy supply should be a consideration in planning for any future industrial development.

The reliability of energy supply is also a growing issue for farmers, with an increasing number experiencing extended power cuts due to storm damage or perceived lack of line maintenance. As a result a number of farmers are purchasing their own generators. There are also concerns about changes expected to take effect by 2013 which will remove the legal requirements for power companies to supply remote areas.

### ***Telecommunications***

An initiative by the region's three district councils in 2002 to introduce broadband services has made a significant contribution to improving internet service in those areas with access. Interviews with larger companies in the district indicate a relative satisfaction with services. While some are experiencing problems, they often relate to the companies' own national systems.

#### ***Issues***

In smaller communities and rural areas the quality of internet services remains an issue and needs to be considered when planning for industrial development. The establishment of wireless services could be an option and one such installation is being developed in Opunake by a local entrepreneur.

In early 2006, several companies raised concerns about cellphone coverage, again in rural areas and around the coast. The installation of a new cellphone tower in Opunake has considerably improved 021 coverage between Opunake and Manaia.

#### ***Issues***

Cellphone coverage in Patea continues to be an issue.