

TIMARU DISTRICT ECONOMIC DEVELOPMENT STRATEGY

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EXECUTIVE SUMMARY

Introduction

This Economic Development Strategy, which has been prepared by Venture Timaru, sets out a programme of action that will be pursued to ensure that the Timaru District, its people, places and businesses, thrive. This Strategy is based upon an up-to-date analysis of the district's economy, its strengths and weaknesses, and has been informed by extensive engagement with stakeholders, including Te Rūnanga o Arowhenua.

The Strategy recognises that while the Timaru District's economy has been a consistent performer and has shown itself to be remarkably resilient, the district faces several challenges that, if left unchecked, could impact on the future prosperity and wellbeing of its residents and the success of its businesses.

The ultimate purpose of this Strategy is to support prosperity and wellbeing across the district ensuring the economic is resilient, sustainable and inclusive, and that growth does not come at the expense of the natural environment, quality of life or quality of place.

The key drivers of prosperity and wellbeing include employment, productivity and population growth, the mix and performance of industries, and underlying foundations, such as education and skills, natural resources, housing, infrastructure, social and cultural capital, amongst others.

How these factors combine to support inclusive growth and shared prosperity for the Timaru District are critical and the focus of economic development within this Strategy, which is framed by the commitment to improving the lives of the district's residents and the success of its businesses.

Delivering economic development

Partnership is critical to delivering economic development outcomes for the district. No one organisation has the mandate or resources to do this on their own. As the district's Economic Development Agency, Venture Timaru has an important role to play as a facilitator and enabler.

Timaru District Council, through the delivery of its core functions and through the implementation of the district's Long-Term Plan also plays an important role, as do other business organisations and industry itself.

As a Council Controlled Organisation, Venture Timaru's vision is to:

Attract, grow and retain people and businesses that contribute to a thriving Timaru District economy

Immediate priorities, as identified in Venture Timaru's Statement of Intent are:

- **Workforce attraction** – the ability of the district's businesses and industries to attract and retain skilled workers.
- **Housing** – the need for a variety of housing and rental options, including affordable housing and land packages.
- **Logistics** – mitigating the impacts of disruptions to global supply chain, which are making it harder to source consumer goods and supplies for industry.

There is also a critical role for Venture Timaru in engaging with national agencies and relevant Government programmes and initiatives that can support the district's economy. This includes working with Kānoa, Government's Regional Economic Development and Investment Unit, and exploring opportunities associated with the Regional Strategic Partnership Fund.

Delivering this Strategy

This Economic Development Strategy has been prepared to provide a basis for collective action to support the sustainable growth of the district's economy and key industries.

The delivery and implementation of this Strategy requires a partnership approach. Coordination and collaboration will be essential, Venture Timaru will play an important role in facilitating collaboration and coordination of activities across the district, wider South Canterbury and with Government. To inform this ongoing collaboration, Venture Timaru will be seeking feedback and peer review of this Strategy from neighbouring districts and national agencies.

Aspirations for the future

The Timaru District's economy has considerable strengths and opportunities which are a platform for growth and development. In building upon these, there is a need to ensure the future growth is sustainable, resilient and inclusive.

Existing areas of strength, particularly those associated with established industries and the depth of the primary sector, will continue to be critical to the district's future success. However, the economy will continue to change and transform, as new technologies, products, services and ways of working evolve. The Timaru District, its people and businesses, need to embrace and respond to these changes, realising new opportunities and responding to disruptions.

The aspiration is for the district's economy to grow sustainably into the future, providing choice, diversity and resilience for current and future residents and businesses.

Alongside traditional areas of strength, which will be maintained, the district will also ensure that it has an offer for new industries, entrepreneurs and investors, and will work in partnership with Te Rūnanga o Arowhenua to support their aspirations for tangata whenua.

Strategic framework

The vision for this Economic Development Strategy is to:

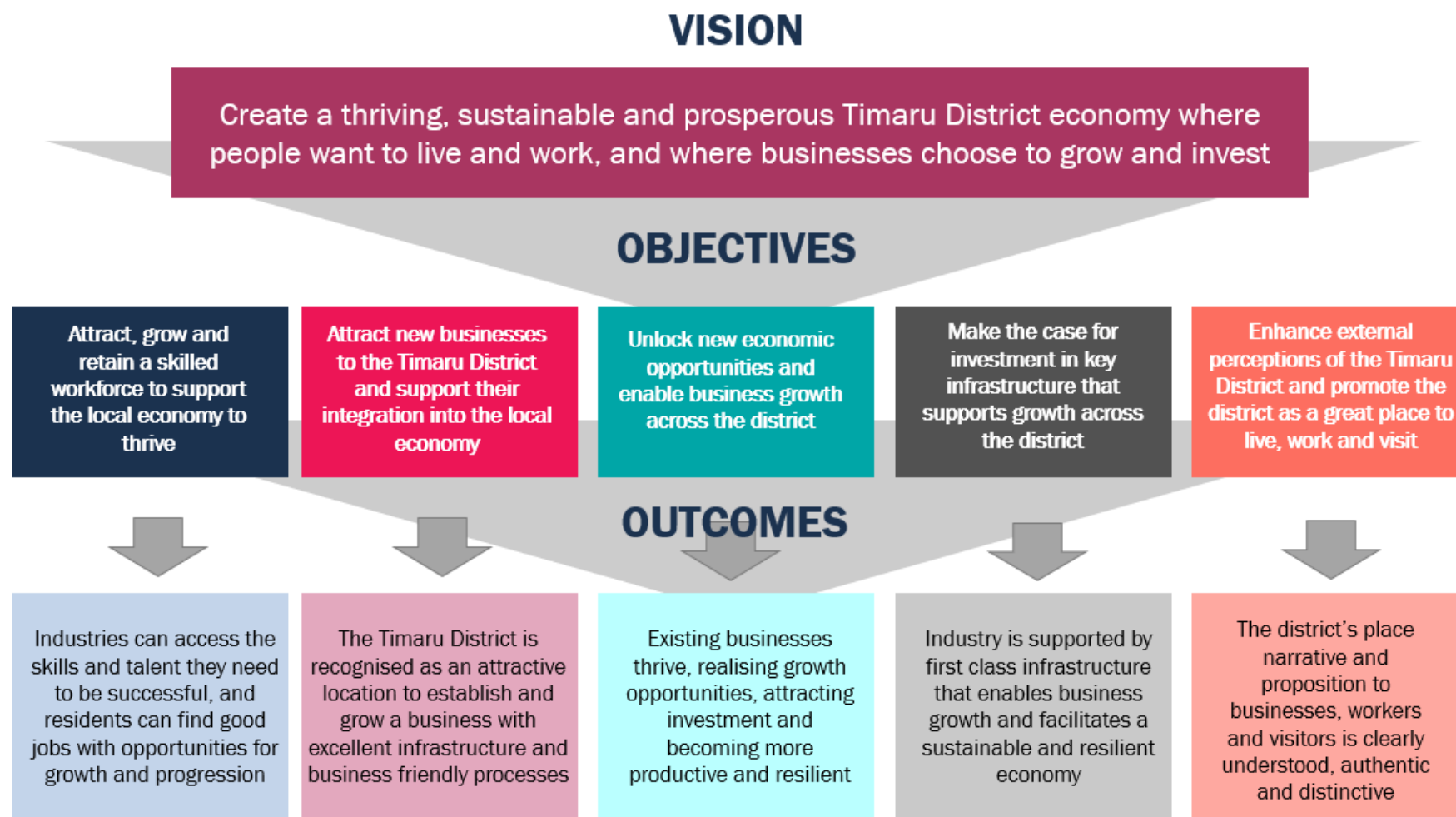
Create a thriving, sustainable and prosperous Timaru District economy where people want to live and work, and where businesses choose to grow and invest.

Five strategic objectives support this vision:

- 1 Attract, grow and retain a skilled workforce to support the local economy to thrive.
- 2 Attract new businesses to the Timaru District and support their integration into the local economy.
- 3 Unlock new economic opportunities and enable business growth across the district.
- 4 Make the case for investment in key infrastructure that supports growth across the district.
- 5 Enhance external perceptions of the Timaru District and promote the district as a great place to live, work and visit.

Subsequent sections of this Strategy set out the wider context for these objectives, as well as the perspectives of key partners and stakeholders. Figure 1 summarises the overarching strategic framework and our desired outcomes for the Timaru District's economy.

Figure 1: Timaru District Economic Development Strategy Strategic Framework



INTRODUCTION

The Timaru District

The Timaru District is located on the east coast of the South Island and includes the key settlements of Timaru, Temuka, Geraldine and Pleasant Point (Figure 2). The district is home to a resident population of 48,400 people, 5,511 businesses and 26,004 employees¹.

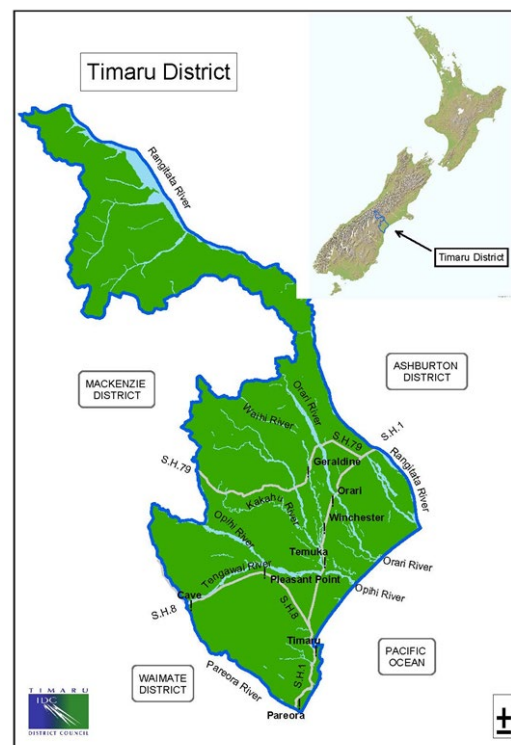
The district's economy is driven by South Canterbury's strong agricultural base and is rooted in the primary sector, specifically, agriculture, fishing and forestry. The primary sector also plays a critical role supporting employment across many other sectors, including manufacturing and construction.

Purpose of this Strategy

While the Timaru District's economy has been a consistent performer and has shown itself to be remarkably resilient through the current Covid-19 pandemic, the district faces several challenges that, if left unchecked, could impact on the future prosperity and wellbeing of its residents and the success of its businesses.

This Economic Development Strategy, which has been prepared on behalf of the district by Venture Timaru, sets out a programme of action that will be pursued to ensure that the district, its people, places and business, thrive.

Figure 2: The Timaru District boundary



Source: Timaru District Council

¹ Timaru District Economic Profile, Infometrics

Prosperity and Wellbeing

Prosperity and wellbeing are the ultimate goals of economic development and can be measured by the value being generated in the district, incomes, quality of life and quality of place.

There are several factors that underpin prosperity and wellbeing within the Timaru District, including key drivers, such as employment, productivity and population growth, the mix and performance of industries in the region, and underlying foundations, such as education & skills, natural resources, housing, infrastructure, social and cultural capital, amongst others.

How these factors combine to support inclusive growth and shared prosperity for the Timaru District are critical and the focus of economic development within this Strategy, which is framed by the commitment to improving the lives of residents and the success of businesses.

Delivering Economic Development

There are three main types of activities that are key to delivering economic development outcomes for the district and are reflected in this Strategy:

- **Indirect or enabling economic development activities** are those that are focused on creating the supportive conditions for economic development across the district, such as planning for and co-investing in infrastructure and assets, provision of core services and local policy and regulation.
- **Direct economic development activities** are those that are more directly aimed at improving the capability of businesses and industries across the region to grow (either by improving their access to resources or the demand for their products and services). They include business

assistance, destination management and marketing activities, industry development activities, skill and talent support, amongst others.

- **Economic development support activities** are those that assist in ensuring the effective implementation of actions that arise from economic strategies and implementation plans (e.g., programme management, monitoring and evaluation, economic intelligence and analysis).

No one organisation is typically mandated or resourced to deliver these functions in isolation. While Venture Timaru, as the EDA for the Timaru District has an important role to play, so do many other organisations.

Timaru District Council, through the delivery of its core functions and through the implementation of the district's Long-Term Plan (LTP) plays a primary role in the delivery of indirect or enabling activities.

Several direct economic development activities will be delivered by Venture Timaru but also by other business organisations such as the South Canterbury Chamber of Commerce, as well as the private sector itself.

Supporting activities would typically be delivered by a combination of the Council and Venture Timaru, with both playing roles in delivering some activities.

When it comes to the effectiveness of economic development interventions, reviews of agencies across New Zealand and national research on the impact of different types of interventions indicates that the following activities generate real benefits for local economies:

- **Business development support** has been found to encourage businesses to improve their capability beyond what would have otherwise occurred and to improve sales and productivity.
- **Innovation support** can improve business survival rates and result in additional investment in R&D, particularly for small businesses.

- **Skills and talent** initiatives that are focused on supporting youth into employment result in benefits for youth, schools and employers.
- Although a range of factors impact on visitor numbers and spend, **destination marketing and management** activities do have a positive rate of return due to their ability to reinforce potential visitors' decisions to visit. Support for events tends to have the greatest impact when events attract international visitors, are major in scale, one-off and held in the off-peak and shoulder seasons.
- There are many examples in New Zealand where **industry development** facilitation has resulted in major new projects and investment in regions that otherwise would not have occurred (or occurred more slowly or at a smaller scale). Effectiveness is dependent on having a clear rationale and buy-in from industry.
- **Investment attraction** efforts are more effective at encouraging additional investment from existing businesses/investors or to help retain existing investment in the region rather than attracting significant new overseas investment. Effectiveness is dependent on having a thorough understanding of and targeting investment opportunities and potential investors.
- **Regional economic strategies and plans**, supported by economic evidence and insight, collaboration between iwi, public and private sectors, a realistic and well-resourced approach to implementation and strong monitoring and review processes, can be an important catalyst for attracting additional central government investment into regions.

Venture Timaru's Role

Partnership working is critical to the process of economic development and consequently is central to the delivery of this Strategy. However, it is important to recognise the key role that Venture Timaru plays as a facilitator and enabler of economic development across the district.

Venture Timaru is the integrated Economic Development Agency (EDA) and Regional Tourism Organisation (RTO) for the Timaru District. As the district's EDA, Venture Timaru seeks to ensure that businesses and individuals across the district can access resources more productively and more effectively to respond to economic opportunities and challenges.

The Timaru District Council's priorities for Venture Timaru are set out in the organisation's Statement of Intent, which has also informed this Economic Development Strategy. The vision for Venture Timaru, as set out in the Statement of Intent is to:

Attract, grow and retain people and businesses that contribute to a thriving Timaru District economy

Venture Timaru's Statement of Intent also identifies several immediate challenges facing the district's economy:

- **Workforce attraction** – the ability of the district's businesses and industries to attract and retain skilled workers, which was recognised as an issue prior to Covid-19 and has intensified further.

- **Housing** – the need for a variety of housing and rental options, including affordable housing and land packages, that are attractive to workers and their families.
- **Logistics** – the impacts of disruptions to global supply chains including increased freight costs, delays, and intermittent shipping schedules, which are making it harder to source consumer goods and supplies for industry.

Venture Timaru is also a Council Controlled Organisation (CCO) of Timaru District Council, providing the Council with a business perspective on the growth and development of the district's economy, and supporting the implementation of the Council's wider plans and strategies, including the Council's Long-Term Plan (LTP).

The LTP is a 10-year plan which sets out the Council's vision for the district and the actions it will take to realise this vision. The current LTP, entitled 'Together we can thrive', covers the period 2021-2031 and has a stated vision for the district to be a place:

Where people, place and businesses prosper within a healthy, adaptable and regenerative environment.

The LTP was prepared following extensive community consultation and sets out the actions and investment that Council will make to realise its vision. The community wellbeing outcomes set out in the LTP and therefore relevant to this Strategy are summarised in Table 1.

Table 1: Timaru District's community wellbeing outcomes

Goal	Focus areas
Connected Citizens	<ul style="list-style-type: none"> • Open to Ideas • Sharing Stories • Enabling Community • Foster Iwi Relationships • Advocacy and Leadership
Enhanced Lifestyle	<ul style="list-style-type: none"> • Accessible and Active • Shared Spaces • Facilities and Services • Affordability • Health & Wellness
Sustainable Environment	<ul style="list-style-type: none"> • Kaitiakitanga • Low Carbon and Energy • Minimise Waste • Clean Environment • Encourage Biodiversity
Diverse Economy	<ul style="list-style-type: none"> • Sustainable growth • New and Niche • Leverage Local Strength • Thriving Business
Resilient Infrastructure	<ul style="list-style-type: none"> • Invest for Future • Apply Good Practice • Responsive Planning • Engage with People

Source: Together we can thrive, Timaru District Long Term Plan 2021-31

There is also a critical role for Venture Timaru in engaging with national agencies and relevant Government programmes and initiatives that can support the district's economy.

Working with Kānoa, Government's Regional Economic Development and Investment Unit, will be particularly important, including exploring opportunities associated with the new Regional Strategic Partnership Fund (RSPF) which has been established to support regions to make steps towards achieving their potential.

As part of this process, there is a need to consider Government's PRISM Regional Economies Framework, which is intended to assist regions build on their economic development strengths and address their challenges².

The Framework calls for regional economies to be:

- **Productive** – where people and businesses make the most of high-quality economic opportunities.
- **Resilient** – where people and businesses can respond effectively to external forces.
- **Inclusive** – where people and businesses' participation in inclusive regional economies and everyone can provide financially for themselves and their families and that they can access skills, training and knowledge they need.
- **Sustainable** – where people and businesses use natural, human, social, physical and financial resources sustainability.
- **Māori-enabling** – where people and businesses pursue Māori regional economic development as a pillar for the vitality of the region's economy.

² <https://www.growregions.govt.nz/assets/content/prism-pillars-information.pdf>

Developing this Strategy

This Economic Development Strategy has been prepared to provide a basis for collective action to support the sustainable growth of the district's tourism sector and wider visitor economy.

The development of this Strategy has been led by Venture Timaru, the integrated Economic Development Agency (EDA) and Regional Tourism Organisation (RTO) for the Timaru District.

The process of developing this Strategy has involved analysis of the district's recent economic performance, engagement with a wide range of stakeholders, including Te Rūnanga o Arowhenua, and has been overseen by Venture Timaru's Board.

In parallel, Venture Timaru has also led the development of a Destination Management Plan for the district, which sits alongside this Strategy and together these documents provide an integrated programme of action to support the wellbeing and prosperity of the district.

KEY CHALLENGES AND OPPORTUNITIES

Overview of the Timaru District Economy

The Timaru District has a strong and diverse economy, benefiting from South Canterbury's strong agricultural base which supports employment and economic outcomes across several other sectors. Appendix 1 provides a profile of the district's economy, while this section summarises some of the most important aspects of the local economy, as well as the opportunities and challenges facing the district³.

Population and employment

The district's population is currently estimated at 48,400⁴. Growth has been slow over the past decade, lower than most surrounding districts and has been driven by inward migration which has been compensating for negative natural growth (births and deaths) over the past three years.

The district's population is projected to grow to 49,800 by 2038⁵ and then to fall slightly to 49,300 by 2048. This rate of population growth is again lower than national averages or those of surrounding districts. Comparable districts are also projected to have higher rates of population growth than the Timaru District.

The district's population is also getting older, and the working age population is projected to fall slightly over the next two decades with the proportion of those age 65 years and older rising from 22 percent of the population to 30 percent by 2038. While an ageing population is not unique to Timaru, the district already has a higher proportion of those aged 65 years and over than nationally. Consequently, the district's dependency ratio is also high at 60.6 percent, higher than the national rate of 50.3 percent.

As of March 2020, there were 26,000 filled jobs in the Timaru District. While employment growth has been positive over the past decade, the rate of growth, at 1.2 percent per year between 2010 and 2020 is lower than the national growth rate. Employment growth in surrounding districts has also been higher than for the Timaru District, except for Ashburton.

³ This profile draws wherever possible on the most recent economic data and statistics and recognises that in some instances official statistics do not fully reflect the importance and dynamics of key industries.

⁴ As at June 2020. Estimated resident population statistics sourced from Infometrics.

⁵ Base of 2013. Census counts show growth of 1.1 percent per year between 2013 and 2018. The high growth scenario projections put growth at 1.3 percent over this same period, while medium projections were 0.9 percent. The high scenario is used here going forward as medium projections of 0.2 percent per year seem too low given past growth. We note Covid-19 is likely to change projections, and a new release is expected March 2020.

Gross Domestic Product and Incomes

Gross Domestic Product (GDP) for the Timaru District has been growing at an estimated 2.1 percent per year since 2010. This is lower than the 2.8 percent national growth rate for the same period. Growth in GDP is also significantly lower than surrounding districts. In dollar terms GDP in 2020 for the Timaru District was an estimated \$3.1 billion, or 1 percent of national GDP.

However, GDP per capita in the Timaru District as of March 2020 was \$64,421, almost \$700 more than the national level or \$4,900 more when Auckland is excluded. It is also higher than most surrounding districts. Despite this, mean annual earnings (\$58,348) and mean household income (\$96,196) are lower than national levels even excluding Auckland (\$60,996 and \$110,196, respectively, excluding Auckland).

Industrial structure and performance

Table 2 provides a summary of the structure of the district's economy, measured by Gross Domestic Product (GDP) and employment. Manufacturing, along with Agriculture, Forestry and Fishing provide the greatest contribution to the district's GDP.

The Manufacturing sector is also the district's largest employer, accounting for almost 20 percent of filled jobs. Agriculture, Forestry and Fishing, Health Care and Social Assistance, Retail Trade, and Construction industries each accounted for around 10 percent of filled jobs in 2020. All these industries, except for Agriculture, Forestry and Fishing, account for a greater

percentage of employment than their respective contributions to GDP in the district.

Overall, the district's economy is fairly diversified with Construction, Health Care and Social Assistance, Transport, Postal and Warehousing, and Retail Trade industries providing diversification across their similar contributions to GDP and employment.

Consequently, as has been seen through the Covid-19 pandemic, the district's economy is less likely to be impacted by adverse industry shocks because of this diversification⁶ and due to the comparative high proportion of essential industries and workers.

⁶ The charts included in this analysis illustrate this, as does Herfindahl–Hirschman Index (HHI) which measures the level of diversification. The lower the more diversified an economy is. In 2020 - Timaru

District 17.4, 18.8 NZ excluding Auckland, 45.8 Ashburton, 30.5 Selwyn, 24.9 Waimakariri, 28.6 Waipa, 22.8 Canterbury Region.

Table 2: Contribution to employment and GDP by key industries (2020)

	GDP		Employment	
	\$m	Rank	#	Rank
Manufacturing	552.7	1	4,931	1
Agriculture, Forestry & Fishing	364.9	2	2,481	5
Construction	239.2	3	2,527	4
Health Care & Social Assistance	213	4	2,819	2
Transport, Postal & Warehousing	207.1	5	1,543	7
Retail Trade	177.8	6	2,572	3
Rental, Hiring & Real Estate Services	176.1	7	451	14
Professional, Scientific & Real Estate Services	139.2	8	1,119	9
Wholesale Trade	134.6	9	1,102	10
Electricity, Gas, Water & Waste Services	132.3	10	245	16
Education & Training	94.2	11	1,592	6
Financial & Insurance Services	93.6	12	340	15
Public Administration & Safety	71.2	13	679	13
Accommodation & Food Services	65.5	14	1,373	8
Other Services	52.9	15	887	11
Administrative & Support Services	47.4	16	866	12
Information Media & Telecommunications	39.9	17	138	17

Source: Infometrics

⁷ A rough estimate of productivity, where GDP per employed person (in constant 2020 prices) is used as a proxy for productivity. Sourced from Infometrics.

⁸ Measured by Location Quotient which indicates how concentrated the sector is in the district compared to national averages and comparative advantages for the sector in the district.

Productivity

The Timaru District's estimated productivity is slightly lower than nationally, at around \$119,925 compared to \$124,990 in 2020⁷. At an industry level, the district has a mix of industries that are comparatively more and less productive than other districts and nationally. The Agriculture, Forestry and Fishing industry is estimated to be more productive in the Timaru District than nationally or in surrounding areas, except for Ashburton.

Other industries with higher productivity levels than New Zealand, include Professional, Scientific and Real Estate Services, Construction, Retail Trade, and Education and Training. While Manufacturing has a lower estimated productivity than nationally, it has a higher productivity level than surrounding districts. Estimated productivity for the Information Media and Telecommunications, Other Services, and Construction Industries are also higher in the Timaru District than surrounding districts.

Key sectors

Looking at the district's economy in more detail, there are several sectors, that sit beneath the industries shown above, that are important contributors to wellbeing and growth across the Timaru District. These are sectors that tend to be concentrated in the district⁸, are more significant contributors to employment and GDP⁹, have high levels of productivity, and have experienced reasonable growth in jobs and GDP over the past decade. These sectors include:

⁹ Where GDP in this section specifically excludes Owner-Occupied Property Operation (an estimated \$239m in 2020).

- **Dairy Product Manufacturing** – highly concentrated and productive, accounted for 5.4 percent of estimated GDP, employed 881 people and was the largest exporter in 2020.
- **Meat and Meat Product Manufacturing** – also highly concentrated, second largest exporter by value in the district, fifth largest employer with employment growing steadily.
- **Fruit, Cereal and Other Food Manufacturing** –moderately concentrated, fourth largest exporter by value in the region, employed 585 people in 2020, however employment, GDP growth, and productivity have been low.
- **Seafood Processing** –highly concentrated in the district, third largest exporter but moderate employer (368) and contributor to GDP.
- **Fishing and Aquaculture** – employs just 181 people but is highly productive and highly concentrated. Though not a large contributor to GDP, growth in GDP and employment has been high, at 16 percent GDP growth and 15 percent employment growth per year on average over the past 5 years.
- **Farming** – dairy, and sheep, beef and grain farming are all concentrated and highly productive in the district. Dairy farming is the third largest contributor to GDP in the district and employees 840 people while sheep, beef and grain employs 589.
- **Professional, Scientific and Technology Services** – although low concentration, the sector has relatively high productivity levels and is a large contributor to GDP and employment, both of which have been growing.

- **Logistics** - wholesale trade and road transport sectors are significant and growing sectors in terms of GDP and employment. Collectively the two sectors employed 2,048 people and accounted for 7.8 percent of GDP in 2020.

Other growing sectors include Construction Services which experienced GDP and employment growth of between 1-3 percent per annum on average over the past decade. Though not very concentrated the Construction Services sectors contribution to GDP was 3.9 percent in 2020, productivity is relatively high, and it is the third largest employer, having employed 1,491 people in 2020.

Other industries, such as Property and Real Estate Services, Health Care and Social Assistance, and Education and Training are significant, the former being a significant contributor to GDP and the latter two by being the largest employers in the district. However, these industries are not concentrated in the district, are low in productivity and have experienced low growth over the past decade.

Education, skills and talent

The Timaru District has higher levels of early childhood education participation than nationally, however has lower qualification attainment rates at secondary and tertiary levels. There are mixed results in terms of the improvement in attainment rates over the past decade.

Secondary qualification attainment rates¹⁰ are lower than nationally and concerningly, these attainment rates have been falling over the past 5 years. The percentage of school leavers who attained at least NCEA level 2 is lower than nationally and lower than surrounding districts.

¹⁰ Education Counts (Ministry of Education).

Over 33 percent of school leavers achieved University Entrance in 2019, but this is again lower than the national average. However, tertiary qualification attainment rates have been steadily increasing over the past decade¹¹, although remain poorer than the New Zealand average, and surrounding districts.

The percentage of people aged 15 years or over who *do not* have a qualification is higher than nationally – 26.4 percent in the Timaru District compared to 18.2 percent nationally in 2018. Similarly, the percentage of people aged 15 years or over who have a bachelor's degree or higher is lower than nationally – 13.4 percent in the Timaru District compared to 24.6 percent in 2018.

Despite this, the proportion of people aged 15–24 years who are not employed or engaged in education or training (NEET) has been consistently lower than the national rate over the past five years. As of March 2020, the NEET rate was 10 percent compared to the national rate of 12 percent.

Low skilled jobs make up the greatest proportion of jobs in the district (42 percent in 2020), mostly due to the significant number of goods-producing industries and labourers that make up the district's economy. Highly skilled jobs also factor strongly, making up a third of all jobs. In comparison, nationally 35 percent of jobs are classed as low skilled, and 38 percent are highly skilled.

By broad occupation group, the Timaru District has a higher proportion of Labourers (16 percent compared to 11 percent nationally), and Machinery Operators and Drivers (8 percent compared to 5 percent) than New Zealand as a whole. It has a smaller proportion of Professionals (19 percent compared to 24 percent), Community, Personal Service Workers (8 percent compared to 9 percent), and Administrative Workers (10 percent compared to 11 percent) compared to nationally. Over the past decade, the number of Professionals has experienced the largest growth (increasing by 637 professionals over the decade), followed by Labourers (631), and Managers (535).

Housing

Housing in the Timaru District is much more affordable than nationally, as measured by the ratio of average house values to average household income¹². In 2020 this ratio was 4.1 for the district and 6.3 nationally (5.4 excluding Auckland). Housing in the district is also more affordable than surrounding districts, except for Ashburton which has a similar housing affordability ratio.

Renting is also comparatively more affordable than surrounding districts and nationally, as measured by the ratio of average weekly rent to average household income¹³).

However, housing and rental affordability has been declining over the past decade and incomes are not keeping pace with rising house values and rental rates.

¹¹ Census 2018. Statistics New Zealand.

¹² Housing affordability ratio

¹³ Rental affordability ratio

Infrastructure and connectivity

The Timaru District benefits from its location in the South Island and its central position in South Canterbury. Transport connectivity is good and industry benefits from access to key road and rail connections. In addition, the district and local businesses also benefit from having access to an airport and a port.

PrimePort is an important piece of infrastructure for the district, offering cargo and marine services, including facilities for cruise ships. Cargo services include those relating to the shipping and storage of bulk goods and bulk liquids, such as fertiliser, stock feeds, cement, fuel and chemicals, all of which are key inputs to the local economy.

The Port is home to a significant container terminal, including paved, covered and cold storage facilities, which are again critical to the operation of the local economy and support the import and export of essential materials and goods. While the operation of the Port has been impacted by Covid-19, bulk trade has been growing over the past decade and was forecast to maintain at current levels over the next 10 years. Container trade has also increased over the last 10 years, with a dip between 2012 and 2014 before recovering strongly.

Like the Port, Timaru Airport is also a piece of critical infrastructure for the district, providing direct connectivity to Wellington and onward connections to the rest of New Zealand. The airport plays a key role in bringing leisure and business visitors into the district, with flights operating at high load factors and the terminal is frequently at capacity. There are active plans to invest in an extended runway and expanded terminal and there are also opportunities for additional freight and industrial uses across the airport site.

Looking at telecommunications infrastructure, Census 2018 suggests that internet and telecommunications access is slightly lower than national averages, with 81.7 percent of Timaru District households having internet access compared to 86.1 percent across New Zealand.

The percentage of no access in the Timaru District was 0.7 percent, which was similar to surrounding districts but slightly lower than the national average of 1.1 percent. This suggests that accessing some form of telecommunications is a not a major concern for the district, however internet access for households requires greater attention to support wellbeing and economic development outcomes.

Wellbeing

Wellbeing relates to the liveability of the region and the ability of people to enjoy their environment, feel engaged and safe in their communities, and access essential services and amenities. Drawing upon the Infometrics Wellbeing Framework¹⁴, Table 3 assesses the district's wellbeing performance and rating compared to national averages.

¹⁴ Based on Treasury's Living Standards Framework and closely aligned to the OECD Better Life Index, the framework covers nine domains, underpinned by 30 indicators

Table 3: Timaru district wellbeing indicators

Domain	Performance	Rating
Housing	Better housing conditions and affordability.	Higher
Civic engagement and governance	Higher general and local election turnouts	Higher
Jobs and earnings	On par with national averages	Equal
Knowledge and skills	On par with national averages	Equal
Safety	On par with national averages	Equal
Social connections	On par with national averages	Equal
Income and consumption	Average incomes are lower than nationally making it harder to meet household costs.	Lower
Environment	Relatively high level of CO2 emissions and a low waste diversion rate	Lower
Health	Poorer health outcomes with respect to drinking water quality, life expectancy, and mental health and suicide rates.	Lower

Source: Infometrics

As shown, the district performs relatively well compared to national averages for housing, which is clearly demonstrated by the low housing and rental affordability ratios, and in civic engagement, which signals greater levels of engagement with local decision-makers and public institutions.

However, in terms of income and consumption, environment and health, the district performs less well than national averages. Amongst other things this indicates that despite lower housing and rental costs, people in the district find it harder to meet household costs such as food, transport, heating and clothing. In the other domains the district is on par with the national average. Collectively this signals that people's ability to secure stable sources of income, acquire and use information and skills, live a life free of danger, abuse and crime, and connect and interact with their community, is on average similar to that of other New Zealanders.

Stakeholder perspectives

Alongside the analysis set out above, it is also important to consider the perspectives of local stakeholders and their views on the performance and direction of the Timaru District's economy.

To inform this Strategy, 27 individual interviews were undertaken with key partners and stakeholders, including with Te Rūnanga o Arowhenua, whose input was sought at several stages of the project. In addition, a youth workshop was also organised by the YMCA, two strategy workshops were held with the Venture Timaru Board, and an action planning workshop was conducted with Venture Timaru staff.

Several key themes were identified as being critical to the future prosperity and wellbeing of the district, and to the success of businesses and the local economy. These were:

- The importance of recognising and reinforcing the underlying strengths of the district's economy.
- The need to further diversify the local economy and create more high value activities across the district.
- The critical need to address issues relating to the supply of skills and talent to support current and future industries.
- The importance of acknowledging and addressing the wider factors that are holding the district's economy back.
- The challenge of addressing established perceptions of the district's identity and the importance of communicating the district's proposition.
- The need to be proactive in embracing opportunities for the district's economy to thrive, supporting prosperity and wellbeing.

Existing economic strengths

Stakeholders were keen to emphasise that when thinking about the future prosperity and wellbeing of the district, it is important to forget that the district's rural economy and primary industries are an asset that need to be protected.

It was noted that the district's rural economy also supports strengths in other related activities, including manufacturing, food processing and the services sector. It has been the concentration of these activities, and the connections between them, that has provided some degree of protection for the district in the face of the Covid-19 pandemic.

Stakeholders were also conscious of the need to be mindful of the risks and challenges facing the primary sector, including the threat of climate change and the impact of responses to a changing environment, as well as challenges relating to water supply and quality, and the need to ensure long term supply.

At the same time, the Government's Industry Transformation agenda, as well as the Just Transitions approach, could also create opportunities for the district, supporting the case for productivity and environmental improvements across all industries.

Through all of this, it was recognised that the district's natural assets, such as access to high quality agricultural land and a central location, would remain unchanged and that they were underpinned by a high quality of life for current and future residents. These assets would continue to support the district's economy, prosperity and wellbeing.

Diversification and higher value activities

While the Timaru District's economy is relatively diversified, with some core strengths across the primary and goods producing industries, stakeholders

reflected a concern that there is perceived lack of choice and opportunities for workers. This was seen to be a challenge for retaining and attracting residents, particularly young people.

It was felt that there were opportunities to build on the district's existing strengths but to put a greater emphasis on creating more highly skilled jobs across the district and encouraging existing businesses to invest more in research and development and innovation, to create higher value activities.

Stakeholders also believed this was important as it provided some protection against future disruptions that would likely impact the local economy and key industries. These disruptions might include changing policy and regulations relating to the primary sector, but more generally those associated with technology adoption, automation and the ongoing impacts of the Covid-19 pandemic.

As well as encouraging higher value activities within existing industries, there was also a desire to see the attraction of new higher value sectors and activities into the district, providing a wider range of employment opportunities and higher average wages.

Facilitating business startup and attraction was highlighted as a key economic development intervention and one where Venture Timaru, working with Timaru District Council, had a key role to play. This includes ensuring that there is sufficient and appropriate employment sites and premises across the district and that the district's proposition is well understood and promoted.

In promoting the Timaru District as a business location, stakeholders highlighted the opportunity to leverage the district's quality of life offering and relative housing affordability as key assets. This was also seen as an opportunity to attract entrepreneurs and mobile digital workers, or 'digital nomads', who have the ability and flexibility to work from anywhere.

Access to skills and talent a critical issue

The availability of sufficient skilled labour was highlighted by stakeholders, particularly employers who noted that this was a concern even before Covid-19. With ongoing border restrictions and competition for workers across regional New Zealand this was an area of significant concern.

Strong competition for staff was increasing churn and leading to localised competition between businesses and across sectors. The hospitality sector had been particularly impacted, with many businesses across the district finding it hard to retain staff and harder still to attract them into the district.

Recruitment difficulties were being experienced at all staff levels, including middle and senior management, and across most sectors across the district. There was also an aspiration for the local labour market to reflect the diversity of the population, which was an asset for the district, and for there to be increased diversity at senior levels.

Access to talent was a growing concern as the population of the district continues to age and more people leave the district to study or work. Linked to this were concerns regarding the future of education and training provision across the district, given the uncertainties created by the establishment of Te Pūkenga, the National Institute of Skills and Technology, and the implications of this for the Timaru campus of Ara Institute of Canterbury. As well as the desire to retain more young people in the district, stakeholders also highlighted the importance of attracting them back later in their careers.

Addressing wider factors that are holding the district back

Stakeholders recognised the underlying strengths and resilience of the district's economy, as well as the opportunities for further diversification, but acknowledged that there were several factors holding the district back.

The Timaru District economy had proved to be resilient over recent years, but it was recognised that growth had not been spectacular, and productivity and wage growth were a concern. It was felt that there was a lack of scale and depth in the local economy, as it related to both industry and population. For industry, there was a desire for the district to allocate more employment and industrial land but different views on how to deliver this and a desire to attract new developers to the district.

With an ageing population and young people leaving the district, there were further concerns about skills supply and vibrancy. It was felt that there were further opportunities to accelerate housing growth across the district and to do more to boost the population, particularly attracting families and young workers.

While there was a desire to grow the population base of the district, there was also a recognition that local services, such as GPs and dentists, were already under pressure and this created a need to also attract more professional workers and businesses to the district.

For existing industries, there were concerns that those current risks relating to global supply chains impacted by Covid-19, would continue to adversely affect local businesses who needed certainty around the of supply of goods, particularly inputs. In parallel, wider strategic issues relating to port operations were also raised, and the need to be able to ensure consistent access to shipping routes and services.

More broadly, the Port and the Airport were recognised as key strategic assets for the district that need to be maintained and enhanced, but there were some concerns that the immediate and ongoing impacts of Covid-19 could represent a threat to the financial and operational viability of these key infrastructure assets.

Finally, when it comes to ensuring that the district has sufficient growth-oriented infrastructure for the future, it was noted that the primary responsibility of Venture Timaru and the Timaru District Council was to enable growth. This includes how the Council invests in the future through the LTP process and providing the right environment for private sector investment.

Changing perceptions of the district

Stakeholders also acknowledged that one of the additional factors holding the district back, were external perceptions of the Timaru District. While it was felt that these perceptions are stuck in the past, there was a recognition that it is increasingly important to challenge these perceptions and tell a new story about the district.

While the district has much to offer, including a high quality of life, a safe environment, good schools and affordable housing, it was felt that these were not being sufficiently leveraged to grow the economy or attract new or returning families and workers.

The opportunity was also identified for the district to do more to reflect the district's Māori identity, culture and history, as well as promoting and celebrating the district's growing diversity and multi-cultural communities.

It was recognised that there was a relationship between external perceptions of the Timaru District and the ability to realise aspiration of talent and business attraction, population growth and related objectives around visitor attraction into the district.

Alongside the need for a focus on crafting a new narrative for the Timaru District, there was also a recognition to ensure that the district is vibrant and welcoming. In this respect, some stakeholders were concerned about the vitality of Timaru's town centre, which was not currently fulfilling its potential. On top of which, the reporting shortage of talent is creating a vicious circle as bars and restaurants are forced to operate reduced hours due to staff shortage, further undermining amenity.

Embracing opportunities to enhance wellbeing and prosperity

Despite these challenges and concerns, stakeholders also highlighted several opportunities to enhance wellbeing and prosperity across the district and to support a thriving local economy for all residents and businesses.

As previously noted, the district's central location and existing industry strengths were seen as a platform for business expansion and attraction. These locational assets, together with a high quality of life offering and affordable housing, were recognised as levers for talent attraction and population growth.

It was also noted that there were recent or current investments underway across the district, and that these created opportunities for the district's economy. Proposed future investments, including those proposed in the LTP would create further opportunities.

These investments, which include investment in key pieces of infrastructure such as the Port, Airport and Timaru CBD, would create new business, employment and training opportunities, including apprenticeship opportunities in several sectors. These infrastructure investments also had the potential to unlock additional private sector investment across the district.

Stakeholders also saw the potential to develop the district's Māori economy and to unlock the potential of migrant entrepreneurs and businesses. In addition, recognising the importance of productivity to the district's future wellbeing and prosperity, there were also seen to be opportunities to encourage existing industries and businesses to adopt new technologies and embrace digital transformation.

Summary of opportunities and challenges

Considering the recent performance of the Timaru District's economy, together with the perceptions of stakeholders as set out above there are several opportunities and challenges that are central to this Economic Development Strategy. These are summarised in Table 4 and have informed the vision, objectives and actions for this Strategy, as set out in subsequent sections.

Table 4: Summary of economic development opportunities and challenges

Opportunities	Challenges
<ul style="list-style-type: none"> • Strong primary sector supports activities across other sectors and provided some protection for the district through the Covid-19 pandemic, opportunity to do more to leverage and promote South Canterbury's wider strengths in food production. • Higher rates of GDP per capita than national averages or surrounding areas and relatively diversified economy with core strengths in primary and goods producing industries, with more significant industries and sectors centred around manufacturing (particularly meat and dairy processing) and agriculture. • Health care, retail trade and construction industries balance this and are also significant employers. • Some apparent areas of specialisation and strength, particularly across the primary sector. • Opportunity to facilitate more knowledge intensive job creation as this has been growing. • Higher levels of early childhood education participation, good schools and educational provision and lower levels of NEETS than national average. • Third of all jobs are highly skilled and strong growth in professional occupations over the last 10 years. • Affordable housing and rents compared to nationally and most comparable districts, (although has been declining in recent years). • Good quality of life offering and opportunity to attract entrepreneurs, families and mobile digital workers. • Opportunity to do more to reflect Māori identity and culture and to support the growth of Māori economy. • Opportunity to leverage growing diversity of the district and stimulate migrant entrepreneurship. • Good accessibility and key growth-oriented infrastructure, including port and airport and pipeline of current and planned investment in infrastructure. 	<ul style="list-style-type: none"> • Slow population growth, driven by inward migration, with ageing population and decline in working age population. • Need to attract new working age residents and families into the district. • Low rates of employment and GDP growth and lower levels of household incomes and earning compared to national averages and surrounding areas. • Mixed productivity performance across industries with some sectors performing comparative well and others behind national averages. • Lower rates of secondary qualification attainment, lower proportions achieving University Entrance and higher proportions of people over 15 who do not have a qualification. • Some uncertainties relating to the nature of future tertiary education provision in the district due to the implications of the Review of Vocational Education. • High proportion of low skilled jobs and occupations across key industries locally. • Accessing some form of telecoms is not a major concern for the district but some greater attention to household internet access is needed. • Some risk of disruption, either from technological change or regulation to key industries across the district. • Need to grow higher value activities across the district and increase focus of existing industries and businesses on research and development, and innovation. • Several sectors facing skills shortages and recruitment challenges at all staff levels. • Established perceptions of the district are a challenge and need to be addressed to achieve wider population, talent and business attraction investment. • Risk to shipping routes and global supply chain create uncertainties of businesses. • Some questions around sufficiency and availability of employment and industrial land and the best way of bringing forward new supply.

VISION AND OBJECTIVES

Aspirations for the future

As highlighted above, the Timaru District's economy has considerable strengths and opportunities which are a platform for growth and development. In building upon these, there is a need to ensure the future growth is sustainable, resilient and inclusive. This requires a focus on addressing the apparent challenges and building upon the district's comparative advantages, while also being open to new opportunities.

Existing areas of strength, particularly those associated with established industries and the depth of the primary sector, will continue to be critical to the district's future success. However, the economy will continue to change and transform, as new technologies, products, services and ways of working evolve. The Timaru District, its people and businesses, need to embrace and respond to these changes, realising new opportunities and responding to disruptions.

Looking forward, the Timaru District's locational, cultural and lifestyle assets will continue to be important, and should be protected and preserved, this includes responding to and mitigating the impacts of climate change. The district's central location, relative affordability, and quality of life will also be attractive to mobile workers and businesses. However, the district will be competing with other locations across New Zealand and globally, and it is essential that the district's proposition is clearly understood and communicated.

The aspiration is for the district's economy to grow sustainably into the future, providing choice, diversity and resilience for current and future

residents and businesses. Alongside traditional areas of strength, which will be maintained, the district will also ensure that it has an offer for new industries, entrepreneurs and investors, and will work in partnership with Te Rūnanga o Arowhenua to support their aspirations for tangata whenua.

In delivering these aspirations, consideration has also been given to the advice contained in the PRISM Framework which emphasises the importance of:

- **Allocating resources for best impact** – ensuring the comparative advantages are enhanced and that economic benefits are shared equally.
- **Improving connectivity** – enabling connectivity to physical and digital networks to support the regional economy.
- **Supporting social infrastructure** – maintaining social prosperity and sufficient population support social infrastructure including health, education and housing.
- **Encouraging a healthy labour market** – retaining and attracting the skills needed to support the economy.
- **Working with Regional Economic Development (RED) bodies** – influencing and aligning with relevant regional planning documents.
- **Improving outcomes for Māori and Pasifika people** – improving opportunities, enhancing outcomes and supporting economic prosperity.

Vision for the district's economy

Stakeholders were asked about their aspiration for the Timaru District's economy and how these should inform the vision for this Economic Development Strategy. During these discussions, several key themes emerged, specifically:

- The importance of remaining true to the district's existing strengths and embracing, supporting and leveraging these into the future.
- A recognition that while growth might be required to provide greater vibrancy, depth and scale in the local economy, it is important that growth is sustainable and not at the expense of the district's environment or existing quality of life.
- That the ultimate focus should be on greater enhanced prosperity and wellbeing for existing and future residents.
- There is a need to provide more reasons for young people to stay in the district and to give more workers and their families a reason to move or to come back to the district.
- The need for the Timaru District to have greater ambition for the future and to be confident in telling the district's story and value proposition.

Based on these insights, and informed by the preceding analysis, the vision for this Strategy is to:

Create a thriving, sustainable and prosperous Timaru District economy where people want to live and work, and where businesses choose to grow and invest.

This vision recognises the important relationship between place factors and wellbeing outcomes. If the district is vibrant with a high quality of life and a range of employment choices for residents, more people and businesses will want to move to the district and invest their human and financial capital in developing the district's economy.

There is a close alignment between the vision for this Strategy and Venture Timaru's Statement of Intent. This alignment reflects the important role that Venture Timaru will play in championing the delivery of this Strategy.

Strategic objectives

To deliver this vision, five strategic objectives have been identified. These objectives are informed by the analysis of the local economy and the views of stakeholders. These objectives are also aligned with Venture Timaru's Statement of Intent for 2021-2024.

- 1 Attract, grow and retain a skilled workforce to support the local economy to thrive.
- 2 Attract new businesses to the Timaru District and support their integration into the local economy.
- 3 Unlock new economic opportunities and enable business growth across the district.
- 4 Make the case for investment in key infrastructure that supports growth across the district.
- 5 Enhance external perceptions of the Timaru District and promote the district as a great place to live, work and visit.

Attract, grow and retain a skilled workforce

The first strategic objective for this Strategy is to address issues relating to the availability of skilled workers to support the local economy. Access to skills has been identified as a critical concern for key industries and local businesses, even prior to the Covid-19 pandemic.

While the Timaru District's population has been growing, rates of growth have been slow, the population base is ageing, and the working age population is projected to fall. In addition, many young people are leaving the district for further education or employment and are looking for opportunities that they do not believe they can find locally.

This creates inefficiencies in the local labour market, as existing businesses complete for staff leading to higher rates of turnover and staff shortages across key industries. In addition, current border restrictions and competition for staff at a national level make it harder to grow labour supply across the district.

These factors mean it is important that the district focuses on talent attraction, to increase the pool of skilled labour and grow the working age population. There is also a need to support those young people, that wish to remain in the district, in their transition from education to employment. This requires effort to enhance linkages between industry and training providers to ensure that the training that is available within the district matches employer needs, while also ensuring that the aspirations of learners are reflected in future provision. These issues are even more critical given the ongoing changes to the vocational education sector as the Review of Vocational Education Sector is implemented.

Part of the response to these challenges also requires partnership with key industries locally who have significant and ongoing labour requirements to design industry specific training and pathways, including engagement with

the Regional Skills Leadership Group and the new Workforce Development Councils.

Actions to support this strategic objective will include:

- Support the attraction of a skilled workforce to meet the needs of key industries and strategic employers across the district.
- Support education to employment transitions for young people to facilitate retention and address labour shortages in key industries.
- Ensure that the future skills needs, and aspirations of the districts businesses and learners are understood and communicated.
- Work with key industries to address staff shortages and create more local employment opportunities for residents.

Business and investment attraction

The Timaru District has several features that make it attractive to businesses looking to set up, expand or relocate. The central South Island location of the district, its ease of access to road and rail routes, proximity to high quality agricultural land, the availability of industrial land and the existence of both a Port and Airport make it a desirable location for industry, particularly for manufacturing and logistics activities. Linked to this, there is a clear opportunity to promote the district as a distribution hub for the Central South Island.

While the supply of skills is a concern, the relative affordability of housing and the good quality of life, are advantages that can be further leveraged to support business and investment attraction outcomes.

There is an opportunity to do more to attract new businesses to the district and to promote the areas of specialisation that exist across the local economy which demonstrate the district's unique proposition for key sectors.

As part of a focus on business attraction there is a need to ensure that there is sufficient industrial land available and accessible to industry and that the land that has been allocated for industrial purposes is brought forward in a timely fashion.

A key element of effective business attraction is ensuring that there is a well-defined proposition, efficient systems and processes, and supporting materials that set out the offer to prospective businesses. In addition, Council processes need to be responsive and business friendly, and there needs to be a good understanding of the economic benefits that new investment would bring to the local economy and the district more generally.

Actions to support this strategic objective will include:

- Promote Timaru District as a central South Island location for key industries and sectors.
- Facilitate access to industrial land and promote the Timaru District as a logistics and distribution hub for the South Island.
- Encourage a business friendly and responsive Council and ensure that industry needs are understood by Council and by Government.

Unlock new economic opportunities

Alongside attracting new business and investment to the district, there is also a need to consider how best to support the Timaru District's existing industries to thrive and prosper. As highlighted, levels of productivity and GDP, while growing, are lower in the district than national averages, recognising that there are also variations in productivity and GDP across key industries.

Improving productivity is important, as there is a link between productivity and wages, and the analysis also identifies the need to increase wages and

household incomes, which is only possible if employers are earning sufficient profits to do so.

As new technologies and business processes become available and more widespread, the district's key industries will need to embrace these to enable productivity improvements and remain competitive. There are also opportunities to enhance existing economic assets, such as the port of Timaru, to deliver more benefits to the local economy, this includes an opportunity to introduce a new coastal shipping service to improve supply chain effectiveness and reduce costs.

In addition, there will be an ongoing need to respond to the Government's Industry Transformation agenda, which will create new challenges and opportunities for the district, its key industries and employers.

Actions to support this strategic objective will include:

- Identify and promote new opportunities for sustainable and inclusive economic development within the Timaru District.
- Facilitate industry and sector engagement with and awareness of new economic opportunities, business models and technologies.
- Connect industry to new opportunities and help businesses navigate their way through Council and government processes.

Make the case for infrastructure investment

Making the case for investment in key infrastructure that supports growth across the Timaru District is also an important economic development objective for this strategy. Infrastructure, in all forms, has a critical role to play in enhancing wellbeing and prosperity and improving the productivity of local industries.

Identifying the need for and feasibility of new infrastructure investment across the district will create opportunities for economic development and ensure that the district is well placed to attract public and private investment into infrastructure where there is a strong business case for funding.

In addition, recognising the pipeline of infrastructure investment already underway or proposed, there is a need to ensure that the economic and quality of life opportunities associated with these investments are fully realised. This would include maximising the potential of planned investment in Timaru CBD and other LTP investments and supporting the case for further investment in the Port and Airport.

There is also an opportunity to focus on the delivery of district-wide enabling infrastructure that supports all industries and communities to be more sustainable and responsive to climate change. This includes opportunities related to new energy, waste recycling and processing and the development of a circular economy.

Actions to support this strategic objective will include:

- Identify the need for growth enabling infrastructure and ensure the economic benefits for planned infrastructure investment are delivered.
- Encourage a master planned approach to the development of new & existing infrastructure, including a strategic approach to the future development of Caroline Bay and neighbouring CBD areas.
- Explore opportunities for new waste management and sustainable energy infrastructure including opportunities for the development of a circular economy for the Timaru District.

District identity and promotion

The final strategic objective, which also underpins all other objectives, relates to enhancing external perceptions of the Timaru District and promoting the district as a great place to live, work and visit.

As highlighted, there is a need to improve external perceptions of the Timaru District and to ensure that there is an authentic and compelling proposition for the district. This needs to be a shared proposition and identify that is agreed by stakeholders and that effectively integrates economic development and destination objectives for the district.

The planned investments in Timaru CBD will create an opportunity to enhance the amenity of one of the district's core urban centres and help create a new identity and destination for the town. The activation of the town centre, leveraging the investments in the Theatre Royal and Heritage Hub and the proposed Food Heritage Centre will create greater vibrancy and more sustainable retail and hospitality offerings.

It is particularly important that the district's identity and visibility as a destination is prioritised, as this is often the first experience that future residents and businesses have of the Timaru District. Effective destination promotion and management, provides a platform for other economic development outcomes and underwrites the amenity of the district for residents.

Actions to support this strategic objective will include:

- Develop an authentic and integrated place and destination proposition and identity for the Timaru District.
- Leverage the economic potential of investment in the Timaru CBD and support vibrancy and vitality of the town centre.
- Implement a new district-wide destination management approach and support the development of new commissionable produce and supporting infrastructure.

Economic Development Action Plan

For each of the objectives and the associated actions set out above there are a series of specific activities that together form a detailed action plan. These are set out in the following section, together with nature of the activity and the expected outcome. All activities are aligned with Venture Timaru's SOI and will be progressed over the next three years, with subsequent activities to be identified as implementation progresses.

ECONOMIC DEVELOPMENT ACTION PLAN

Action Plan

Table 5: Actions and activities to attract, grow and retain a skilled workforce

Actions	Key Activities	Activity Type	Desired Outcome
Support the attraction of a skilled workforce to meet the needs of key industries and strategic employers across the district.	<ul style="list-style-type: none"> Support talent attraction through delivery of ongoing workforce attraction initiatives for the district. Support initiatives to grow and retain talent within the Timaru District. Promote the district as a preferred location for families, mobile digital workers and entrepreneurs, offering affordable housing and a good quality of life. 	Promotion	Industries can access the skills and talent they need to be successful, and residents can find good jobs with opportunities for growth and progression
Support education to employment transitions for young people to facilitate retention and address labour shortages in key industries.	<ul style="list-style-type: none"> Support education, youth transitions and employment through delivery of My Next Move and aligned initiatives, such as the Regional Apprenticeship Initiative. 	Promotion	
Ensure that the future skills needs and aspirations of the district's businesses and learners are understood and considered.	<ul style="list-style-type: none"> Engage with the Regional Skills Leadership Group to ensure needs to Timaru District's learners and businesses are considered in the Regional Workforce Development Plan. 	Coordination	
Work with key industries to address staff shortages and create more local employment opportunities for residents.	<ul style="list-style-type: none"> Work with key industries to understand their current and future workforce needs and develop shared initiatives to address recruitment gaps, including progressing the District Age Friendly project in partnership with Council and SCDHB. Engage with Transitional Industry Training Organisations and local Industry Training Providers to collaboratively support industry skills and training requirements locally. Promote workforce development, skills development and training, encouraging career progression, retraining and employment of older workers across the district. 	Facilitation	

Table 6: Actions and activities to attract business and investment

Actions	Key Activities	Activity Type	Desired Outcome
Promote Timaru District as a central South Island location for key industries and sectors.	<ul style="list-style-type: none"> • Prepare an up-to-date business attraction prospectus and offering for the Timaru District setting out the district's key attributes and advantages. • Adopt a targeted and more direct approach to business attraction, proactively identifying industries and businesses which would benefit from being located in the district, and that would add to the scale and depth of key industries. 	Delivery	The Timaru District is recognised as an attractive location to establish and grow a business with excellent infrastructure and business friendly processes
Facilitate access to industrial land and promote the Timaru District as a logistics and distribution hub for the South Island.	<ul style="list-style-type: none"> • Facilitate the provision and development of industrial land across the district to accommodate business expansion and attraction. • Promote and progress the Timaru District as a central logistics and distribution hub for the South Island. • Advocate for and progress practical solutions to current supply chain disruptions. 	Facilitation	
Encourage a business friendly and responsive Council and ensure that industry needs are understood by Council.	<ul style="list-style-type: none"> • Encourage Council processes to be business friendly and ensure that the key issues and concerns of industry are clearly communicated to Council. 	Coordination	

Table 7: Actions and activities to unlock new economic opportunities

Actions	Key Activities	Activity Type	Desired Outcome
Identify and promote new opportunities for sustainable and inclusive economic development within the Timaru District.	<ul style="list-style-type: none"> • Explore opportunities for economic diversification across the district, including the feasibility of alternative land uses such as horticulture and the growth of arable crops for energy. • Promote initiatives, including the ongoing delivery of Sustainable is Attainable, to assist businesses to reduce waste, switch to sustainable energy sources and adopt circular economy principles • Support the case for the establishment of a coastal shipping network to provide greater choice and certainty for import and export activity. • Facilitate inter-regional collaboration, with a focus on the central South Island, and encourage other districts to participate in established programmes such as Sustainable is Attainable. 	Coordination	Existing businesses thrive, realising growth opportunities, attracting investment and becoming more productive and resilient
Facilitate industry and sector engagement with and awareness of new economic opportunities, business models and technologies.	<ul style="list-style-type: none"> • Facilitate industry and sector engagement through Venture Timaru's established Business Connection Groups. • Encourage increased business investment in innovation and research and development. • Implement a key employer customer relationship management system to support business retention and expansion. • Explore opportunities for targeted key industry improvement programmes aimed at lifting the productivity of businesses across the district. 	Facilitation and Promotion	
Connect industry to new opportunities and proactive represent the needs and interests of the district at the national level.	<ul style="list-style-type: none"> • Advocate for the district at the national level, developing productive relationships and pursuing relevant funding and investment opportunities. • Engage with Government's Industry Transformation agenda, ensuring that businesses are aware of and responding to new opportunities. 	Coordination	

Table 8: Actions and activities to make the case for infrastructure investment

Actions	Key Activities	Activity Type	Desired Outcome
Identify the need for growth enabling infrastructure and ensure the economic benefits for planned infrastructure investment are delivered.	<ul style="list-style-type: none"> Identify and assess the costs and benefits of growth enabling infrastructure that would support improved productivity and wellbeing across the district. Undertake initial feasibility studies and business case development for potential future infrastructure and business investment. Promote the development of a range of housing choices, rental options and affordable land packages across the district. 	Facilitation	Industry is supported by first class infrastructure that enables business growth and facilitates a sustainable and resilient economy
Encourage a master planned approach to the development of new & existing infrastructure, including a strategic approach to the future development of Caroline Bay and neighbouring CBD areas.	<ul style="list-style-type: none"> Support current and planned investment across the district, including proposals for Caroline Bay, Timaru CBD and other projects contained in Council's Long Term Plan. Encourage a joined-up approach to master planning across proposed investments with a focus on maximising the economic and wellbeing benefits of investment. 	Coordination	
Explore opportunities for new waste management and sustainable energy infrastructure including opportunities for the development of a circular economy for the Timaru District.	<ul style="list-style-type: none"> Promote the potential benefits to the district, communities, and industries from investment in environmental best practices, sustainability, product stewardship and circular economies. Continue to implement the Sustainable is Attainable programme across the district and explore commercial opportunities for the provision of further infrastructure to support waste management, energy production and sustainable development outcomes. 	Promotion	

Table 9: Activities and actions to promote the Timaru District

Actions	Key Activities	Activity Type	Desired Outcome
Continue to develop an authentic and integrated place and destination proposition for the Timaru District.	<ul style="list-style-type: none"> Engage with local communities, key industries and local businesses to create a shared place and destination proposition for the district. Collaborate with surrounding districts to promote South Canterbury supporting greater outcomes for the area. 	Promotion	The district's place narrative and proposition to businesses, workers and visitors is clearly understood, authentic and distinctive
Leverage the economic potential of investment in the Timaru CBD and support vibrancy and vitality of the town centre.	<ul style="list-style-type: none"> Support the Council's programme of investment in the Timaru CBD and leverage this investment to create a vibrant and attractive CBD, including facilitation of CBD group and involvement on City Hub steering group. 	Facilitation	
Implement a new district-wide destination management approach and support the development of new commissionable product and supporting infrastructure.	<ul style="list-style-type: none"> Support the implementation of the Timaru District Destination Management Plan and maximise the alignment and synergies with the implementation of this Economic Development Strategy. 	Delivery	

IMPLEMENTATION, GOVERNANCE AND MONITORING

Approach to implementation

The delivery and implementation of this Economic Development Strategy requires a partnership approach. This recognises that across the district there is already work underway to support the districts prosperity and wellbeing and no single organisation has responsibility, mandate, or resources to deliver this Strategy in isolation.

Venture Timaru's immediate priorities and areas of focus, as determined by their Statement of Intent, will be progressing activity to address the priorities of workforce attraction, housing availability and logistics.

Coordination and collaboration will be essential and as the district's Economic Development Agency, Venture Timaru has a central role to play in coordinating activities across this Strategy, acting as a facilitator and enabler of future activities.

Venture Timaru also has an important role to play in facilitating ongoing collaboration and coordination of activities across South Canterbury and leading the district's engagement with Government, identifying and responding to future funding opportunities for the local economy.

To inform this ongoing collaboration, Venture Timaru will be seeking feedback and peer review of this Strategy from neighbouring districts and relevant national agencies.

Venture Timaru's Statement of Intent reinforces this commitment to adopting a collaborative partnership approach and identifies several ways of working that will be central to this approach and to the implementation of this Strategy:

- Partner with Timaru District Council and Timaru District Holdings Limited to support a thriving district economy.
- Assist Timaru District Council to deliver economic and lifestyle benefits, including through the City Hub development.
- Support Timaru District Council's Long-Term Plan and Growth Management Strategy objectives.
- Encourage and support Timaru District Council and community aspirations for adaptation, resilience, and sustainability.
- Maintain and leverage strategic partnerships with iwi, government, and private sector to support above outcomes.

Governance, Monitoring and Reporting

As a CCO, Venture Timaru is ultimately accountable to its Board and to Timaru District Council, with an annual workplan agreed through the Statement of Intent process. Monitoring progress in delivering this plan will primarily be achieved through Venture Timaru's regular reporting arrangements to stakeholders and the Council. In addition, longer-term progress against this Strategy will be measured through the reporting framework set out in Table 10.

This framework makes a distinction between the outputs associated with activities identified in this Strategy and the intermediate and longer-term outcomes to which the district aspires. This recognises that it is very difficult to attribute a particular economic development initiative to specific changes in regional outcomes such as GDP, incomes, employment etc. because they are influenced by a range of investments and external factors. The focus should be on more directly attributable and generally shorter-term outcomes and articulating a clear logic about how those outcomes are expected to contribute to the broader and longer-term outcomes being sought.

Table 10: Economic Development Strategy – Monitoring Framework

Objective	Key Activities	Outputs	Intermediate Outcomes	Long-term Outcomes
Attract, grow and retain a skilled workforce to support the local economy to thrive.	<ul style="list-style-type: none"> • Deliver a workforce attraction initiative. • Promote the district as a preferred location for families, mobile digital workers and entrepreneurs. • Deliver My Next Move and Regional Apprenticeship Initiatives. • Engage with the Interim Regional Skills Leadership Group and Transitional ITOs/WDCs. • Progress the District Age Friendly project. 	<ul style="list-style-type: none"> • Development of promotional material and assets. • Development and delivery of relevant campaigns and initiatives. • Numbers of participants in campaigns and initiatives. • Input to the Regional Skills Leadership Group. • Delivery of District Age Friendly Campaign. 	<ul style="list-style-type: none"> • Take up and completion of Apprenticeships. • Reduce NEET rates in line with national averages. • Development of existing workforce skills. • Reduction in key industries and local businesses reporting skills shortages. 	<ul style="list-style-type: none"> • Grow working age population as proportion of total population. • Close the gap between district's dependency ratio and regional and national average. • Reduction in unemployment rate compared to regional and national average.
Attract new businesses to the Timaru District and support their integration into the local economy.	<ul style="list-style-type: none"> • Prepare business attraction prospectus. • Adopt a targeted approach to business attraction. • Facilitate the provision and development of industrial land. • Establish the Timaru District as a central logistics and distribution hub. • Ensure that Council processes are business friendly. • Implement a key employer customer relationship management system. 	<ul style="list-style-type: none"> • Development of business attraction prospectus. • Delivery of targeted business attraction campaigns. • Completion of feasibility study/business case for logistics and distribution hub. • Business friendly Council processes. 	<ul style="list-style-type: none"> • Number of new businesses setting up or existing business expanding in the district. • Availability and take up of industrial land. 	<ul style="list-style-type: none"> • Increase regions GDP and close the gap in GDP growth in line with regional and national average. • Increase in numbers employed and reduce unemployment rate across district.

Objective	Key Activities	Outputs	Intermediate Outcomes	Long-term Outcomes
Unlock new economic opportunities and enable business growth across the district.	<ul style="list-style-type: none"> • Support the case for the establishment of a coastal shipping network. • Facilitate Business Connection Groups. • Explore opportunities for targeted key industry productivity improvement programmes aimed at lifting the productivity. • Encourage increased business investment in innovation and research and development. • Engage with Government's Industry Transformation Agenda. 	<ul style="list-style-type: none"> • Completion of business case for coastal shipping network. • Industry engagement and participation in Business Engagement Groups. • Development of targeted industry productivity improvement programmes. 	<ul style="list-style-type: none"> • Establishment of coastal shipping network. • Participation in Industry Transformation initiatives. • Productivity gains of participants in improvement programmes. 	<ul style="list-style-type: none"> • Increase in imports and exports above current baseline. • Increase in total productivity and productivity per capita. • Increase in business investment in research and development.
Make the case for investment in key infrastructure that supports growth across the district.	<ul style="list-style-type: none"> • Identify and assess the costs and benefits of growth enabling infrastructure. • Undertake initial feasibility studies and business cases for future infrastructure investments. • Support current and planned investment across the district and promote the development of a range of housing options. • Encourage a joined-up approach to master planning. • Promote the benefits from environmental best practices, sustainability, product stewardship and the circular economy. • Continue to implement the Sustainable is Attainable programme. • Explore commercial opportunities for the provision of further sustainable development infrastructure. 	<ul style="list-style-type: none"> • Identification of infrastructure needs and opportunities. • Supply of land for housing development. • Completion of feasibility studies and business cases for new infrastructure. • Delivery of campaigns to increase awareness of sustainability and circular economy benefits. • Number of participants in Sustainable is Attainable and other initiatives. 	<ul style="list-style-type: none"> • Investment in new infrastructure across the district. • Development of housing across the district 	<ul style="list-style-type: none"> • Delivery of new growth enabling infrastructure. • Reduction in emissions and waste to landfill. • Maintain housing affordability ratios.

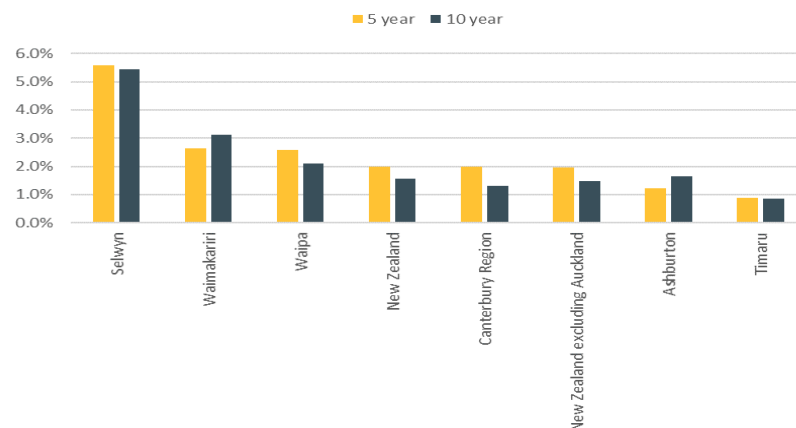
Objective	Key Activities	Outputs	Intermediate Outcomes	Long-term Outcomes
Enhance external perceptions of the Timaru District and promote the district as a great place to live, work and visit.	<ul style="list-style-type: none"> • Create a shared place and destination proposition and narrative for the district. • Work with surrounding districts to promote a wider South Canterbury narrative. • Support the Council's programme of investment in the Timaru CBD. • Support the implementation of the Timaru District Destination Management Plan. 	<ul style="list-style-type: none"> • Agreement of a shared place and destination identity. • Delivery of relevant promotion materials and campaigns. 	<ul style="list-style-type: none"> • Increase in new residents, businesses and visitors. • Increase in visitor spend. • Increase in retail footfall and expenditure. 	<ul style="list-style-type: none"> • Growth in employment and GDP contribution of tourism and visitor economy. • Growth in consumer and visitor spending.

APPENDIX 1: THE TIMARU DISTRICT ECONOMY

Population

As at the 2018 Census Timaru District's resident population was almost 46,300 and is currently estimated at 48,400¹⁵. Growth has been slow over the past decade, lower than most comparable districts and the national average of 1.5 percent, at only 0.8 percent per year on average (Figure 3).

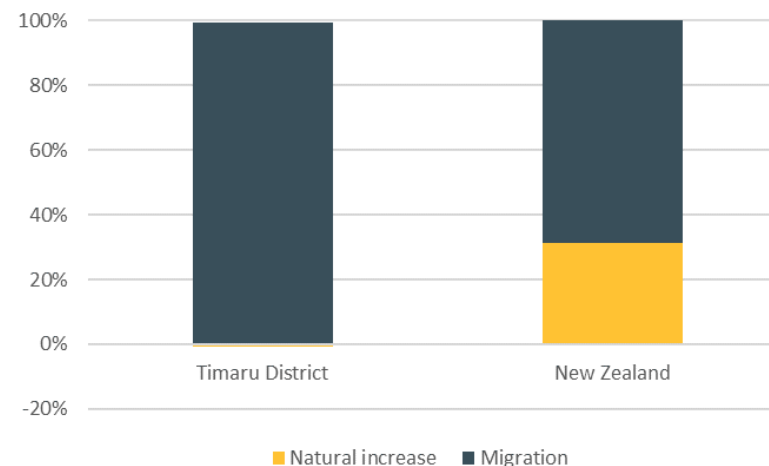
Figure 3: Compound annual growth in population for Timaru District, New Zealand and comparable districts, to 2020



Source: Infometrics regional database

Inward migration is the key driver of the district's population growth. It has been compensating for negative natural growth (births and deaths) over the past three years (Figure 4).

Figure 4: Composition of population growth, 2015-2020



Source: Infometrics regional database

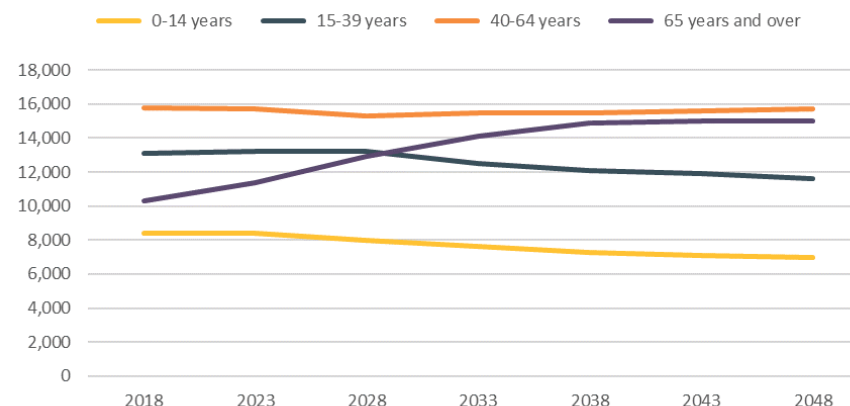
¹⁵ As at June 2020. Estimated resident population statistics sourced from Infometrics.

Over the long term the district is projected to grow to 49,800 by 2038 and falling slightly to 49,300 by 2048. Based on Statistics New Zealand's medium growth projections¹⁶ this projection sees the districts population grow at an average of 0.37 percent per year between 2018 and 2028, 0.08 percent between 2028 and 2038, and -0.10 percent per year in the following decade. Over the 30 year period this growth rate of 0.1 percent is much lower than the medium national population growth rate, which at projected to be 0.8 percent across the 30 years¹⁷. Comparable districts are also projected have much higher rates of population growth than Timaru (in line with national population growth).

The working age population is projected to fall over the next few decades from 28,900 in 2023 to 27,300 in 2048 (at -0.2 percent average growth per year) while a greater proportion of those over 65 years old will make up the districts population.

Currently 22 percent of the population is estimated to be over 65 years old, and this is projected to grow to 30 percent by 2038 (and remain this way over the following decade). An aging population is not unique to Timaru, but the district already has a higher proportion of those aged 65 years and older than nationally (16 percent) and comparable districts (ranging from 12 to 20 percent of their populations). The districts dependency ratio is also high at 60.6 percent, higher than the national rate of 50.30 percent.

Figure 5: Population projections for Timaru District by age groups, 2013-2038



Source: Statistics New Zealand population projections, 2018 base. Medium scenario.

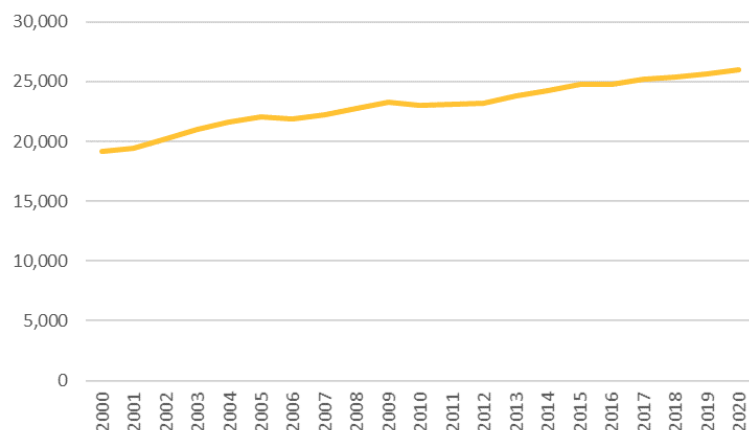
¹⁶ Base of 2018. Statistics New Zealand Subnational Population Estimates released March 2021. The high growth scenario projections put growth at 0.6 percent per year on average between 2018-2048 same period (to reach a population of 56,400 by 2048), while low projections are -0.5 percent per year on average (to reach a population of 43,200).

¹⁷ Statistics New Zealand, 2018 base year, Subnational Population Estimates released March 2021. National population estimates put annual average growth at 1.1 percent between 2018 and 2028, 0.7 percent between 2028-2038 and 0.6 percent between 2038 and 2048.

Employment

As of March 2020, there were 26,000 filled jobs in the Timaru District. Growth has been low at 1.2 percent per year between 2010 and 2020, and just 1 percent per year between 2015 and 2020. This is lower than the national growth rate, especially that of the past 5 years. National growth in employment was 2.4 percent per year (and 2.1 percent per year excluding Auckland) between 2015 and 2020.

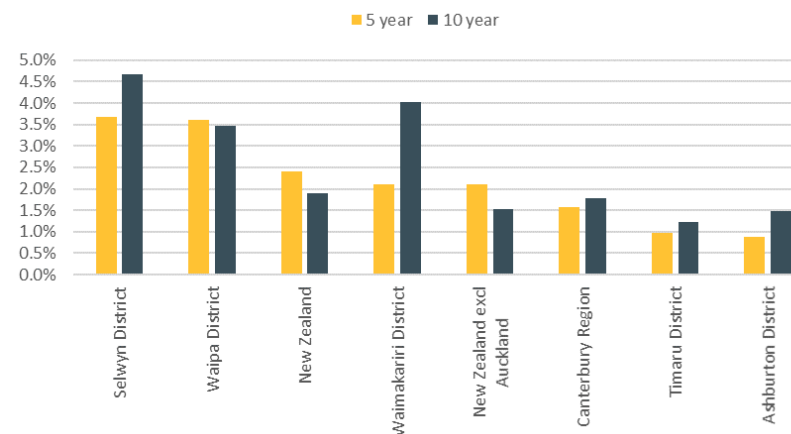
Figure 6: Employment in Timaru District, 2000-2020



Source: Infometrics regional database

Employment growth in comparable districts has also been higher than Timaru, except for Ashburton where filled jobs grew on average by 0.9 percent per year over the past 5 years. Filled jobs in Selwyn grew by 3.7 percent per year, in Waipa by 3.6 percent per year, and Waimakariri by 2.1 percent per year on average across the last 5 years (Figure 7).

Figure 7: Compound annual growth in employment for Timaru District, New Zealand and comparable districts, to 2020

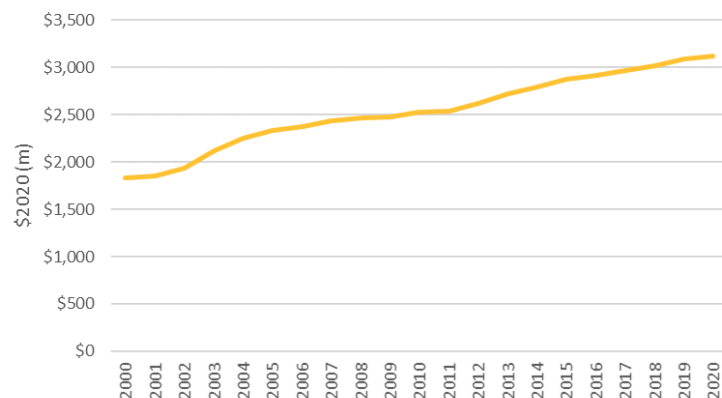


Source: Infometrics regional database

Gross Domestic Product and Incomes

Gross Domestic Product (GDP) for the Timaru District has been growing at an estimated 2.1 percent per year since 2010 (Figure 8). This is lower than the national growth rate for the same 2010-2020 period (which was 2.8 percent per year, and 2.3 percent when Auckland is excluded).

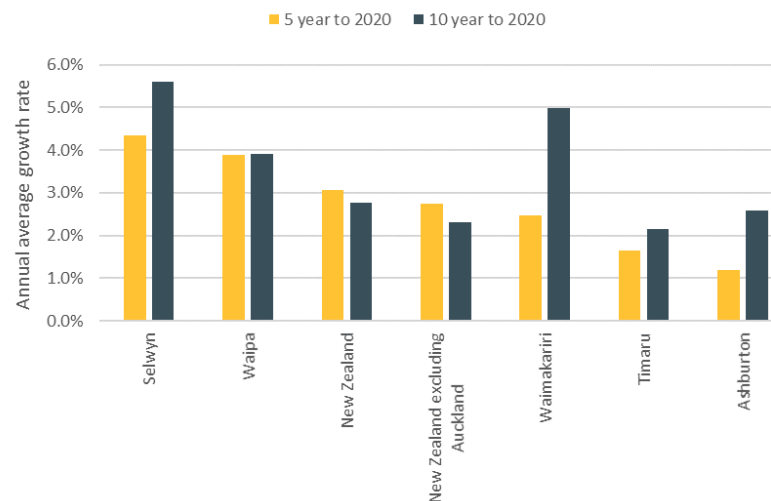
Figure 8: Real GDP (\$2020) in Timaru District, 2000-2020



Source: Infometrics regional database

The district's growth is also significantly lower than comparable districts (Figure 9). Over the same period Selwyn, Waipa¹⁸ and Waimakariri exceeded per year growth of 3.9 percent, while neighbouring Ashburton saw estimated growth of 2.6 percent per year. In dollar terms GDP in 2020 for the Timaru District was an estimated \$3.1 billion, or 1 percent of national GDP.

Figure 9: Compound annual growth in real GDP for Timaru District, New Zealand and comparable districts



Source: Infometrics regional database

GDP per capita in Timaru District as of March 2020 was \$64,421. This is almost \$700 more than the national level or \$4,900 more when Auckland is excluded. It is also higher than most comparable districts. However, mean annual earnings (\$58,348) and mean household income (\$96,196) are lower than national levels even excluding Auckland (\$60,996 and \$110,196, respectively, excluding Auckland). Earnings are in the mid-range of those for comparable districts (Figure 10).

¹⁸ The Waipa district was selected for comparative purposes given similarities in size, economic structure and spatial attributes to the Timaru District

Figure 10: Mean household income and mean earnings, Timaru District and comparable districts, 2020



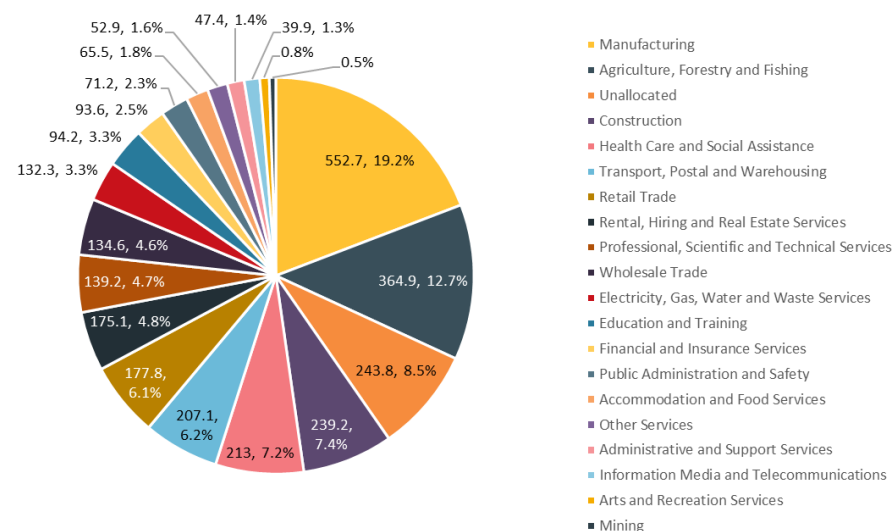
Source: Infometrics regional database

Timaru's industrial mix and performance

Manufacturing, and Agriculture, Forestry and Fishing are the district's single largest industries and contributors to GDP¹⁹ (Figure 11). Overall, the Timaru District economy is fairly diversified with Construction, Health Care and

Social Assistance, Transport, Postal and Warehousing, and Retail Trade industries providing diversification across their similar contributions to GDP and employment. The district's economy is less likely to be impacted by adverse industry shocks because of this diversification²⁰.

Figure 11: Estimated industry contribution to GDP, Timaru District, 2020



Note: \$M and percentage contribution to total 2020 GDP excluding Owner Occupied Property Operation.

Source: Infometrics.

¹⁹ GDP analysis here excludes Owner-Occupied Property Operation

²⁰ The charts included in this analysis illustrate this, as does Herfindahl-Hirschman Index (HHI) which measures the level of diversification. The lower the more diversified an economy is. In 2020 - Timaru

District 17.4, 18.8 NZ excluding Auckland, 45.8 Ashburton, 30.5 Selwyn, 24.9 Waimakariri, 28.6 Waipa, 22.8 Canterbury Region.

Within these industries, the following sectors are those that are likely to be important contributors to well-being and growth in the Timaru District. They are sectors that tend to be concentrated in the district, more significant contributors to employment and GDP, have high productivity levels, and have experienced reasonable growth in jobs and GDP over the past decade. More detail can be found in Table 11, but at a high level these sectors include:

- **Dairy Product Manufacturing** – is highly concentrated and productive in the district. The sector accounted for 5.4 percent of estimated GDP in the district, employed 881 people and was the largest exporter in 2020 (at 61.6 percent, or \$1.2 billion of estimated exports). Timaru has a clear comparative advantage in this sector.
- **Meat and Meat Product Manufacturing** – is the second largest exporter by value in the district (at 15.6 percent or \$318 million of estimated exports 2020). It is also highly concentrated in the region (5.1 quotient). Employment has been steadily growing (to be 1,319 in 2020) and the sector is currently the fifth largest employer.
- **Fruit, Cereal and Other Food Manufacturing** – is moderately concentrated (1.9 quotient) in the district and is the fourth largest exporter by value in the region (at 72 million in 2020). 585 people were employed in 2020, however employment and GDP growth, and productivity has been low.
- **Seafood Processing** – is highly concentrated in the district (7.4 quotient) and is the third largest exporter (at 3.6 percent or \$73.5 million of estimated exports in 2020). Though growth has been steady the sector remains a moderate employer (368) and contributor to GDP.
- **Fishing and Aquaculture** – employs just 181 people but is highly productive and highly concentrated (7.1 quotient) in the district. Though not a large contributor to GDP, growth in GDP and employment has

been high, at 16 and 15 percent per year on average over the past 5 years.

- **Farming** – dairy, and sheep, beef and grain farming are all concentrated (2.8 and 2.6 quotient) and highly productive in the district. Dairy farming is the third largest contributor to GDP in the district and employees 840 people while sheep, beef and grain employs 589. Agriculture support services have also grown in line with these farming sectors over the past decade.
- **Professional, Scientific and Technology Services** – although low in concentration in the district (0.5), the sector has relatively high productivity levels and is a large contributor to GDP (\$135 million or 4.7 percent in 2020) and employment (1,119), both of which have been growing.
- **Logistics** – such as the wholesale trade and road transport sectors are significant and growing sectors in terms of GDP and employment. Collectively the two sectors employed 2,048 and accounted for 7.8 percent (or \$224 million) or total district GDP in 2020.

Other growing sectors include construction services which experienced GDP and employment growth of between 1-3 percent per annum on average over the past decade. Though not very concentrated (1.1) the sectors contribution to GDP was 3.9 percent (or \$111 million) in 2020, productivity is relatively high and it is the third largest employer, employing 2,491 people in 2020.

Other industries, such as Property and Real Estate Services, Health Care and Social Assistance, and Education and Training are significant, the former being a significant contributor to GDP and the latter two by being the largest employers in the district. However, these industries are not concentrated in the district, are low in productivity and have experienced low growth over the past decade.

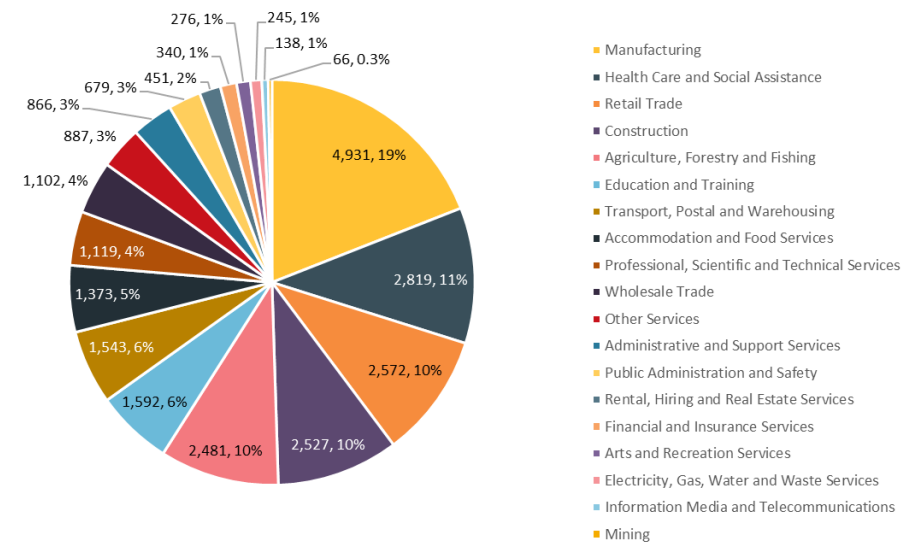
Employment by industry

Manufacturing, the biggest industry contributor to GDP in the district, is also the Timaru District's largest employer accountable for over 4,900 (or almost 20 percent) of the districts filled jobs. It has been the largest contributor to employment growth in the district for the past decade.

The Agriculture, Forestry and Fishing, Health Care and Social Assistance, Retail Trade, and Construction industries each accounted for around 10 percent of filled jobs in 2020. All these industries, except agriculture, forestry and fishing, account for a greater percentage of employment than their respective contributions to GDP in the district.

In the past two years Construction, Education and Training have followed Manufacturing as the greatest contributors to employment growth in the district. Industries which could be seen to closely support Manufacturing, such as Transport, Postal and Warehousing, Administrative and Support Services and Wholesale Trade, have experienced high annual growth in employment over the past 5 years (of 4.1 percent, 6.3 percent and 2.3 percent respectively).

Figure 12: Estimated industry contribution to employment, Timaru District, 2020



Note: \$M and percentage contribution to total 2020 GDP.

Source: Infometrics.

Productivity

The Timaru District's estimated productivity is only slightly lower than nationally, at around \$119,925 compared to \$124,990 in 2020²¹. Excluding Auckland from national figures productivity in the Timaru District is higher than national productivity estimates, (with New Zealand excluding Auckland productivity at \$119,740) in 2020. Productivity growth over the past decade has been strong, and at similar rates of growth to New Zealand and comparable districts, at 0.9% per year.

At an industry level the district has a mix of industries that are comparatively more and less productive than other districts and nationally. The Agriculture, Forestry and Fishing industry is estimated to be more productive in the Timaru District than nationally even excluding Auckland (by around \$28,500 a year). It is also an industry with higher levels of productivity than comparable districts, except for Ashburton.

Other industries with higher productivity levels than New Zealand, even excluding Auckland, include Professional and Scientific Services (by between \$8,773 and \$10,229), Construction (by \$1,309 to \$2,876), Retail Trade (by \$1,259 to \$3,490), and Education and Training (by \$1,565 to \$2,325). While Manufacturing has a lower estimated productivity than nationally, it has a higher productivity level than most comparable districts (all except Waipa) by between \$4,000 and \$20,200. Estimated productivity for the Information Media and Telecommunications, Other Services, and Construction industries are also higher in the Timaru District than all comparable districts.

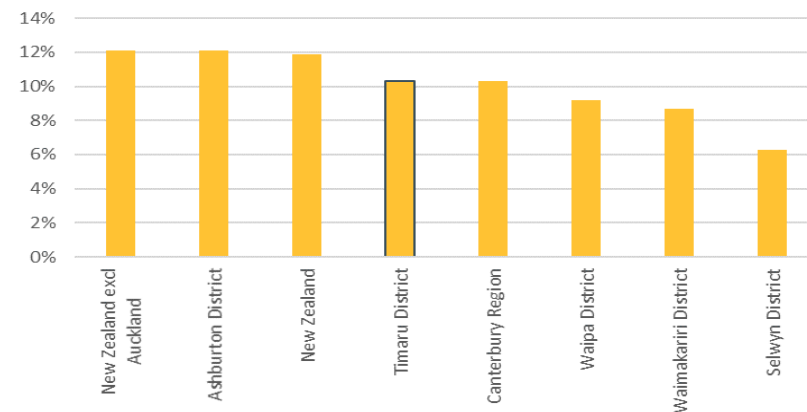
²¹ A rough estimate of productivity, where GDP per employed person (in constant 2020 prices) is used as a proxy for productivity. Sourced from Infometrics.

Education, skills and talent

NEET rate

As of March 2020, the Timaru District had a NEET²² rate – the proportion of people aged 15–24 years who are not employed or engaged in education or training – of 10 percent. Positively, this rate has been consistently lower than the national NEET rate over the past five years. Ashburton's NEET rate was 12 percent in 2020 (the same as the national NEET rate), while other comparable districts were lower than the Timaru District's at 6 percent in Selwyn, and 9 percent in the Waipa and Waimakariri districts (Figure 13).

Figure 13: NEET rate, Timaru District and comparable districts, 2020



Source: Infometrics.

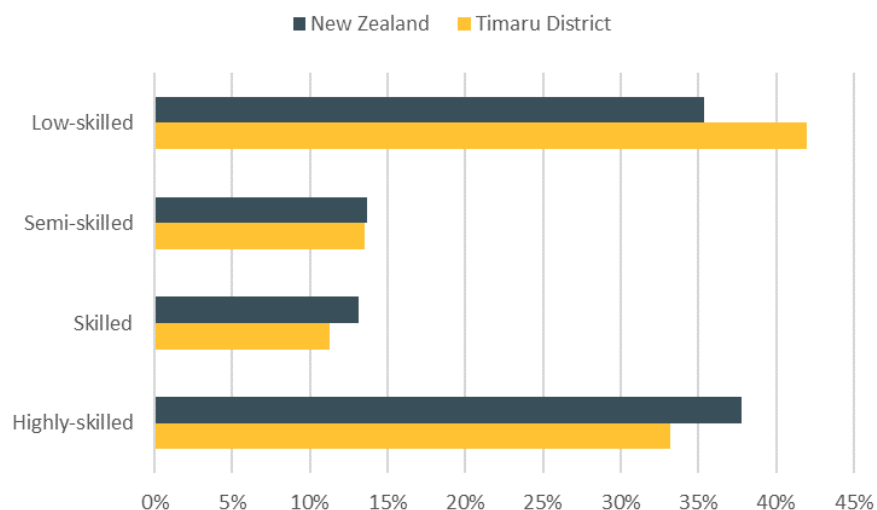
²² Not in Education, Employment or Training

Skilled jobs

Low skilled jobs make up the greatest proportion of jobs in the district (42 percent in 2020), mostly due to the significant number of goods-producing industries and labourers that make up the district's economy. Highly skilled jobs also factor strongly, making up a third of all jobs.

In comparison, nationally 35 percent of jobs are classed as low skilled and 38 percent are highly skilled. Comparable districts also have lower proportions of low skilled workers than the Timaru District Figure 14).

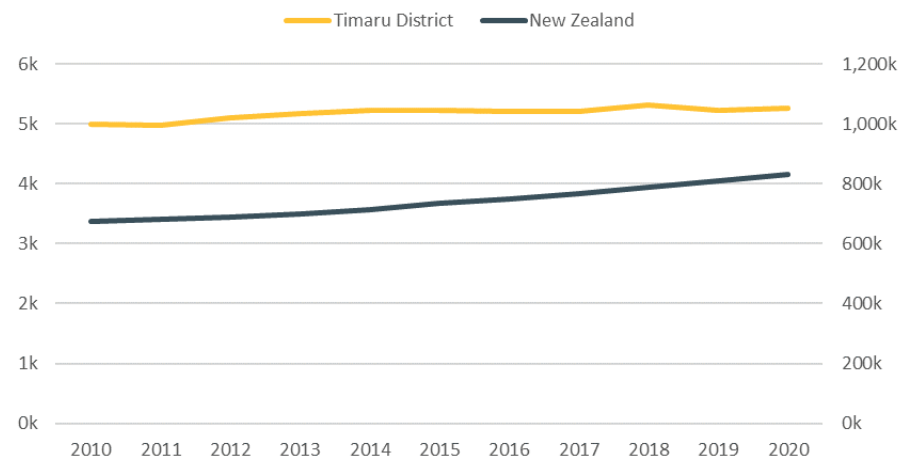
Figure 14: Employment by broad skill level, Timaru District and New Zealand, 2020



Source: Infometrics

While the skill level proportions in the district have remained essentially the same as a decade ago the number of knowledge intensive jobs has increased from just under 5,000 jobs to almost 5,300 (Figure 15). Knowledge intensive jobs are those in which the generation and exploitation of knowledge play the predominant part in the creation of economic activity. It may be a source of future productivity growth.

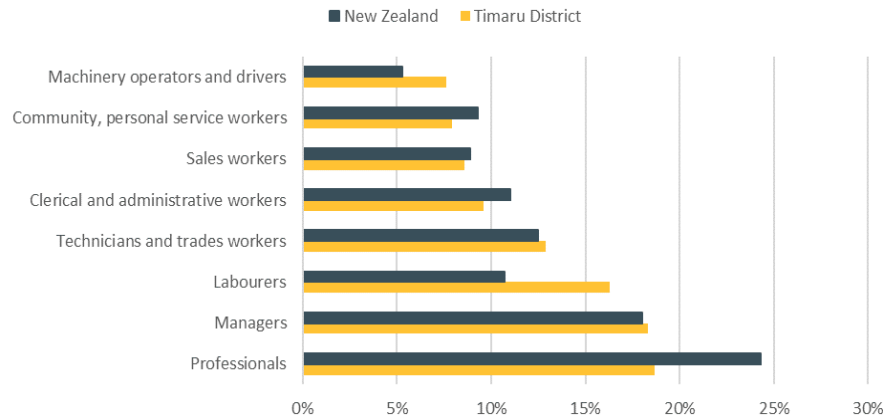
Figure 15: Knowledge intensive employment, 2000-2020



Source: Infometrics.

By broad occupation group, the Timaru District has a higher proportion of Labourers (16 percent compared to 11 percent nationally), and Machinery Operators and Drivers (8 percent compared to 5 percent) than New Zealand as a whole. It has a smaller proportion of Professionals (19 percent compared to 24 percent), Community, Personal Service Workers (8 percent compared to 9 percent), and Administrative Workers (10 percent compared to 11 percent) compared to nationally (Figure 16).

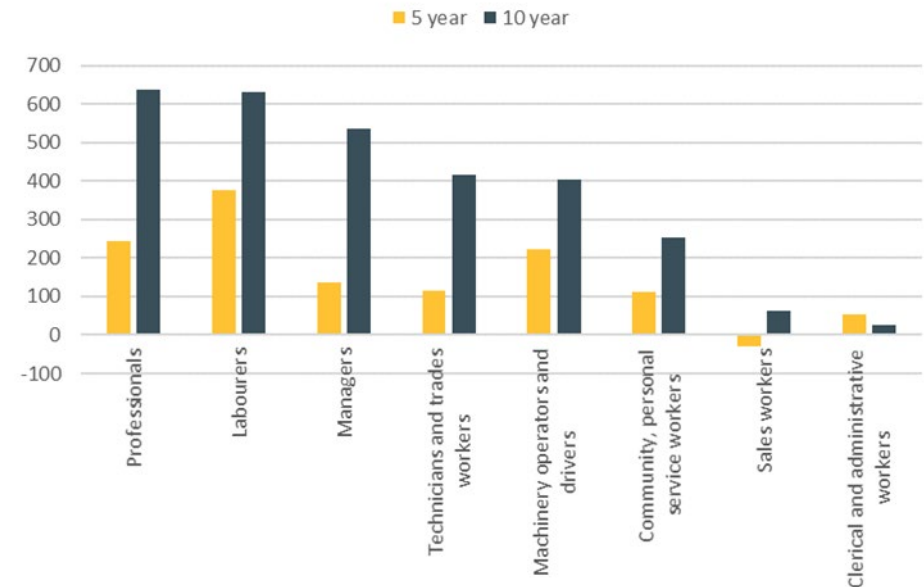
Figure 16: Employment by broad occupation group, Timaru District, 2020



Source: Infometrics.

As shown in Figure 17, over the past decade, the number of Professionals has experienced the largest growth (increasing by 637 Professionals over the decade), followed by Labourers (631), and Managers (535).

Figure 17: Change in Timaru District employment by broad occupation group, 2010-2020 and 2015-2020

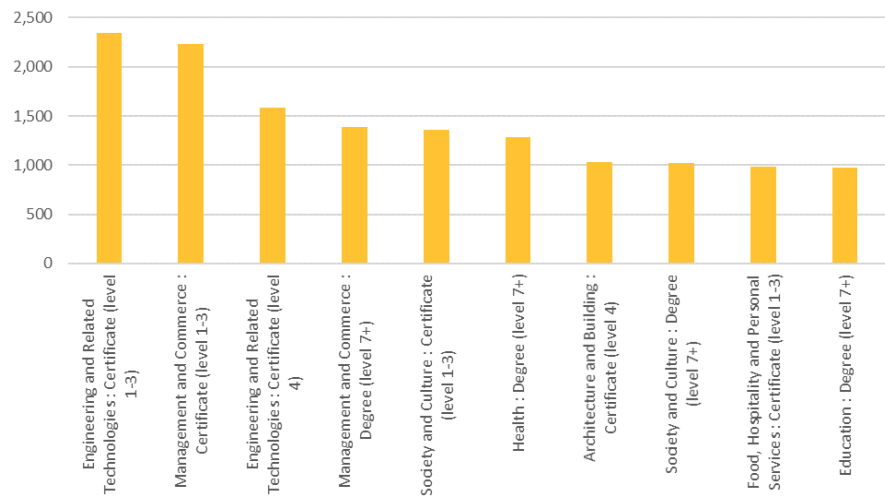


Source: Infometrics.

At a more detailed level the highest number of jobs in the Timaru District are held by Specialist Managers (1,926 employees), followed by Factory Process Workers (1,336), Sales Assistants and Salespersons (1,277), Education Professionals (1,248), and Farm and Farm managers (1,188).

Infometrics estimates the ideal mix of qualifications that are required to meet the demand for occupations in the Timaru District²³. Engineering and related technologies, and management and commerce qualifications are estimated to be those in highest demand, at 20 and 18 percent of the qualification mix respectively. Figure 18 presents the qualifications in most demand in more detail.

Figure 18: Estimated top 10 qualifications in demand, Timaru District, 2020

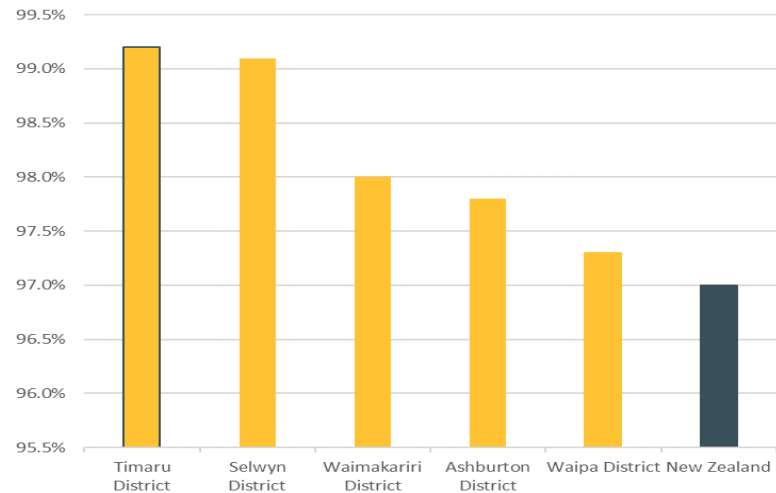


Source: Infometrics.

Education participation and qualification attainment

The Timaru District has higher levels of early childhood education participation than nationally (Figure 19), however the district has lower qualification attainment rates at secondary and tertiary levels. There are mixed results in terms of the improvement in attainment rates over the past decade.

Figure 19: Prior participation in early childhood education of children starting school, year ended December 2020



Source: Education Counts. December year ends.

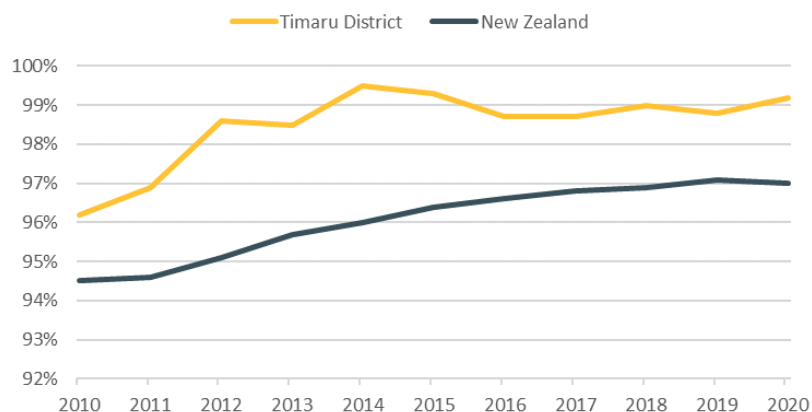
²³ To be clear this is not an educational profile of the current workforce

Early childhood education participation

The Ministry of Education notes the benefits of early childhood education (ECE) for children in terms of improved long term learning ability and social outcomes.

Positively, the proportion of Timaru District's children who participate in ECE prior to starting school has increased over the past decade and is now considerably high at 99.2 percent (Figure 20). This rate is above the New Zealand average of 97 percent, and higher than most comparable districts.

Figure 20: Prior participation in early childhood education of children starting school, 2010-2020



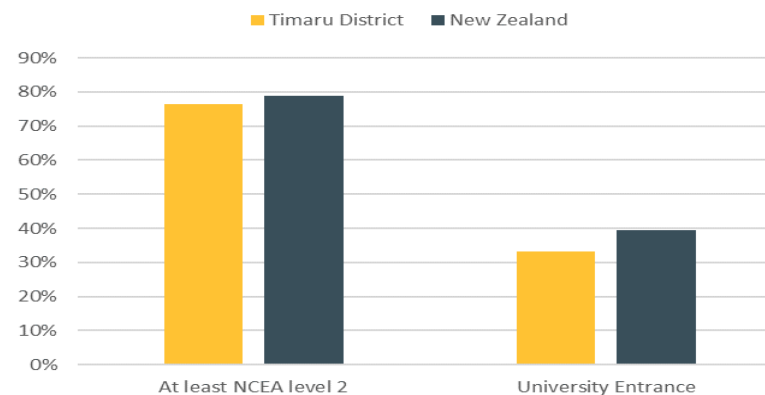
Source: Education Counts. December year ends.

Secondary qualification attainment

As shown in Figure 21, secondary qualification attainment rates²⁴ are lower than nationally, and concerningly these attainment rates have been falling over the past 5 years.

- The percentage of school leavers who attained at least NCEA level 2 is lower than nationally – 76.4 percent compared to 78.8 percent in 2019. This is also lower than comparable districts.
- Over 33 percent of school leavers achieved University Entrance in 2019, again lower than the national average where 39.4 percent of school leavers achieved University Entrance.

Figure 21: School leaver attainment rates, Timaru District and New Zealand, 2019



Source: Education Counts. Ministry of Education.

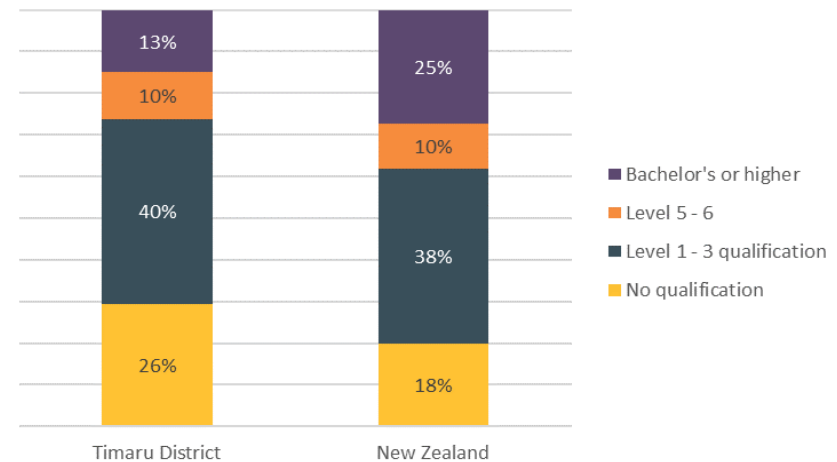
²⁴ Education Counts (Ministry of Education).

Tertiary qualification attainment

Timaru District's tertiary qualification attainment rates have been steadily increasing over the past decade²⁵. However, as show in Figure 22, they remain poorer than the New Zealand average, and also comparable districts.

- The percentage of people aged 15 years or over who *do not* have a qualification is higher than nationally – 26.4 percent in the Timaru District compared to 18.2 percent nationally in 2018.
- The percentage of people aged 15 years or over who have a bachelor's degree or higher is lower than nationally – 13.4 percent in the Timaru District compared to 24.6 percent in 2018.

Figure 22: Highest qualification for people in Timaru District and New Zealand, 2018



Source: Census 2018. Statistics NZ Place Summaries. MartinJenkins aggregation.

Notes: Qualification groups have been aggregated. Level 1 – 3 qualification rates include 'overseas secondary school qualification'.

²⁵ Census 2018. Statistics New Zealand.

Industry training

Higher learning opportunities in the Timaru District include an Ara Institute of Canterbury campus for tertiary level study, and YMCA and Community College education programmes.

Information of the number of industry trainees and apprentices in the district is limited but wider Canterbury regional data shows there were 23,380 learners in vocational education and training in the region in 2019²⁶, of which 16,855 were in industry training (13 percent of all industry training workers nationwide)²⁷.

By field of study, engineering and related technologies is the largest vocational field of study and training (at 21.6 percent), followed by architecture and building (15.4 percent), society and culture (15.1 percent) and management and commerce (14 percent). Agriculture students were 6.9 percent of all learners.

Regional apprenticeships have received a funding boost from the government. At the end of 2020, Venture Timaru received \$4 million to initiate and manage 100 new construction industry apprenticeships in the Mid-South Canterbury and North Otago regions²⁸. The focus is on small to medium-sized businesses, primarily for building, plumbing electrical, painting and plastering trades but apprenticeships in the primary, engineering and manufacturing sectors are also being considered.

²⁶ EducationCounts, Participation in Vocational Education and Training programmes 2010-2019.

²⁷ In addition there were a further 4,695 learners at institutes of technology and polytechnics, 2,005 in private training establishments and 1,075 in Wānanga education.

Housing

Housing in the Timaru District is much more affordable than nationally, as measured by the ratio of average house values to average household income (the housing affordability ratio). In 2020 this ratio was 4.1 for the district and 6.3 nationally (5.4 excluding Auckland). Housing in the district is also more affordable than comparable districts, except for Ashburton which has a similar housing affordability attraction (with a ratio of 4.1).

This housing affordability has been declining over the past decade (with the ratio growing at 0.8% per year), most significantly in the past 5 years (with ratio growth at 1% per year). Incomes are not keeping pace with rising house values. This story is not unique to the Timaru District. The national ratio excluding Auckland increased from 4.4 in 2015 to 5.4 in 2020 (a 2.4% per year growth).

Renting in the Timaru District is also comparatively more affordable than comparable districts and nationally, as measured by the ratio of average weekly rent to average household income (the rental affordability ratio). In 2020 this ratio was 0.176 (or average weekly rent is 17.6% of average household income) in the district, compared to 0.201 nationally (even as Auckland is excluded). The rental ratios of comparable regions are also higher, between 0.194 in Ashburton to 0.245 in Waimakariri. Like housing, rentals have also become more unaffordable over the past decade in the district, but the rental ratio has fallen in the last two years, as is the case nationally.

²⁸ Beehive press release – hundreds more regional apprenticeships, September 2020. <https://www.beehive.govt.nz/release/hundreds-more-regional-apprenticeships>

Infrastructure and connectivity

The Timaru District benefits from its location in the South Island and its central position in South Canterbury. Transport connectivity is good and industry benefits from access to key road and rail connections. In addition, the district and local businesses also benefit from having access to an Airport and a Port.

PrimePort is an important piece of infrastructure for the district, offering cargo and marine services, including facilities for cruise ships. Cargo services include those relating to the shipping and storage of bulk goods and bulk liquids, such as fertiliser, stock feeds, cement, fuel and chemicals, all of which are all key inputs to the local economy.

The Port is home to significant container terminal, including paved, covered and cold storage facilities, which are again critical to the operation of the local economy and support the import and export of essential materials and goods. While the operation of the Port has been impacted by Covid-19, bulk trade has been growing over the past decade and was forecast to maintain at current levels over the next 10 years. Container trade has also increased over last 10 years, with a dip between 2012 and 2014 before recovering strongly.

Like the Port, Timaru Airport is also a piece of critical infrastructure for the district, providing direct connectivity to Wellington and onward connections to the rest of New Zealand. The airport plays a key role in bringing leisure and business visitors into the district, with flights operating at high load factors and the terminal is frequently at capacity. There are active plans to invest in an extended runway and expanded terminal and there are also opportunities for additional freight and industrial uses across the airport site.

Looking at telecommunications infrastructure, Census 2018 suggests that internet and telecommunications access is slightly lower than average in the

district. Some 81.7 percent of Timaru District households had internet access compared to 86.1 percent across New Zealand. Comparable districts also had a higher percentage of households with internet access than the Timaru District (Ashburton 83.2 percent of households, Selwyn 93 percent, Waimakariri 87.7 percent, Waipa 86.2 percent).

Only 0.7 percent of Timaru District households indicated they had no access to telecommunications compared to 1.1 percent across New Zealand. This percentage of no access in the Timaru District is similar to comparable districts. It shows accessing some form of telecommunications is not a major concern for the district, however internet access for households requires greater attention to support wellbeing and economic development outcomes.

Wellbeing

Wellbeing relates to the liveability of the region and the ability of people to enjoy their environment, feel engaged and safe in their communities, and access essential services and amenities.

Infometrics has developed a Wellbeing Framework to capture and compare wellbeing indicators across the country (Figure 23). Based on Treasury's Living Standards Framework and closely aligned to the OECD Better Life Index, the framework covers nine domains, underpinned by 30 indicators.

The Timaru District rates highly in two of these domains. These are:

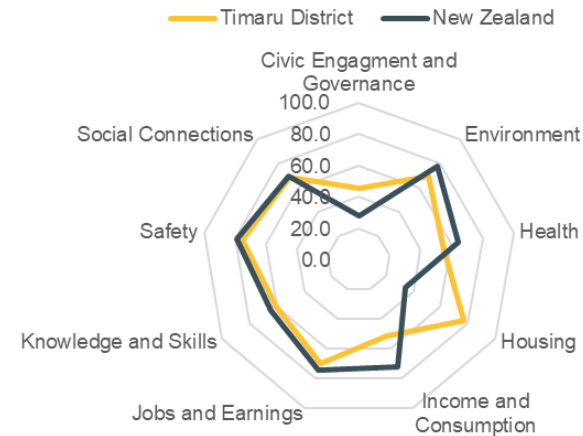
- **Housing** – the district performs well in terms of better housing conditions and affordability compared to nationally. This is clearly seen in low housing and rental affordability ratios (4.1 and 0.176 respectively, compared to the national 6.3 and 0.201).
- **Civic engagement and governance** – the district has higher general and local election turnouts, which signal greater levels of engagement with local decision-makers and public institutions than other areas.

The district performs relatively poorly on:

- **Income and consumption** – while housing is relatively affordable, average incomes are lower than nationally signaling people in the district find it harder to meet household costs such as food, transport, heating and clothing.
- **Environment** – the district has a relatively high level of CO2 emissions and a low waste diversion rate.
- **Health** – the district has poorer health outcomes with respect to drinking water quality, life expectancy, and mental health and suicide rates.

In the remaining domains - **jobs and earnings, knowledge and skills, safety, and social connections** – the district is on par with the national average. Collectively this signals that people's ability to secure stable sources of income, acquire and use information and skills, live in a life free of danger, abuse and crime, and connect and interact with their community, is on average similar to that of other New Zealanders.

Figure 23: Wellbeing indicators, Timaru District and New Zealand, 2019



Source: Infometrics. Scores closer to the outside ring indicate greater wellbeing outcomes.

Table 11: Key industry statistics

Industries	GDP, \$2020	GDP Growth (2010-2020), %pa	Employment, 2020	Job Growth (2010-2020), %pa	Location Quotient	Estimated productivity, 2020	Estimated Exports, 2020
Meat, Dairy and Other Food Manufacturing							
Meat and Meat Product Manufacturing	\$107m	0.30%	1,319	1.43%	5.1	\$81,046	\$318m
Diary Product Manufacturing	\$156m	3.60%	881	4.27%	9.3	\$176,731	\$1,260m
Fruit, Cereal & Other Food Manufacturing	\$47m	0.06%	585	1.03%	1.9	\$79,487	\$72m
Aquaculture, Fishing and Seafood							
Fishing & Aquaculture	\$34m	10.14%	181	6.44%	7.3	\$187,293	\$9.2m
Seafood Processing	\$35m	1.41%	368	2.52%	7.4	\$95,924	\$74m
Agriculture and Agriculture Support Services							
Dairy Cattle Farming	\$156m	3.22%	840	2.66%	2.8	\$197,143	\$10m
Sheep, Beef Cattle and Grain Farming	\$80m	-1.64%	589	-2.41%	2.6	\$135,823	\$15m
Agriculture Support Services & Hunting	\$51m	5.56%	512	3.00%	2.3	\$98,828	N/A
Construction and Property							
Construction Services	\$111m	3.47%	1,491	2.70%	1.1	\$74,648	\$0.9m
Property Operators & Real Estate Services	\$115m	-0.30%	332	-0.35%	0.7	\$346,988	N/A
Logistics							
Wholesale Trade	\$132m	3.02%	1,102	1.50%	0.8	\$120,054	N/A
Road Transport	\$92m	4.24%	946	2.68%	2.0	\$97,674	\$25.7m
Hospitality & tourism							
Accommodation & Food Services	\$53m	1.74%	1,373	1.02%	0.8	\$38,529	\$36.5m
Other Store & Non-store Retailing	\$83m	2.76%	1,225	-0.48%	1.0	\$67,837	\$6.5m
Tourism (note is made up of proportions of a range of sectors including the some of the above)	\$119m	6.23%	1,550	0.57%	-	-	-

Other Significant Industries								
Health Care & Social Assistance	\$207m	1.20%	2,819	0.90%	1.1	\$73,466		N/A
Professional, Scientific, & Technical Services	\$135m	3.40%	1,119	2.06%	0.5	\$120,286		\$12.5m
Education & Training	\$94m	-0.13%	1,592	0.89%	0.8	\$58,794		\$6.2m
Other Services	\$47m	1.69%	887	1.88%	0.9	\$53,439		\$45m

Source: Infometrics regional database, MartinJenkins analysis

Notes: Green cells represent values, growth, or proportions of totals, higher than nationally excluding Auckland. Red cells highlight low values or growth rates or proportions of the totals when compared to national figures excluding Auckland. Growth figures are compound annual averages.