

MEMORANDUM

FROM:	Nigel Davenport – Venture Timaru Chief Executive
TO:	Timaru District Mayor and Councillors
SUBJECT:	Venture Timaru Operational Update for the three months to 30 June 2023
DATE:	31 st August 2023

Background

Please find attached an update relating to our Economic Development and Visitor Promotion operations for the quarter to 30 June 2023.

General Commentary

We, like most of New Zealand, are seeing the effects of cost of living, higher interest rates and general inflationary pressures. Key enablers of economic and community prosperity and welling being remain People, Water, Energy, Infrastructure - and we place Housing in there as well.

We have recognised headwinds across all these enablers notably attracting and retaining the workforce needed (noting we are back at traditionally low unemployment levels of 2.8% as at end June 2023) whilst we need more diversity across our housing stock to provide more options for those we attract here - many of whom have substantially different dwelling type preferences.

Energy is a critical enabler to existing business growth and our ability to attract new business to the area. We are working with Alpine Energy to develop a sub-regional energy strategy that will ensure we have the capacity to grow and prosper in the years ahead.

PRIORITY – Housing – we continue to advocate for a bolder and more innovative enabling environment that excites and inspires property owners, developers, and investors to actively progress developments that will bring diversity into our housing market – inner/near city apartments & townhouses, infill and medium to large scale residential development.

DATA - To support this, we present the following data comparing Timaru District to Ashburton District (sourced via REINZ & Infometrics):

- Over the past 5 years **Timaru District sold 50% less residential sections** than Ashburton District.
- In that same period though, Timaru District residential sections sold 35% faster
- Between 1996-2022 Timaru District population only grew by 11.2% v's Ashburton's 41%
- Over a similar period, Timaru District's new dwelling consents 3.98 per 1,000 residents was 36% less than Ashburton District's 6.26 per 1,000 residents.







We are also championing the Private Sector Partnership tranche of the City Town Project which encapsulates three focus areas:

 Establishing an Enabling Environment - ensuring the private sector understands the programme and planned activities and are ultimately excited, inspired, and better informed on what can be done.



- seeking input from architects/professionals on the variety of rules & regulations and barriers where a shift is needed.
- Informed by what's happening in other areas.
- o Collate and present to Council
- Develop inner/near city urban guidelines with imagery, case studies and examples of what could be done in terms of progressing enhanced inner & near city living opportunities.
- Promote and present to community
- Unlocking opportunities identifying and progressing development and investment opportunities in CBD
 - databasing TDC EPB Managers engagements along with existing and proposed development intel known to TDC and VT
 - o prioritising identified opportunities making introductions as appropriate
 - o press for establishment of development case manager within TDC
 - o identify what development incentives TDC may/should be able to establish.
- Monitoring and reporting tool to report on key progress indicators which monitor the impact of private and public investment.

Housing Survey we are finalising the content of a district wide housing survey primarily focused on residents future housing preferences which will in turn assist with the preparation of a District Housing Strategy. Working with Mayor Bowen's office this will also include aspects of emergency/transitional housing.

PRIORITY – Energy Efficiency & Conservation Authority Regional Energy Transition Accelerator – as only the second region in New Zealand to complete the RETA process our Report was issued by EECA early May. This detailed our pathway to lower emissions/decarbonisation across South & Mid Canterbury. From there the focus will be on implementation and we at VT will work closely with all stakeholders to progress this in the months and years to come.

The EECA Report can be found here Mid Sth Canty RETA Report. In summary:

- a total of 33 sites spanning the dairy, meat and food processing, manufacturing and commercial sectors are covered by the Mid-South Canterbury RETA. These sites either have process heat equipment larger than 500kW or are sites for which EECA has detailed information about their decarbonisation pathway. Most of Mid-South Canterbury's emissions come from coal. RETA aims to eliminate as much of these process heat emissions as possible.
- The focus of the Mid-South Canterbury report the culmination of phase one of the RETA programme, is the fuel switching decision and the key role demand reduction plays. Both biomass and electricity are considered as potential fuel sources.
- RETA also recognises the importance of efficient demand reduction and thermal efficiency measures for reducing energy consumption and right sizing the boiler investment, which in turn affects decision-making around fuel switching.
- Organic waste was piloted for this report given the potential for energy recovery via combustion or anaerobic digestion.
- The report has illustrated a range of decarbonisation pathways, all of which demonstrate how the combined decisions of a range of process heat users may lead to common infrastructure challenges and opportunities from a supply perspective. <u>All pathways eliminate over 90% of process heat emissions in the region (a reduction of</u> <u>504kt out of a total 542kt) by 2036 but at significantly different paces</u>.



VT will also partner with Alpine Energy to follow up with those medium to large energy users to collate in more detail their short and longer term energy demands aligned with potential growth plans etc... the outcome being an Energy Strategy for our sub-region.

Good coverage from RETA report release received from Timaru Herald and Ashburton Guardian

Additional snapshot updates:

- **Scott Base** Leighs Construction has continued to progress final contract sign-off and at this stage are likely to commence above ground construction activities on the PrimePort site early September.
- New Business Opportunities TDC sale of 13ha of prime "sweet spot" industrial land to TDHL has been the catalyst for significantly increased interest in Timaru especially from the Food & Fibre sector. We have jointly entered into NBDA's with these interested parties and whilst unable to provide more detail at this stage, we can assure the Mayor & Councillors we are putting Timaru's best foot forward to attract these parties to the District.
- VR Driving Simulator TDC being a key partner in this exciting project from day one.
 - All 11 units are now fully installed in all Mid & South Canterbury Secondary Schools
 - Mobile simulator unit delivered and will be used by Twizel Area School (1 month per quarter) and wider community (Road Safety Coordinator, Driving Instructors and Transport and Logistics Industry)
 - 1 unit installed at YMCA for their and APM use MSD funded.
 - Refer this video for the value to our rangatahi and whanau of this cutting edge driver education resource <u>https://vimeo.com/832452446</u>
- Regional Apprenticeship Initiative having administered this \$4.0m initiative on behalf of Kanoa (former Provincial Growth Fund) we reopened application 1/6/23 to utilise funds from those apprentice who for a variety of reasons did not complete their apprenticeships. We are thrilled to advise that the residual funding was fully allocated to additional new apprentices within 4 weeks.
- Timaru District 2050 this aspirational project will be progressed across 2023/24 to be aligned to, and help inform, Council's LTP deliberations but most importantly provide a exciting aspirational goal for our whole district.
- Tourism and Visitor central government funding across 2021-23 period has come to an end but has enabled us as the District's Tourism Agency to progress a number of initiatives and enhance our array of visitor attraction resources:
 - **Product development** As an emerging visitor destination, the development of product has been a key focus for our work over the period of funding, and it is also a priority identified in our Destination Management Plan. We have carefully selected product for development and worked with operators to build their offering and capability. We are delighted to have now five leading products progressed to the stage that they are now either gold or silver Qualmarked, which is a tremendous endorsement of their work and commitment.
 - Collaboration of RTOs Undoubtedly one of the highlights that has come out of the funding, is the collaboration that has developed for us, with our nearby RTO neighbours in the central South Island region. While initially, this was part of the requirement of the funding, it is now something that we do naturally as the relationships are well established, respectful, and supportive. Without this funding, it is unlikely that the relationships would have been developed to this extent.
 - Development and Completion of our Destination Management Plan (DMP) When Venture Timaru took over the responsibility for the RTO in April 2020, there was no destination management or indeed any formal marketing plan, so we started from a base of zero. We acted quickly to get the DMP underway, the final plan was completed in September 2021 and ensured that the plan aligned with our Economic Development Strategy. The DMP has created the priority action plan for our work over the past couple of years and will continue to do so. We are currently undertaking a review of the plan, as it is a living document and therefore needs to be kept up to date with current needs/requirements. Some of the funding received was allocated to in-house resourcing to ensure implementation of the plan was carried out



effectively and maximising opportunities identified in the plan. This resourcing had a significant impact on our ability to deliver the work requirement of the plan, however going forward, we do not have continued resourcing from our primary funder, Timaru District Council (TDC), to continue the work to the same extent. The concern, therefore, is that we will lack resourcing to continue the good work already achieved.

- Hero videos & video content library The videos were completed as part of STAPP and TSRR funding with the content library added to the project. This library has been worth its weight in gold t he videos have helped build the awareness of the offering in Timaru District that had never been done to this extent or quality in the past. They have helped put Timaru effectively on the visitor map.
- In-house resourcing The funding allowed Venture Timaru to add two key in-house resources that we did not have previously firstly for the work on the destination management plan development and implementation and a secondly, a digital marketer. Both have been highly valuable additions to the team and has resulted in the creation of a permanent role for the digital marketer.

<u>CRUISE SURVEY & CRUISE PLANNING</u> - Bookings for next season below, note two ships for 28 Dec and another ship the following day which will put significant pressure on resourcing. We are currently working with Infometrics to prepare a 2022/23 Cruise Season report evidencing the economic and social benefits to the wider District.

Vessel	Port	Arrival date	Arrival time	Departure date	Departure time
Noordam	Timaru	Mon 20 Nov 23		Mon 20 Nov 23	15:00
Seabourn Odyssey	Timaru	Tue 28 Nov 23	8:00	Tue 28 Nov 23	18:00
Seabourn Odyssey	Timaru	Thu 28 Dec 23	8:00	Thu 28 Dec 23	18:00
Noordam	Timaru	Thu 28 Dec 23	10:00	Thu 28 Dec 23	18:00
Europa	Timaru	Fri 29 Dec 23	7:00	Fri 29 Dec 23	18:00
Noordam	Timaru	Sun 21 Jan 24		Sun 21 Jan 24	
Noordam	Timaru	Thu 01 Feb 24		Thu 01 Feb 24	17:00
Vasco Da Gama	Timaru	Sat 10 Feb 24	7:00	Sat 10 Feb 24	19:00
Noordam	Timaru	Tue 27 Feb 24	8:00	Tue 27 Feb 24	17:00
Noordam	Timaru	Sun 17 Mar 24	7:00	Sun 17 Mar 24	15:00



Year ahead

In to the 2023/24, VT's focus is continuing to ensure we have **cohesive** and **consistent** district wide offerings across Economic Development and Visitor Promotion activities to both:

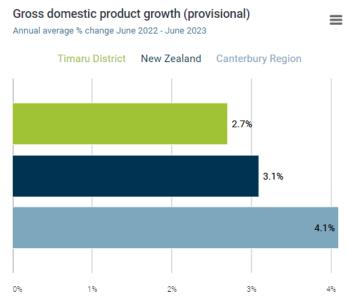
- Enhance the vibrancy connectivity and wellbeing of our existing communities and businesses and
- Attract people and businesses to come to the district to live, work, establish businesses and visit.

Our 2023/24 Strategic Priorities, aligned to the above and our vision for a Thriving Timaru District, are:

- "Timaru District Towards 2050" Develop the 2050 plan.
- Diversity of Housing Stock Actively promote & facilitate investment in type-diverse housing developments
- Further amplify efforts to attract the people we need to grow and provide vibrancy to our district

Monitoring Indicators (non-financials) as per 2021/22 Statement of Intent (as at 31st March 2023)

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





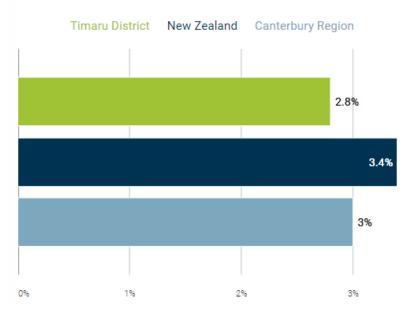
Timaru's economy grew by a solid 2.7% over the year to June 2023, just behind national growth of 3.1%, according to Infometrics provisional GDP estimates. However, on a quarterly basis, Timaru's GDP fell 0.6%, which largely reflects higher input costs squeezing margins in agriculture and manufacturing.



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

Unemployment rate

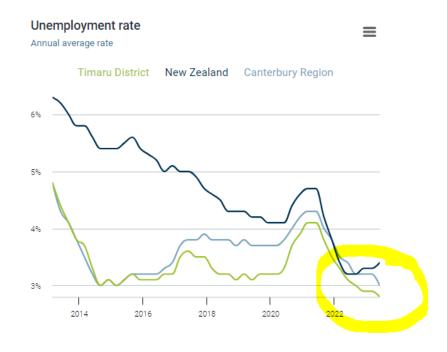
Annual average rate to June 2023





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Timaru's labour market remains very tight, with Timaru's unemployment rate trending down over the year to June 2023, to 2.8% (a 10 year low), at the same time as the national unemployment rate has started to pick up. Employment of Timaru residents grew 1.5% over the year to June 2023, an impressive outcome given the district's low unemployment rate.





3. Housing Affordability – source Infometrics/Corelogic



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For Timaru 4.6x the average household income buys you the average house value.

- average current house values (Timaru \$503K) and
- average household incomes (Timaru \$109K)

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

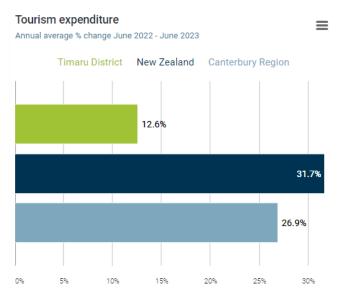
	Housing affordability index			House values			
Area 🌲	Jun 2022 🌲	Jun 2023 🔶	Change	Jun 2022 🌲	Jun 2023 🌲	Chang	
South Waikato District	4.0	3.4	•	\$477,307	\$429,427	-	
Ruapehu District	4.1	3.6	-	\$399,147	\$372,830	-	
Tararua District	4.3	3.6	•	\$454,855	\$407,854	-	
Grey District	3.7	3.6	•	\$361,982	\$365,807	-	
Rangitikei District	4.8	3.9	•	\$495,029	\$422,777	-	
Wairoa District	3.9	4.0		\$389,859	\$424,985	-	
Buller District	4.0	4.0		\$322,944	<mark>\$336,95</mark> 1	-	
Waitomo District	4.0	4.1	•	\$359,339	\$399,781	-	
South Taranaki District	4.7	4.3	•	\$464,983	\$439,074	-	
Westland District	4.6	4.6	•	\$379,981	\$398,351	-	
Timaru District	5.0	4.6	•	\$513,369	\$501,312	-	
Kawerau District	5.4	4.7	•	\$453,923	\$389,719	-	
Gisborne District	5.8	4.8	•	\$674,826	\$588,894	-	
Porirua City	5.9	4.8	•	\$918,666	\$800,078	-	
Waitaki District	5.6	4.8	•	\$505,721	\$467,052	-	
Clutha District	5.2	5.0	•	\$384,401	\$392,454	-	
Invercargill City	5.4	5.0	-	\$464,205	\$455,820	-	
Manawatu District	6.0	5.1	-	\$689,724	\$609,769	-	
Southland District	5.2	5.1	-	\$464,311	\$489,707	-	
Ōtorohanga District	5.4	5.2	-	\$525,754	\$522,946	-	
Whanganui District	6.0	5.2	-	\$556,148	\$501,370	-	

Note the table opposite – as at 30/6/23 Timaru ranked 11/60 of all NZ territorial authorities when it comes to Affordable Housing. By comparison at the top end of least affordable areas were:

Nelson City	8.3
Tauranga City	9.4
Mackenzie District	10.8
Queenstown-Lakes District	12.9
Thames-Coromandel District	15.7



4. Visitor & Consumer Spend - source Infometrics.

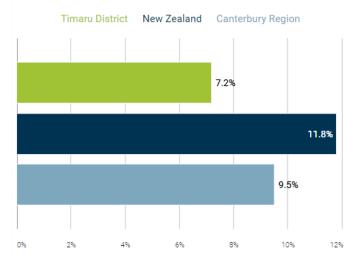


International border reopening and the re-emergence of international tourism has seen our tourism expenditure growth v NZ revert to traditional levels.

That said the 12.6% growth in local tourism spend equates to **\$194m for the June 23** year v \$174m a year ago – so a very strong and positive increase of \$20m.

Growth in consumer spending

Annual average % change June 2022 - June 2023





Spending activity across New Zealand rose further in the June 2023 quarter, buoyed by strong employment growth and growing visitor spending. Although annual spending levels pushed to a new record-high of nearly 12%pa according to Marketview data, quarterly spending was only up 4.0%pa – behind inflation of 6.0%pa. Softer recent spending growth points to household budgets being squeezed more over time by high inflation and rapidly increasing interest rates. The recent migration influx has expanded the pool of available workers and bolstered employment, but New Zealand's labour market is still very tight and wage growth remains

elevated, which will support spending levels from easing as significantly in the near-term as they otherwise would.

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Financials

Venture Timaru

Profit & Loss Statement

1 July 2022 - 30 June 2023

	YTD ACTUAL	YTD BUDGET	TDC SOI BUDGET
INCOME	30/06/2023	30/06/2023	2022/23
Economic Development Grant - TDC	\$ 672,000	\$ 672,000	\$ 672,000
Tourism Grant - TDC	\$ 398,257	\$ 367,500	\$ 367,500
MyNextMove Contract - ex MSD	\$ 151,256	\$ 145,000	\$ 145,000
VR Simulator - ex Kanoa (Provincial Development Unit)	\$ 145,000	\$ 152,000	\$ 165,333
Reg Apprenticeship Initiative - ex Kanoa (Provincial Development Unit)	\$ 868,794	\$ 1,500,000	\$ 1,500,000
Major Events Funding - Tourism ex TDC	\$ 319,933	\$ 306,199	\$ 230,000
STAPP Funding - Tourism ex Central Government	\$ 23,359	\$ 23,000	\$ 15,000
TSRR Funding - Tourism ex Central Government	\$ 473,926	\$ 415,000	\$ 400,000
Regional Events Funding - Toursim ex Central Government	\$ 26,276	\$ 65,000	\$ 65,000
MOE NELP Project	\$ 15,000	\$-	
Other Income	\$ 84,502	\$ 47,300	\$ 35,000
TOTAL INCOME	\$ 3,178,303	\$ 3,692,999	\$ 3,594,833
EXPENDITURE			
Economic Development	\$ 296,022	\$ 333,920	\$ 329,276
Human Resources	\$ 290,946	\$ 282,991	\$ 342,000
Tourism	\$ 395,639	\$ 384,915	\$ 367,500
MyNextMove	\$ 140,627	\$ 145,000	\$ 145,000
VR Simulator	\$ 231,000	\$ 152,000	\$ 165,333
Reg Apprenticeship Initiative	\$ 868,794	\$ 1,500,000	\$ 1,500,000
Major Events Funding	\$ 319,933	\$ 306,199	\$ 230,000
STAPP	\$ 23,359	\$ 23,000	\$ 15,000
TSRR	\$ 473,926	\$ 415,000	\$ 400,000
Regional Events Funding	\$ 26,276	\$ 65,000	\$ 65,000
Special Project ex Reserves	\$ 86,033	\$ 86,000	\$ 35,000
TOTAL EXPENSES	\$ 3,152,555	\$ 3,694,025	\$ 3,594,109
OPERATING SURPLUS/(DEFICIT)	\$ 25,748	-\$ 1,026	\$ 724

The above represents our draft end of 2022/23 finacial year evidencing a surplus result of \$25,748 v \$724 budgetted surplus as submitted to Council.

Income:

- Major variance to budgetted income was less than anticipated income ex <u>Regional Apprenticeship Initiative</u> \$868K (\$1.5m)– this is fully o/a timing and we confirm we will receive this income across 2023/24 year
- <u>Major Events fund</u> \$320K v annually allocated \$230K ex Council o/a funds carried forward and reallocated from prior year which was effected by COVID when some events did not take place.
- Unbudgetted income \$15K from a Ministry of Education appointed project.
- <u>Interest income</u> (within Other Income \$84.5K) was \$42K v budgeted \$4.5k o/a rising interest rate environment and VT benefiting from being "advance funded" for many of our central government contracts.



Expenses

- <u>ED expenses</u> \$296K v Budget \$333K evidence prudent cost control and monitoring including promotional underspend \$17K resulting from central government funded promtional resources for Tourism and Visitor activities able to be utilised across Economic Development platforms.
- <u>HR</u> \$290K v budget \$283 result of our decision to appoint a full time in-house graphic design resource.
- <u>VR Simulator</u> \$231K v budget \$145K this is prior period funding carried over unspent from 2022 year and expensed in the current year.
- Special Projects \$86K included a variety of business support and project activities across:
 - o progressing Timaru District 2050 initial work,
 - o Scott Base Redevelopment Promotion,
 - Workforce Attraction,
 - Event Support and
 - o Business Connection (industry) Group/Sustainable is Attainable facilitation

Timaru pushes for Government recognition of financial contribution

Brooke Black . 16:41, Apr 26 2023



OHN BISSET/STUF

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In 2021, \$1.1 billion of goods were exported from PrimePort Timaru, and 99% of those exports were food and fibre.

Timaru's mayor and business leaders want central Government to invest more in South Canterbury and say a new report highlights the huge financial contribution the region makes to the country.

The report by regional economist Benje Patterson aims to highlight the contribution of Timaru and South Canterbury's primary sector exports, and was commissioned by economic development agency Venture Timaru.



Newly freely available workforce attraction infographics being actively used by local businesses



Check out this great article if you haven't seen it already – well worth the read:

<u>https://www.nzherald.co.nz/travel/historic-tours-in-timaru-maori-rock-art-</u> <u>sites/W5VKEZD6GVDFLOXNSWQVWFKP3E/?fbclid=lwAR0xsaakA_umdRVvZjHak1TGuqsQUpWZ2fc342qlReqeF7tm8mov</u> <u>Nex5htM</u>



Cruise ship meltdown leads to ancient Māori rock art discovery Don't write Timaru off just yet, this underrated destination is worth your time.



Une 16 at 3:33 PM · 🕲

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BIG NEWS. We look forward to welcoming NZ's cycling elite at the National Road Cycling Championships to be held right here in South Canterbury - Feb 2024. Huge congrats to the hard working team at Cycling South Canterbury in attracting this event. This really is a testament to the commitment and skills of all involved at CSC who have a proven record of running events at a national level. Bring on 2024.

Cycling New Zealand Timaru District Council



South Canterbury to host 2024 Elite Road Cycling National Championships Cycling New Zealand today announced that the cycling stronghold of South Canterbury will h...

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Venture Timaru June 2 at 10:40 AM · 🚱

Have you noticed something different about Strathallan Corner this week?

We recently had some window graphics installed on the CML Building to showcase the upcoming Scott Base Redevelopment project.

These have been put in place to educate locals and visitors about Scott Base and the work that Antarctica New Zealand does down on the ice. You can also scan the QR codes for a 3D walk around the new bases and see how the finished product will get from Timaru to Antarctica. ... See more





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Congratulations to our friends at Geraldine Farm Tours who recently received their Qualmark Silver licence!

A Qualmark accreditation is recognition of an organisation's commitment to sustainable tourism. Something that is becoming more of a factor when travellers are choosing activities to do while visiting New Zealand.

Check out the Geraldine Farm Tours experience here 🚛 ... See more







The FMG Young Farmer of the Year Contest is heading to Timaru for its 55th Grand Final!

This is the ultimate showcase of young farmers in New Zealand, where the best of the best come together to battle it out for the coveted titles. This iconic event is the culmination of months of preparation, with contestants facing a range of challenges designed to test their skills, knowledge, and resilience.

• 6 July 2023, 3pm: Opening Parade & Ceremony starting at Speight's Ale House... See more



GRAND FINAL 6-8 JULY 2023, TIMARU



Venture Timaru June 20 at 5:26 PM · 🚱

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We've been making the most of the national news coverage about being ranked top region. Check the Timaru Herald story about our drive to get workers to our district.



STUFF.CO.NZ 'Wow, there are some beauties down there': Top region exposure prompts drive for workers





Friday 21 July 4.30pm - 7.30pm | Stafford Street, Timaru

Timaru CBD Group June 9 at 10:49 AM - 🕲

We're so excited about our 3rd Matariki Market and how it's all coming together 🚖 😫 🤧 👺 Once again, we're working with the Timaru Artisan Farmers Market and there's been huge interest from stallholders with about 80 stalls registered to date. Entertainment this year will be at three stations – Strathallan Corner, Canon-Stafford Streets

intersection and near KidStuff Timaru This will include kapa haka performers, buskers and an activity and storytelling area by Arowhenua Rūnanga.

Lighting installations plans are being finalised – keep a watch for updates. Lucky Prize draw for Matariki star earrings – The Ringmakers are again donating a wonderful prize of hand-made sterling silver Matariki star earrings. Entry forms will be available on the night of the market only, and the draw will take place at Strathallan Corner near the end of the evening.

The CBD Group has received funding through the Major Events Support Fund from Timaru District Council and Venture Timaru to run the Matariki Market.

Planning for this event will continue at the next Experience Working Group Meeting on Thursday 22 June, 5.300m-6.30pm at Hector Black's. All welcome.















