SOUTHLAND REGIONAL DEVELOPMENT STRATEGY

OCTOBER 2015

$5.5 billion

GDP generated for year ended March 2014.

0%
increase

projection for regional population 2012-31 (REAR Report 2014).

$57,135
GDP per capita 2014 (NZ average $51,319).

SOUTHLAND

Ageing population – average age:
39.6 years
in 2013 Census, compared to NZ average of 38 in 2006 Census.

Educational achievement
10.1% below
national average (advanced qualifications - Level 4 and above).

+11%
the largest increase in regional GDP for year ended March 2015

KEY POINTS SUMMARY

- Despite the strong recent economic growth record in Southland there is continuing local concern about the region's social and economic viability and vulnerability.

- The matter that concerns Southlanders most is depopulation. If the regional population remained static for the next 10 years, it would fall to 1.8% of New Zealand's population (currently 2.3%). Little or no population growth, together with the ageing effect, could cause the region to lose ground against the rest of New Zealand and would likely have a deflating effect on services, business, lifestyle, quality of life and morale.

- Substantial energy has been committed to regional economic development and with some success, and the region has exhibited strong growth recently largely (but not only) built on the dairy boom, but the fundamental vulnerability of the regional economy and community has changed little.

- The region is known nationally for its ambition and determination to do well, reflected in achievements in the sports arena from Burt Munro to the Sting/Steel and the Sharks. This Strategy involves harnessing this same determination to create a clear and united approach to economic and social development.

- The formula is simple: more people will seek to live and work in Southland when perceived negatives such as the tyranny of distance and climate are exceeded by perceived benefits of jobs, discretionary income, quality of life, lifestyle and environment. Total liveability is the key to this Strategy.

- This Strategy focuses on getting this formula right by identifying a small number of priority areas of development: culture and lifestyle, industry growth and extension, and innovation of new industries that could be the core of regional industries of the future. It proposes doing a few big things well.

- While the region's rural base will continue to be vital, in line with accelerating urbanisation trends urban enterprise will become increasingly important as the focus of both business and lifestyle. The urban connection to the rest of New Zealand, and the rest of the world, will be the conduit for accessing new technology, skills and capability. Southland will need to be well connected.

- This Strategy, initiated by the Mayoral Forum, describes a long term unified approach building on local energy and leadership to deliver growth and change. A balanced economy with strong social cohesion will produce the resilience required to counter the impact of mega-trends such as international commodity price fluctuations, the south to north population drift, the lure of the city and job losses in traditional industries, which constantly threaten the stability of regional economies.

- Enabling organisations have a critical role to play. Enablers are local and regional government, Ngāi Tahu Papatipu Rūnanga (Awarua Rūnanga, Rūnanga o Waihōpai, Rūnanga o Hokonui and Te Runanga o Ōraka-Aparima), Venture Southland, the Southland Chamber of Commerce, Otago Southland Employers Association, Southern Institute of Technology, Invercargill Licensing Trust, the Mataura Licensing Trust, the Community Trust of Southland, the business community of the region, and various others, will have a critical role to play.

MAURI-A-TŪPUNA

Na te korekore	From the nothing
I takea mai	Is the foundation
I te pō	To the night regions
Te kitea	The seeing
Te pō tangotango	Within the dark
Te pō whāwhā	The groping
Te pō namunamu	The birth of
Ki te whai ao	The world
Ki te ao mārama	To the world beyond
Here tangata	For we are all bound in genealogy
Here whenua	And also to mother earth
Ka tū te pō	Let night come
Ka tū te ao	Let day come
Tihewa mauri ora	Aaah…for such is life…
Ka kii nei	It is said
Ko Rangi te tuanui	Rangi is the backbone
Ko ngā maunga	The mountains are
Ngā Poupou	The pillars
Ko Papatūānuku	Papatūānuku is
Te Paparahi	The foundation
Nga Awaawa	The rivers are
Hei uaua	The veins
Ko Tangaroa	It is Tangaroa that
Hei mirimiri	Massages
Te ākau	The coastlines
Tihewa mauriora	For such is life

Mai i te timatanga o te ao, na te atua i whakatongia te mātauranga ki roto i ngā mātua tūpuna, te mauri, te mana, te ihi, te wehi, te tapu, he ora mutunga mō mātou ngā uri whakatupu a muri nei.

From the time of the creation of the world God instilled the knowledge within the ancestors, of the life principle, the prestige, the strength, the awesomeness, the sacredness, and complete wellbeing for us the generations that follow.

Tēnā koutou, tēnā koutou, tēnā koutou katoa.

BACKGROUND

What's the challenge?

In most aspects of economic and social development, Southland is doing very well compared to other regions of New Zealand. It has enviable economic growth, strong social cohesion and excellent community services and facilities.

Southland is a geographically diverse region, encompassing 12% of New Zealand's landmass. With 2.3% of the population it produces 15% of New Zealand's tradable exports. A whopping 70% of its GDP is exported compared to a Government regional target of 40%. This is a regional over-achiever.

The people of Southland view this situation with a mix of optimism and pessimism in roughly equal parts. The optimism arises from the economic growth that has been achieved, especially in recent years. The pessimism arises from continuing uncertainty about the future, with six principal concerns:

i.   Fluctuations in commodity prices – gains are made but then lost.
ii.   The potential loss of large export businesses from Southland.
iii. The northerly shift of population and economic focus in New Zealand.
iv.   Population ageing together with 'recruitment' and retention challenges.
v.   The poor image of the region from those outside of it, but most importantly;
vi.   The sluggish growth of population.

There is also concern about pockets of deprivation in the region instanced by poor educational achievement and less than adequate skills in some sub-groups.

In short, Southlanders believe, and with some reason, that their present may be good but their future is far from secure. The mega trends that are impacting New Zealand as a whole have a particularly adverse and continuing effect on Southland.

Despite their jitters, there is no denying that Southland has done well in the last decade. When unemployment or median household income is considered, for example, Southland compares well with other regions. Even regarding population, its growth in 2006 to 2013 is better than many regions. Southland fared well during the 2007-10 recession, buoyed in large part by the growth in dairy through that period. Many feel that with dairy the region "dodged a bullet". For this reason they expect the current dairy downturn will hit the region hard.

Many development programmes and strategies have been pursued and clearly they have had some success. In recent times economic activity has risen and population loss has been stabilised (at least for now). These achievements need to be noted and not forgotten.

Figure 1 (over page) shows a positive story for unemployment, household incomes and population in the 2006-13 period. None of these achievements are one-offs but have been sustained over a period. There is fundamental strength in the local economy, but vulnerability in its lack of diversity (also a New Zealand-wide problem).

The recent success of the economy appears to have also had some beneficial effect, albeit small, on population as population numbers have stabilised during this period.

FIGURE 1: REGIONAL PERFORMANCE COMPARISONS

Population growth
(2006-2013, % pa)

Median household annual income
(2013)

Unemployment rate
(2013)
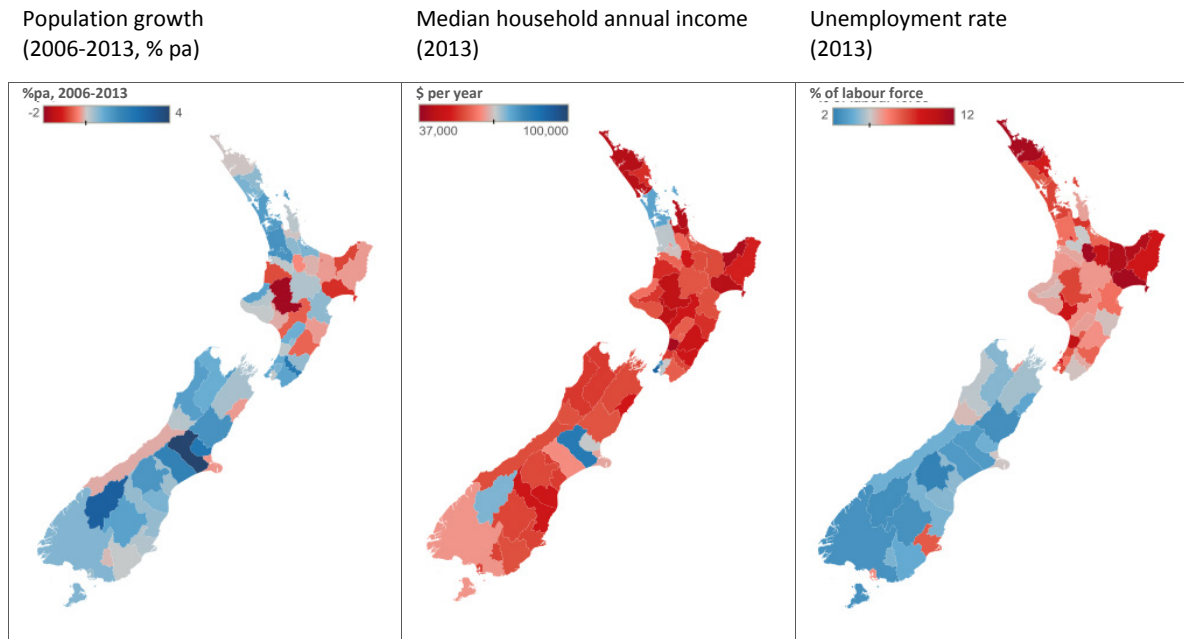
Source: Statistics New Zealand

As with Figure 1, Figure 2 illustrates the solid performance of the Southland economy when it is positioned against other regions. While it is well behind the runaway success in Taranaki on GDP per capita, which is a result of unique factors (the dairy and oil/gas effect), it leads the pack of other regions and is a leader on the compound annual growth rate.

FIGURE 2: ECONOMIC PERFORMANCE

GDP per capita 2014
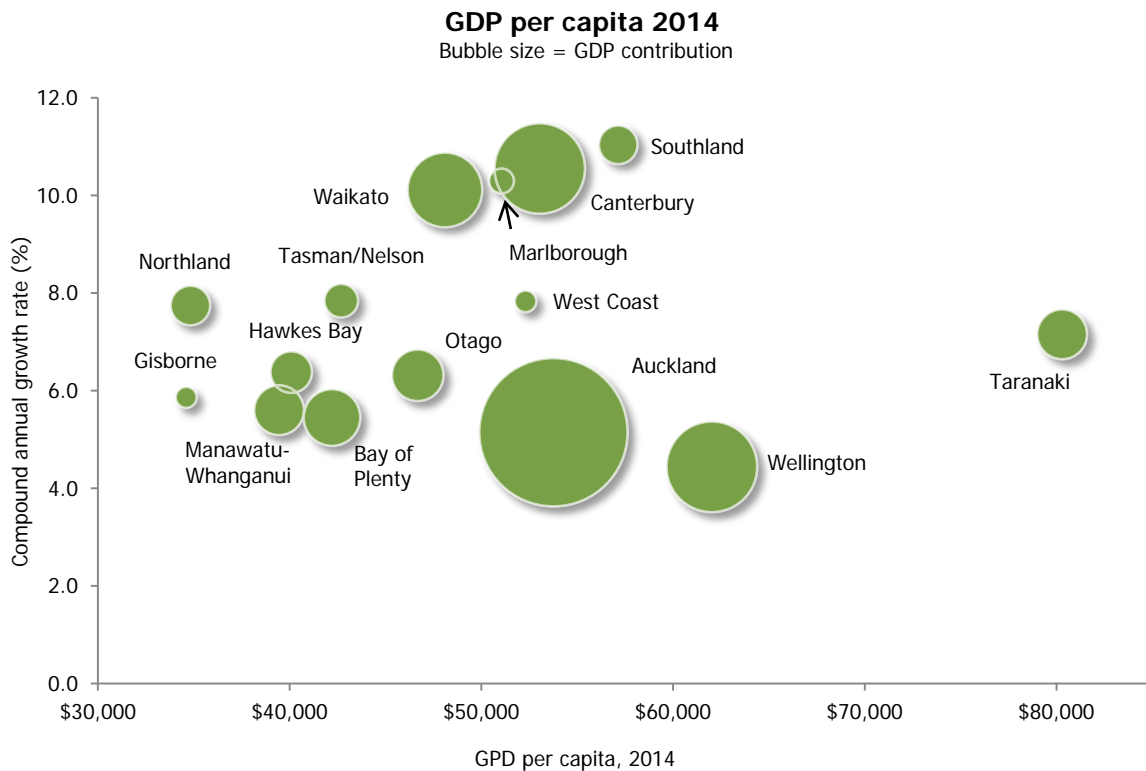Bubble size = GDP contribution

Figure 3 (below) shows similar information presented slightly differently. It illustrates that Southland is right up there in terms of GDP per capita growth, not only last year (2014), but also in the period post the recession, indicating high consistency and low volatility.

FIGURE 3: COMPARING SOUTHLAND WITH OTHER REGIONS OF NEW ZEALAND

|	GDP per capita 2014 1 = highest GDP per capita	Growth in GDP 2009-2014 1 = fastest growth
Northland	14	14
Auckland	4	3
Waikato	8	5
Bay of Plenty	11	6
Gisborne	15	12
Hawke's Bay	12	10
Taranaki	1	15
Manawatu-Whanganui	13	8
Wellington	2	9
West Coast	6	13
Marlborough	7	11
Tasman/Nelson	10	2
Canterbury	5	1
Otago	9	7
Southland	3	4

Source: Statistics New Zealand

Figure 4 (on the following page) looks at the performance of the region during the 2007-10 recession. Once again the growth performance is very steady. This set of statistics indicates that while the dairy boom has helped the region, there is also a measure of depth in the regional economy, which has supported sustained performance.

In terms of GDP, Southland leads the pack of New Zealand's regions indicating the potential that the region has to perform and prosper.

FIGURE 4: SOUTHLAND PERFORMED WELL DURING AND SINCE THE RECESSION

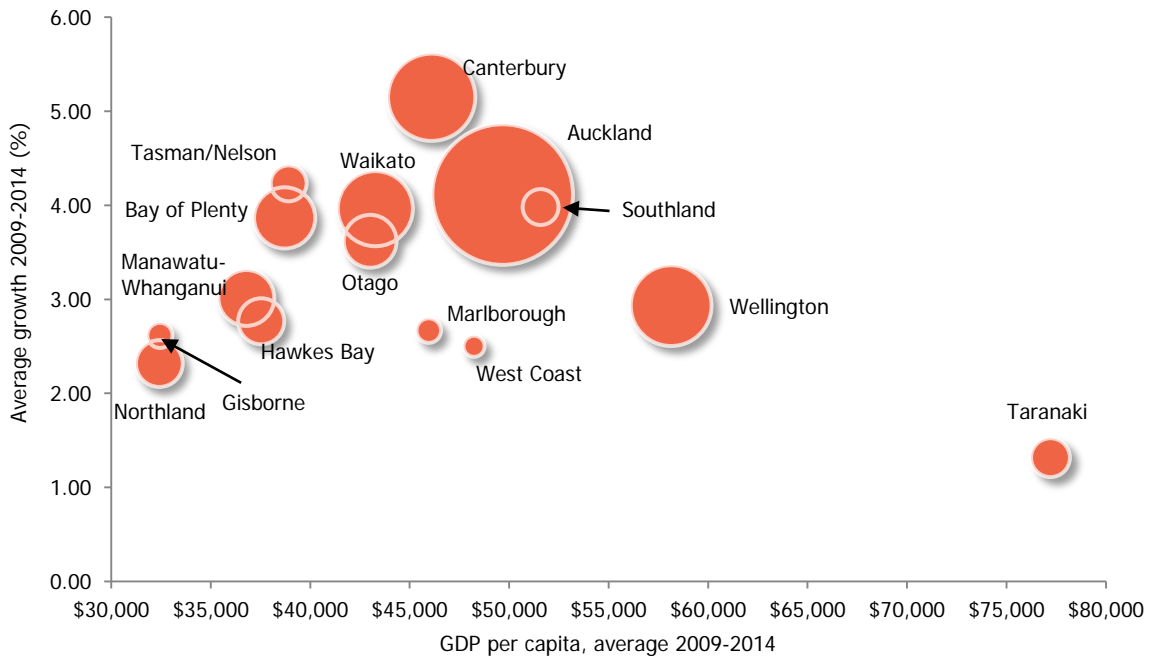**GDP per capita and growth during the recession 2007-2010**

Nominal GDP, inset chart shows Taranaki, an outlier alongside other regions
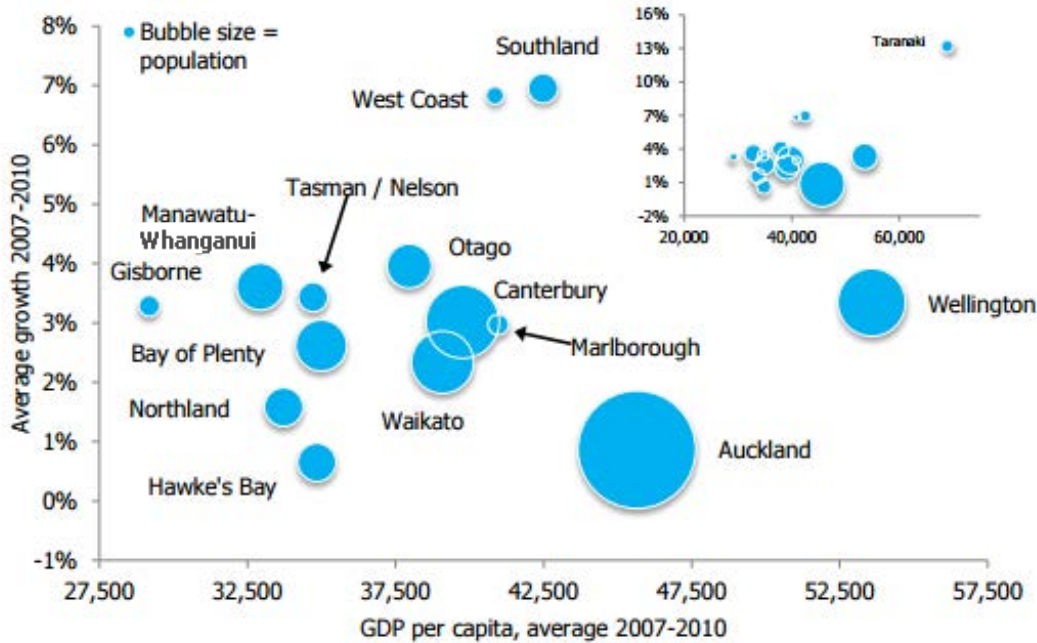
Source: Statistics New Zealand

Annualised GDP per capita and growth 2009-2014

Bubble size = population

These economic statistics paint a positive picture. It's the sharp headwinds of demographic change (ageing and static population growth), falling employment in rural industries (automation and consolidation) and lack of diversity in the economy (commodity focus and a narrow range of industries), that pose a far greater threat to the region than economic performance.

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Despite very good economic performance, population is still, at best, steady. The real threat is a falling working age population, which will eventually have economic consequences.

The region's population is just holding its own since falls in the pre-2008 period. Even so, there are not sufficient people in the working age-group to meet current job demand. The prime working age (15-64) is still growing marginally, but will shrink significantly over the next 10-20 years to the extent that it will become a significant handbrake on development.

Natalie Jackson of Waikato University has identified four possible strategies to minimise this impact. Two strategies – getting more young people and also more women into work – will have minimal impact, because people in these categories are already strongly active in the workforce. A third strategy would involve keeping more of the 55+ age group in the workforce and this would be beneficial in the short-to-medium term. The fourth strategy is to increase net migration. At 300 migrants per year this would help, but Natalie Jackson's estimates indicate even at that level there will be a slow fall in available labour. Use of all these strategies will be necessary, but migration is a vital requirement for long term success.

The economic gains of the last decade could be threatened a by falling population, which also adversely affects lifestyle and quality of life. It can mean fewer and smaller networks of like-minded people, a smaller talent pool, fewer people to populate the enterprises of the future and fewer cultural events and activities, all of which attract and retain people. The loss of population is not from dissatisfaction. In fact, Southlanders themselves express very high levels of satisfaction with the lifestyle of the region. It is the inability of the region to attract population.

Concerns about these matters are expressed in the present, but they are concerns about the future – the longer-term future – of the region, about its resilience and standing as a force in the social and economic life of New Zealand. This is often expressed as a fear of being "left behind".

There is concern that without sufficient population, the community and economy will not be sufficiently resilient to the inevitable shocks that impact on it from time-to-time. Questions of resilience and control are at the heart of the problem. How can the region boost its resilience?

The answer to this question is that the region has in the past shown itself capable of cohesive, collaborative and united action. This is particularly evident in sport. This strategy anticipates the same discipline and conviction being brought to economic and social development so that Southland can operate against the trends that adversely affect it and provide a greater sense of assurance.

As a final word in this introductory section, in preparing this Strategy stakeholders and the Steering Group often repeated that they were not solely concerned about the economic life of the community, but its social life also, and in preparing a Strategy they were concerned that both these dimensions – social and economic - are considered.

WHEN TRENDS ARE WORKING FOR YOU
(THINK AUCKLAND)
YOU SIMPLY RIDE YOUR LUCK.

WHEN TRENDS ARE WORKING AGAINST YOU
(THINK MUCH OF REGIONAL NZ)
YOU HAVE TO MAKE YOUR LUCK.

THAT IS THE CHALLENGE FACING SOUTHLAND.

A regional snapshot

FIGURE 5: 2015 REGIONAL SNAPSHOT

Item	Region	New Zealand	Comment
Population	96,300	4,476,300	2.3% of NZ (2014). Static growth profile.
European **NZer** **Māori** **Pacifica** **Asian** **Other**	78.7% 16.5% 11.8% 1.7% 1.3% 0.2%		Southland's population is gradually diversifying. Between 2006 and 2013 the Māori population grew by 1,185 or 11.4% and is now the largest in the South Island. 1.9% of NZ's Māori live in Southland and the Māori population is relatively young.
0-19 **20-39** **40-64** **65+** **Total** **Median age**	25,158 - 27% 22,005 – 24% 26,253 – 28% 19,929 – 21% 93,345 38 years	1,161,387 – 27% 1,072,896 – 25% 1,167,570 – 28% 840,195 – 20% 4,242,048 35.9	The New Zealand population is ageing and the Southland population is trending the same way. The 65+ age group is growing somewhat faster in Southland than nationally and the median age is older. Immigration is moving towards Asian; away from traditional sources such as the UK and Ireland.
Rural population	30%	14%	Southland has a rural population twice the national average, but is still only a little more than a quarter of the total regional population.
Per cent of 25-34 with advanced trade qualifications, diplomas, degrees (Level 4 or above)	42.3%	52.4%	The level of qualifications is lower than the national average. The youth NEET rate (not in education, employment or training) is high and represents an underutilised resource. Estimated 1,639 in 15-24 age group.
Per cent with no formal qualification	25.4%	20.9%	This comparison gives some concern for the workforce of the future.
Per cent 15+ with bachelor's degree or better	11%	20%	The rate of tertiary education is lower in the region as people migrate out for education and do not return.
Skilled and highly skilled jobs	51.9%	68.8%	The region needs to produce more skilled jobs.
Aged dependency ratio	57	52	Southland has a higher age dependency ratio than the national average.
Employment rate	71.9%	65.5%	There is a high rate of employment
Employment participation	75%	69.6%	Employment participation is also high. By 2023 there will be a labour shortage of 5,000.
Unemployment	4.2%	5.8%	Unemployment is low in Southland.
Home ownership	65.88%	60.7%	Ownership is high – Auckland – 57.58%.
Median house price	$190,000	$397,000	Houses are substantially cheaper in Southland.
Household income	$78,300	$88,400	Average household income is somewhat lower.
House price to income ratio	41.2%	22.3%	This ratio is much more favourable in Southland compared to NZ.
Rent	$11,000	$18,700	Rents are low in Southland.
Household size	2.5	2.7	
CTOS giving as a per cent of NZ Trusts	$9.2m (2011)	10%	The contribution of trusts in Southland is well above the NZ average per capita.

Source: Statistics NZ (2013 Census), Community Trust of Southland, Venture Southland.

THIS DOCUMENT

In late 2014 the Mayoral Forum commissioned this Strategy project. The Forum quite specifically stated that it was looking for a high-level integrated strategy that would unify the regional development effort, and in so doing, get a better grip on regional levers for economic and social development. It wanted a clear statement of the problems and of the solutions.

It was well aware that much work had been done in the past on plans and strategies to move the region forward, but none, in its view, had focused sufficiently on a unified effort across all sectors (public, private and community) and considering not just economic, social or people-type issues in isolation – but all of these together.

Many of the stakeholders spoken to during the preparation of this Strategy also noted that plans in the past had not been sufficiently bold, and were in some cases, insufficiently resourced. They urged that any strategy should be ambitious but realistic.

The Mayoral Forum appointed a Steering Group of locals, with a strong emphasis on action-people – business, community and regional leaders – to lead the Strategy project. They also appointed a Working Group to help with backroom support, and appointed a consultant to coordinate the project. The names of members are listed in the appendix.

Action not just words

The Mayoral Forum and the Steering Group both clearly stated they wanted more actions than words from this Strategy. They envisaged:

- A brief strategy document providing a clear plan of united action.
- Something that resonates with the people of Southland.
- A strategy to identify a few important things to be done.
- A programme that all the main parties – central and local government, trusts and business, community organisations - can subscribe to and actively participate in.
- A set of actions that can make a difference on the matters that concern Southlanders.

They realise that good plans also take time and that in-depth research is necessary in some areas so that the development effort is well directed and mistakes are avoided.

Setting the direction

The Steering Group realised immediately that their role was to set a direction and that much more detailed planning and feasibility work would need to follow, to ensure that the outcomes were achieved. As a result this document is a high level direction-setting document with a 'Making it Happen' section that details how the strategy should be operationalized. This involves the establishment of a governance group and action teams focusing on areas of opportunity. It is akin to a game of two halves with the first half being the preparation of this document and the second half the detailing of an action plan using teams of local people to paint in the detail.

STRATEGY PROGRAMME

THE STRATEGY PROGRAMME: A GAME OF TWO HALVES

FIRST HALF:
Strategy (this document)
Setting the direction.

SECOND HALF:
Action Plan
Doing the business of development.

This strategy report contains the results of …

- intense discussion by the Steering Group over six meetings;
- interviews with 30 stakeholders in the region (additional to the Steering Group) – people involved in the day to day of the Southland community and economy – undertaken by the consultant;
- a review of many of the reports and information that have gone before, to glean the best ideas from them;
- all adding up to a strategic direction and operational outline for next steps – the first half. The operational outline details a second half focused on action planning.

Setting priorities

This strategy report does not itemise all the great things that are done every day throughout the region that contribute to its development, culture and lifestyle. It takes those both as essential and 'as read'.

It doesn't dwell on the things that could be done or would be nice to do. It addresses only those things that, in the view of the Steering Group, must be done. This, the Steering Group believe, is a unique opportunity to address matters that have long concerned the people of the region, and is an opportunity not to be lost.

THE CENTRAL GOAL OF THE STRATEGY

The Steering Group analysed the situation of the region from statistics, reports and reports-back from the stakeholder interviews, and from that evidence and their own experience, and decided upon a central goal for the strategy:

MORE PEOPLE

The Steering Group assessed the greatest threat to the region as the lack of people now and projected into the future. Without enough people, they felt, the sense of vulnerability would continue. With more people would come more economic growth, talent, social interaction, lifestyle enhancement, improved health, education and social services, not to mention the sheer buzz of a vibrant community. In deciding population growth as its primary goal the Steering Group is very aware that this runs against national population trends, but running against trends is fundamental to this Strategy. To fall victim to adverse trends brings with it vulnerability and loss of resilience.

Southland's leaders are very aware of the dilemma that Taranaki now finds itself in. Having been the regional rock star in terms of GDP, as a result of the dairy and oil and gas industries, with the downturn in both these industries the region is finding the going tough.

Often economic development strategies have as their goal to increase GDP, and while economic growth is important the Steering Group regarded it as a very narrow goal. Too often growth in GDP does not translate into growth of population and jobs.

In addition, whilst the primary breadwinner of a family might be attracted to the region by a well-paid job, the partner and children may not share this sense of attraction. Stakeholders interviewed, repeatedly told stories of the difficulty of recruiting people into the region for this reason.
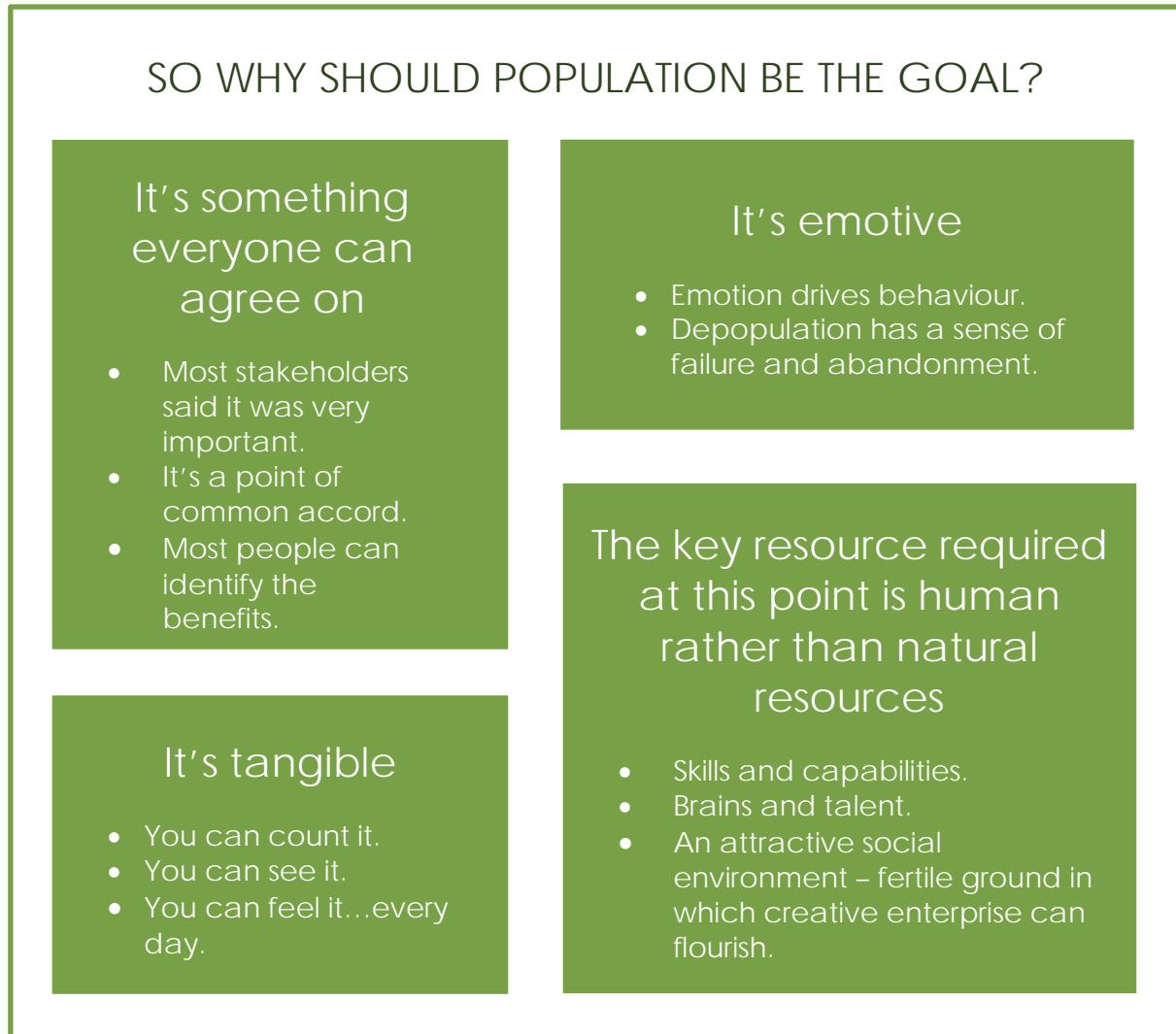
A community is driven not just by its economic capacity, or even availability of jobs, but by lifestyle and quality of life, and it is difficult to build and maintain a strong regional culture with small and falling population numbers.

Economic development theories of the past have rested heavily on the idea that labour and capital chase opportunity. This has resulted in the consolidation of wealth into large urban areas and has disadvantaged regions and especially smaller cities. The idea of "place" is becoming more important as people value strong communities and social networks and these become a magnet that retains people over and above the pursuit of advancement, particularly people in their middle and later years. It could be said that increasingly "place trumps the chase".

The region needs people. It also needs people with talent and skills to drive business growth and development. Some is available locally, but modern skills and capabilities will have to be imported to augment the local backbone. The region has to have the social appeal that people are increasingly seeking when considering relocation.

The Steering Group believes that to have a unified strategy there needs to be a unifying goal – something everyone can agree with – and "more people" is it.

It's an idea, they believe, that most Southlanders can readily understand and relate to. There are clear actions to be taken that could remedy this problem. It's simple, memorable and compelling.

SO WHY SHOULD POPULATION BE THE GOAL?

It's something everyone can agree on

- Most stakeholders said it was very important.
- It's a point of common accord.
- Most people can identify the benefits.

It's emotive

- Emotion drives behaviour.
- Depopulation has a sense of failure and abandonment.

The key resource required at this point is human rather than natural resources

- Skills and capabilities.
- Brains and talent.
- An attractive social environment – fertile ground in which creative enterprise can flourish.

It's tangible

- You can count it.
- You can see it.
- You can feel it…every day.

Sir Tipene O'Reagan of Ngāi Tahu emphasises the importance of the "people" view of economic development: "Our interest in this economic project is two part: as citizens of the community, but also very much on the question of mahika kai. Our kids are in schools, we are workers, we are business leaders, we are fishing, and some of us are farming. Water quality, especially in the estuaries, and the health and access to resources are critical for our culture and our place. It is at the heart of our identity and who we are as a people."

The New Zealand population will reach 5 million on or about 2025[1]. Simply on the basis of current proportions, Southland's population should rise to 115,000. A target of even 105,000 by 2025, a challenge for Southland, actually involves a significant fall in the region's share of New Zealand's population.

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[1] Statistics New Zealand estimate.

How many more people?

A realistic population target of 105,000 by 2025 and 110,000 by 2030 is envisaged. A stretch target of 115,000 by 2025 would retain the current proportion of New Zealand's population.

A significant portion of new arrivals need to be in the working age group to drive the regional economy, and ideally with families to populate the educational and community facilities that are the lifeblood of the region's lifestyle and culture.

The Steering Group believes the 105,000 target is very achievable. It is, after all, just under a 1,000 net increase a year, though this is lot more than in recent years. If progress was made quickly the stretch target could come into play.

Could the region sustain these increases?

Southland has the infrastructure to support a larger population. Local Government commentators are confident there is an adequate housing stock and much of the infrastructure and reticulation is able to cope with a larger population. Obviously there will be a limit to the capacity of this infrastructure, but gradual population growth over 15 years with increased ratepayers, infrastructure renewal should be manageable.

"More people" does not simply mean migration. It also involves retention of existing population – particularly younger people, where possible and within the constraints the region has. It doesn't just mean people living in Southland long-term. Many may be shorter-termers who bring valuable skills and make a valuable community contribution during the period of their stay.

Figure 6 (below) illustrates just how flat the regional population movement has been in recent decades.

FIGURE 6: NET MIGRATION AGE PROFILE – SOUTHLAND REGION 1996 - 2013
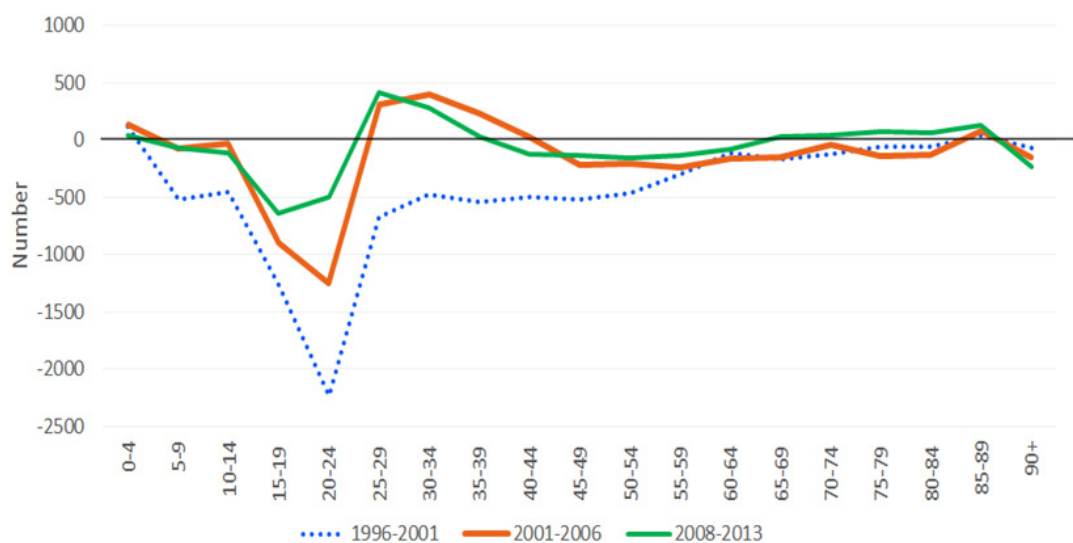
Source: Jackson, N (2014). NIDEA Demographics of Waitaki South (PowerPoint slides).

THE STRATEGY – THE "FIRST HALF"

There is a saying that good strategy is 10% inspiration and 90% perspiration. That is true in this situation. The Steering Group has been adamant throughout that Southland needs to get its thinking right and that is the purpose of this Strategy document. But "the doing of it", the delivery, is critical to its success, and critical to the "doing" is aligned and engaged leadership at all levels in the community.

The population of Southland will grow as a result of a very simple formula. It will grow when the positives of living and working in Southland outweigh (and are perceived to outweigh) the negatives. It will grow when the perceptions of a tyranny of distance and climate are outweighed by the positives of jobs, affordability, lifestyle, environment and social cohesion. It's as simple - and as challenging – as that.

> *The population of Southland will grow when the positives of living and working in Southland outweigh (and are perceived to outweigh) the negatives.*

Comparative advantage

A way of thinking about the positives is the concept of 'comparative advantage'. What are the things that Southland can best do to build jobs and lifestyle which are the drivers of population growth?

The current Southland economy is built essentially on rural comparative advantage. Land, water, climate and landscape are all strong natural advantages in Southland summed up in the phrase: "It's a great place to grow grass". The regional economy has been built on these advantages and this continues, illustrated by the dairy boom in the last decade. There are also limits to the exploitation of that advantage – the natural resources of the region have a finite carrying capacity. There are further opportunities for rural diversification into aquaculture and a range of specialty products such as sheep and goat milk, oat milk and so on, but they are all challenging.

This rural comparative advantage is an essential, but not sufficient basis (on its own at least) for the future of the economy. Farming has been shedding jobs for decades across New Zealand and this trend will continue. Farming will provide wealth to the region, but it will not attract people in significant numbers because it is offering gradually fewer jobs per unit of production.

Landscape values are also part of the comparative advantage. The jewel in the crown is Milford Sound, but there are landscapes throughout Fiordland, Stewart Island and the Catlins that have the potential to drive tourism development to much greater heights. These too will add to the region's wealth and population because tourism is a job-intensive industry. The tourism industry is significantly underdeveloped in the region.

> *One great comparative advantage the region has is its strong determination when working together for a common goal.*

There are other areas of comparative advantage. They arise not from natural features but from social cohesion and leadership. The most obvious is tertiary education at the Southern Institute

of Technology (SIT) and the "zero fees" programme. This arose from collaborative action by regional interests to create a regional advantage.

This type of achievement-from-a-standing-start has a long history in the region. It is also exemplified in the field of sport with the Southern Sting/Steel, the Ranfurly Shield, the cycling Tour of Southland and latterly the Sharks basketball team. In business the best example is SBS Bank (Southland Building Society) which has stood out (together with TSB in Taranaki) against the trend towards banking consolidation. Southland can make things happen at a regional level when it puts its collective mind to it.

A strong unrelenting focus on a small number of areas will change the balance between the positives and the negatives and population growth will follow.

There are also socio-economic areas of comparative advantage in the region such as the availability of jobs as a result of high levels of employment participation and low levels of unemployment; also, the higher levels of disposable income as a result of low levels of house prices and low rentals.

These socio-economic advantages are very important, but as yet, and in their current form, are not widely known or understood and do not sufficiently change the balance between the positives and negatives to attract population.

Building greater comparative advantage

The comparative advantages of the future Southland regional economy are as likely to be urban as rural. They may be an extension of rural industries such as downstream processing, or they may be industries that are completely different to those traditionally associated with the region.

Left to fortune, such urban-style enterprises are unlikely to emerge in Southland as they tend to naturally gravitate to metropolitan centres like Auckland. If they are to emerge in Southland it will be from specific and decisive action taken by locals using that great comparative advantage of the region – its strong determination when working together for a common goal.

Building comparative advantage needs to be seen as a balance between social and economic priorities. To attract people, Southland needs a strong advantage in urban culture. This involves enhancing the urban environment throughout the region making the region an attractive place to live, work, visit and play. Southland also needs some new industries to bring diversity to the economy, particularly urban-based industries that might be countercyclical to commodity-driven industries. Where possible these need to be what Tony Alexander of the BNZ calls "sticky industries" which have some sort of tie to the region and will not easily migrate away.

These new urban industries may need to take off from almost a "standing start". This will require vision, commitment and teamwork on the part of those involved. This is applying the leadership and determination evident in Southland sport to the business world.

Comparative advantage in social enterprise will also be vital. With the need for older people to remain in the workforce and keep contributing either socially or economically, innovative living and working arrangements may be required. The same would be true of women and child care.

The comparative advantages of the future require strong human skills: vision, determination, good management and business practice. Enterprises of the future may not draw on the advantages of rainfall and good soil, but of human ingenuity and leadership. They will be "sticky" – for social or economic reasons. The proposition is that with a strong and unrelenting focus on a

small number of areas of development, the balance between positives and negatives will gradually change. Such an approach could be augmented with communication strategies that ensure that perceptions change with reality and that perceptions do not drift behind reality.

Participation

The first leadership act is this Regional Development Strategy. It must be clear, simple and compelling. It must touch everyone in the region. Everyone needs to feel that they have a role to play in it and a contribution to make - whether it is being on a committee for a new facility, or simply patronising a local café, whether it is teaching at a migrant integration centre or working on a roading upgrade. Everyone needs to feel that they are contributors. Everyone needs to see the big picture and to see themselves in it. Everyone needs to understand the regional narrative that supports it. There needs to be a regional narrative. There needs to be a programme of communication that promotes this narrative.

> *Everyone needs to see the big picture and to see themselves in it.*

The bare bones of the narrative

FIGURE 7: TO ACHIEVE THE GOAL OF MORE PEOPLE

The factors driving quality of life must outweigh the factors working against it (read from bottom to top). The foundation is unified purpose and direction.

More people

Quality of life

More jobs

Enhanced lifestyle

More enterprise

Commercial

Social

Unified purpose and direction
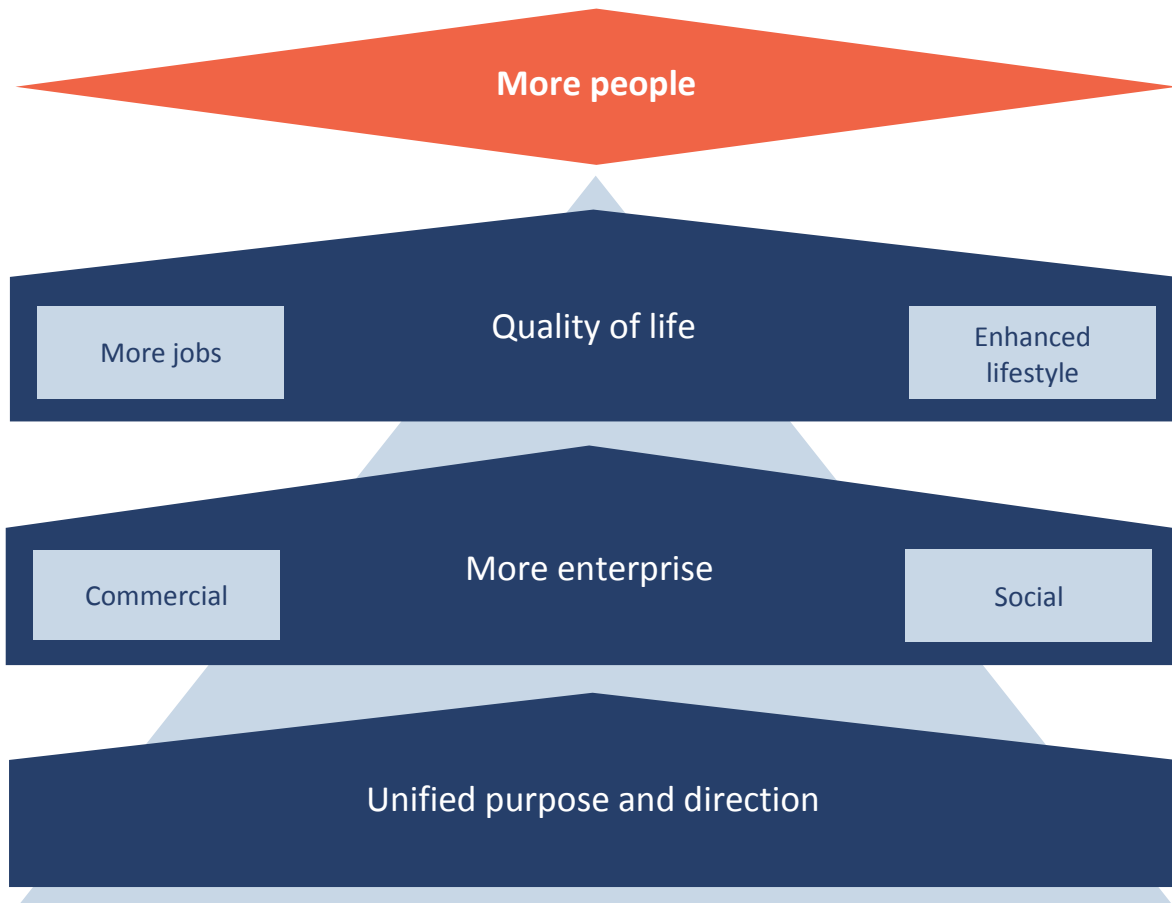
Leadership and change

The Steering Group is strongly of the view that the region needs to see itself a little differently if it is to achieve the goal of more people. It's not that the region hasn't done well. It has. It's achieved growth but not sufficient resilience. Like any business it needs a refresh of its strategy and direction. That is the purpose of this document and the process it recommends.

The Steering Group believes that Southland needs to extend its exceptional ability to succeed in teams from the sports field into the business and social enterprise arena - to preserve traditional values but reinterpret them into shaping a modern community and economy.

In short, to decide on areas of business and social development and work at them until they become comparative advantages like a Southern Sting/Steel or an SBS Bank.

What is teamwork on the sports field is collaboration in business and social enterprise. It is working together towards common objectives with determination, enterprise and boldness and not letting up until the targets have been achieved. While the feet will be involved in the day-to-day running of local and regional industries, the mind requires a vision that stretches beyond Southland - nationally and internationally (see the photograph below).

The Steering Group has formulated a framework to support this business and social enterprise and it is outlined in the remainder of this document.

ACTIVITY STREAMS

This section details the proposed approach for building new comparative advantage – building the positives that change the balance of the region and allow population to move up. It is designed to be purposeful, simple and achievable.
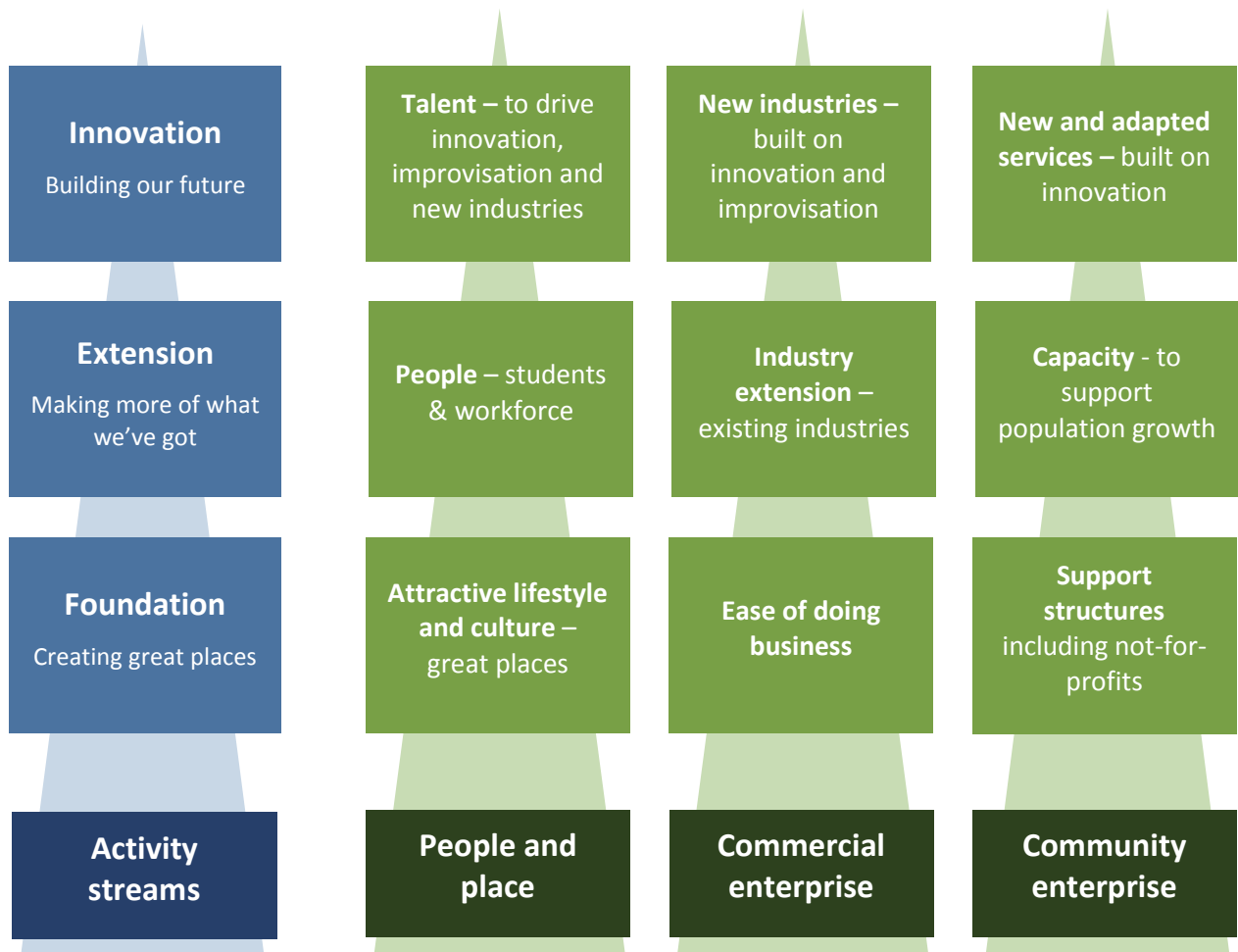
It is represented in the diagram below.

The three columns represent three activity streams. The strategy is to build additional comparative advantage in each of these areas – people and place (lifestyle), commercial enterprise (jobs) and community enterprise (quality of life).

The actions envisaged are all within the grasp of the people of Southland acting together.

The three rows represent different activity pathways. At the bottom are foundation activities. At the next level are extension activities. The top level is new activity, largely the result of innovation.

FIGURE: 8: ACTIVITY STREAMS AND PATHWAYS

	People and place	Commercial enterprise	Community enterprise
Innovation Building our future	**Talent –** to drive innovation, improvisation and new industries	**New industries –** built on innovation and improvisation	**New and adapted services –** built on innovation
Extension Making more of what we've got	**People** – students & workforce	**Industry extension –** existing industries	**Capacity** - to support population growth
Foundation Creating great places	**Attractive lifestyle and culture –** great places	**Ease of doing business**	**Support structures** including not-for-profits
Activity streams	**People and place**	**Commercial enterprise**	**Community enterprise**

CREATING GREAT PLACES – urban Southland

Develop urban environments throughout the region: Gore, Winton, Lumsden, Te Anau and Riverton as great places to be. Especially, create Invercargill CBD as a great place to be, at least on a par with other regional centres. Ideas from the Steering Group:

- The proposed museum and information centre in the CBD.
- Creation of a "Science Alive" facility on the current museum site with the Kakaporium and Tuatarium.
- Adoption of an "edutainment space" for enhanced reality technology in collaboration with SIT and a "Science Alive facility".
- Use of the Southland Times and Kelvin Hotel space as a mall.
- Creating parts of Esk Street as a mall area - arts centre, retail, other.
- Creating the potential for cafes, bars and hospitality experiences for a young professional demographic.

CREATING GREAT SOCIAL ENVIRONMENTS – international students

There is capacity at SIT for further extension of international student numbers with benefits for revenue, vibrancy and population increase. This could include extension of the SIT campus further into the central city incorporating the Art Gallery, Performing Arts facility (proposed) as well as teaching space for SIT's Visual and Performing Arts.

FOUNDATION:
CREATING GREAT PLACES

CREATING GREAT PLACES – to participate in work and society

- Lifting tertiary education levels.
- Supporting participation in work.
- Marketing the region to potential internal "migrants".

CREATING GREAT PLACES – to do business

- Ease of doing business through simpler local government rules, alignment of those rules between local authorities, consistency of process.
- Alignment of fees across local authorities.

Foundation activity stream

PEOPLE AND PLACE

Urban renewal and enhancement is about creating great places for people – towns, cities, communities. Interaction amongst people and with their environment is vital in attracting people and keeping them. Foundation level considerations are:

- *Location* – *all urban areas in the region, but particularly Invercargill because of its pivotal role and the lead urban area in the region.*
- *Purpose* – to build stronger lifestyle values in the urban areas to make them more attractive to residents and visitors and to create the human buzz that keeps people.
- *Specific considerations* – creation of a regional social focal point in Invercargill. This could comprise any or all of the following - mall, public buildings (museum, arts, culture, entertainment, cafes, events, etc.), attractions (e.g. transport museum) and enlarged education precinct.
- *Comment* – urban centres of the future will not be solely retail but a mix of uses with an emphasis on social engagement and interaction and including commercial and cultural facilities. Careful definition of what the region's urban areas should offer its people is required. If Southland is building for 30-50 years, then thinking has to be future-focused.

COMMERCIAL ENTERPRISE

Ease of doing business is about creating a great place to do business, including:

- *Purpose* – to diminish the barriers, particularly regulatory barriers, to commercial enterprise across the region; to make Southland the easiest place to do business in New Zealand.
- *Considerations* – This could involve a range of activities:
  o Business development facilitation – support for existing and new businesses.
  o Close engagement between local government and business on commercial opportunities - coordination of stakeholder management between local government entities.
  o Standardisation of regulatory processes by councils – the same rules across the region whatever the regulator and the same fees.
  o Planning facilitation and incentives – co-ordinated between local authorities.
  o Marketing – promoting the benefits of the region within New Zealand.
- *Comment* – attempts to unravel regulatory barriers to business have been made before with limited success. It will require a committed and disciplined programme of streamlining and aligning regulation. The business community needs to be closely involved.

COMMUNITY ENTERPRISE

Community enterprise is about feeling part of the place:

- *Purpose* – the right mix of community services, activities and amenities to ensure no-one is left behind and everyone can contribute.
- *Considerations* – of vital importance is tertiary education for participation in a modern economy – Southland's rates are low; support for people of all ages to remain in the workforce – the aged, parents. Extensions to health services for an increased population may be required.
- *Comment* – there are areas of deprivation in the region. These people represent an under-utilised community resource.

ATTRACTING MORE: enticing more people

- Assessing the capacity to absorb more migrants.
- Assessing the implications of recent immigration rule changes for the region.

KEEPING MORE: migration support

- Orientating and retaining new arrivals.
- Getting them through the critical first year.

EXTENSION:
MAKING MORE OF WHAT WE'VE GOT

MAKING MORE: extending the productivity of our major industries

- The region needs greater productivity and performance from each of its traditional industries.
- Historically these industries have largely been left to their own resources.
- A more pro-active engagement with these industries is envisaged as they are "sitting on" valuable regional assets.

Extension activity stream

PEOPLE AND PLACE

Southland needs to find more people willing to come to the region, to try it out and experience the advantages that those already living there enjoy.

- **Purpose** – to present the comparative advantage of living and working in Southland to national and international audiences
- **Considerations** – this could involve a number of programmes:
    - Migration attraction campaign (in New Zealand).
    - International migrant extension programme (assessing the impact of recently changed immigration regulations and using them to regional advantage).
    - Increases in numbers of international students through an enhanced recruitment plan.
- **Comment** – this would also need to involve a multi-level response – central government, local authority, business and community. It would require a total wrap-around approach involving the whole local experience – job, work environment, social, housing and so forth.

COMMERCIAL ENTERPRISE

Southland needs to get the best out of its existing industries. Some established industries have significant further potential.

- **Purpose** – engagement with key industries to identify extension opportunities – dairy, red meat, tourism, tertiary education.
- **Considerations** – what support can be given to these industries to boost their level of activity?
- **Comment** – these four industries – dairy, red meat, tourism, tertiary education – are the key industries for the region. There is also a second tier of smaller industries. An assessment is required of the potential of each of these industries. Tourism and international students are two that are assessed as having significant potential not only because of the value they would bring and the significant unrealised opportunity, but also because they are both job-intensive and would bring new people to the region. It is not simply a matter attracting industries to set up. For example, tourism extension requires a state of mind in the community encouraging business and capability development. A transport-related tourism cluster is in development and has significant potential.

COMMUNITY ENTERPRISE

The services and facilities for people that are required for extension need to be assessed for their adequacy:

- **Purpose** – Ensure there are adequate supports for new arrivals - international migrants, migrants from different parts of New Zealand. Programmes to ensure that young Southlanders growing up or contemplating returning to the region know and understand the opportunities.
- **Considerations** – what programmes or programme extensions are necessary, from specific services to programmes in schools and other institutions.

BUILDING OUR FUTURE: innovation and new industry

- The Steering Group recognised that extension of some existing industries, while very important, is not enough.
- It holds the view that this strategy must address the innovation of new industries.
- Innovation doesn't happen in a vacuum. It requires a bunch of like-minded people committed to research, risk, and improvisation both in business and community enterprise. Innovation is closely associated, but not synonymous with technology advances.
- There needs to be an innovation attitude throughout the region.
- There needs to be an innovation hub where ideas are generated and support provided.
- An idea is only worthy if it has application. Some of the skill of Southland in the future may be more in the application of technology than its origination.

INNOVATION:
BUILDING OUR FUTURE

BUILDING OUR FUTURE: new industry, innovation hubs

- Understanding commercial markets and community needs is vital to successful application.
- The formation of some sort of organisational structure(s) around innovation is being discussed locally and at a national level. It could include research institutes, research and development hubs and innovation-acceleration environments. The right combination for Southland needs to be determined.
- Most importantly, innovation in Southland needs to be connected to innovation in other parts of the country and the world. Venture Southland has set a good example in this regard.
- Leveraging local opportunities or extending enterprise from metropolitan centres such as Auckland and Sydney back to Invercargill is essential. Being connected is vital.
- Robust evaluation of innovation and new industry ideas will be required to ensure that opportunities "stand up in the cold light of day".

Innovation activity stream

COMMERCIAL FOCUS

- Identification of industries with potential for innovation/transformation, including potential major industries in the region's future and criteria for identifying them.
- Industries of potential so far identified (yet to be assessed) include:
  - o **Aquaculture** – from small beginnings as at present to a major industry of the future (as is evident in other parts of the world).
  - o **Industrial applications** – the application of design, value-adding and export thinking to small local industries such as industrial automation focused on using contemporary technology and Southland energy and enterprise. Ironically, this work could accelerate automation in the region making the development of job-intensive industries in the region very important.
  - o **Precision agriculture** – application of technology to agriculture.
  - o **Space and tracking services** – building on the work of Venture Southland.
  - o **Energy-efficiency** – building on the work of various local industries.

RESOURCE-FOCUS

- Identification and research of resource development opportunities.
- There are a number of potential resource development opportunities which have been in the frame for a long time. They are dependent on external factors such as technology and markets and present various degrees of difficulty in accessing.
- Opportunities include:
  - o **Silicon** – a potential new industry based on adding value to a basic commodity (the prospects for this idea are not clear).
  - o **Oil & gas** – this particularly relates to the Great South Basin and while exploration is being undertaken in this area the opportunities are still unknown.
  - o **Lignite** – there is potential to convert lignite into fertiliser. This is somewhat technology dependent and somewhat limited by modern regulations around the use of nitrogen in pastoral farming.

COMMUNITY FOCUS

- Identification of innovative services that will help the region achieve its goal of "more people":
  - o Care and living arrangements for the elderly to enable them to contribute to the commercial and community economy.
  - o General health services including primary care to support people in rural areas
  - o Upgrading of substandard housing stock – dryness and warmth.

ATTRACTION OF TALENT

- The attraction of talent is vital.
- This is not to suggest that talent is not already present in the region, but success will come from enticing ideas and people from other parts of New Zealand and offshore on either a permanent or temporary basis.
- Talent recruitment needs to be a key focus of an organisation(s) established to promote innovation and local enterprises.

ENABLERS

Besides the activity areas outlined on the previous page, there are several enablers that are fundamental to the success of the Strategy. They are as follows:

RIGHT PEOPLE, RIGHT PLACE, RIGHT SKILLS

It is clear that people are the basis of the Southland economy. The higher people are up the skill and income scale the more difficult they are to find. It is especially difficult to recruit people in senior and middle-management roles. Finding them, enticing them to stay and retaining those already there, are vital for the success of the regional economy. The challenge is also raising tertiary education penetration in the regional population. For example, in most knowledge-related occupations the percentage in the Southland population is much lower than the national average.

- **Agency responsible for this enabler** – all organisations and enterprises will have responsibility for recruiting and training people. The Southern Institute of Technology (SIT) may have a particular role in assisting with training and support for people once they are located in Southland.
- **Focus of enabler** – raising the capability of the human resource in the region based around the priorities in this development strategy.

DIGITAL

State of the art digital connection and capability is essential for this strategy to proceed. Southland has to be as well or better connected than the best around the country. Indications are that the current implementation of the digital capability is not fast enough, especially if the activities listed in this plan begin to emerge. An aggressive strategy requires strong digital connectivity, including cellphone coverage, which isn't yet evident.

- **Agency responsible for this enabler** – Venture Southland.
- **Focus of enabler** – assess the adequacy of Government agency and service provider responses around digital provision and enable the Mayoral Forum to focus attention where there are shortcomings. To ensure that Southland is well-placed for the next round of roll out and black spot coverage.

BUSINESS PRACTICE

The small-to-medium enterprise is the foundation entity of the region. The performance of companies on lean practice, waste minimisation, strategic business planning is vital for the strategy to succeed.

- **Agency responsible for this enabler** – Venture Southland/ Southland Chamber of Commerce.
- **Focus of enabler** – expand the project designed to enhance the effectiveness of local businesses.

WATER

The management of water quantity and quality is critical to success, particularly to extension activities in the region because of its agricultural focus. The question is whether regulation and practice improvement is moving quickly enough to enable the affected industries. This includes irrigation opportunities in the drier parts of the region and more generally using the natural capital of the region to the full (within environmental limits).

- **Agency responsible for this enabler** – Environment Southland.
- **Focus of enabler** – ensure that the water resource is being fully utilised to create wealth and advancement within environmental limits, mindful of the requirements of all industries such as agriculture and tourism.

TRANSPORT

The Southland economy rests on supply chains. There have to be adequate logistics arrangements for the transport of products to market. There are questions around the quality and capacity of the roading network and the constraining effect of current air services. Competitive advantage lies in getting product and services to market as efficiently as possible and at a lower cost than others.

- **Air services** – these are a major and topical issue. The timetable and cost of air access to the region is regarded as an obstacle to development. There is talk of a second carrier coming into the region besides Air New Zealand.
- **Agency responsible for this enabler** – Regional Land Transport Committee (for road transport and intermodal impacts), Southland Air Transport Liaison Group (for extension of air services). Major local operators like Richardson Group have a key role to play. It is evident there is no single overarching transport entity and this likely requires attention.
- **Focus of enabler** – ensure that the quality of roads and transport facilities and hubs are of the standard required to drive all aspects of the economy.

There are agencies currently responsible for each of these areas. It is important that they are made aware of the challenges involved in each area and are clear as to what action is required to achieve the strategy. Improvement of enablers has to move in parallel with the action priorities of the strategy.

The Governance Group proposed in the upcoming implementation section of this report should be in a position to receive reports on enablers to ensure that they are contributing adequately to the outcomes of the strategy.

APPROACH

To operate this strategy there are four areas that the Steering Group believes are fundamental to the approach that needs to be taken by enabling teams. They are:

- **Parallel development** – vertical and horizontal
  - That the "people and place", "commercial enterprise" and "social enterprise" activity streams are developed in parallel, <u>not</u> sequentially.
  - That the foundation, extension and innovation levels are developed in parallel, <u>not</u> sequentially.

  Rationale:

  - Interdependence of the regional economy.
  - Creation of momentum.
  - The whole development effort should be seen as a dynamic system, not individual and isolated initiatives.

- **Strategic priority**
  - The strategy only covers actions that will make a <u>decisive difference</u> in terms of change.
  - The strategy takes "as read" those existing activities which, while making an immensely valuable contribution, will not change the fundamentals of Southland.

  Rationale:

  - Unless there is focus on a small number of critical priorities, nothing substantial will be achieved.
  - The resources available for development are limited and need to be used well.
  - Success in some strategically critical areas will have a knock-on effect to other areas.

- **Long-term view**
  - The strategy envisaged will produce short/medium term and long term results.
  - It is necessary to look over a 10-15 year timeframe.

  Rationale:
  - Long-term thinking is part of the Southland mind-set.
  - Long-term commitment to a small number of vital priorities gives them the best chance of success.

- **Community-driven**
  - The strategy needs to be implemented by a broadly-based governance group including business, community, iwi, local and central government.

  Rationale:

  - Success will only arise if there is an on-going commitment in the community to the outcomes.
  - This commitment will only be sustained if the strategy is driven from the community in its broadest sense, but not solely central or local government.

MAKING IT HAPPEN – THE "SECOND HALF"

There is a further level of planning that is necessary before strategy implementation can get fully underway. This involves taking the direction and approach outlined in this report and detailing it into specific actions and projects. This is a major piece of work, at least as large as the preparation of this report, but of a different nature.

This section of the report outlines a plan for how this action planning work can be done. It involves the formation of six action teams on the core projects the strategy is recommending. Working to a Terms of Reference, each team would work through a plan of engagement with the relevant parties to prepare a programme of action.

The action teams would be populated by people with skills and involvement relevant to the topic and would likely involve many people already involved in sector planning with Venture Southland and other agencies.

Sitting above these teams, to resource and direct them, would be a multi-party Governance Group involving a mixture of local government, business, NGOs and even central government, if required. This Governance Group would take its mandate from the Mayoral Forum.

The Governance Group will be serviced by some sort of "paid assistance". This could be a director, or a combination of a consultant and an appointed person. However it is done (based on the resources available) this "capability" would work closely with all the delivery agencies in a motivating and coordinating role.
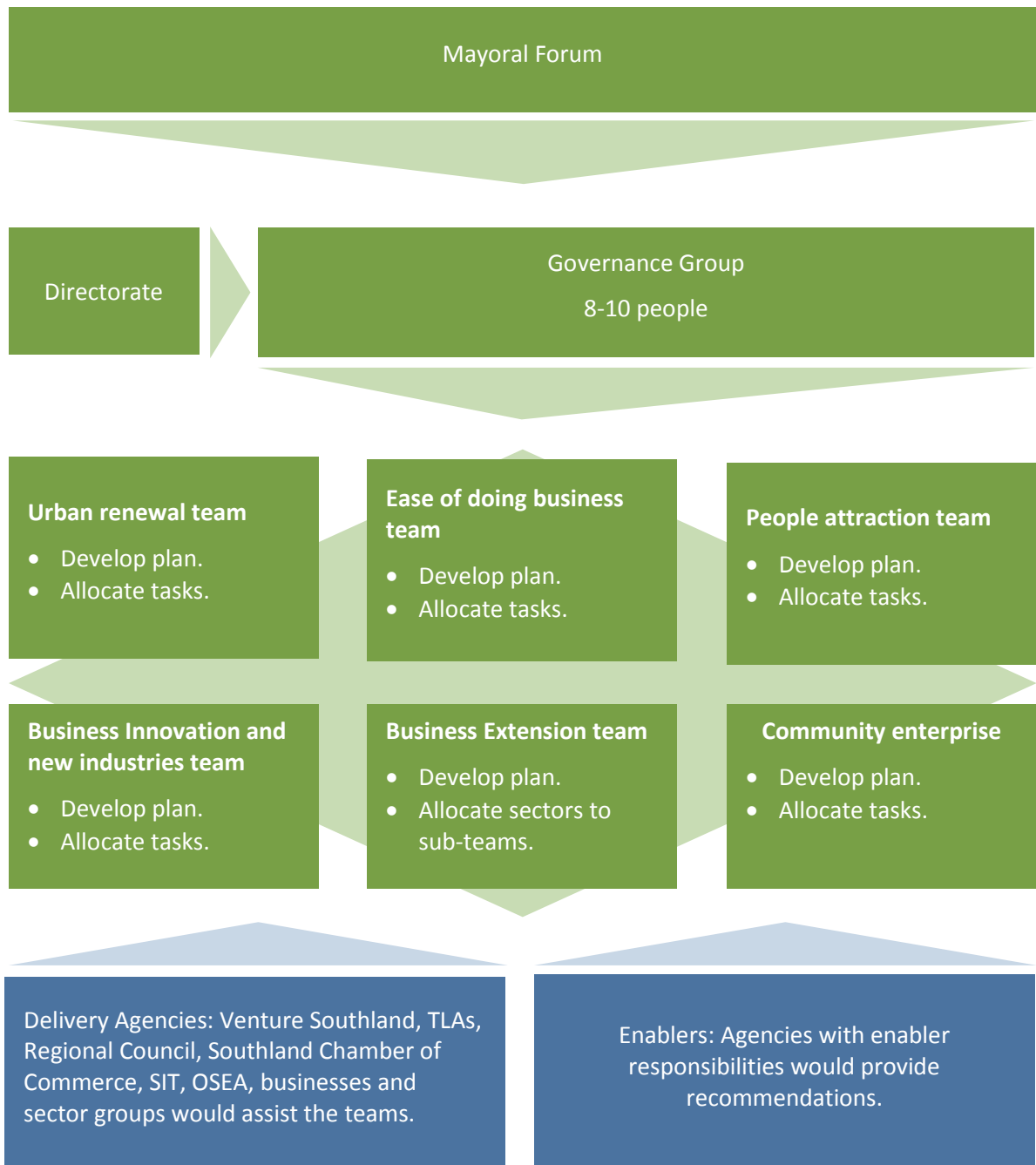
The output of this work would be an Action Plan. This would detail the programme of activity that would take place over the next two years before the programme was reviewed.

The criticism will inevitably be made that agencies such as Venture Southland already exist and should be doing this work. However, the Steering Group takes the view that no one entity in the present structure has the reach across the region that is required for this programme. The strategy would provide the direction. The Governance Group and director-capability would provide the focus. The existing delivery agencies would deliver the services in a disciplined manner. A clear focus on delivery will strengthen the capability and effectiveness of existing agencies.

Strategy implementation structure

FIGURE 9: STRATEGY IMPLEMENTATION STRUCTURE

Mayoral Forum

Directorate

Governance Group

8-10 people

Urban renewal team

- Develop plan.
- Allocate tasks.

Ease of doing business team

- Develop plan.
- Allocate tasks.

People attraction team

- Develop plan.
- Allocate tasks.

Business Innovation and new industries team

- Develop plan.
- Allocate tasks.

Business Extension team

- Develop plan.
- Allocate sectors to sub-teams.

Community enterprise

- Develop plan.
- Allocate tasks.

Delivery Agencies: Venture Southland, TLAs, Regional Council, Southland Chamber of Commerce, SIT, OSEA, businesses and sector groups would assist the teams.

Enablers: Agencies with enabler responsibilities would provide recommendations.

OPERATIONAL DETAILS

GOVERNANCE GROUP

- Chair – An individual of good reputation and gravitas appointed by the Mayoral Forum.
- Personnel – two local government, three business, one NGO, one SIT, one central government, one Ngai Tahu, one from the current Steering Group (who would likely be from the business sector).
- Report – to the Mayoral Forum.
- Duration – complete the "second half" task in less than a year and consolidate overall progress on implementation for at least a further year. Consideration at that point by the Mayoral Forum as to whether there is an on-going role for the Governance Group.
- Serviced by – the director with the help of Venture Southland.

ACTION TEAMS

1. **Urban renewal**
   a. Agenda – the key agenda items include Invercargill city renewal, provision of covered areas in the city, location of cultural assets and development planning. Similar considerations would apply in Gore and other centres.
   b. Chair – independent.
   c. Personnel – at least two from ICC, one from retailers, one from business (Southland Chamber of Commerce), one from tourism, one from SIT, one from ILT, one from CTOS (liaison with SDC re other centres).
   d. Report – to the Governance Group.
   e. Duration – 6-10 months to complete recommendations.
   f. Serviced by – Invercargill City Council, ILT. Involvement of Mataura Licensing Trust in relation to Gore.

2. **Ease of doing business**
   a. Agenda – foundation level – business development facilitation, stakeholder management processes, standardisation of regulatory processes. Extension level – regional spatial planning, One Plan development. Chair – a mayor appointed by the Governance Group.
   b. Personnel – one official from each council, one from the Southland Chamber of Commerce, one from Venture Southland, two from business.
   c. Report – to the Governance Group.
   d. Duration – 10-12 months as the task is considered complex.
   e. Serviced by – Southland District Council.

3. **People attraction**
   a. Agenda – Community programme of attraction, immigration regulations and quotas as they affect Southland.
   b. Chair – appointed by Governance Group.
   c. Personnel – at least one from each council, two from SIT, one from Southland Chamber of Commerce, two from key rural industries, one from social service agencies, one from Ngai Tahu, one from Richardson Group.
   d. Report – to the Governance Group.
   e. Duration – 6-10 months to complete recommendations.
   f. Serviced by – Venture Southland.

4. **Industry extension**
    a. Agenda – development plans with sector group. Such planning may well be already advanced and could include:
        i. Extension of dairy.
        ii. Red meat productivity.
        iii. Increased international students.
        iv. Extensions to tourism offerings.

    Sector sub-groups may be formed with the assistance of relevant sector groups and organisations and the facilitation of Venture Southland and Environment Southland.
    b. Chair – appointed by the Governance Group.
    c. Personnel – Southland District Council, Environment Southland, one from each of the key sector groups, at least one from agri-business, one from a bank.
    d. Report – to the Governance Group.
    e. Duration - 6-10 months to complete recommendations.
    f. Serviced by – Venture Southland and Environment Southland.

5. **Innovation/new industry**
    a. Agenda – key industries and not-for profit ventures with potential for transformational growth. Identifying regional innovation activity. Assessing the arguments for, and operation of, innovation establishment(s).
    b. Chair – appointed by the Governance Group (probably from the business sector).
    c. Personnel – one from Southland Chamber of Commerce, one from Otago Southland Employers Association, one from Manufacturers' Trust, one from Venture Southland, one from Ngāi Tahu.
    d. Report – to the Governance Group.
    e. Duration – one year.
    f. Serviced by – Venture Southland, the Southland Chamber of Commerce/OSEA.

6. **Community enterprise**
    a. Agenda – Identify key changes required in the community sector relating them to the requirements of the strategy.
    b. Chair – appointed by the Governance Group (probably from the not-for-profit sector).
    c. Personnel – mix of business and not-for-profit, Council CCO personnel, Venture Southland and Ngāi Tahu, CTOS.
    d. Report – to the Governance Group.
    e. Duration – 6-10 months.
    f. Serviced by – CTOS.

DELIVERY AGENCIES

These agencies will have delivery responsibilities with the enabling teams in the "Second Half" of the strategy development process. They will also have long term delivery responsibilities:

- Venture Southland.
- Territorial Local Authorities.
- Environment Southland.
- Southland Chamber of Commerce.
- Otago Southland Employers Association (OSEA).
- Southern Institute of Technology.
- Major businesses, corporates and sector groups.

OUTPUT OF THE TEAMS

Each of the teams will produce a Team Action Plan (TAP). For example, the team working on the "ease of doing business" would produce an "Ease of Doing Business Action Plan". This is a report specific to the area of responsibility of the team. It will outline key practical steps to the advancement towards the goals of their area of responsibility, the agencies responsible and how they think the work should be delivered.

The Team Action Plans will be submitted to the Governance Group which will combine all of the reports into an overall report (Southland Regional Development Action Plan) for the Mayoral Forum and the community. Once the Plan is agreed the teams will work with the delivery agencies into the implementation phase of the programme. The agencies responsible for enablers would also be expected to produce action plans for the Governance Group to consider.

An important task of the Governance Group, in discussion with the Mayoral Forum, would be to assess with the agencies responsible for delivering the Action Plans, how they would do so, and how it would be funded.

MANAGEMENT

Ideally this project needs a full-time director or a consultant (or a combination of both) driving it during this set-up period. It is conceivable that if it were a full-time (or part-time) director, an appointment on a fixed term contract would be required. This person would need to be sufficiently senior and well-respected to be able to lead this process (and be as baggage-free as possible).

With this Strategy providing the direction, and the Governance Group providing the focus and motivation, the existing delivery agencies can concentrate on delivery and be potentially much more productive.

The role of the director-capability would be to:

- Service the Governance Group.
- Report to the Governance Group and the Mayoral Forum.
- Oversee the servicing of the action teams.
- Oversee the production of the Team Action Plans and their combining into an overall plan for the governance Group and the Mayoral Forum.
- Work with delivery agencies to transition into delivery.

Timetable

- **Development timetable:**
  - Governance Group to operate for two years as a start, which would allow it to complete the work of all the teams, assemble the overall plan and get the delivery organisations focused on delivery of it.
  - Progress and its role to be reviewed on completion of that period.
  - Action teams to report in 6-10 months with time for delivery agencies to consider what would be involved in setting up on-going action programmes based on the recommendations of the team.

- **Next steps (in order):**
  i. Endorsement of the Local Authorities.
  ii. Support from Central Government sought.
  iii. Presentation and promotion of the strategy within the region to build support.
  iv. Establishment of the Governance Group.
  v. Appointment of the director-capability.
  vi. Establishment of the Teams.
  vii. Completion of an Action Plan.

- It is envisaged that all strategy work will be completed before the end of a 12 month period and full implementation would be underway. That is anticipated to be mid-2016.

Funding overview

There are a number of different levels of funding required to make this programme happen:

- **Operational Funding**
  This is the funding of the planning and development process – the Governance Group, the director and enabling teams. The funding requirement is quite specific:

  - **The Governance Group** would be self-funding as members would be supplied by parent organisations. Costs in the form of honoraria may need to be met. It is envisaged incidental costs would be met by the servicing organisation Venture Southland.

  - **The director** – some fund sharing would be required between the agencies to support this position at least a year and ideally two years. Additional consultant support would need to be funded by local government.

  - **Action Teams** – will be largely self-funding and incidental costs would be met by the servicing organisation. Consideration of an honorarium for chairs could be given.

- **Development funding**
  There is the possibility of funding for specific actions that may arise out of the enabling teams. The funding of these activities could arise from central government through such channels as:
  - MPI – Sustainable Farming fund, PGP and other sources.
  - MBIE – Growth Study.

- o   Callaghan Innovation – development grants.
- o   NZTE – through its various schemes.

- **Funding from regional trusts**
  Southland is unique in its access to regional funding sources. There will need to be close
  liaison between the various funders with the strategy priorities. The principal trusts in the
  region are the Community Trust of Southland, the Invercargill Licensing Trust and the
  Mataura Licensing Trust.

- **Other funding**
  Comment still required on:
  - o   Overseas direct Investment.
  - o   Local private investment.

WHY WILL THIS STRATEGY WORK?

It will work because it plays to the strengths of Southlanders:

- A universal desire for more people and a vibrant local community.
- An ambition to be recognised for what they have and can achieve.
- A willingness to work hard and the other traditional values which are so strong in the south.
- An openness to thinking long-term and avoiding immediate gratification.
- An ability to pull together as a region for common goals.
- An involvement in the creation of the plan so that ownership levels are high.
- An ability to bring together the financial resources to achieve regional goals.
- An incredible optimism.

Recommendations

- That the Local Authorities (Mayoral Forum) in the region endorse the Strategy.
- That the Mayoral Forum takes on the role of overseeing this Strategy through to
  implementation.
- That the Mayoral Forum seeks the support of the Trusts and key organisations in the region
  to the Strategy.
- That the Mayoral Forum seeks the support of Central Government for the Strategy.
- That the Mayoral Forum endorses the collaborative approach implied in this Strategy and
  encourages staff of all local authorities to act in terms of this approach.
- That the Mayoral Forum seeks to move this programme into the "second half"
  implementation as quickly as possible (less than two months from the release of this
  document).

APPENDICES

ACKNOWLEDGEMENTS

This strategy has been prepared with the assistance of many people and organisations. The work of the Steering Group and the working Group is acknowledged elsewhere, but special mention should be made of the following:

- Graham Cooney – as chairman of the Steering Group and a mentor of the programme.
- Local Government chief executives and staff – for their assistance at all stages with comment and mentoring.
- Paul Casson, Stephen Canny and the team from Venture Southland for their assistance with data and information.
- Sarah Hannan and the Southland Chamber of Commerce for their extensive input.
- The extensive list of stakeholders who were consulted and gave freely of their time.

Summary of the brief (from the Mayoral Forum)

The following is a brief excerpt from the introduction to the document prepared for the competitive tender for the strategy:

> *"The Southland Mayoral Forum and Business leaders have agreed to work together to develop a high level Regional Development Strategy. The strategy is to be a succinct and high level document that sets out a strategic direction for the region, building on its natural advantages and opportunities, and addressing the issues facing the region. It needs to recognise that economic development needs to positively impact our quality of life and the environment and leverage these features for economic advantage. The Strategy will need to provide a platform for joint work and collaboration between the local authorities in the region and also with Southland's industries, businesses and institutions."*

Glossary of terms

CCO	Council Controlled Organisation.	**NZTE**	New Zealand Trade and Enterprise.
CTOS	Community Trust of Southland.	**OSEA**	Otago Southland Employers Association.
ILT	Invercargill Licensing Trust.	**SIT**	Southland Institute of Technology.

Group members

STEERING GROUP MEMBERS

- Graham Cooney (chair)
- Paul Adams
- David Dodunski
- Tommy Foggo
- Trevor Johnston
- Tony Laker
- Karl Metzler
- Lydia McRae
- Mark O'Connor
- Joc O'Donnell
- Rob Phillips
- Peter Rose (absent for part of the programme due to illness)
- Steve Ruru
- Penny Simmonds
- Anna Stevens
- Geoff Thomson

CONSULTANT

- Geoff Henley - HenleyHutchings, Wellington

WORKING GROUP MEMBERS

- Paul Casson (chair)
- Stephen Canny
- Susan Cuthbert
- Aaron Fox
- Sarah Hannan
- John Scandrett
- Melissa Short
- Michael Skerrett
- Ken Swinney

STAKEHOLDERS INTERVIEWED

- Cameron McIntosh
- Peter Carnahan
- Grant Dermody
- Murray Brown
- Dean Addie
- Richard Gray
- Steve Chandler
- Richard Lauder
- Peter Heenan
- Kerry Stevens
- Wayne Evans
- Greg Mulvey
- CTOS – the board
- John Prendergast
- Livestrands
- Scott O'Donnell
- Tim Shadbolt
- Richard King
- Tracy Hicks
- Steve Parry
- Gary Tong
- Steve Ruru
- Ali Timms
- Rob Phillips
- Sarah Hannan
- Paul Casson
- Warrick Low
- Bobbi Brown

OVERVIEW OF METHODOLOGY

The following steps were followed in the preparation of this strategy:

i. Desk research and background assessments
ii. Scoping the task and identifying priorities with the Steering Group
iii. Interviews with stakeholders
iv. Review of drafts

TARGETS

Fundamental to the success of any strategy is a sense amongst those who subscribe to it of progress towards the end goal. The goal of this strategy is measureable and will be front and centre of the strategy in action. However, a range of indicator targets are required to measure interim achievements.

The targets presented in the diagram (right) are included as examples only and will be completely reviewed by the enabling teams as they complete their work. Once established there will be regular reporting on these targets. As many of the targets will be quantified as possible so that firm progress measures can be used. It will be the task of the Mayoral Forum (and through them, the Governance Group) to ensure that the targets are achieved and progress towards them is steady.

ENHANCED LIFESTYLE

MORE JOBS

- Extension of existing enterprise:
  - Dairy – increased output (within limits), irrigation.
  - Red meat – increased on-farm productivity
  - Tourism – extension to new destinations.
- Focus on innovation/new business:
  - Development of at least one (ideally two) major new industries.
  - Establishment of an innovation centre(s) or hub(s).
- Business development:
  - Expansion of the SME network - 100 Southland businesses with 50 middle-to-high income earners employed.
  - 5% increase of people in work.

- Contemporary urban environment.
  - Revitalised Invercargill inner city area by 2025.
  - Stronger rural communities.
- Continuing 90% positive response on lifestyle confidence.

- International migrant population up from 3,000 to 5,000 (or thereabouts).
- Increased international student numbers from 800 to 2,000.

MORE PEOPLE

=

105,000 by 2025