



# Refresh of Accelerate 25

**Prepared for:**

Client: Horizons Regional Council



**August 2020**

COMMERCIAL IN CONFIDENCE

# Executive Summary

## - at a glance

### PURPOSE

Combine a review of A25 and a COVID-19 Recovery Plan into a simple, forward-focused Regional Action Plan.

### MISSION

**Long Term:** establish Manawatū-Whanganui as a central North Island “Growth Centre”.

### THE COVID-19 RECOVERY PHASES



Survive

Respond to immediate needs to keep people in jobs, keep businesses alive.



Revive

Keep people in work, provide work for businesses.



Thrive

Create new, valuable jobs. Build vigorous, productive businesses. Achieve ambitious regional goals.

### THE PILLARS – that drive growth



### THE BEARERS – that support growth



**The Result:** a region with a clear identity and solid national comparative advantages.

### GOVERNANCE

Led by a refreshed A25 Lead Team

### THREE FOCUS AREAS

1. Covid-19 Recovery
2. Long-Term Regional Economic Development
3. Māori Development

### MĀORI PARTNERSHIPS

Empower with Iwi and Central Government, three sub-regional groupings:

1. Te Ranga Tupua
2. Te Tihi
3. Māori Business Network

### FUNDING





# Executive Summary

- extended

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## Purpose

This report reviews the Accelerate 25 regional economic development programme of the Manawatū-Whanganui region and includes a set of recommendations related to recovery following the COVID-19 lockdowns. It sets out the current regional economic development policy context, the progress of the region since the inception of the A25 Economic Strategy, Te Pae Tawhiti and Action Plan, the impact of COVID-19 and a proposed approach to future economic development, including the COVID-19 response phase.

This extended executive summary covers the main findings and recommendations of the report and can be read in its own right, using the rest of the report for detailing and elaboration.

## The context

We argue that in objective terms, not that much has changed for Manawatū-Whanganui, at least in relative terms since the Accelerate 25 Plan was prepared in 2015/16. The population, economic performance, quality of life and sense of optimism of the region have all improved, but no faster than the rest of New Zealand. The last five years has been a period of strong economic growth across New Zealand and Manawatū-Whanganui has benefitted from it in roughly equal measure to other regions.

We also argue that in identity and confidence terms the region has made great strides. Formerly a random mix of geography and diverse interests the region now feels more integrated and, at many levels, including leadership levels, the region sees real potential for a collective and positive future. So, while A25's economic impact has so far been limited, its impact on local perceptions of the region and its future have been profound. Having leadership "heads" in the right place is a major achievement. The economics will follow.

It's the difference between things happening and making things happen. That's what A25 has done. It presented a picture of a cohesive and therefore a prosperous future. This was attractive to leaders in the region, especially the mayors and some business leaders, and for five years the integration and connection has grown. The region now has a strong "make it happen" mindset with the potential to be more than the sum of its parts, to be a significant growth centre in the New Zealand economy.

The pre-A25 region had a static complacency about it. It wasn't "going forward" in any significant way, but it was mostly comfortable, with parts of the region struggling to get ahead. At the time it was said to lack ambition. That has also changed. Manawatū-Whanganui has the opportunity to press forward and define the nature of that progress. Many of the ingredients of success are now present.

Aspects of the regional policy context have changed since the genesis of A25 in 2015/16, which was originally funded by the National-led government on the basis of a comprehensive and persuasive strategic plan. The Provincial Growth Fund has since dominated regional development discussions and is now being partially superseded by the advent of 'shovel ready' infrastructure projects in response to COVID-19. Serious investment is being made in the region as a result of these two initiatives.

This report examines the nature of the current situation, together with a tangible future and a programme to get there. The region has a real opportunity to develop a coherent and cohesive regional strategy and action plan, which will enable it to engage effectively and consistently with the many arms of central government and materially change its future.

## Progress of the region since the commencement of A25

Progress could be described as satisfactory though not spectacular:

- There has been strong GDP growth, but not as strong as the New Zealand average.
- Productivity, although improving, remains much lower than New Zealand as a whole (and New Zealand's productivity is low amongst developed countries).
- The population has grown, but more slowly than New Zealand as a whole.
- There has been a slight increase in the over 65s as a percentage of the whole population.
- Household incomes have improved but remain well below the New Zealand average (\$91k v, \$111k).
- There has been a significant improvement in the employment statistics, but they are still some way behind New Zealand as a whole.
- House prices have increased steeply but are still more affordable than for New Zealand as a whole, the same for rents.

Local people believe things are better. They feel better and more positive, and in objective terms the progress is real yet modest. The region sits behind comparators like Waikato. This comparison with Waikato is not a criticism, but a statement of optimism. Manawatū-Whanganui has many of the ingredients of success of Waikato, indicating there is strong upside potential yet to be realised.

## Stakeholder interviews

We took the “current pulse” of the region (early 2020) through stakeholder interviews (in the Māori, business and broader community) and a survey of a wide selection of key stakeholders.

We were told that the major achievement of A25 was a plan, both the Action Plan 2016 and the Māori development plan, Te Pae Tawhiti 2016. These provided a focus and brought together the political arms of the region into a unifying force. We were told they are now more inclined to ‘hunt’ together with a common agenda. As a result, the region is seen as credible and gets listened to, especially by Government. Reference was also made to success in accessing PGF funding for key projects where advocates were well organised, such as the Ruapehu Gondola.

Respondents said there is a “buoyancy in the business environment that wasn't there four or five years ago”. They described the prospects for the region as being strong and many referred to the level of planned infrastructure spending as evidence of this. They accepted that these things take time and could identify tangible action taking place.

Amongst regional leaders, a new sense of combined purpose was evident, but this is not yet widely recognised. Respondents at the coal face still talked of lack of shared vision and of parochialism, local politics and a lack of trust. They also referred to conflict and weak co-ordination at the operational level and some parts of the region being overlooked. Iwi respondents spoke of pockets of development occurring as result of recent Treaty of Waitangi settlements. However, they noted unevenness of development because a number of Iwi in the region have yet to settle their claims (and some are many years away). The more established land



trusts and incorporations were seen to be operating well and diversifying their operations; however, some land trusts still face unique Māori land issues.

The “glass half full” frame of mind was strongly evident through these interviews. Location was seen as the main advantage of operating in the region (transport links for freight and logistics, proximity to Wellington, central location with easy access from North, South, East and West). Other advantages identified were tertiary and research institutions, the natural environment (Ruapehu) and the family lifestyle. Getting skilled staff was repeatedly raised as an issue.

There was seen to be a lot more to do in the tourism sector than previously. A wider regional approach to inbound tourism was called for, and the need to create new tourism products to create an all-year-round market and increase resilience.

In the primary sector, the opportunity was identified for the region to be the main food producer for the central and south of the North Island and for diversification into the likes of berries, feijoas and other specialist crops. A need was identified to understand the local and export market better and to build processing expertise and export marketing. It was suggested that A25 needs to bring in someone with skills in these areas.

There was a strongly expressed view that agri-tech and future foods should be at the core of the region's future (“NZ's Food Silicon Valley”), albeit that this would come with some risk. It was therefore of concern that there appeared to be little active engagement between the primary sector group and Food HQ and limited translation of a food futures vision into reality.

Some of the regional issues that were put forward as areas of focus were:

- Infrastructure (roading and water)
- Climate change and transition to low carbon economy
- Resilience
- Skills and talent, bringing together education, employers, plus organisations such as Talent Central and creating opportunities to work
- Māori economy because of its potentially great upside.

The general consensus of those interviewed was that A25 had made good progress and that it is important that it continues.

## Stakeholder survey

We received 176 responses to our survey from a wide range of businesses across the region. The survey tested views about the progress being made by the region and probed specific areas related to the current business environment (skills and talent, transport links, broadband, business growth and innovation services, collaboration) and quality of life (affordable housing, public transport and transport connections, amenities, social services and inclusion).

Almost three quarters of respondents felt that the region was moving forwards (an excellent result), with reference being made to improved leadership and the many significant projects which are planned over

coming years. However, and very significantly, only 43% of respondents felt there was sufficient leadership of the development of the region.

When we asked people to score the region out of ten on specifics, average scores tended to be around six out of ten, indicating that there is both satisfaction and room for improvement across the board. There was a wide range of scores for most questions, indicating the diversity of the respondents.

Finding, attracting and retaining staff was the key concern of business by a long way (54% of respondents chose this).

## The impact of COVID-19

The advent of COVID-19 appears to have changed the economic and social landscape almost overnight.

There is no reason why the region should not continue to be optimistic about the long term outlook, but there will inevitably be a period of disruption, in which the emphasis will shift from growth to survival, then to recovery, resilience and longer term sustainability.

The disruption will be greater for some sectors than others. Food and beverage production will be much less affected than hospitality or tourism. This will also mean the impact will be greater for some districts than others, with, for example, Ruapehu likely to be the worst affected due to its exposure to international tourism.

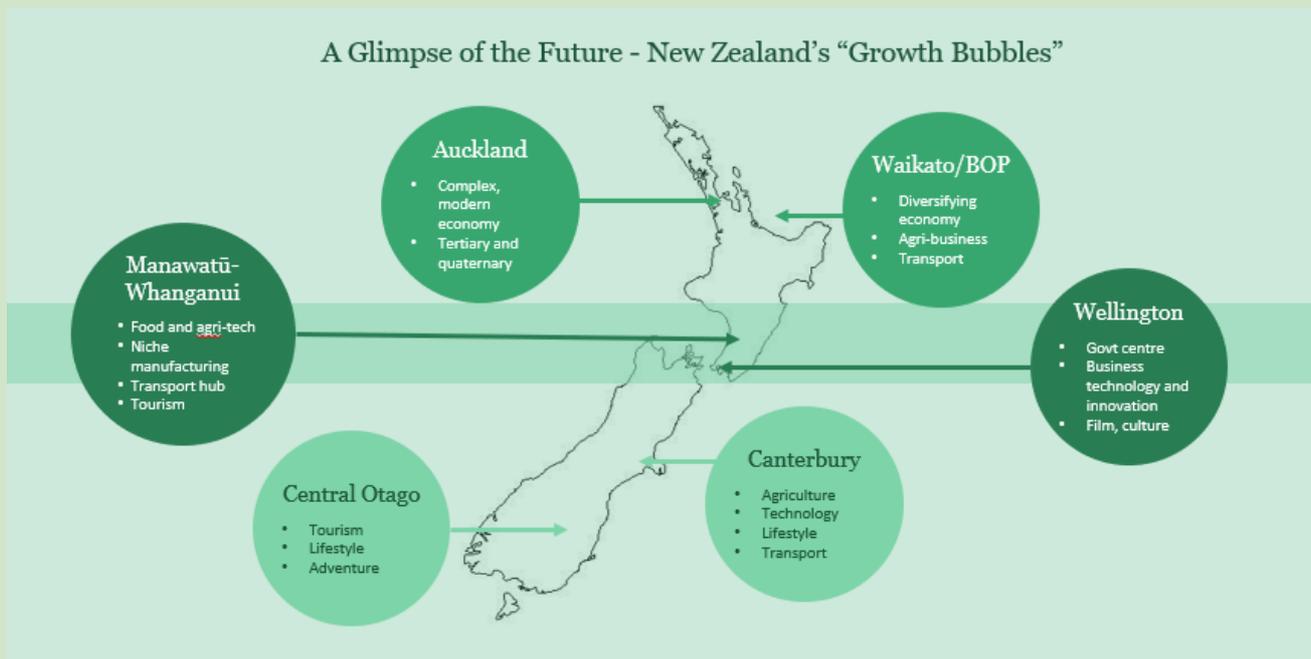
In the short term, the focus needs to be on managing the health crisis and on the immediate impact on businesses in the region – supporting them to manage their way through the crisis if possible, and enabling re-skilling and redeployment of staff who lose their jobs. It is acknowledged that there will most likely be a greater negative impact on the Māori, Pasifika and ethnic minority communities too. How long these impacts will be felt will be determined by the progress of the virus and our response to it.

The longer term planning needs to focus on recovery and resilience – extracting the opportunities out of the crisis and using the power and disruptive nature of the crisis to grasp large opportunities that might not be normally accessible. The excellent performance of the primary sector nationally during the COVID period underlines how important food futures are to the region and how vital it is that this sector achieves its considerable potential.

## The mission

Achievement of a mission is very much about leadership and the evidence of our review points to the emergence of active joined-up leadership in the region. Put that together with some of the region's major assets like its food producing capacity and its status as a national centre for agricultural education and food technology (Massey University and Food HQ). Add on some of the best of New Zealand's natural scenery and outdoor recreation opportunities in Ruapehu and the region has strong fundamentals.

That, together with its central geographic location, we believe it is possible for the region to consider an ambitious mission - being a Central North-Island-located "growth centre" for the New Zealand economy and community. Arguably the mid-term economic future of New Zealand is characterised by a number of growth centres and Manawatū-Whanganui has many of the key pre-conditions to be one of those.'



To give greater depth and to this idea of a growth centre (bubble) the following section identifies five wealth creating vertical pillars and a further five underpinning horizontal bearers. The combination is the base on which the development can be built.

### The "Pillars"

These are the wealth-creation drivers of the economy that create regional comparative advantage – which collectively comprises the key elements of the growth centre. Breakthroughs are required in each area:

- **Sustainable food and fibre production** – an increasing focus on nature-based solutions and environmental improvement opportunities in new and traditional land-based industries – breaking through on sustainable agriculture
- **Food-tech and agri-tech** – effective partnerships between the private sector and New Zealand's leading education and research institutes to produce innovative value-added food-based products – breaking through on food science and innovation
- **Visitor/tourism** – North Island visitor destination and lifestyle region – the North Island's playground – value over volume – becoming the backyard of North Island New Zealand
- **Māori economy** – a region where Māori-driven enterprise is established as a significant economic force – breaking through into mainstream enterprise
- **Specialised services** – such as a National Flying School/Simulator or Manfeild Training Centre – creating specialised, high-skill, boutique enterprises with national significance.

### The "Bearers"

These are the essential foundations and enablers upon which the wealth-creating pillars rest and depend:

- **Transportation** – accessing central NZ - road, rail, air – connection, hubbing, access – scaling up connection
- **Education, learning and skills** – – strengthening the labour market, a full spectrum learning region – deepening the labour market

- **Connectivity** – integrating urban and rural area, wide availability of Broadband and cellular coverage – scaling up digital connection as a foundation for a regional digital economy
- **Community infrastructure** – modernising ageing infrastructure, e.g. Three Waters – getting the fundamentals right.
- **Energy and environmental sustainability** – e.g. Manawatū Recycling Centre, wind and hydrogen power – addressing the challenges of the next 20 years head on.

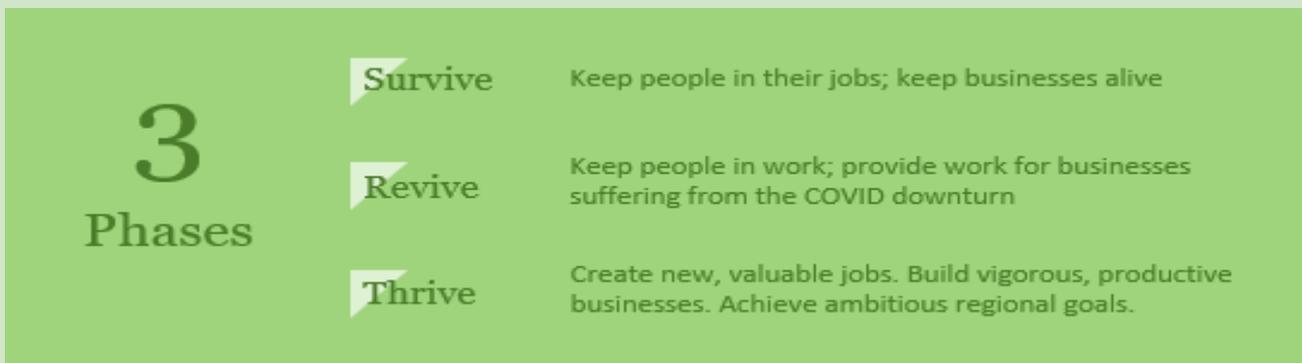
The Result: a region with a clear identity and solid national comparative advantages.

## The plan

Has COVID-19 changed all that? Undoubtedly it will have a negative impact on specific sectors and districts in the short to medium term, but crisis also brings with it opportunity.

Rather than having a COVID-19 economic recovery plan and a separate economic development plan, it was felt better to combine the two with the recovery being just the first two phases of a three phase plan (survive, revive, and thrive) and the third phase the broader economic development .

The phases are outline in the diagram below from **survive** – keep people in jobs and businesses running - to **revive** – get the unemployed into work and the economy turning over, then finally **thrive** – to build towards the regional growth centre idea.





The Regional Economic Recovery Task Force<sup>1</sup> has already agreed the regional priority projects in phases one and two and will be responsible for negotiating central government funding.

When we map the current portfolio of major projects for which resources are sought in the COVID-19 recovery, against the strategic pillars and bearers, there is a good fit:

<b>Pillars</b>	<b>Projects</b>
Sustainable food and fibre production	<ul style="list-style-type: none"><li>• Strawberries</li><li>• Blueberries</li><li>• Hemp</li><li>• Feijoa</li><li>• Manuka honey</li></ul>
Food-tech and agri-tech	<ul style="list-style-type: none"><li>• Rural Innovation Lab</li><li>• FoodHQ</li></ul>
Visitor/tourism	<ul style="list-style-type: none"><li>• Ruapehu Tourism</li><li>• Foxton Futures</li></ul>
Māori economy	<ul style="list-style-type: none"><li>• Iwi collectives (Te Ranga Tupua and Te Tihi)</li><li>• Māori Business Networks</li><li>• Social procurement initiatives across key infrastructure projects</li><li>• Technology Hanger (Te Puna, Marton)</li><li>• Eco-tourism hub – Te Awa Tupua, Whanganui River</li></ul>
Specialised Services	<ul style="list-style-type: none"><li>• Manawatū Recycling</li><li>• National Flying School/Simulator</li></ul>

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<sup>1</sup> The Regional Economic Taskforce was formed in June 2020 to oversee the preparation of a post-COVID Recovery Plan which is incorporated into this plan

Bearers	Projects
Transportation	<ul style="list-style-type: none"> <li>• O2NL (Otaki to North of Levin highway)</li> <li>• Central NZ distribution</li> <li>• Te Ahu a Turanga highway</li> <li>• Te Puwaha – Whanganui Port</li> <li>• Marton Rail hub</li> <li>• Tararua Route 52</li> </ul>
Education, learning and skills	<ul style="list-style-type: none"> <li>• Skills and Talent - regional leadership and co-ordination through the Regional Skills Leadership Group, local projects</li> </ul>
Connectivity	<ul style="list-style-type: none"> <li>• 5G trials – Māori spectrum</li> </ul>
Community infrastructure	<ul style="list-style-type: none"> <li>• Water supply Projects (Vinegar Hill, Tutaenui, Saddle Road)</li> </ul>
Energy and environmental sustainability	<ul style="list-style-type: none"> <li>• Manawatū Recycling</li> </ul>

## Governance and management

The survey identified perceptions that an appreciable regional leadership deficit still remains (despite progress) and the belief that success will come with further cohesive regional leadership. The risk with any joined-up approach is that of fragmentation, especially if competition for resources enters the reckoning. Cohesion is not interfering in each other’s priorities but operating to a shared plan and shared direction.

However, the leadership challenge is deeper than this. It is about creating and holding up, for all to see, a clear and practical vision for the future and a plan to achieve it.

Our observation is that the A25 Lead Team can take some considerable credit for establishing a focus of leadership together with the Regional Chiefs who have continued to back A25. But despite what has felt to those involved as a mammoth exercise of leadership the stakeholders are saying “yes”, but give us more, stronger, faster.

For that reason, our recommendation is that the A25 Lead Team structure should remain but with some changes. It needs to move up a few cogs of performance, persistence and determination.

While the A25 Lead Team of the future, as at present, would not have any more formal powers, its influence should be greatly enhanced so that it becomes the leadership powerhouse driving development. Leadership would be by engagement and persuasion rather than power and control, which is a tough challenge. The proposed changes are:

- **Membership:** strengthened private sector involvement (because it adds a different tone and perceptions to public sector-dominated entity). Consideration should be given to a governor from each EDA.
- **Private sector involvement:** to include members with quite specific skills such as investment and international marketing to provide greater stretch in thinking. Food futures knowledge could also be a criterion.



- **Sponsorship:** a clear statement from the Chiefs and other stakeholders such as the Chamber of Commerce of support for the revised A25 programme and the reconstituted Lead Team.
- **Role:** a new Terms of Reference delineating a stronger direction-setting role for the Lead Team though remaining in the leading, facilitating and enabling space, not delivery. We propose that A25 is seen to have three intertwining leadership responsibilities – driving and integrating planning and progress on:
  - COVID-19 recovery – survive, revive
  - Long term regional economic development – thrive
  - Māori development – survive, revive and thrive

We propose that there are clear delivery responsibilities that are worked through between the A25 Lead Team and the delivery agencies to avoid any hint of competition. We envisage three delivery groupings reflecting the scale and reach of the various projects:

**Regional** - at a whole-of-region the primary delivery agency would be the regional council, the larger councils and iwi. The EDAs do not operate regionally, although they could, in some circumstances, partner at a regional level.

**District** - at the district or city level councils, EDAs and iwi would be the main delivery players.

**Sector** - at the sector, enterprise or iwi level it would be appropriate entities.

To avoid conflict and unhelpful competition it is recommended that the parties all enter into a Code of Conduct which describes how they would operate together. It would articulate a culture of cooperation and shared leadership. Horizons Regional Council should act as the service agency for A25 as at present, but the reconstituted A25 Lead Team would be self-motivating and self-determining. It is envisaged that Horizons would have responsibility for support activities that might be required to service the A25 team to help coordinate and focus their activities. Operating costs would be met by a collective contribution from councils and not fall solely on Horizons (unless perhaps it was formally collecting a targeted rate on behalf of the other councils).

The name should remain A25 because 2020-2025 is the period when the foundation work goes into the “Survive, Revive and Thrive” stages of recovery and growth. Greater detail on governance arrangements is contained in the main body of the report.

This structure relies on everyone playing their role with a high level of cooperative rather than competitive activity:

- Having a clear mission
- Staying in their own swim lane
- Being focused on quality delivery
- Collaborating/partnering where possible
- Making things happen, not waiting for them to happen
- Thinking short and long term

## Māori Partnership and Connection

Māori respondents in the stakeholder interviews spoke well of the Te Pae Tawhiti, the 2016 Māori development report prepared in parallel with A25. It was acknowledged that few of the recommendations had progressed but that did not reflect on the quality of the report. Most said that the recommendations of 2016 still hold today and that lack of progress on those recommendations was more to do with connections and Māori-specific issues such as Treaty Settlements.

Instead of repeating the Te Pae Tawhiti exercise which would add very little or no new value, we have focused on the leadership connections between Māori entities and A25 with regard to Te Pae Tawhiti.

The A25 Lead Team has strong Māori leadership which is well regarded in the region and through them there is the potential for the necessary connections to be built. One of the key outcomes from the review of A25 and Te Pae Tawhiti, then the moving into the post-COVID-19 recovery planning, has been that the engagement with Iwi and Māori is difficult because of the number of Iwi and land trusts and incorporations over a large area. There is no single body that has a mandate or can speak for Iwi and Māori in the Manawatū-Whanganui region.

There are sub-regional groupings such as Te Ranga Tupua. There are also Māori business networks. There are the Federation of Māori Authorities (FOMA) representational groups. But those groupings cut across three regions including Aotea, Te Tai Haururu and Kahungunu (this again highlights the diversity of the Manawatū-Whanganui region).

The proposition that the A25 Committee have strong mandate from Iwi and Māori when it deals with central Government is critical. Support should be found and encouraged to ensure such mandate is present.

Our proposal is to negotiate with Central Government to provide financial support to various sub-regional groupings. Such groupings could serve the needs of Government and the region. We support funding for internal resource for:

- Te Ranga Tupua
- Te Tihi
- The Māori Business Networks

Interestingly, once the above are fully functioning together, the idea of establishing a wider Iwi and Māori regional group that can provide a single point of engagement with A25 and Government becomes more real and ideal. We believe this quality of connection will significantly improve the chances of getting Māori projects in the region up and away, where at times they have struggled to do so.

In the meantime, given the good representation of the current A25 Committee with Iwi and Māori members, those members and the wider A25 Committee should encourage ongoing engagement with all Iwi and Māori in the region but also move towards the strengthening of the sub-regional groups.

## Funding

The facilitation of funding will be, as it has been, the vital activity of the A25 Lead Team. Sources are expected to stretch along a continuum of conventional to innovative:



- **Central Government** - activities with regional impact will target conventional central government funding (e.g. NZTA), especially the “bearers” that have no prospect of commercial revenue, although PPPs should not be ruled out.
- **PGF and Infrastructure** - district level programmes would be funded by these specific Central government funding streams and managed at a district or city level. Councils may also be full or part funders.
- **Project Funding** - sector and project related activities would be funded by EDAs, NZTE, Callaghan Innovation, Iwi and maybe some of the remaining PGF funding (and its potential successor).
- **Private investment** – the various types of public funding would be used, where possible, to leverage private funding or revenues so that the programmes become sustainable.
- **Social investment** – social investment models would be considered to augment public funding, particularly where there is a strong mix social and economic objectives.

## Survive and Revive

The focus of this review and strategy is the future of A25 in the “Thrive” phase of development following the impact of COVID-19. However, jointly with this work considerable effort has gone into defining the more immediate “Survive and Revive” activities that are currently underway.

Many are funded from Government schemes of various sorts and represent significant inputs of funds. These projects are, in many cases, forming the foundation for the Thrive phase.

The chart on page 15 illustrates the projects that are currently being considered and/or are in train. In Appendix 2 there is a more detailed breakdown of these programmes outlined there for the reader who wants to understand them better.

The point needs to be made that we do not envisage the A25 Lead Team having a major role in these projects as a Lead Team although some of the members are individually deeply involved. The opportunity for the Lead Team to shine is in the Thrive phase which is the lift out of the COVID situation and into a positive and prosperous future for Manawatū-Whanganui.

## Central Government

The quality of the Lead Team relationship with Government has been a feature of the work of A25. In the earlier period the tight relationship with the SRO (Senior Regional Official) who was appointed to represent the region in Wellington, was strong and that person facilitated access to Government and from Government to the region. This arrangement has changed with the advent of the PGF and a change of Government, but the quality of the relationship, while somewhat different, remains. We formed the impression that Government found this collaboration constructive to a level that had not been previously possible.

We found evidence of some tension between agencies as to “who owns the Government relationship”. This relationship is constantly changing with circumstances and with the intervention of Government into the economy with the advent of COVID, it has changed again.

Our take is that the A25 relationship is at a whole-of-government and whole-of-region level. Whereas other entities such as councils and EDAs have relationships with Government on specific activities or projects. It is vital that A25 keeps the vision for Manawatū-Whanganui alive and focused within the corridors of power and that Government officials know they have somewhere to go to ensure they have an adequate regional context for their policies and initiatives.

## Our High-Level Recommendations

- **Look beyond COVID-19**  
The challenges of COVID-19 need to be met and a programme is in place which is outlined in this report. Look beyond COVID-19 to a positive future for the people of the region.
- **Commit to becoming a regional growth centre**  
The region has the resources, the skills, the location, the connections and the upside possibilities to become a regional growth centre. This needs to be the centrepiece of all planning and strategy.
- **Stick to the game plan**  
The region needs, and is at its best, when it has a coherent and cohesive regional strategy and action plan, which must include an immediate response to the challenges of COVID-19 in the context of a longer-term direction. This report can form the basis of that strategy and plan. Stick to it.
- **Stretch regional capability by taking some of the regional challenges head on**  
Lead thinking on the funding of regional initiatives and build a resource base for the region from every conceivable source: traditional sources, private and public, commercial and social. Seek to break through on some of the big challenges such as food-tech and agri-tech, climate change initiatives and nature-based solutions to environmental challenges. Don't just do the easy stuff – show the way.
- **Give special attention to Food Futures (Food-tech and Agri-tech)**  
This opportunity was important pre-COVID. Post-COVID it is now vital and urgent as some other sectors are now unable to provide the economic drive the region requires.
- **Retain the A25 Lead Team**  
Retain the Lead Team with the modifications suggested in this report
- **Retain the leadership role the Lead Team plays with government**  
This role has become more important in the COVID period as Government intervenes actively in the economy.
- **Define everyone's role and everyone plays their role**  
The necessary leadership is available in the region and A25 is one part of that. If everyone plays their roles, sticks to their swim lane and focuses on tangible delivery, success will be achieved. A clear governance structure as recommended in this report will achieve that.
- **Build a single point of engagement for Māori**  
Build a structure that connects with Māori that gradually coalesces into a single structure connected to A25, making Māori initiatives a key part of A25 and the regional growth centre approach.

# Manawatū-Whanganui Region (Post-COVID-19) Economic Recovery Strategy

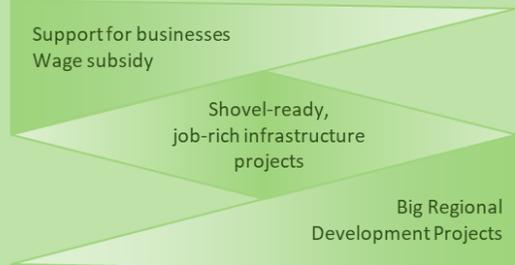
## “WHAT”

### 3 Phases

- Survive** - Keep people in their jobs; keep businesses alive
- Revive** - Keep people in work; provide work for businesses suffering from the COVID downturn
- Thrive** - Create new, valuable jobs. Build vigorous, productive businesses. Achieve ambitious regional goals.

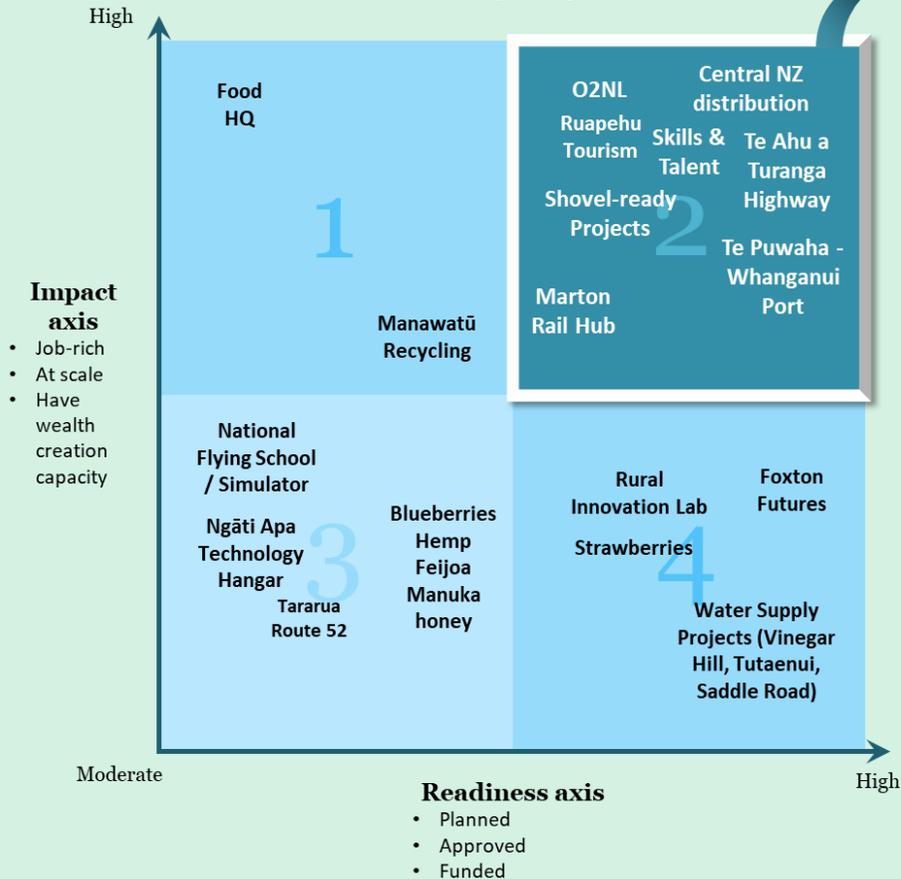
### 3 Work Plans

- Survive** (0-6 months)
  - Short-term
    - Cash
    - Advice
- Revive** (6-12 months)
  - Medium-term
    - Jobs
    - Businesses
- Thrive** (12+ months)
  - Long-term
    - Resilience
    - Future-proof



## Priority Projects

## Box 2 – Project Detail



Projects	\$ Investment	Estimated Jobs	Impact
<b>Central New Zealand distribution: Regional Freight Ring Road and Central North Island Freight Hub</b> - significant development project: new KiwiRail distribution hub, new regional freight ring road <i>Lead: PNCC – Heather Shotter</i>	c. \$3-3.5 billion (public and commercial)	c. 350 for construction	Freight efficiency and connectivity across central New Zealand and ports, reduced freight costs, reduced carbon emissions, major wealth and job creation
<b>SH1 – Otaki to North of Levin (O2NL)</b> – major new alignment for SH1 around Levin <i>Lead: Horowhenua District Council – David Clapperton</i>	c. \$800 million	c. 300 over 5 years for construction	Critical north-south connection, freight efficiency, safety and hazard resilience, major wealth and job creation through processing, manufacturing and logistics growth
<b>Ruapehu Tourism</b> - increasing Tourism revenue from \$180m to \$400m per year <i>Lead: Ruapehu District Council – Warren Furner</i>	c. \$300 - \$400 million	Retain c150, Create c750	Facilities and tourism services development throughout Ruapehu and wider supporting region
<b>Te Puhaha - Whanganui Port</b> - major project with port redevelopment, marine precinct, skills hub, all guided by Tupua te Kawa <i>Lead: Whanganui District Council – Kim Fell</i>	c. \$200 million	c. 100 for construction	Enabling marine servicing and manufacturing, regeneration of industrial area, enhance health and wellbeing of the Whanganui River, significant job, skills and training opportunities
<b>Te Ahu a Turanga Highway (Manawatū George Highway replacement)</b> - key national arterial link east-west <i>Lead: NZTA – Lonnie Dalziel</i>	c. \$600-700 million	c.350 for construction	Critical east – west connector, freight efficiency, safety, major wealth and job creator during and post construction
<b>Shovel-ready Projects</b> - significant bundle of 88 environmental and infrastructure projects across the region <i>Leads: Various</i>	c. \$1 billion	c.15,000	Critical focus is on job creation, infrastructure improvement and environmental sustainability
<b>Marton Rail Hub</b> – significant opportunity linked to forestry logistics and products <i>Lead: Rangitikei District Council – Peter Beggs</i>	c. \$14.5 million	c.90 for construction and rail hub operations	Key stimulator of forestry logistics and manufacturing opportunities
<b>Skills &amp; Talent</b> – Regional leadership and coordination; local projects. <i>Significant skills projects established across the region with central coordination through Regional Skills and Talent Leadership Group</i>	Operational cost only	Enabling role	Directly matching labour opportunities and demands with people; strong effective regional network covering iwi / Maori, business, EDAs, government

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## Purpose

This report sets out the current regional economic development policy context, the progress of the region since the inception of the A25 Economic Strategy, Te Pae Tawhiti and Action Plan, the impact of COVID-19 and a proposed approach to future economic development, including the COVID-19 response phase.

This is an enabling plan. It is not going to identify every detail, instead it is going to set a direction and allocate responsibilities. The responsible partners are going to lead the various projects, but within a regional framework. This is not a centralised model; it is a collaborative one.

## The context

The regional policy context has changed significantly since the genesis of A25, which was originally funded by the National-led government on the basis of a comprehensive and persuasive strategic plan.

The key change under the Labour-led Government has been the introduction of the Provincial Growth Fund (PGF). This was welcome in that it provided much needed funding for projects included in the A25 Plan, such as the RAL Gondola. Unfortunately, it also resulted in direct funding applications being made by councils and other entities to central government, which diluted the role of the A25 Lead Team.

More recently, the Provincial Development Unit has settled down and the PGF processes have matured. Project funding is now much more strategic, and the current day Senior Regional Officials<sup>2</sup> are prepared to broker relationships across other government agencies to enable a whole of government response. Over recent months, we have also seen regional development being picked up more actively by central government agencies beyond MBIE, all of whom have been working to develop their own plans. MPI and DOC are examples.

The advent of COVID-19 has the potential to create the same challenges as the early days of the PGF, with the urgency to get 'shovel-ready' infrastructure projects underway resulting in limited opportunity for regional engagement. This plan attempts to mitigate that risk.

Alongside COVID-19 response, the Reform of Vocational Education is transforming skills training around the country, including the establishment of Regional Skills Leadership Teams, supported by MBIE staffing. This needs to be factored into economic development planning.

Looking ahead, we can expect increasing demands being placed on regions. Affordable housing pressures can be expected to increase, as people continue to move away from higher cost areas and push up average house prices across the country. Ageing infrastructure will come under increasing strain due to the more extreme weather patterns arising from climate change. And the Government's freshwater reforms can be expected to result in significant additional responsibilities for regional councils.

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<sup>2</sup> Senior Regional Officials (SROs) are appointed from within Government to represent the interests of a particular region within Government. They are senior public servants.

Despite the different context, the challenge today is little different to that which faced the Manawatū-Whanganui region back in 2015, when Accelerate25 was first mooted. The region needs to ensure that it has a coherent and cohesive regional strategy and action plan, which must include an immediate response to the challenges of COVID-19 in the context of a longer-term direction.

There is a lot of talk at the moment about 're-imagining the future', but that is exactly what is now required. The region needs to re-envision its place in the nation and the world. COVID-19 does not just provide the opportunity to do this, it necessitates it.

The regional plan needs to incorporate all of the key elements that are necessary to ensure vibrancy and quality of life. It needs to be able to be used as the basis on which to engage effectively and consistently with the many arms of central government that will reach out in the COVID-19 recovery phase and beyond that. The region needs to be on the front foot in its discussions with Government, not the backfoot. It needs to drive its own destiny.

What makes today different is that the current government appears to have a preferred model of greater central command and control. If it does not see effective action being taken at the regional level, it will not hesitate to step in. A clear forward plan needs to provide a context both for the region and for Government.

## Regional economic structure<sup>3</sup>

The Manawatū-Whanganui regional economy has particular strength in the agriculture, forestry and fishing, public management and safety, health care and social assistance, retail trade, and education and training sectors. The region is also relatively strong in manufacturing and construction, with these sectors contributing a similar proportion to regional GDP as the national economy.

Similarly, employment in the region is heavily weighted toward health care and social assistance, agriculture, forestry and fishing, manufacturing, education and training, retail trade, construction, and public administration and safety. The accommodation and food services sector is also a significant employer in the region.

Figures 1 and 2 below illustrate the proportion of GDP and employment generated by broad industry level in the Manawatū-Whanganui Region. The first is based on the 14 largest industry contributors to GDP, while the second illustrates the proportion of jobs generated from the 14 largest industry employer groups:

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<sup>3</sup> Source: Manawatū-Whanganui Regional Indicators Report/Economic Impact Assessment June 2020, Stacey Bell, Manawatū District Council



Figure 1: Manawatū- Whanganui industry GDP relative to NZ

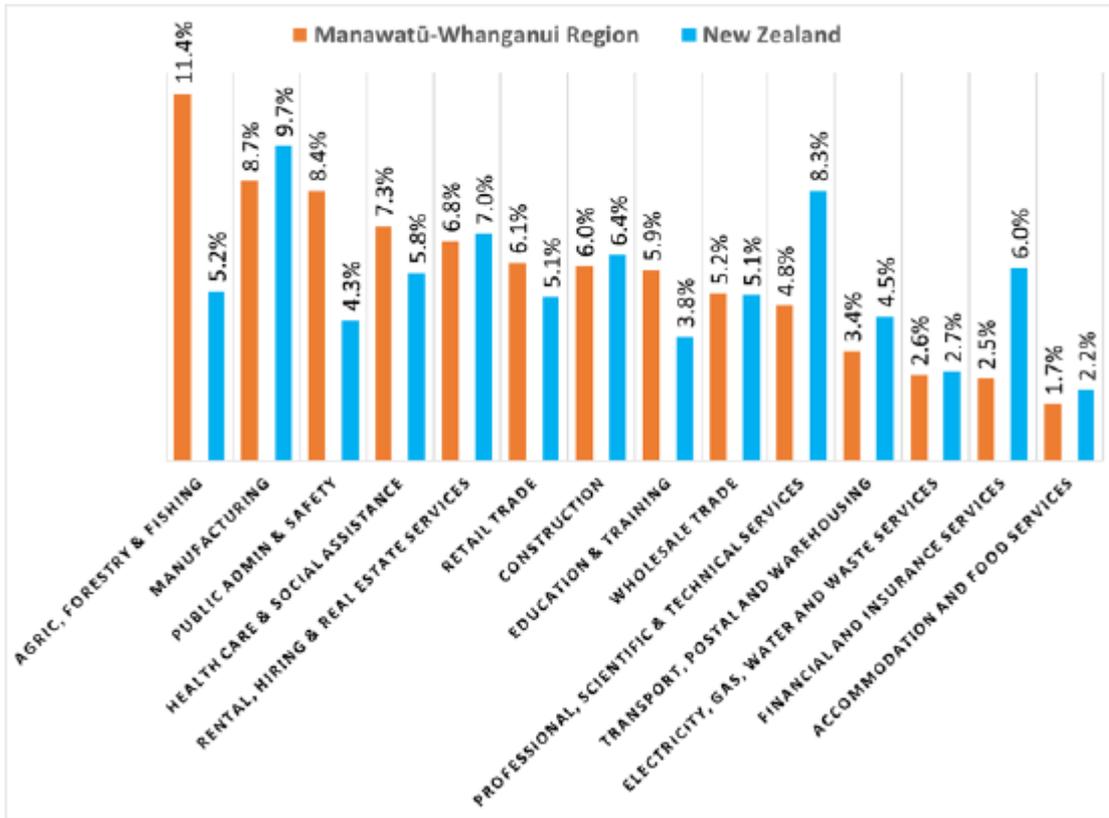
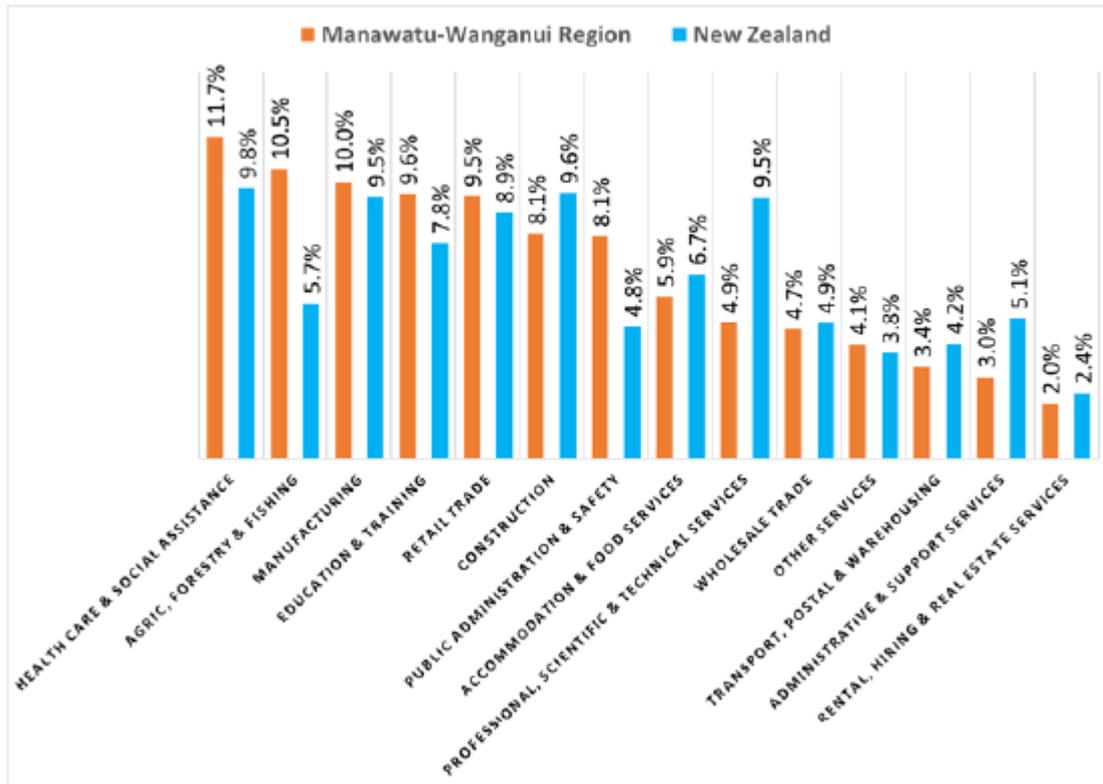


Figure 2: Manawatū- Whanganui Employment structure



# Progress of the region since the commencement of A25

## Socio-economic data

In order to chart the economic progress of the region since the inception of Accelerate25 in 2015, we accessed a number of data sources to compare the latest statistics to how they were in 2014.

The results of our research are summarised in the table on the following page, with the major variances to New Zealand as a whole highlighted in yellow. While some of the data is a little dated, this is the latest available comparative data at the time of writing.



Table One: Economic Performance since the inception of A25

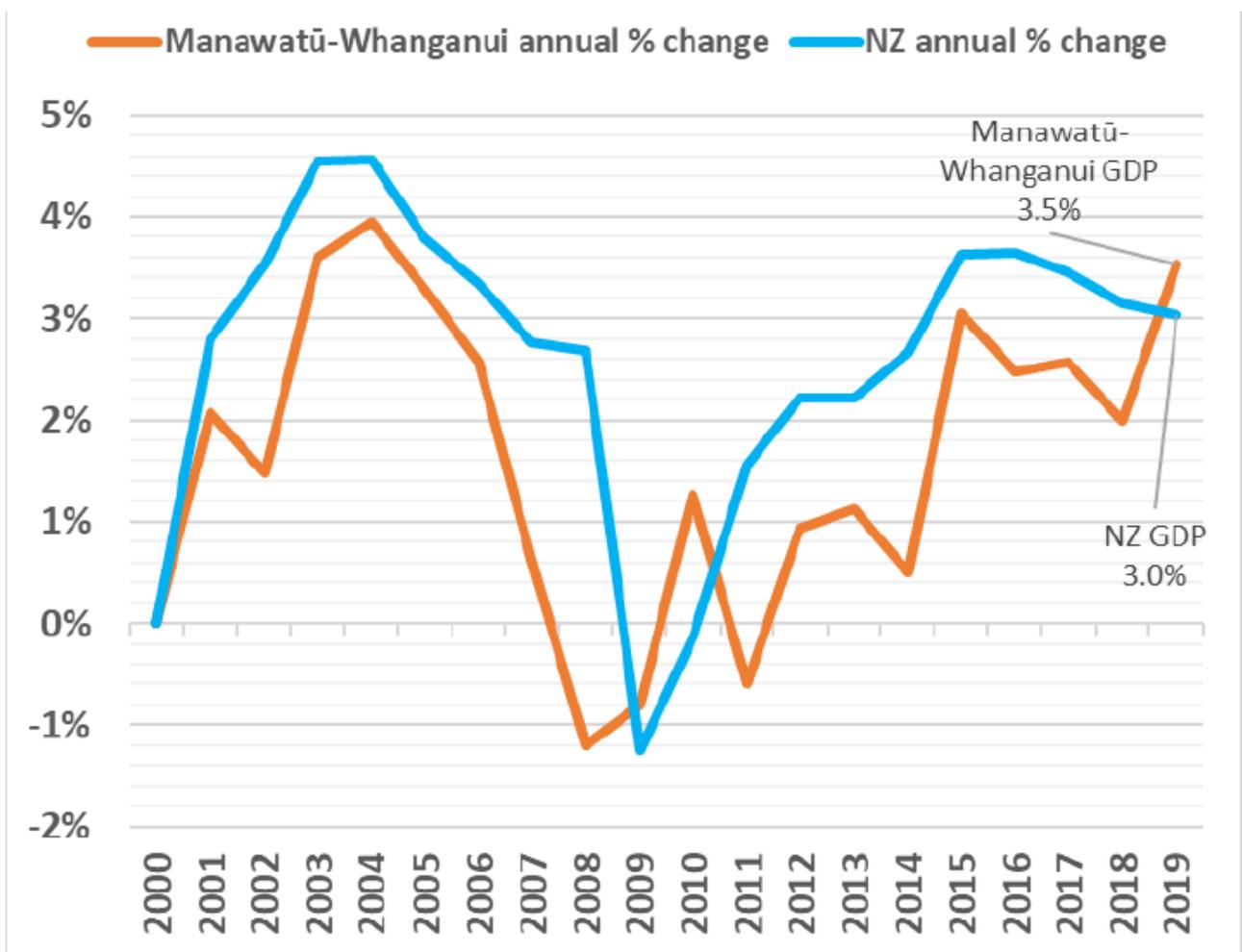
	Manawatū-Whanganui				New Zealand			
	2014	Now	Change	% Change	2014	Now	Change	% Change
<b>People</b>								
GDP (\$m); Now = March 2020 (Infometrics - provisional)	\$9,776	\$11,621	\$1,845	18.9%	\$252,222	\$302,959	\$50,737	20.1%
GDP per capita (\$m); Now = year to March 2018 (MBIE)	\$39,694	\$44,218	\$4,524	11.4%	\$51,587	\$58,271	\$6,684	13.0%
Population; Now = 30 June 2019 (Stats NZ provisional)	232,500	243,700	11,200	4.8%	4,509,700	4,917,000	407,300	9.0%
Age Composition (% of regional total); Now = June 2018 (MBIE)								
0-14	20.4%	19.9%	-0.5%	-2.5%	20.2%	19.3%	-0.9%	-4.5%
15-24	14.3%	13.8%	-0.5%	-3.5%	14.2%	13.8%	-0.4%	-2.8%
25-64	48.5%	48.2%	-0.3%	-0.6%	51.2%	51.6%	0.4%	0.8%
65+	16.8%	18.2%	1.4%	8.3%	14.4%	15.3%	0.9%	6.3%
<b>Skills, income and work</b>								
Household income (mean); Now = year to March 2019 (Infometrics)	\$72,643	\$91,372	\$18,729	25.8%	\$85,976	\$111,472	\$25,496	29.7%
Employment rate; Now = year to Dec 2019 (MBIE)	59.3%	63.5%	4.2%	7.1%	65.0%	67.4%	2.4%	3.7%
Unemployment rate; Now = year to Dec 2019 (MBIE)	7.3%	5.2%	-2.1%	-28.8%	5.4%	4.1%	-1.3%	-24.1%
Participation rate; Now = year to Dec 2019 (MBIE)	64.0%	67.0%	3.0%	4.7%	68.7%	70.3%	1.6%	2.3%
NEET Rate; Now = year to Dec 2019 (MBIE)	17.5%	13.1%	-4.4%	-25.1%	11.4%	11.4%	0.0%	0.0%
<b>Housing</b>								
House price; Now = median May 2020 (REINZ)	\$232,000	\$415,000	\$183,000	78.9%	\$440,000	\$620,000	\$180,000	40.9%
House price to household income ratio	3.2	4.5	1.3	42.2%	5.1	5.6	0.4	8.7%
Weekly rent; Now = mean year to Dec 2019 (MBIE)	\$242	\$330	\$88	36.4%	\$377	\$475	\$98	26.0%
Rental share of household income updated	17.3%	18.8%	1.5%	8.4%	22.8%	22.2%	-0.6%	-2.8%

The main trends can be summarised as follows:

- There has been strong GDP growth, but not as strong as the average for New Zealand.
- Productivity (GDP per capita), although improving, remains much lower than New Zealand as a whole and we need to remind ourselves that New Zealand’s productivity is significantly below most comparable countries.
- The population has grown, but more slowly than New Zealand as a whole.
- There has been a slight increase in the over 65s as a percentage of the whole population.
- Household incomes have improved, but not as much as New Zealand as whole and are still well below the national average (\$91k v, \$111k).
- There has been a significant improvement in the employment statistics, but they all still track behind New Zealand as a whole.
- House prices have increased steeply, and yet are still more affordable than for New Zealand as a whole; the same for rents.

GDP growth increased significantly in the year to March 2019 and outpaced New Zealand as a whole for that year, but it is not yet clear whether this was a ‘one-off’, but we suspect so (see Figure 3 below):

Figure 3: Annual % change in GDP (Manawatū-Whanganui v. New Zealand)



Source: Infometrics

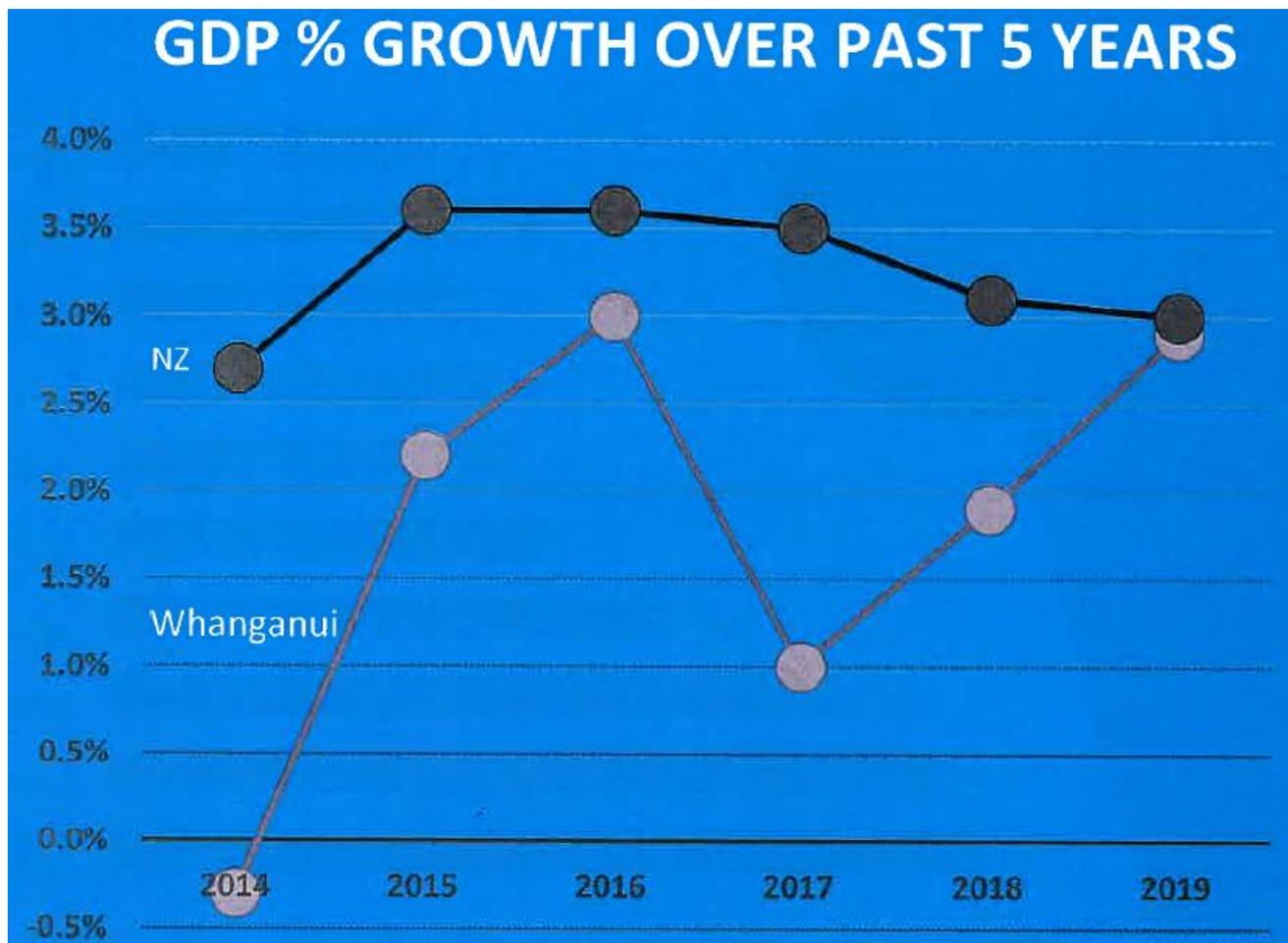


## Variability by district

It is important to recognise that the figures in the previous section are regional figures; the picture at a district level may look very different. Ruapehu, for example, experienced growth of just 1.4% in the year to March 2019, whereas Manawatū was the fastest growing district at 5%.

At the time of the original growth study in 2015, Whanganui had just come out of an extended period of little growth, but it has continued to grow strongly since then, almost catching up with New Zealand as a whole on the year to March 2019 (2.9% growth v 3.0% for New Zealand).

Figure 4: Annual % change in GDP – Whanganui



Source: Whanganui & Partners

Ruapehu also experienced growth of between 3% and 4% in the years to March 2015-2017 after four years of negative growth before dropping back to 2.4% in 2018 and 1.4% in 2019.

Such differences by district and local variability are to be expected, given the different industry mixes and so it will always be important to drill down to the district level to get the full story.

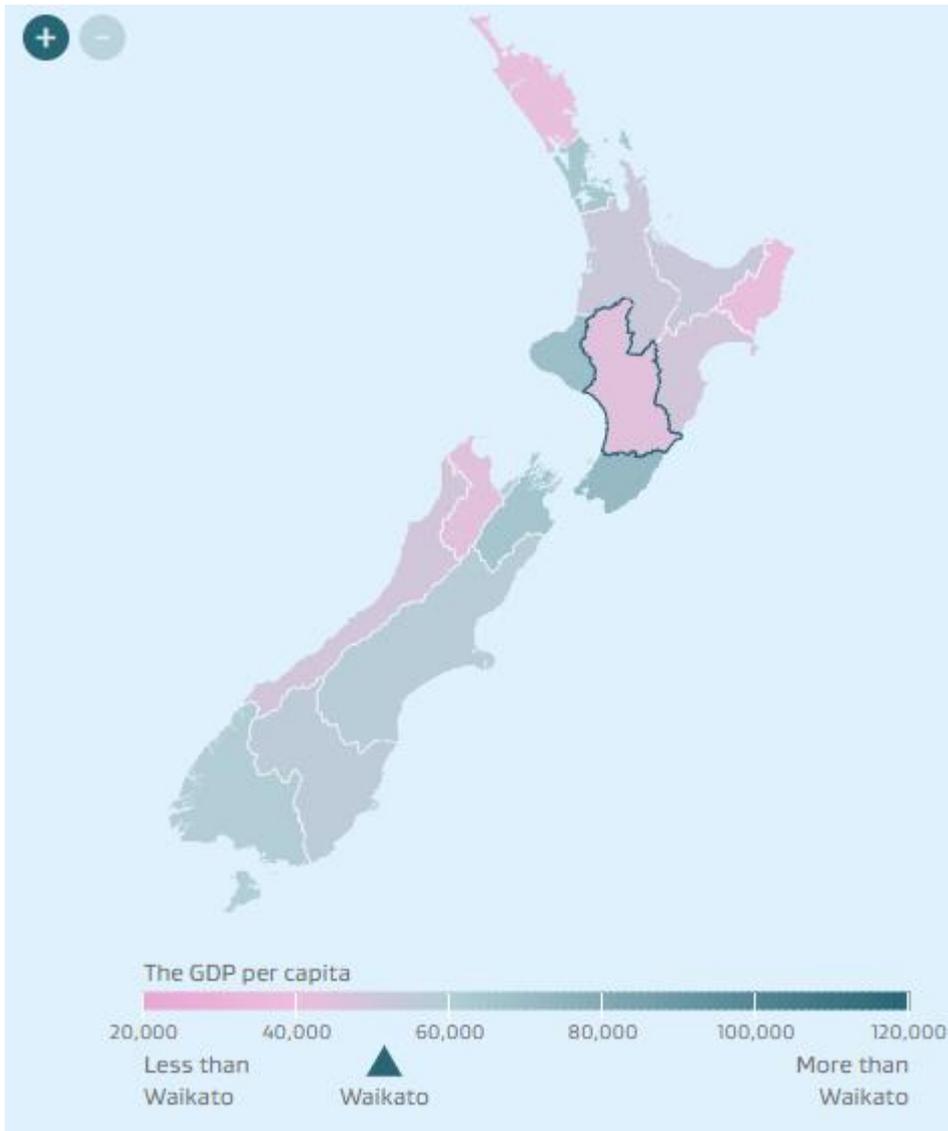
## Comparison to Waikato

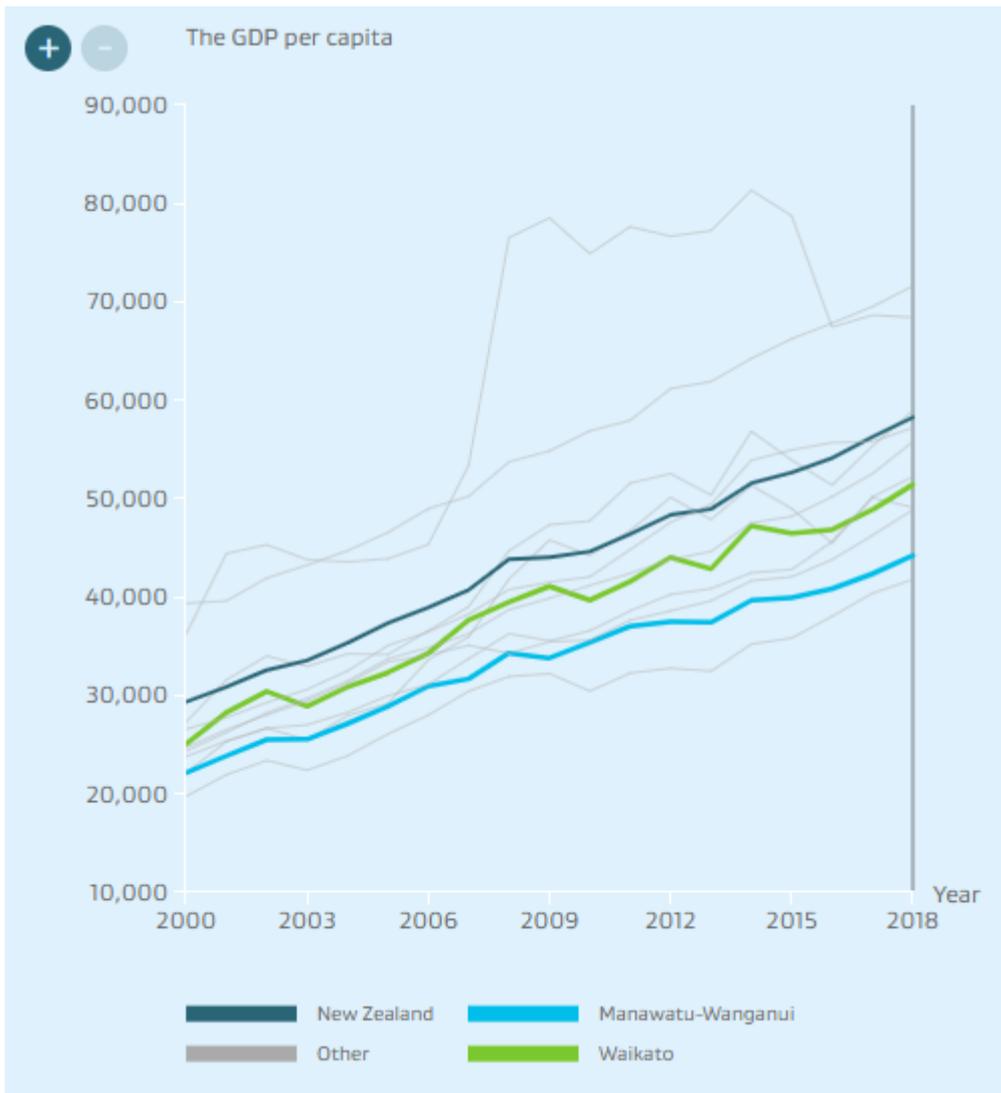
We did a top-level comparison of the region’s performance with Waikato, which has some similarities to Manawātū-Whanganui: it is a strong rural economy, but is gradually moving into a tertiary and quaternary economy. It also has some technology, manufacturing and tourism components. It has a university and technical and research centres, and it is located on the central transport spine of the North Island. These are all characteristic of Manawātū-Whanganui too.

While comparisons need to be done with care, what we discovered was that, on almost every measure (per capita, correcting for size difference), Manawātū-Whanganui sits behind Waikato. Rather than prompting disappointment, the reverse should be considered: clearly there is strong upside potential in Manawātū-Whanganui. If Waikato can make the gains, why can’t Manawātū-Whanganui, which has many of Waikato’s characteristics and advantages?

Figure 5: Economic comparisons between Manawātū-Whanganui and Waikato

### GDP per capita





\$44,218

\$51,450

The GDP per capita in Manawatu-Wanganui (and Waikato) for the year to March 2018.

4.3 %

5.2 %

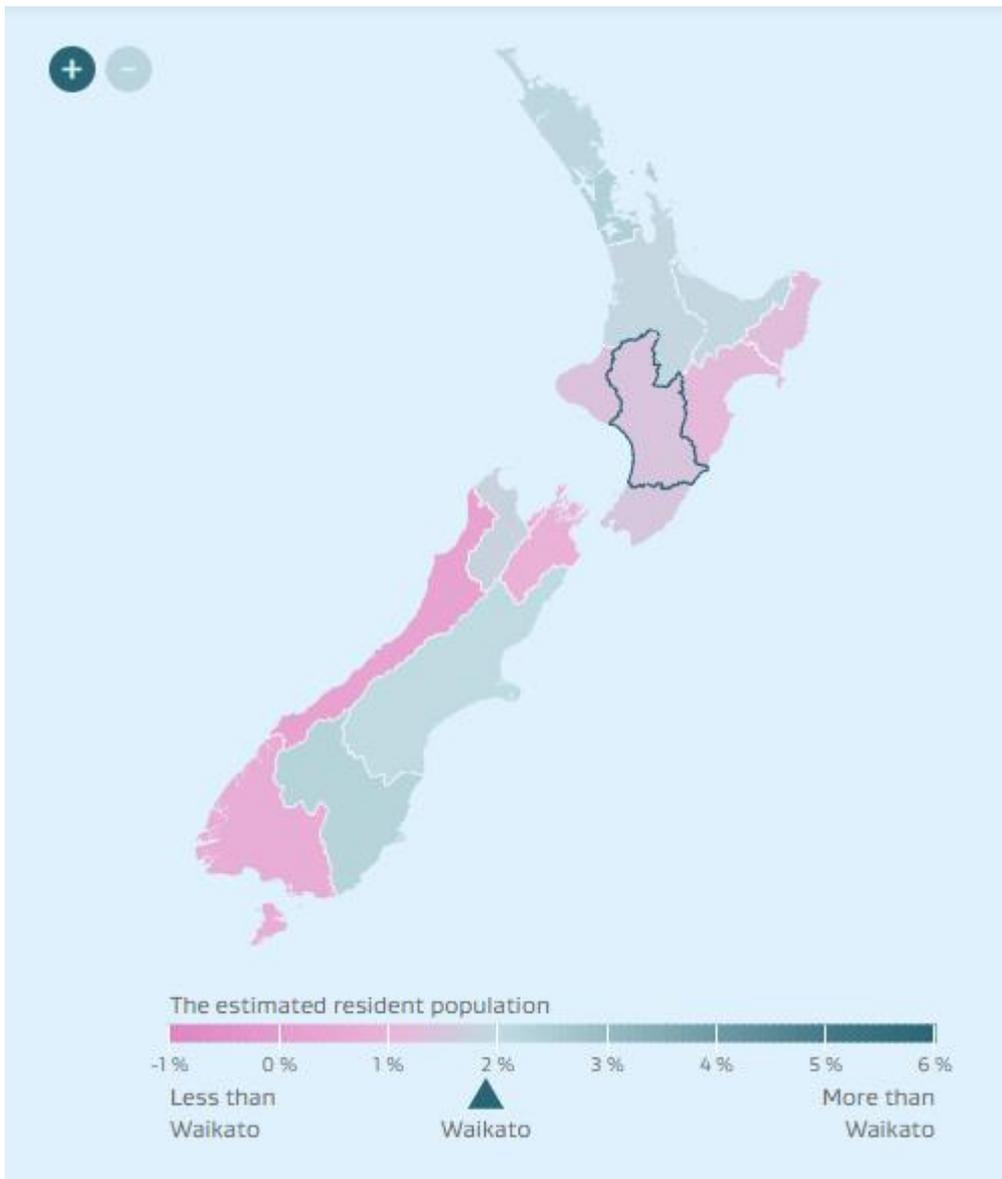
The percentage change in the GDP per capita in Manawatu-Wanganui (and Waikato) between 2017 and 2018, year to March.

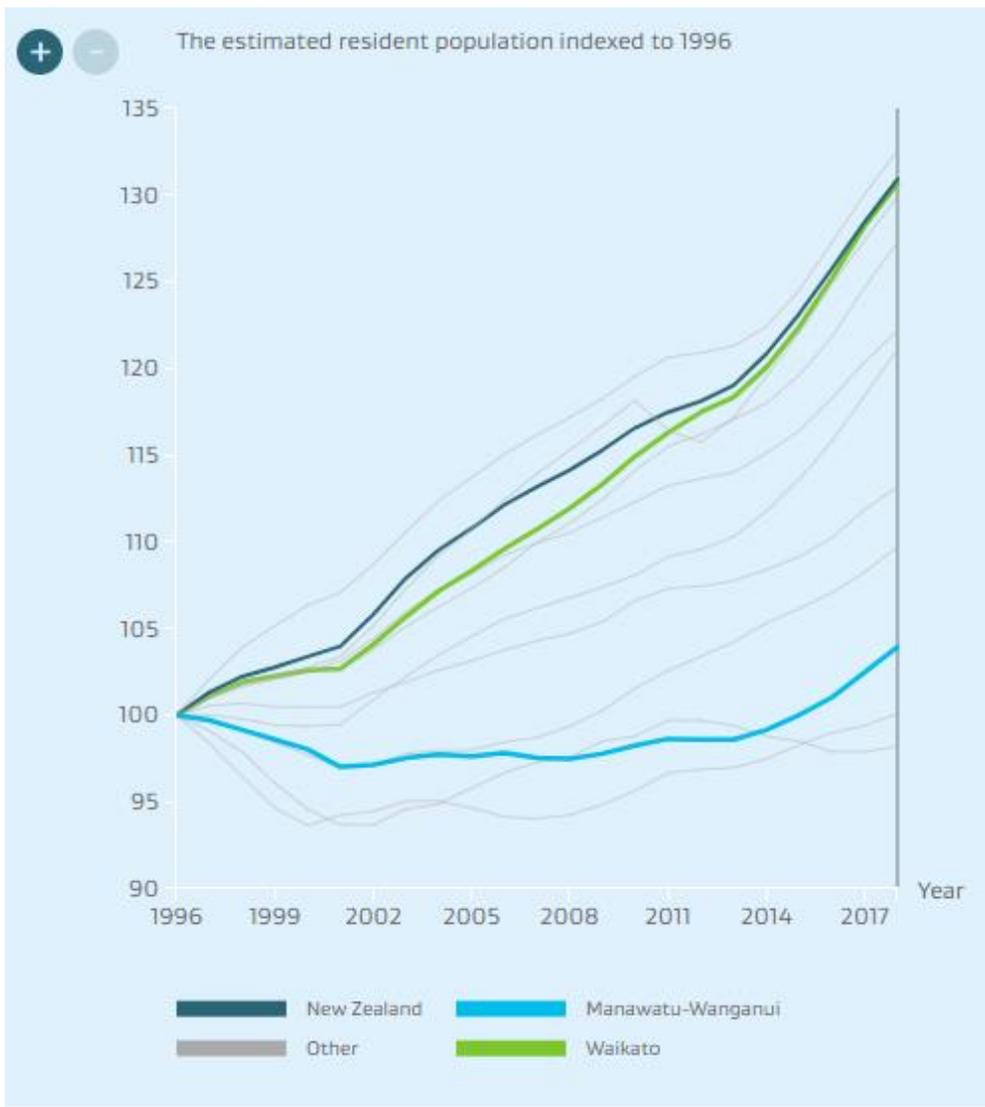
0.76

0.88

The ratio of the GDP per capita in Manawatu-Wanganui (and Waikato) to the national value, for the year to March 2018.

## Population growth





243,700

468,800

The estimated resident population in Manawatu-Wanganui (and Waikato), at 30 June 2018.

1.4 %

1.9 %

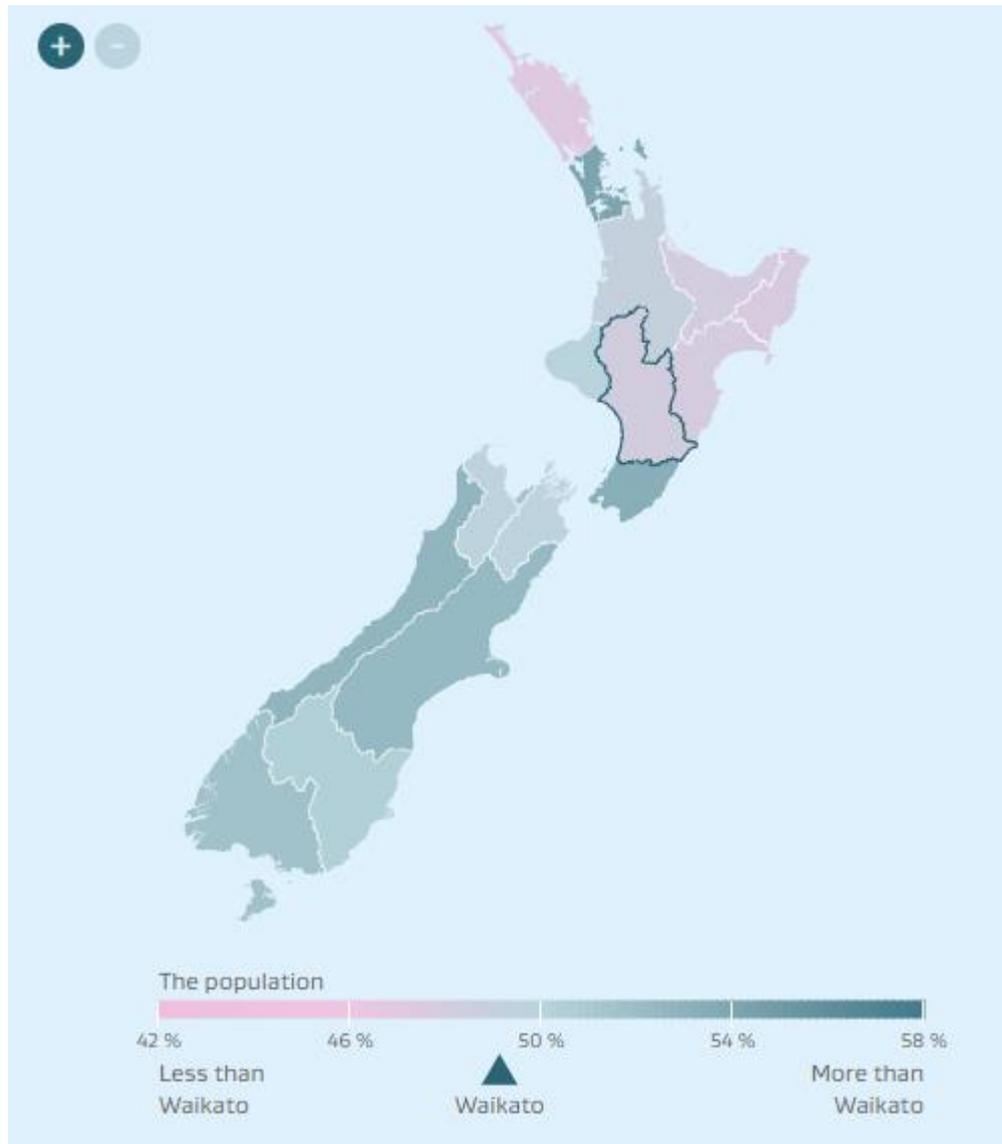
The increase in estimated resident population in Manawatu-Wanganui (and Waikato), between 30 June 2017 and 2018.

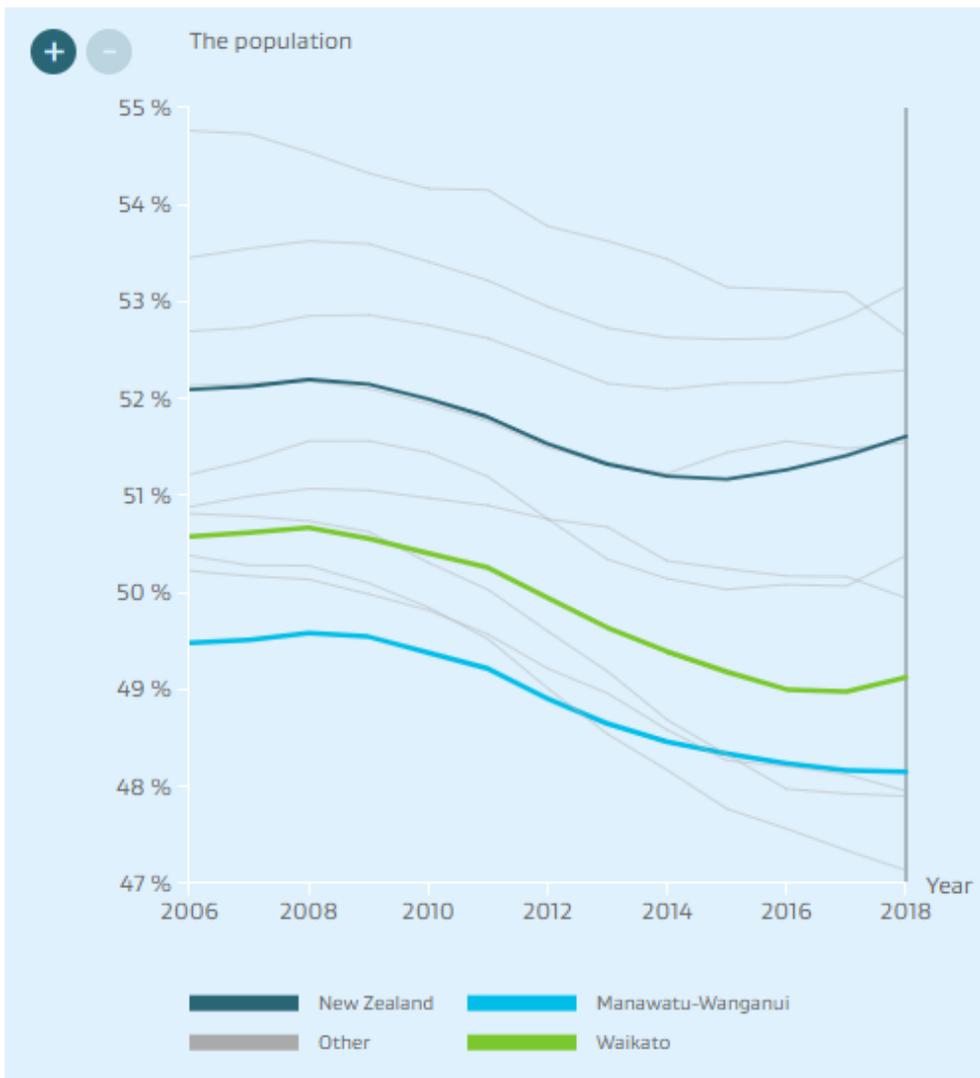
5.0 %

9.6 %

The percentage of the total estimated resident population for New Zealand that was in Manawatu-Wanganui (and Waikato), at 30 June 2018.

## Percentage of population in the productive 25-64 age range





48.2 %

49.1 %

The percentage of the population in the 25-64 years age group in Manawatu-Wanganui (and Waikato), at 30 June 2018.

-0.0 pp

0.1 pp

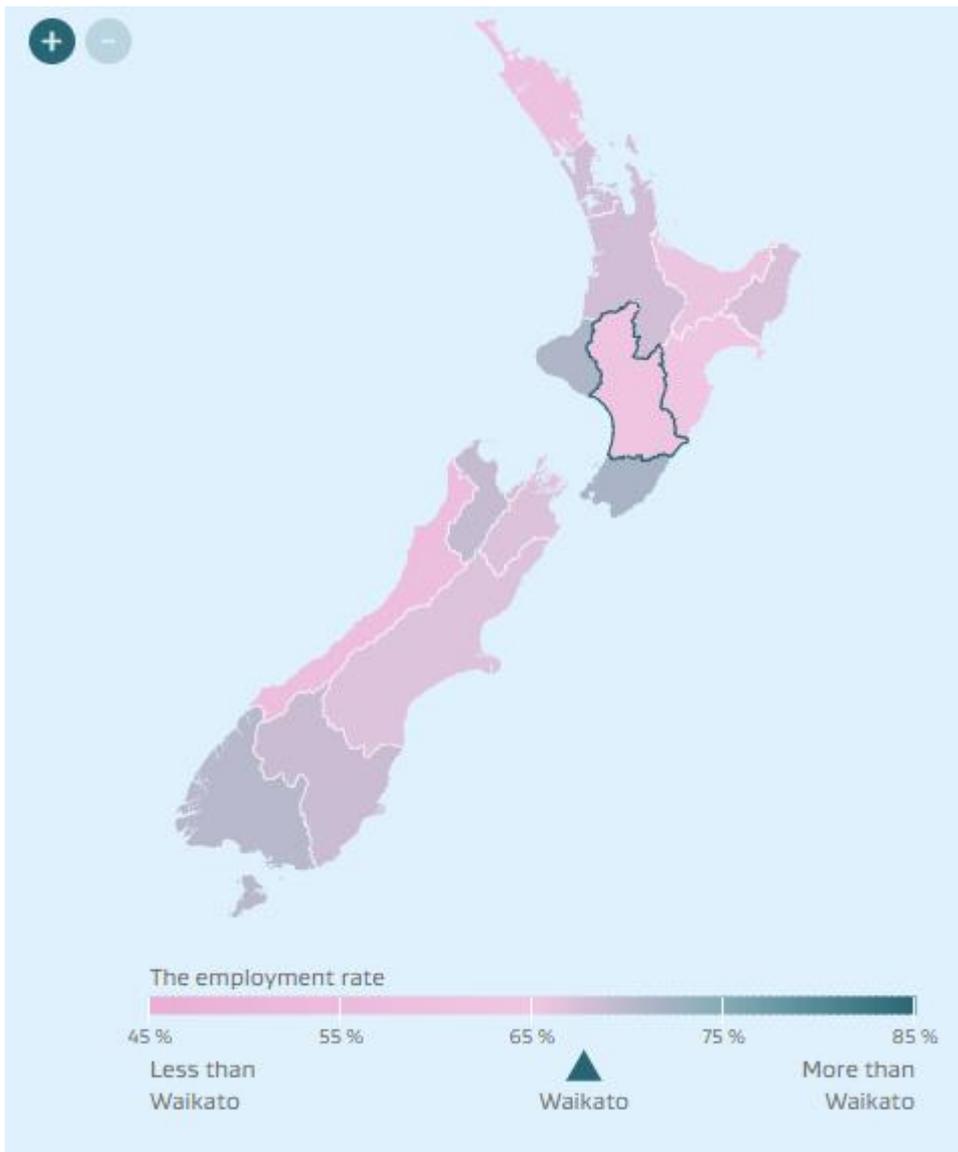
The change in the percentage of the population in the 25-64 years age group in Manawatu-Wanganui (and Waikato), between 30 June 2017 and 2018.

0.93

0.95

The ratio of the percentage of the population in the 25-64 years age group in Manawatu-Wanganui (and Waikato) to the New Zealand percentage, at 30 June 2018.

## Employment Rate





63.5 %

67.7 %

The percentage of working-age people employed in Manawatu-Wanganui (and Waikato) in the year to December 2019.

1.6 pp

-2.0 pp

The change in employment rate in Manawatu-Wanganui (and Waikato) between 2018 and 2019 (year to December).

0.94

1.00

The ratio of the employment rate in Manawatu-Wanganui (and Waikato) to the employment rate in New Zealand, in the year to December 2019.

The point needs to be made that all the above measures are on a per capita or growth percentage basis, somewhat neutralising the obvious differences in size between the two regions. There is no doubt that a larger centre is likely to have some efficiencies, but size also brings inefficiencies. There is a gravitational effect associated with larger centres such as Auckland's proximity to Waikato and this has to be allowed for.

## A sense of optimism

On the basis of the regional-level statistics, it could be argued that, while the region has been performing well, it could have done better. Such a judgement would be harsh, as it can be expected to take some time to stimulate economic growth. There is inevitably a lag effect. Manawatū-Whanganui lacks some of the foundational infrastructure evident in Waikato. The skills shortage seems to be more acute in Manawatū-Whanganui and that may be a significant point of difference and suggest where attention should be directed. It has a weaker base to grow from and it's that foundation that now requires focus for the region to reach its promise.

The stakeholder interviews (which we detail below) indicate that the right foundations have been or are being considered to be put in place. There was a pervading sense of optimism for the coming period (noting that the interviews were just completed prior to the full impact of COVID-19 becoming evident).

## Stakeholder perspectives

In order to "take the current pulse" of the region, we interviewed a number of key stakeholders and undertook an online survey, syndicated through councils, EDAs, chambers of commerce and other business organisations.

## Stakeholder interviews

We interviewed a wide range of stakeholders – Mayors, Council, EDA staff, business stakeholders and others – 14 in total. A full list is provided in Appendix 1. Additional interviews totalling 14 were undertaken with Māori respondents.

The key themes that came out of the interviews were as follows:

- The major advantage of the region is its location.
- Reputation can still be an issue.
- The region has been performing well and there is a high level of optimism about the future.
- There was a strong view that agri-tech and future foods should be at the core of the region's future: "NZ's Food Silicon Valley".
- Tourism is important and there is much more to do in that sector.
- Diversification is an opportunity in the rural sector (berries, feijoas etc).
- There is a need for better export marketing skills.
- Managing growth was a common theme.
- The diversity of the economy (each district having different issues and economic drivers) and the size of the region present challenges.
- There is still room for improved collaboration.
- Skills shortages are the main issue.
- Social wellbeing needs to be considered as well as economic indicators.
- The key success of A25 has been political unity/cohesion which has enabled successful engagement with central government.
- The general consensus was that it is important that A25 should continue in its current form.



The detailed findings are set out below:

## Familiarity with A25

Familiarity with A25 was very variable and depended on the level of direct involvement, although lack of familiarity did not stop people having a view. Most leaders agreed that a refresh was required.

## The performance of the A25 Lead Team

We asked leaders to evaluate how the Lead Team has performed. It scored well on strategic issues and was generally seen to be open minded but was not seen by many as sufficiently driving change. It was seen to be operating too informally/relationally and not easy to connect with. Communication was also identified as an area of weakness. We interpreted this in many cases as a plea for greater energy and vigour from the Lead Team.

## Key achievements of A25

There were some criticisms, but overall A25 has been seen as moderately successful by most and very successful by some. There was general agreement that the major achievement of A25 has been bringing together the political arms of the region into a unifying force. Whereas previously the Mayors approached central government individually and competed against each other, they now go together with a common agenda. As a result, the region is seen as credible and gets listened to.

Concrete examples that were given were the delegation of Mayors to attend the NZTA board meeting about the Manawatū Gorge replacement, successful advocacy for the Otaki to North Levin Expressway.

## Other achievements

Some of the other achievements that were mentioned were:

- Support in accessing PGF funding
- The Ruapehu Gondola
- Whanganui Flight School
- Te Pae Tata Ruapehu Community Learning & Tech Hub
- The Ruapehu Regional Visitor Sector Development Plan
- A catalyst for connection between business and government (e.g. re the Whanganui Port Redevelopment).
- Passenger rail (not just the Capital Connection, the business case for passenger rail in the southern north island)

## What hasn't gone well?

Questions were raised by leaders around who delivers what and on what basis. There are significant infrastructure deficiencies. Some are now being remedied, which is fundamental to progress in the region, but it has taken a lot of time. The role of EDAs vis a vis Accelerate25 is not clear and some conflict is evident.

The advent of the PGF, while providing welcome funding, complicated the economic development landscape in the region. One person commented that "PGF has become the go-to, rather than A25."

One of the major challenges is that the region is not naturally defined in a way that other regions are. Even its name (Manawatū-Whanganui) suggests that it is an artificial construct. This perception is diminishing as the name gets used more often and the region is referred to as a legitimate entity.

Things are further complicated by government agencies having different regions (MBIE, Ministry of Education, MSD, Oranga Tamariki). Ruapehu is split in some cases (Ohakune goes to Whanganui, Taumaranui to Waikato).

The size of the region is also an issue. It not only makes it difficult to get people together, it also means that it is very diverse in landscape and industry mix: Whanganui is very different from Palmerston North, which is very different from Ruapehu, which is different from Tararua, which is very different from Manawatū. Other smaller, more compact regions such as Hawke's Bay have much more homogeneity, making regional approaches more intuitive.

One interviewee from a smaller district expressed concern that the A25 Lead Team and the PDU "do not always see the totality of the region." Another person talked of the region being "over-run by Manawatū and Horizons."

Despite the high levels of collaboration at the political level, some respondents talked of lack of shared vision and of parochialism, local politics and a lack of trust. They also referred to conflict and weak co-ordination at the operational level (e.g. re PGF and with MSD).

As there is no regional EDA, and the two EDAs do not cover all districts, it is perhaps understandable that some parts of the region feel underserved in terms of economic development. One person described Tararua as "the forgotten district".

There was also general criticism about the levels of communication and feedback, both from the Lead Team to the region, and from the on-the-ground activities back to the Lead Team.

The following points were also raised as concerns:

- There has been little engagement between the primary sector and FoodHQ – on an issue of major significance to the future of the region!
- Infrastructure to support tourism is still an issue: SH4, SH47/48/49 – tourism is a major feature of the economy post-COVID because of its domestic appeal.
- There is poor integration with iwi – this is vitally important to integrated development.
- There has not been the expected cut through to date for jobs and employment – the regional economy is starved of skills.
- It is difficult getting schools and business together to get students into work – too many young people are leaving the region.



## Things that have improved over the past four or five years

The general view of respondents was that the region had experienced strong growth, with one person saying that they had “never had it so good” and that work was “walking through the door.” There was reported to be a “buoyancy in the business environment that wasn’t there four or five years ago”.

Palmerston North was previously identified as medium growth, with other parts of the region static or declining. Now all parts of the region are growing.

The real estate market was reported to be very busy with people aged 40-50 re-locating from Auckland due to schooling and the relative affordability of housing – they can cash up and buy a house at a third of the price.

Tararua is at the tail end of growth in other parts of the country, but it has seen positive population growth for the first time in fifty years. Over 65s increased from 13% in 19% over the last few years as people chose to retire there for lifestyle.

Views were mixed as to whether the growth was linked to the economic cycle, or as a direct result of regional activity. Investment in infrastructure was seen as a contributor (the Gorge, Ohakea and MidCentral DHB were cited as examples). The Provincial Growth Fund was also thought to have flowed through to commercial activity.

The fundamental inputs to the economy were cited as R&D, education, defence and rural. Sheep and beef returns are up, and the next generation of farmers is looking at different options (berries etc). The economy is diversifying (the education sector is no longer the leading sector). There is also greater awareness of the region for domestic tourism due to the RTO promotional activity (Visit Ruapehu). Skiing has been growing and in 2018 returned to its 2009 level.

The region has benefited from consistent leadership and co-operation has improved greatly. This is now feeding into new areas of collaboration that would not previously have been possible, e.g. regional water.

Business is also starting to get better connected: CEDA has been a catalyst, the Whanganui District Council has a new management team and Whanganui and Partners also has a very good team. There are also stronger connections with Massey: the Lead Team is now more connected with business.

## Things that have got worse

Getting skilled staff was most commonly raised as an issue. Auckland pays higher rates, and the region cannot compete. The argument that living costs are lower does not wash with staff.

It is particularly hard to attract and retain staff with higher skills – managerial/supervisory. This is possibly driven by a buoyant job market and low unemployment. There is a finite number of people in the region and it is not always the most attractive to talent.

Retention of the younger generation is a constant challenge. They sometimes leave the region and then return later. One person reported that it is sometimes difficult just getting young people to turn up to work.

While house prices remain lower than the national average, the rapid increases have made it hard to get good staff. The region needs affordable housing as well as jobs.

Mention was also made of the change in industries – e.g. decline of meat works, increasing automation. Mature workers are facing redundancy – their skills are not relevant for the current economy, which is mainly technology based.

Other issues that were raised are:

- Roothing in and out of the Manawatū.
- Engagement with iwi in Ruapehu.
- Tararua District Council is struggling to keep up with infrastructure demands (pipes 80-100 years old) and to support growth.
- Farms are being sold and converted to forestry – destroying rural communities.
- Existing forests are being harvested putting pressure on roading.
- Rental properties converting to Air bnb has resulted in drastic shortage of rental accommodation for employees, making it difficult to get staff. That is true across the region, not just in National Park.
- Wages are the highest they have ever been.
- Drugs - Whanganui is the worst area for 'P' (Methamphetamine) in the country – worse than Whangārei. Of 50 referrals before Christmas 2019, five were in Whanganui.
- High number of accidents at home - related to domestic violence.

### Prospects for the next five years

At the time our interviews were conducted (prior to or in the early days of COVID-19), interviewees generally saw the prospects for the region as being strong. There was a high level of optimism across the board and there was a 'mood for progress'. This is a clear statement of wanting to move forward with haste.

Reference was made to the \$3bn to 4bn of infrastructure investment which is planned as evidence of the positive prospects for the region. The growth in defence (Linton consolidation from Waiouru, and growth at Ohakea) was also singled out. There was expected to be some short-term worker traffic associated with these areas of growth. Construction businesses could see the possibility of getting 'substitution' work, as other contractors get committed to Transmission Gully and the Manawatū Gorge. It was thought there could be further opportunities arising from COVID-19.

The prospects for Ruapehu were considered to be "bright – if we manage the destination well and get the right product and awareness." It was thought that tourism could double with the right support (dollars and people), but that there was acknowledged to be some risk. As noted above, COVID-19 was just emerging at the time of our interviews, but one leader in the industry was already warning that that the current level of growth could not be expected to continue for much longer, as tourism goes in cycles and New Zealand is very vulnerable to global impacts. There was already some early thinking that COVID could increase domestic tourism.

The prospects for the rural sector were seen as mixed. Concern was expressed over the renewal of resource consents and the upcoming regulation for water quality, climate change and biodiversity. The impact of COVID-19 on trade with China was also a concern. There were seen to be opportunities in diversification (berries, feijoas etc) and a view that land use change may stimulate new industries (e.g. cideries). Alternatives to pine planting are also being tested in Tararua.



## The single most positive advantage of operating in the Manawatū-Whanganui region

There was no question that location was seen as the main advantage of operating in the region (transport links for freight and logistics, proximity to Wellington, central location with easy access from North, South, East and West).

The following general comments stood out: “It is at the middle of the middle million” (East/West/North/South); and “It is in the middle of nowhere in people’s minds (a wilderness), but accessible – three to four hours’ drive away from 60% of the population.”

For businesses in Whanganui, proximity to the Port of Wellington was seen as a ‘plus’ – there are charter trains through to Wellington from Whanganui, meaning that it is as cheap to get goods to Whanganui as it is to Lower Hutt. There is also a same day courier service from Wellington to Whanganui.

## Other advantages

Other advantages that were mentioned were:

- Tertiary and research institutions
- Students as future workforce
- Natural environment and National Park (Ruapehu). One person referred to the region as “a diamond in the rough” – with an untouched, unique landscape and cultural environment.
- Outdoor lifestyle
- Family lifestyle.
- Affordable housing compared to other centres
- it is the cheapest place to build a factory relative to Auckland and Wellington.
- Lower operating costs (regional wages, cost of doing business). It works well having a head office in regional New Zealand.
- For Whanganui, outward bound freight costs are 20-30% lower as trucks arrive full and leave empty.
- There is also more staff stability in Whanganui. This was highlighted in the manufacturing sector.

## Things that are not so good about operating in the Manawatū-Whanganui region

The main concerns were around access to a good workforce due to the small pool of people in the region and its relative unattractiveness.

Whether it is good is life-stage dependent – it is good for a young person building a career, but there are not enough large employers to give mid-career options (the only major employers in Palmerston North are Palmerston North City Council, MidCentral DHB and Massey University).

Palmerston North still has a ‘bad label’ and the lack of amenities (restaurants etc) in Palmerston North does not help. As a result, it is a dormitory settlement – people work there, but recreate elsewhere. Some people live on Kāpiti Coast so as to have the option to go to Wellington. 20% of people in Palmerston North commute for jobs (one third for the retail sector).

For Ruapehu, staffing issues are exacerbated by isolation, the low population base and the lack of suitable accommodation.

Affordable housing is become an issue in Palmerston North due to recent price increases, causing some people to leave. There is increasing use of motels by MSD because there is not enough housing available.

Other issues that were raised were:

- Roading – Saddle Road is still not fixed five years on.
- No cell phone access on parts of the road to Wellington.
- The EDAs are controlled by councils, not business.
- Congestion on the Tongariro Alpine Crossing and ski-fields in season.
- Lack of rental cars in Ruapehu.
- No international air links (Palmerston North is not an international airport).
- Domestic air links are OK to Auckland but not to elsewhere in New Zealand. Places are often too far to drive, making it difficult to run a national operation from the region.
- There are still gangs across the region and drug issues (not just Whanganui, also Raetahi).
- Some people have chosen to stay out of the system or choose benefits over jobs.
- There are high levels of truancy, low school outcomes and petty crime in Taumaranui and Turangi.

### **The challenges affecting the region**

There was awareness of the vulnerability to national and international shocks (bad weather, Coronavirus, China closing its borders to NZ food, etc).

Unsurprisingly, developing, attracting and retaining skilled staff, housing and roading featured strongly again. The comment was made that businesses are not growing because they cannot get the staff. There are issues of both capacity and capability.

Managing growth was a common theme (with one person commenting that growth may not be good). Residential and industrial land needs freeing up. Infrastructure (particularly water) is seen to be creaking and in need of investment to cope with growth. Large infrastructure projects such as the Manawatū Gorge, Palmerston North ring road and the re-location of KiwiRail in Palmerston North will add to the pressures on housing. 600 people are expected to work on the Gorge replacement. There will not only be a need to house people, consideration will also need to be given to re-training once the major projects have been completed.

In the case of Ruapehu, the rating base is insufficient to fund the infrastructure required for development.

Other challenges mentioned were:

- Climate change.
- Regulatory compliance (environmental).
- Investment confidence.
- Lifestyle business owners not wanting to scale up.
- Relationships with iwi and DOC.
- Access to R&D.
- Succession planning - people will be retiring from businesses and have no succession plans.
- The growing gap between rich and poor.
- Impoverishment – (>500 people are on income supplement in Whanganui).

### **Things being done to address challenges**

- Government is investing in roading.
- A collaborative approach is being taken across the region as to where to house growth. (The Orions are moving to Ohakea from Whenuapai and being replaced with Poseidons. 500 defence force staff and 600-750 additional people will be moving down. A joint initiative is in place to address this.)



## What else needs to be done?

It was suggested that the region needs greater 'cut through' and that there was a need for a more joined-up plan linking all parts of the region and enabling region-based advocacy.

There was seen to be a lot more to do in the tourism sector. A wider regional approach to inbound tourism was called for, and the need to create new tourism products to create an all-year-round market and increase resilience. A Ruapehu tourism development agency (TDA) was called for- with a strong leader, good people, a large structure and iwi on the board.

In the primary sector, the need was identified to understand the market better (export marketing) and to build processing expertise and export marketing. It was suggested that A25 needs to bring in someone with skills in these areas.

There was also a call for a business leader forum to engage business better and for a renewed focus on quality apprenticeships.

## Key opportunities

Our intention here was to identify what could be the core elements of a refreshed vision or direction.

Most of the ideas that were put forward were linked to the primary sector, which is already a core strength. An opportunity was seen for more farming activity in the region due to climate change: Tararua is four degrees cooler than Hawke's Bay and three degrees cooler than Wairarapa and has lots of rain (if managed appropriately). It was floated that the region should be the main food producer for the south end of the North Island.

The thinking extended into food technology, with the opportunity for the region to be "NZ's Food Silicon Valley" by attract more scientists and creating a centre of excellence for food science alongside local producers. There was a strong view that agri-tech and future foods should be at the core of the region's future (albeit that this would come with some risk). Core to this would be a culture of innovation and entrepreneurship and a focus on "spreading the depth" of university research.

A specific idea was to create a new cheese plant in Whanganui, rather than powder being shipped to Matamata.

Skills hubs were also proposed to help build the skills pipeline.

## The single most important external factor that will impact on the community and economy of the region (positively or negatively) in the next five years

It was very difficult to limit people to one factor, which suggests that there is not a clear view of the strategic situation of the region and A25. The environment, climate change, skills and talent and infrastructure (mainly transport) were most commonly mentioned.

There was a strong self-critical element with many believing that the region was not ready to deal with the major issues. Quite a few people were non-committal on the readiness issue.

## Areas of future focus for A25

The collective view was that A25 should focus on things that strategically affect the region as a whole, and on big regional opportunities that no one council can do on their own. It should continue in its current vein, but with some tweaks. It needs to continue to bring the region together to enable effective engagement with central Government, particularly on infrastructure issues.

There was no shortage of visioning and a strong desire for progress and action was evident right through the questions. Siloes were noted and seen as negative.

A huge diversity and divergence of views was evident as to specific areas of focus. Tourism came through again as important; it was behind many of the responses. Food-tech and science was also highly rated in terms of potential (not current performance),

There was a view from a number of people that A25 needs to have a broader focus than economic outcomes (it also needs to consider social outcomes such as poverty reduction). The need for inclusiveness – no one getting left behind – was prominent.

Some of the other regional issues that were put forward as potential areas of focus were:

- Infrastructure (roading and water)
- Climate change and the transition to a low carbon economy
- Resilience
- Rural innovation, with activities led by farmers for farmers
- Skills and talent, bringing together education, employers, plus organisations such as Talent Central and creating opportunities to work. (This area of focus will be achieved through the Regional Skills Leadership Group)
- A united approach to attracting manufacturing to the region (with a different focus for different councils)
- Māori and Pasifika skills and talent/pathways from school through university into business in the Manawatū
- Working with Taupō on tourism

The following general comments were added:

- A25 needs to ensure it is engaged with iwi
- Te Pae Tawhiti should not be a separate plan – there should be just one plan
- Projects need to be in line with government priorities, e.g. fresh water and digitisation
- One of the difficulties with current arrangements is that the plan needs to include something for each council in the region.

## Indicators of success

We asked leaders what they believed to be the single most important indicator of success in the next five years.

Apart from the difficulty of limiting people to one indicator of success, those given were very divergent, indicating there is a significant lack of consensus around regional goals and directions and role definition. It is difficult to be joined-up when there are such divergent views.



The definition of the region emerged as an issue, though not a game breaker. Consensus was perhaps stronger at the Mayoral level but not necessarily beneath that level, and there was a strong call for the benefits to accrue to the whole region, not just the cities.

## **Regional role definition**

When we asked leaders what functions in the development of community and economy should operate at the regional level and what should operate at the local level, there was strong alignment around the idea of regional strategy with local implementation.

At the regional level, there is seen to be a need to agree a common purpose and common issues and to provide senior level engagement with Government. Infrastructure, talent and training, and spatial planning were the most commonly mentioned recommended areas of focus.

## **The future role of A25**

As for several other areas, there was a wide divergence of views, but, with the exception of a few outliers, most leaders see the need for a continuation of A25.

The need for A25 to play a role in political advocacy/opening doors came through strongly. It was also seen to be key to priority-setting and enabling a 'joined-up' (integrated) approach.

The food-tech and tourism sectors received repeated mention as potential areas of focus. Super long-term planning was considered important and a role of A25.

The focus on a few things, done well, came through quite strongly in this and other questions. The need for review and refresh also came up in different contexts.

## **Governance**

As the activities of A25 are related to economic development, some people questioned why Horizons Regional Council was leading A25 when economic development is not a core function.

There was a view in some quarters that the ideal would be one EDA taking on responsibility for the whole and that it should be business-led. Councils should enable, then stand back. PriorityOne in Tauranga and the San Diego economic development agency were held up as examples which have significant private sector involvement. This was seen as needing decent resourcing and funding to be effective.

In the absence of a regional EDA, there was acknowledgement that Horizons Regional Council is the only regional organisation that could pick up the regional economic development role. The general view was that A25 was working well and has a good mix of people. In particular, having businesspeople on the Lead Team gives credibility. Some felt that, ideally, the group should be business-led. The general consensus was that it is important that A25 continues, as it is essential to engaging effectively with central government.

One person noted that it is important that A25 continues to receive funding through the regional rate. If councils had to contribute from their own rate take, this would change the dynamic and may lead to councils asking for representation on the Lead Team. They may also require evidence of the return on their investment in terms of direct benefits for their part of the region.

On a governance-related matter, MSD would like to change the make-up of the current STAG (Skills and Talent Advisory Group) which is a sub-group of the A25 Lead Team, to include:

- One member from each of the local groups
- Two employers (business reps)
- One Iwi rep
- One TEC rep
- One Ministry of Education rep
- MSD Regional director (public sector lead)

## Te Pae Tawhiti

We also undertook interviews with Iwi and Māori economic development leaders in the region to assess the impact of both A25 and Te Pae Tawhiti. Te Pae Tawhiti was a strategy for Māori economic development across the Manawatū-Whanganui region. Te Pae Tawhiti reflects the vision of iwi, hapū and whānau for a future where economic growth can be realised as a conduit to the sustainability and wellbeing of whānau, lands, waterways, marae, language and future generations.

Current projects (pre-Covid) included:

### Property:

- Commercial property investments leveraging deferred purchase options
- Accommodation properties (4 star)
- Affordable housing JV with local Council

### Tourism:

- Leverage river and other natural resources (maunga)
- High-end service focus

### Food Products:

- Premium Angus beef, lamb, milk and honey products
- Honey is booming market

### Employment & Training:

- Iwi lead employment and recruitment agency
- Upskilling local workforce

### Forestry:

- Restoring native forests
- Selected logging
- Pest eradication projects

### Partnerships:

- Manfeild training hub
- KiwiRail freight transfer sights (Marton, Palmerston North)
- Foxton Futures
- Manawatū Gorge roading project



There was general agreement that Māori business in the region would like to see more support in place by central or local government to stimulate the Manawatū-Whanganui Māori economy. Some identified barriers they have come up against from central or local government:

- Local council regulations and consents (particularly access to water)
- Disjointed policies and programs within wider government
- Access to government funding across industries
- Political influences on funding

Others identified gaps that central and local government could assist to fill:

- Partnership between local council and iwi
- Leverage networks and link Māori businesses with services and funding (utilising local expertise where possible)
- Targeted training for business needs in the region e.g. seeding ideas, developing early stage business, project management
- Preparing iwi for commercial operations as a part of the treaty settlement process to allow them to hit the ground running
- Training on effective political advocacy

One of the most common comments we heard was around the Treaty settlement process:

- Unevenness amongst iwi on assets and capabilities post settlement
- Conservative investment nature post settlement
- Time to develop commercial arms and push balance sheets

Further general comments we heard:

- Te Pae Tawhiti had no accountability so lost some traction
- Infrastructure development in the region is stimulating economic growth, great opportunity for Māori business
- Housing and workforce issue in region
- Iwi consultation can feel tokenistic. Iwi representation is lacking on EDA boards.

Most of the key sectors and projects identified in Te Pae Tawhiti remain relevant - it's now a question of focus and speed to execution.

Post-COVID responses:

Many of the Iwi and Māori economic development leaders are nervous about the predictions that there will be severe negative impacts on Māori (and Pasifika, and ethnic minority communities) as a result of COVID-19.

Initial responses and readiness plans are developing at a community level and some more strategic themes have been identified, including:

- Social Procurement - across all activities. (similar to the Southern Initiative, Auckland City Council, Auckland - He Waka Eke Noa example)
- Māori SME support package and an urgent stocktake, data collection analysis of Māori SMEs. Support the likes of Te Manu Atatu (Whanganui Māori Business Network)
- All projects put forward by Iwi / Māori irrespective of size should be considered (small, regional, and large)
- Training - up-skilling and support

- Resource Māori / Iwi collectives (e.g. Te Ranga Tupua). This could enable faster engagement and more efficient implementation of activities and participation in regional projects (or scale projects)

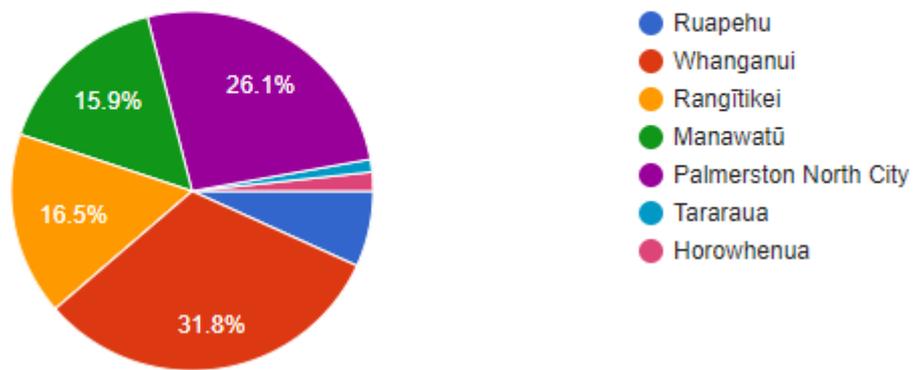
## Survey results

With the assistance of EDAs, Chambers of Commerce, local councils and other business-related organisations, we undertook a broad-based survey of business stakeholders. We were very pleased to receive 176 responses from a wide range of businesses across the region:

Figure 6: Survey Responses

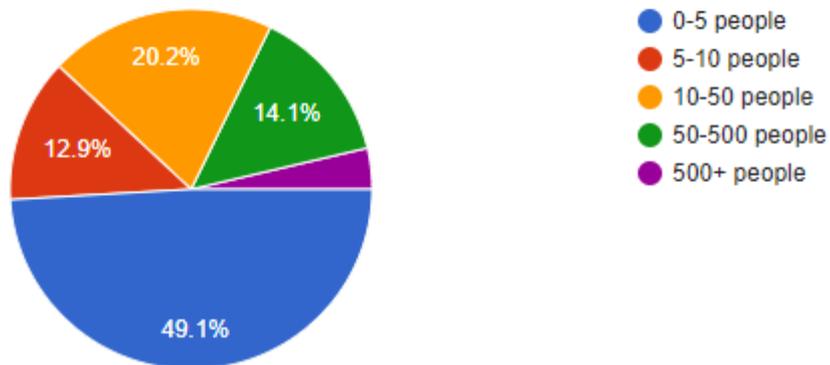
### What district are you in?

176 responses



### Size of your business

163 responses





## Current situation in the business environment in the region

We asked respondents to score a number of factors on a scale of 1 to 10 where 1 was the lowest score and 10 was the highest. We asked that they add a brief comment if there is a specific reason for any scores given of below 5 or if they considered there were any major factors others than those listed.

Most areas were scored on average 6 out of 10 (when rounded to the nearest whole number – the range was 5.5 to 6.1). The exception was access to reliable broadband which had an average score of 7.

In some cases, there was a range of scores with reasonably even weightings, which may indicate that there is variation across what is a very large and diverse region.

The scores show that there is still considerable room for improvement in most areas of the economy.

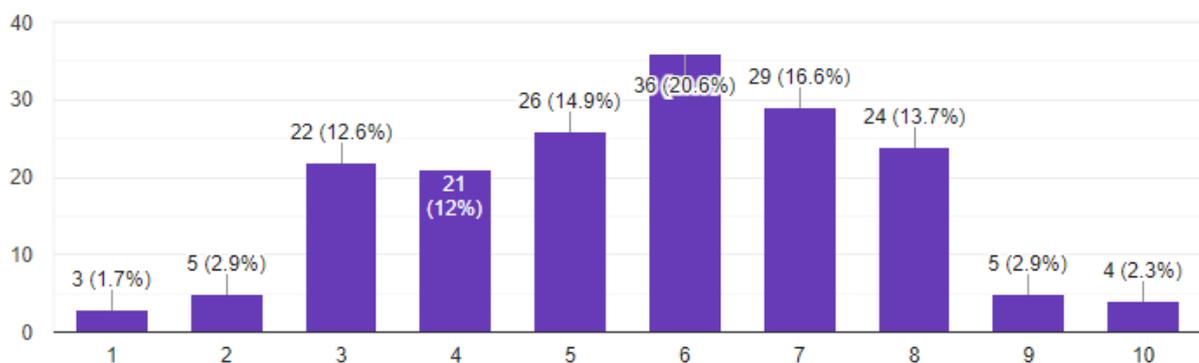
### AVAILABILITY OF SKILLS AND TALENT

The mean average score was 5.7 out of 10 and the mode 6. There were very few scores at 9 or 10.

Figure 7

#### Availability of skills and talent

175 responses



The key comments that were made in relation to scores under 5 were as follows:

- Skills and talents vary greatly around the region
- There is a definite skills shortage in the Manawatū across most levels of employment.
- There is a lack of specialised skills in the region, e.g. engineers, tradespeople.
- Availability of skilled tradespeople is an issue.

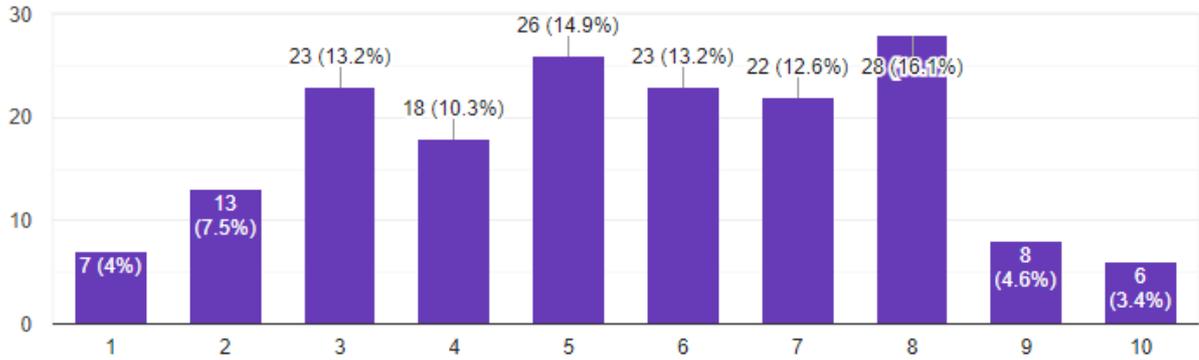
**EFFICIENCY OF TRANSPORT LINKS**

The mean average score was 5.5 out of 10, with a pretty even spread of scores between 3 and 8.

Figure 8

Efficiency of transport links

174 responses



The key comments that were made in relation to scores under 5 were as follows:

- Outside cities of Palmerston North and Whanganui, transportation is at best ad hoc and does not provide reliable connectivity. In Ruapehu, it has grown from a small operator based supply responding specifically to niche product demand such as the Tongariro Alpine Crossing.
- We should have easier links to Wellington Port. Why do we have to go to Auckland for international export service?
- Transport links for both businesses and workers are not very accessible. Levin, Foxton and Foxton Beach have had substantial residential growth and the public transport options are limited (many people work in Palmerston North, Massey and Linton). Transport routes in and out of the city from all directions have several choke points and require going into residential areas. Linton/Longburn road link should be made, from there Longburn through to Sanson.
- The transport links could be a lot better and should be, given the Manawatū is the distribution hub of the lower North Island. We are hopeful that with the new Ring Road for Palmerston North and the new Te aho a Turanga road this will improve. It is disappointing we only have one airline regularly flying from Palmerston North and whilst it is good news that the Capital Connection is to continue to be funded in terms of commuters, one train a day is not really an option in terms of public transport.
- Transport deliveries through the hill country for certain products can be difficult.
- Decline of Marton rail hub. One bus stop in Marton.



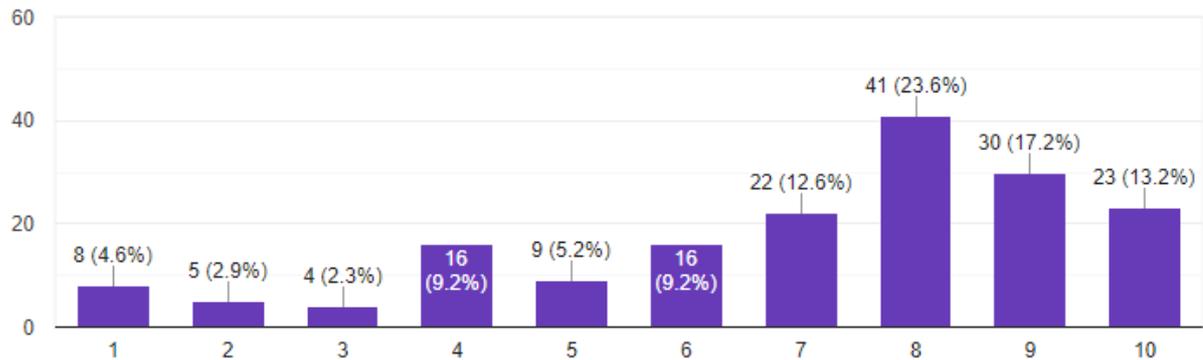
## ACCESS TO RELIABLE BROADBAND

The mean average score was 7.0 out of 10 and the mode 8. 30% of respondents gave scores of 9 or 10, a very good result.

Figure 9

### Access to reliable broadband

174 responses



The key comments that were made in relation to scores under 5 were as follows:

- Broadband is flaky around Palmerston North and even some places within it.
- We don't have enough broadband to access internet accounting or learning tools. It keeps dropping out.
- My response to broadband refers to poor rural connectivity that contributes to inhibiting rural growth opportunities, particularly as I work in the Māori Agribusiness space and the potential for Māori land development in the region.
- Access to decent broadband is very restricted in rural areas
- Broadband access is still poor in many rural areas.
- Broadband does not operate in the hill country.
- Reliable Broadband doesn't always happen, and it is super slow or drops out.

There was also one comment related to cell phone coverage:

- Cell phone services are VERY limited for us in our business. We are only 5 km from the State Highway and during our peak season we share this with skiers on the mountain and most days are unable to even send text messages.

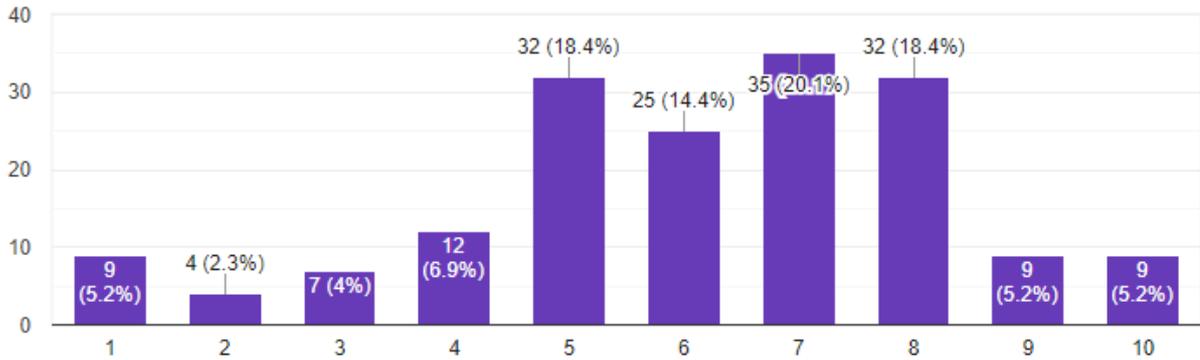
### ACCESS TO BUSINESS GROWTH SERVICES

The mean average score was 6.1 out of 10, with a pretty even spread of scores between 5 and 8.

Figure 10

#### Access to business growth services

174 responses



The comment made in relation to scores under 5 was as follows:

- There is a lack of training. (...) Each individual business is expected to provide training for their staff or hire people with relevant qualifications, however the training only occurs a few times a year.

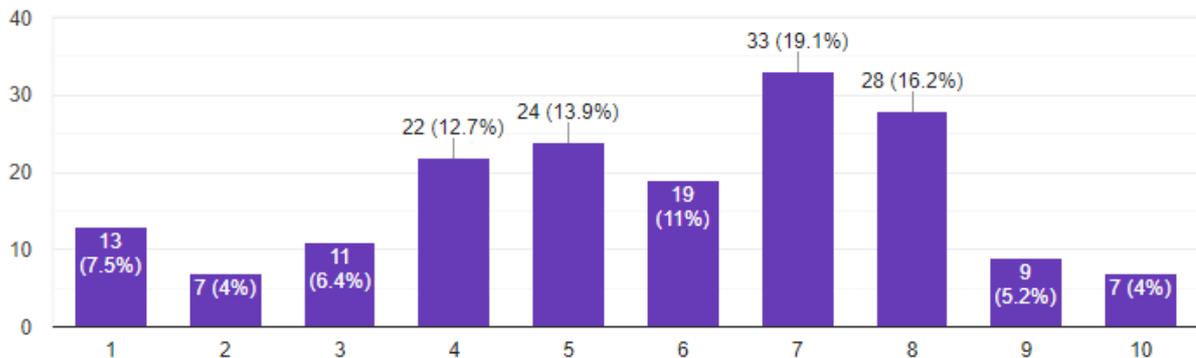
### ACCESS TO SERVICES THAT SUPPORT INNOVATION

The mean average score was 5.7 out of 10, but the mode was 8. There were a large number of scores across the 4 to 8 range (72%).

Figure 11

#### Access to services that support innovation

173 responses





The key comments that were made in relation to scores under 5 were as follows:

- I don't see too much innovation.
- They can call it innovation but as soon as it's the little business against the big business, there's little support for the small business owner.
- With regard to innovation support services, awareness is lacking in Ruapehu.
- Services that support innovation is an interesting one and I suspect it depends on how you think of innovation. There seems to be good support for larger businesses to innovate when that innovation is directly linked to export or substantially increased income, but I'm interested in lower level innovation that supports micro and small businesses to do things differently, more effectively, or in more collaborative ways. This often has a 'smaller' impact but can last much longer and can lead to more stable and local employment opportunities and better community outcomes.
- The access to business innovation services is almost invisible, and currently provided by various industry sector groups, but if you wish to step outside of your current sector the route is pretty much invisible, unless you are well connected via participation in local government or the PGF.

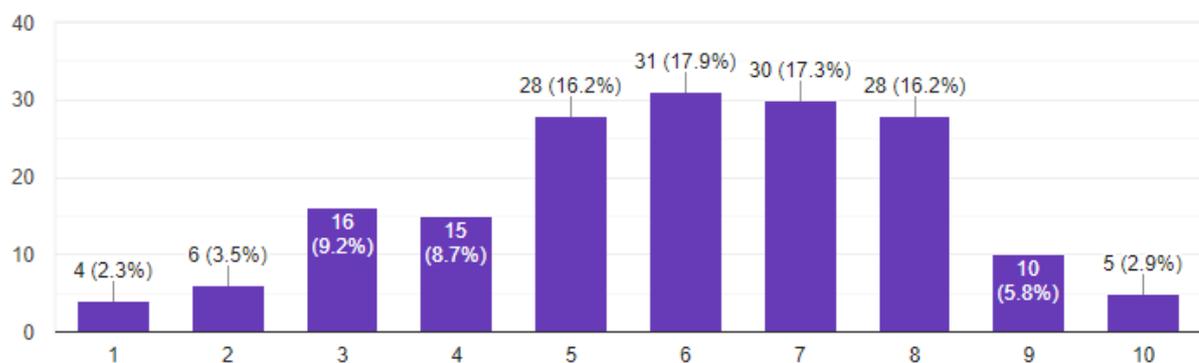
### LEVEL OF COLLABORATION IN THE REGION

The mean average score was 5.9 out of ten, with a pretty even spread of scores between 5 and 8.

Figure 12

#### Level of collaboration between businesses in the region

173 responses



The key comments that were made in relation to scores under 5 were as follows:

- Much more collaboration is required to progress our region. A much more positive attitude is required, with positive future planning at the forefront.
- I am yet to see services which support innovation or positive collaboration between businesses. I feel that businesses are very internally focused and don't get the opportunity to share as much as they could.
- Little or no collaboration.
- Collaboration is used often in public forums but only rarely is put into action.
- Our unique ability, and what should be our point of difference, is our ability to work collectively and collegially due to our geographical links, closeness and interconnectability (sic). But we are not as connected as we should be, both from a business sense and also marketing/tourism front. Too many sectors are working individually.
- I found Whanganui businesses tend to be old boys club and do not collaborate in general.
- There seems to be emphasis and focus more on the northern side of the region.

**CURRENT SITUATION IN QUALITY OF LIFE ACROSS THE REGION**

Once again, we asked respondents to score a number of factors on a scale of 1 to 10 where 1 was the lowest score and 10 was the highest. We asked that they add a brief comment if there is a specific reason for any scores given of below 5 or if they considered there were any major factors others than those listed.

Areas were scored on average between 5 and 7 (when rounded to the nearest whole number). The lowest average score was given to public transport (4.6) and the highest to amenities (6.9).

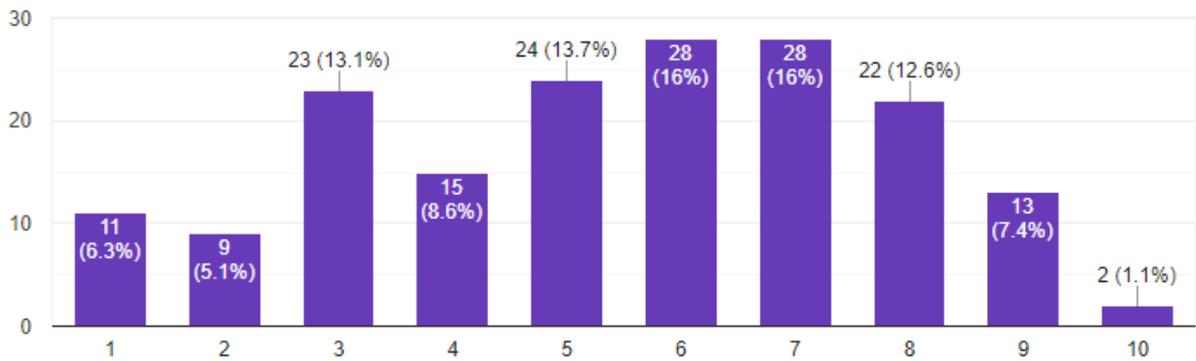
**AVAILABILITY OF AFFORDABLE HOUSING**

The mean average score was 5.5 out of ten, with a pretty even spread of scores between 5 and 8. There were a large number of scores across the 3 to 8 range.

Figure 13

Availability of affordable housing

175 responses



The key comments that were made in relation to scores under 5 were as follows:

- Housing is overpriced, but it is all over the country.
- If I take the newspaper reports onto consideration, there are very few house's in Whanganui for people with low or very low deposits.
- Rapid population growth has exceeded new builds.
- Very little to no affordable housing and a drastic lack of rental availability.
- Housing cost are constantly going up.
- Housing costs (both buying and renting) have gone through the roof here.
- Affordable housing a growing problem of growth as demand outstrips supply.
- In our town, housing is still fairly affordable – however, in Whanganui I would have marked it as a 2 or a 3
- Shortage of houses for both sale and rent which is putting the affordability out the window.
- Housing affordability down, prices have risen 20% in 12 months in most areas of Manawatū and Horowhenua
- A couple of years ago, small towns like Marton were great places to relocate to, now they cannot keep up with the demand, Ohakune has big problems with lack of rental properties, owners have to wait months to get a tradesperson in.



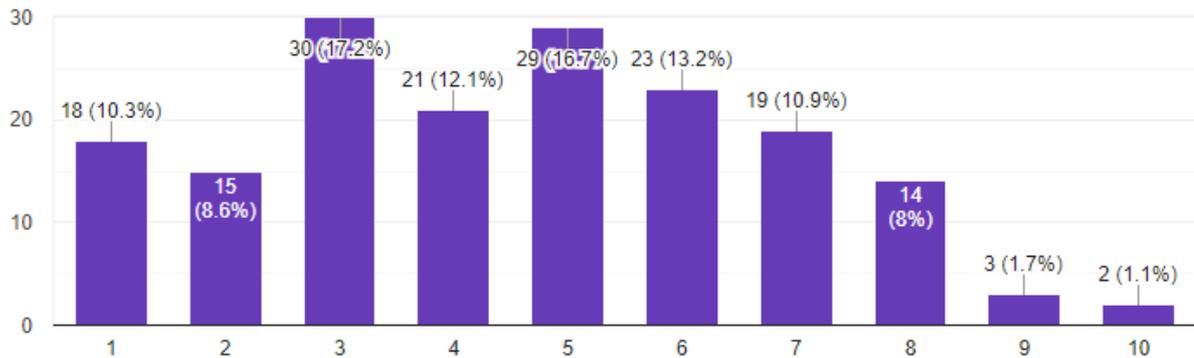
## PUBLIC TRANSPORT

The mean average score was 4.6 out of ten, with a pretty even spread of scores between 3 and 6.

Figure 14

### Public transport

174 responses



The key comments that were made in relation to scores under 5 were as follows:

- Buses are poor and terminus awful. No trains.
- Feilding bus service is about to be improved, because it needs to be.
- Not enough buses between Feilding & Palmerston North.
- Public transport is virtually non-existent outside city areas.
- No public transport available.
- The transport sector is all located in one place; a second or third hub like the one on Main Street would allow for greater access for those who walk.
- Local transport is average.
- Public transport in Whanganui is a joke, and a huge wasted cost to ratepayers.
- What public transport in Ruapehu other than buses?
- Public transport in Ruapehu is a significant opportunity to improve destination sustainability and management. The current work of A25 in this regard will provide insight into the viability of future PT investment. This work is due to be completed in November 2020.
- Public transport in Manawatū/Whanganui is a joke. Terrible on a good day.
- Transport in and out of region limited, especially to Horowhenua (Levin, Tokomaru, Foxton, Foxton Beach), Linton to Palmerston (as many live there but work in Linton, Palmerston North and Massey).
- We need to connect the cities of Whanganui and Palmerston together with a high-speed train service so that people can work and live in either city. It would really improve employment and business growth and drive the economy forward for the future. The current transport links are a joke.
- Internal transport is ok, a reflection of a traditional drive to work culture but the newer people from outside the region are really pushing this option which is great... not a major, just a case of part of growing and making it a higher priority.
- When SH4 was damaged, it was really hard to get accurate information about bus services. Ruapehu have worked with Taupo to market the region - however there is no public transport from Taupō to Ruapehu. Trains only run through a couple of days a week - although the trains are an awesome way to see NZ.

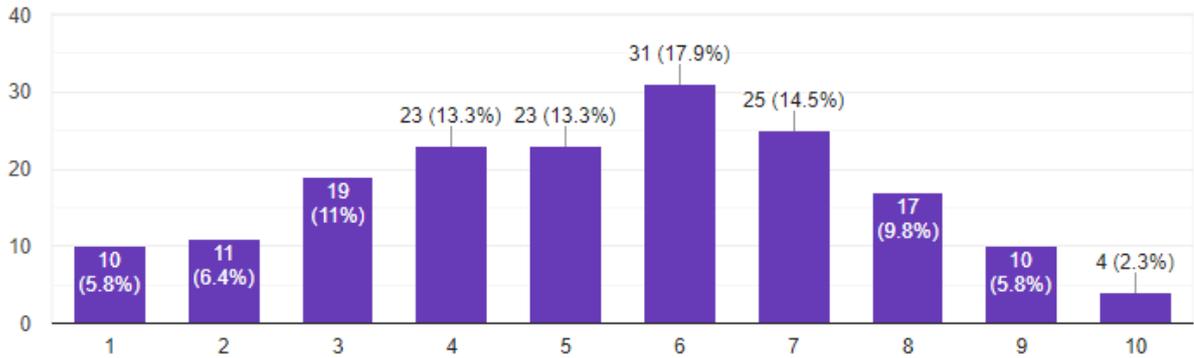
### TRANSPORT CONNECTIONS IN AND OUT OF THE REGION

The mean average score was 5.3 out of ten, with six being the most common score.

Figure 15

#### Transport connections in and out of the region

173 responses



The key comments that were made in relation to scores under 5 were as follows:

- One bridge, closed gorge and poorly designed loop roads not ideal for a logistics hub.
- Gorge closure and roading improvements out of Wellington leave us a bit like the poor cousin
- Need to get the Gorge sorted - it is disgraceful that we have had to wait this long with the alternate roads falling apart.
- More buses and several trains to Wellington per day and on week-end.
- Affordability/choice of public transport out of region, trains most limited and expensive option, whilst best environmentally.
- I am thinking specifically about the flights in and out of Whanganui, it is great for Auckland travel and could be reviewed for other potential services.
- Only one train to Wellington each way during the week at the moment.
- Public transport both in and out of the region are very infrequent and poor. Most facilities are aged and limited.
- Transport options are limited. There is no passenger train to access the cities (Palmerston North or New Plymouth.)
- Regional airfares are way too high



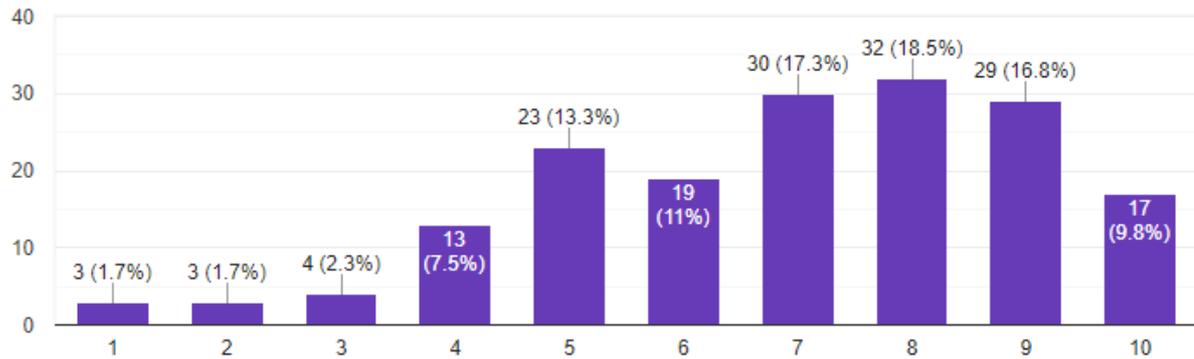
## AMENITIES

The mean average score was 6.9 out of ten, with 53% of scores falling within the 7 to 9 range.

Figure 16

Amenities (sports, entertainment and hospitality facilities, libraries, residential homes for the elderly etc)

173 responses



The key comments that were made in relation to scores under 5 were as follows:

- No entertainment activities in the region.
- Facilities are good, but not as good as some other regions.
- Aging and deteriorating public facilities and infrastructure (Ruapehu)

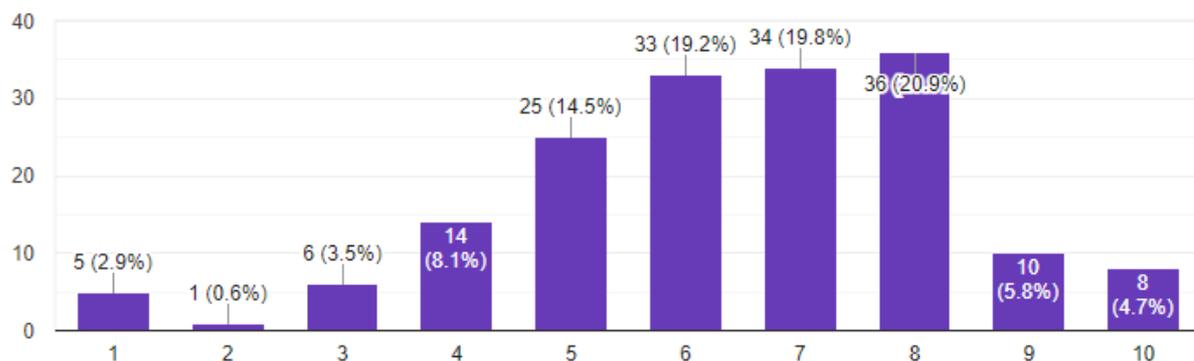
## ACCESS TO SOCIAL SERVICES

The mean average score was 6.4 out of ten, with the most common scores between 6 and 8.

Figure 17

Access to social services

172 responses



The key comments that were made in relation to scores under 5 were as follows:

- There are still lots of problems for the vulnerable, accessing WINZ etc
- Social services driven from outside the district, except for a few and these are quite targeted through one or two agencies (Ruapehu)
- Most services provided from outside of the district. Small pool of ratepayers over a large district with small towns makes it difficult to maintain or build new facilities. Health services are improving. Education standards variable through the district. Youth training now developing.
- We operate our own out of work care and assistance due to the lack of availability
- Social service head offices are not positioned in Whanganui, which results in frustration whenever you try and engage with service providers on a strategic level.
- Too many external economic development and other services provided for by Whanganui and Palmerston North/Wellington services and they don't have sustainable impacts on the Rangitikei region.

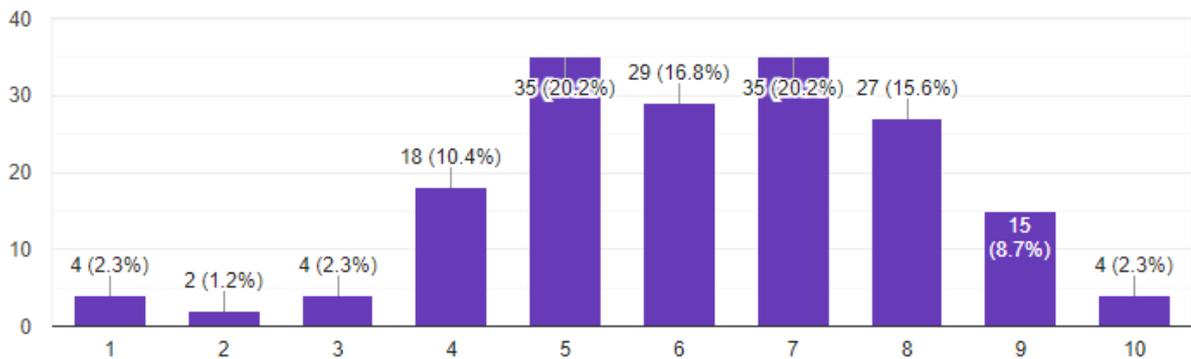
### LEVEL OF SOCIAL INCLUSION

The mean average score was 6.2 out of ten, with the most common scores between 6 and 8.

Figure 18

#### Level of social inclusion/integrated community

173 responses



The key comments that were made in relation to scores under 5 were as follows:

- Inequality for Tangata Whenua and Pasifika.
- From a Māori point of view, integration of Māori concepts, tikanga and world view isn't enough. It is a way of existing and not something that people just pick up one-off or at the beginning or end of an event. In context with social and integrated community, integration is a great start, furthermore, inclusivity and an embedded Māori systems approach is the key. Māori existed 100s of years prior to colonialism and it's not clear that any of those systems of engagement, community and interaction are included beyond tokenistic beginnings and endings.
- Social deprivation index very high (Ruapehu).
- There is still much work to do to ensure all sectors in our community benefit from Whanganui's growth & prosperity.
- Whanganui is growing, however, ensuring people in the low socio-economic bracket are not displaced or disadvantaged will take more than money. It is an issue in all provincial towns.

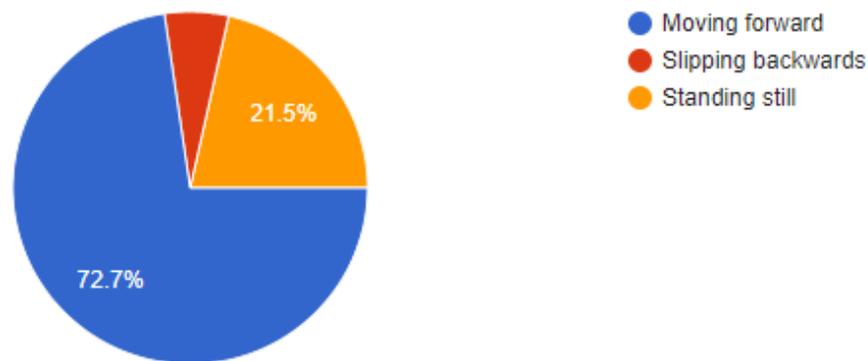


## Is the Manawatū-Whanganui Region moving forward?

The resounding response was yes:

Figure 19: Is the region moving forward?

172 responses



The reasons for the positive scores include good governance and management, investment, business growth, population growth, positive attitude. A representative selection is as follows:

- Good Mayors and councils, and less local in-fighting than before.
- Forward thinking local government.
- My impression is that the region is moving forward because of the effort put into economic development and the Accelerate 25 programme by the three District Councils
- Increasingly well administered and slowly living down poor national profile.
- It's moving forward, as Palmerston North is an economic powerhouse. The Manawatū and Palmerston North councils as well as Whanganui, Tararua and Rangitikei cannot help but leverage off the city refugees seeking affordable living. Pretty well networked and supported by Govt as well.
- Lots of development going on.
- The many significant projects planned over the next few years will support regional growth.
- Appears to be projects, mostly associated with our central geographic location and defence activity, giving us a boost, at least short term, with probably some ongoing longer-term effects.
- Economic, business and population growth. Economic indicators the best they have been for many decades. \$3.5b public investment in Palmerston North and Manawatū in next 10 years. Good leadership.
- Significant infrastructure and other projects in the pipeline. Affordable and easy living.
- \$4B capital investment, primary sector doing OK, demand for products and services from outside the region firm, demand for skilled workers strong.
- Growth in economy, people numbers, drop in unemployment, increased work availability.
- Possibility of getting port up and running, lots of marketing done on Whanganui as a destination.
- Economic growth, population growth, people in community talking positively about Whanganui (although still a large sector of community that struggle financially).
- Growth in population and the positive attitude of our people.
- General vibe around town is very positive.
- Increase in population brings new businesses, new people and new opportunities.
- House prices are increasing, people are spending money and the economy is working well.
- The influx of outsiders moving here and bringing their skills. This is seen in the high demand for housing and the rapidly rising house prices as well as unavailability of rental housing.
- Slowly starting to get new businesses into Whanganui.
- Sales are steady and people are generally positive about the future of Palmerston North.

- There seem to be more events, increased tourism, house sales are up, unemployment down. All signs seem positive for growth in the community and it's great to see.
- I have observed renewed investment confidence which I believe is driven by government leadership, local government support and leading investments such as Mainland port in Palmerston North and the Sky Waka in Ruapehu.
- Business and Council and University investing.
- Considered one of the surge regions, population growth, low unemployment, increased visitor number and positive vibes in the city.
- Population growth, new business ventures, increase in house prices, general vibe of the city of Whanganui.
- Potential new businesses in Rangitikei have huge opportunities for the district. People are already moving here for lifestyle reasons, boosting the population and bringing new ideas and energy
- Most people don't want to live in Auckland, so they are moving here.
- The rapidly growing tourism industry is providing job opportunities, as is progress with Treaty settlements. A new pet food factory will also be a significant employer, but more importantly will be an attractant for other businesses to move to the district.
- There is a renewed sense of optimism, and people are beginning (finally) to believe that it is possible to do all kind of wonderful and amazing things from a regional town. A lot of people have worked very hard over a long period of time to encourage the development of collaborative and supportive networks and to strongly argue the case for Whanganui - that is starting to pay off.
- Positive reactions from business community.
- More house construction, new business opening.
- Infrastructure: roading network in and out of Wellington, affordable housing, good community, fertile land, Rangitikei river, centrally located, number of excellent schools. Free parking, little traffic, maintained roads. Great place for industrial hub.

The key reasons for the negative scores were to do with performance relative to other regions, variability across the region, housing affordability and a lack of innovation. There was also differing views on leadership:

- There is no connected vision nor leadership with Regional leaders to identify, drive and develop regional growth opportunities at or above the pace of other regions.
- There is some good discussion, but often time progress is minimal despite good intentions - coordination of action could be improved.
- We simply could do better.
- Other regions "appear" more buoyant and look clean and welcoming – e.g.: Hawkes Bay, Wellington, Christchurch (having visited these in past 8 months).
- Lack of inter-agency cohesion, and favouritism towards certain areas of the region.
- Regional decisions are too often led by and in favour of Palmerston North.
- We are not keeping up with the rest of the country.
- There doesn't seem to be much future planning, rather a penchant to try to do things done in the past better. Sometimes, a town needs to move on through doing different things.
- Could be a lot more innovative that it currently is. Need to make the place attractive in order to invite people to come and stay.
- Innovation requires thinkers and movers who seek an improved community to live in. I sense that lots of people think innovation is the ability to sustain a past that has only been in existence for a mere 150ish years.
- Failure to support high technology and high value export orientated manufacturing
- High tech companies are the way forward and we should look to attract new start up business by building a business park with flexible office space and warehouse space.
- In some respects, it is moving forwards, Whanganui is really getting some awesome publicity, and lots of new people are moving into the region. However, with the prices of houses booming, the local people are finding it really hard to cover their rent, or to purchase a house.

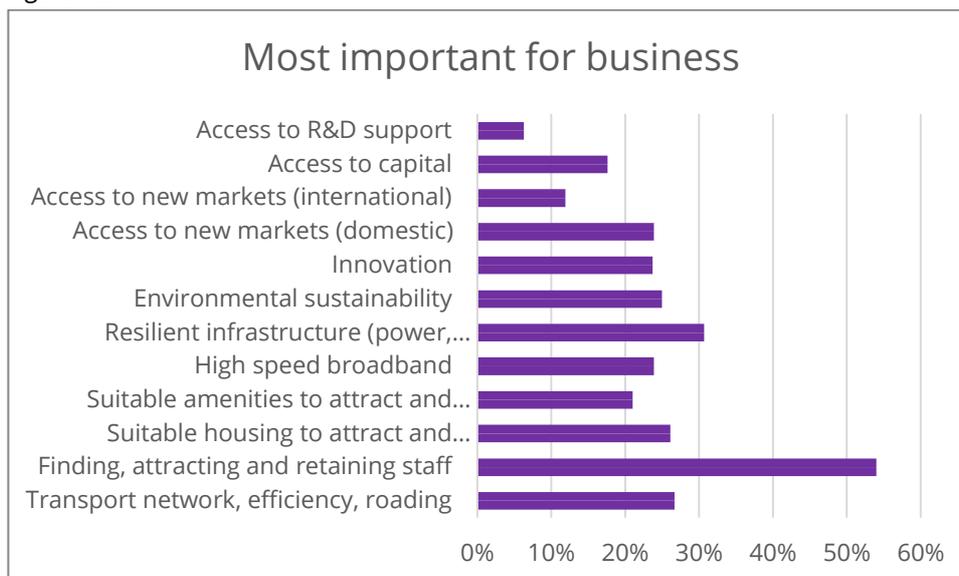


- Could be a lot more innovative than it currently is. Need to make the place attractive in order to invite people to come and stay.
- That was difficult because in some respects the region is moving forward and other areas within the region (smaller outlying towns) are still struggling with some things to be able to move forward. There needs to be some balance for our smaller communities.
- It appears that a lot of smaller communities are struggling to retain business that help employ and support their communities. Poor roading connections and an increase in compliance and natural resource type restraints continually make it harder and harder to keep the primary type industries competitive.
- If GDP is the measure, there is lots going on to be counted in this measure, however, if GPI is the measure, we are missing the boat socially. Social outcomes need to be factored into the equation, including those for rural communities (rural proofing lens across policy). There is no evidence for this at the moment.
- The increase in homelessness.

## Regional business

When asked what the three most important factors to the success of their business, the following were the most popular results:

Figure 20



As can be seen, finding, attracting and retaining staff is the key concern by a long way (54% of respondents chose this). Most other factors scored similarly, with transport, housing, environmental sustainability, high speed broadband and access to new domestic markets all scoring between 24% and 27%. The inclusion of environmental sustainability is good to see.

We asked respondents if they were confident that the region was doing enough to support their choices. More people said no than yes, but were there were a lot of 'maybe/not sure' scores, indicating that communication of what is happening could be improved.

When asked what else they would like the region (in terms of leadership and organisations) to be doing to support the prosperity in the region, there were a range of responses. We include some of the comments below, grouped by subject, to give you the flavour:

### STRATEGY

- We need - 1. A big Hairy Audacious Goal (BHAG), 2. More courageous leadership and less egos 3. To support and harness those that are innovative in business/growth and tourism, 4. Build on iwi claims, growth, skills and investment.
- Have some more thought leaders come to present in the region.
- Let's have a think tank as you never know what innovation and answers might emerge from it.

### GOVERNANCE

- Strengthening regional governance as advocates for access to government resources for implementation of A25 action plans.

### REPUTATION/BRAND

- Need to continue to change NZ's perception of our region.

### CULTURE

- Be positive and forward thinking.
- Listen.
- Be proactive and clearly understand what the region requires and is asking for.
- Cut out the politics and get a coordinated growth strategy and get going on it.
- More positivity about the advantages in being in business in this region.
- Manawatū needs to grow its culture, if our environment improves then the people working in the city will be happier.

### COLLABORATION/CONNECTION

- Ego free leadership to inspire and promote true collaboration and innovation.
- Cohesively working together, using the funding that the region is getting to the best possible advantage.
- I think greater coordination between national government, local government and business would be great. It is happening with Whanganui and Partners and they are doing a great job of helping and interfacing, but it appears that the links between Wellington and Whanganui are not as strong as they could be.
- Break out of business silos in a similar way to Chambers BA5's.
- More cooperation between the university and business.
- Continue to strengthen joint activities across the region that support economic growth and environmental sustainability.
- Better connection of regional economic development.
- We need regional collaboration and leadership to enable regional growth to occur.



## REGIONAL PARTNERSHIPS

- Working in partnership with other regions.
- Close engagement with Wellington positioning Whanganui as satellite innovation centre.

## BUSINESS ATTRACTION

- Continue attracting people to the area; build more houses rapidly.
- Attract more jobs to the region.
- Develop land for an industrial site and entice new businesses to the region. Council to think outside the square.
- Encouraging businesses to relocate to Whanganui. We need to work harder to attract business here. We need a reputation as being easy to deal with and willing to add value - Whanganui unfortunately does not have either of those two attributes.
- Try and get new business into Whanganui from Auckland area.
- Attract more industry, get the port up and running.
- Specific plans to give an incentive for big brands to set up business here.
- The region needs to be sold as a logistics hub rather than relying on businesses to do it themselves. PNCC has always liked to call themselves a logistics region but does nothing to promote this outside of the region. The council should be actively looking at Wellington and Hawke's Bay to attract businesses here - in the last five years Hawke's Bay has left us for dead despite us being the geographic centre of NZ
- Attract new businesses. Filming locations, destination restaurants spring to mind.
- More to attract new businesses to rural towns - that will encourage new people to move here & keep more young people here.
- Attracting new industry into rural areas.

## SERVING THE WHOLE REGION

- Understand the people and the land. Each district has its own strengths and a 'one size fits all' across the region does not work.
- Don't pay lip service to the rural and remote parts of the region.
- Council respect for small town initiatives. More resources applied to regional towns and grass root support.
- Organise events and seminars locally not always in the main centres or during normal business hours! It is very difficult to attend meetings during business hours when you are a sole trader.
- Accelerate 25 was to cover the whole region, with funds being dispersed across. Little evidence shows this has been the case.
- Ensure rural businesses and communities are given consideration.

## MĀORI ECONOMIC DEVELOPMENT

- Treaty Partnership - acknowledge their role in Aotearoa.
- Understand Māori Economic development.

- There is big potential in Māori tourism, again the focus of resources seems to be concentrated only in certain areas, the Whanganui River is untapped, unique, and attracts international interest after legal status of "Te Awa Tupua."
- Māori Economic Development has greater potential to contribute to our regional economy. I'd like to see effective, relevant strategies implemented to reflect this potential growth. The Māori Agribusiness Collective (of regional Māori landowners) are leading their initiatives independently - local government could do better at supporting this opportunity area.

### ENGAGEMENT WITH BUSINESS

- Better communication with businesses.
- Getting all councillors out amongst businesses to visit and chat and to discuss businesses concerns and also what council has plans for.
- Being positive and supporting existing and potential new business.
- Better support of local manufacturers.
- More focus on existing businesses.
- Support the businesses already here to help them grow.
- Supporting small locally-owned businesses & services as a top priority, ahead of chains & national, international companies.
- Organisations that can relate to and assist small organisations, less than five people.

### SUPPORTING DEVELOPMENT

- Get highly positive leadership within the council business arms that want to make things happen, not afraid to challenge the status quo.... who can push against the process of resource management parameters and get people around them within the regulatory areas to actually be seen to enhance change or at least look to find areas that can be changed without obviously breaking rules... example is the prescribed zoning rules: can a case be presented by a developer outside the existing residential zones for change and quickly if the community is supportive?
- Reduce red tape and time taken to process building consents, especially amendments, as amendments come when the project is underway and can severely hinder the progress of a project.
- Process consents quicker. Keep training and upskilling people.
- Continuing to ease the tensions between prospective businesses and council requirements. (I hear frequently that council is not an easy organisation to deal with, and that we lose prospective businesses because of frustrations with council staff).
- Get rid of the historic place register so older unsafe buildings can be taken down and new buildings take their place with restrictions on what can be built there - so the region can grow and improve and look nicer, so people will invest in the buildings, not just abandon them.

### SUPPORT FOR INNOVATION

- There is a shortage of laboratory space for private companies, and the Factory incubator is too small in practically all aspects of what an incubator should offer.



## OPPORTUNITIES

- Look at creating a tech hub with multiple technology companies like: <https://www.techcollective.co.nz/location/hawkes-bay>
- Innovate in aged living support.
- Building and subsidising an all-weather local food, art & crafts market that is affordable for both sellers & buyers.
- Promote Palmerston North as a Dark Sky City on Sundays (or weekends) and plan to turn off streetlights (except for solar lights in key safety positions) on Sundays so people can see the night sky. Promote as such. (...) The observatory could be used at these times, & Massey could teach astronomy.

## BROADBAND

- Supporting efforts to get better broadband outside town boundaries.

## SOCIAL AS WELL AS ECONOMIC

- Cultural inclusivity beyond mainstreams constructs will see this country (our region in particular) flourish.
- Continued support for promotion of inclusion, diversification and sustainable growth.
- Focus on holistic wellbeing outcomes, supporting social procurement and local purchasing power, the circular economy and profit-for-purpose enterprise growth. Move away from GDP, big box retailers and industrial scale solutions.
- Encouraging businesses to have social responsibility & a social conscience. We need to ensure that all people in our community have the opportunity to lead fulfilling lives. Currently we have too many families in our community who struggle to live, let alone live well.
- Recognise the vast disparities in Whanganui and put as much focus on improving opportunities for those in the lowest socio-economic sectors as we do on improving opportunities for those already doing well. Trickle down has never been shown to work anywhere, but trickle-up and improving opportunities for everyone have both been shown to have an impact on everyone's health, education, and prosperity.

## COMMUNICATION

- (There is) little feedback to the community. More transparency will help to get the businesspeople engaged and trusting that the funds are spent adequately and appropriately.

## ENVIRONMENTAL SUSTAINABILITY/CLIMATE CHANGE

- Reliable access to stock water in even the worst drought is a major limitation for many of the hill country farms in the Rangitikei and Manawatū districts. Coupled with environmental sustainability, there will be tipping points in the future around access to water, so planning for storage and distribution needs to start before the tipping point, not after.
- I would like to see more of a focus on environmental sustainability particularly in the rubbish and recycling industry.

- Ensuring all new buildings are designed for climate resilience, e.g. water tanks, passive-heating cooling & solar.
- Supply type 2 EV chargers, 3 phase in the Square & 50 destination chargers throughout the city & region. Also plan for a second and third fast charger. These should double every year.

**TRANSPORT**

- Electric buses, and electric rail to Waikanae.
- Free buses and rail for community card holders (at all times), and elderly (9-4pm).
- Improve railway station facilities, including digital arrivals & departure times, cafe etc.
- Better roading networks, and balanced local body impositions.
- Ohakea airbase needs to be a combined airfield (like it is around the world in regional towns, e.g. Darwin, Townsville). To allow greater access to international markets for both export and imports.

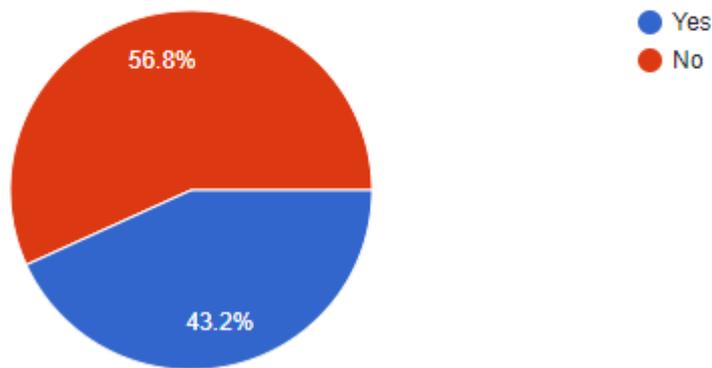
**Regional leadership**

As reflected in the comments above, views were mixed

Figure 21

Do you think there is sufficient leadership of the development of the region?

176 responses



There was a general view that the regional economic development agencies should provide more leadership, but the current agencies would not of course cover the whole region.

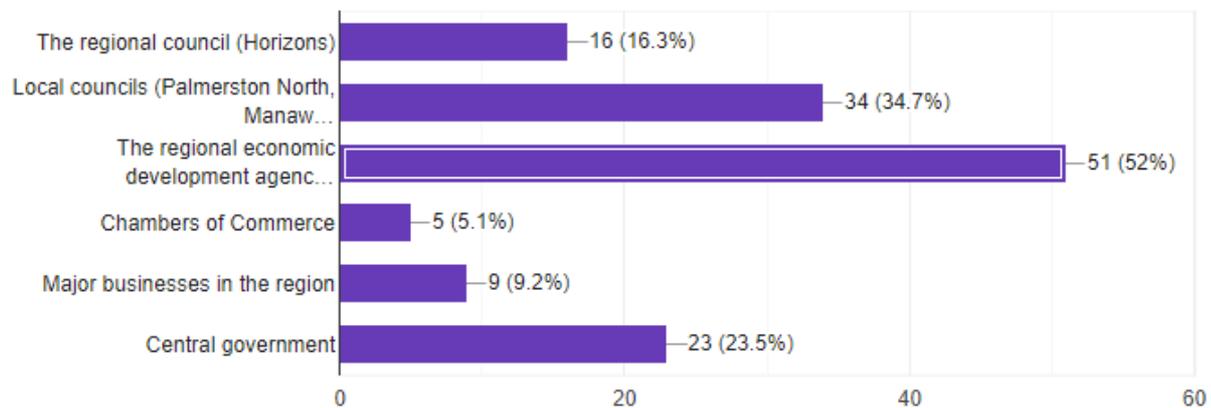
Not surprisingly, local councils came next, but what was surprising was the percentage that chose central government:



Figure 22

If you answered 'No' to the previous question, which organisation(s) do you think should be providing that leadership – pick ONE from the list below:

98 responses



## The impact of COVID-19

Pre-COVID-19, we had expected our recommendations to be more about fine-tuning and re-focus than re-invention.

The advent of COVID-19 has, however, changed the economic and social landscape almost overnight. There is no reason why the region should not continue to be optimistic about the long term outlook, but there will inevitably be a period of disruption, in which the emphasis will shift from growth to survival, then to recovery, resilience and longer term sustainability.

The economic and social impacts of the pandemic are still unfolding. What is the emergence from COVID-19 going to look like? No one quite knows, but here are some speculative thoughts:

- There may not be a vaccine for at least another eighteen months: so we will have to adapt to new ways of interacting and doing business.
- There might be a treatment that could lessen the effects: but that's still quite a few months away, or even longer.
- There could be several waves of the infection as there were with Spanish Flu: necessitating further localised or even national lockdowns.
- There may be new clusters: so that the country may need to return to Level 3 or 4 at least in some regions, leading to more uncertainty.
- The border will likely be shut for up to a year: making international business more difficult.
- There will be minimal immigration for at least two years: resulting in difficulty identifying suitable skills (offset to a degree by unemployment as some businesses fail).
- While we may contain COVID-19 more successfully here, countries like the US and Europe can't/won't: so our international trade will be significantly affected for at least a year and maybe longer.
- The follow-on recession is likely to impact on tax and rates revenues: putting financial pressure on public entities.

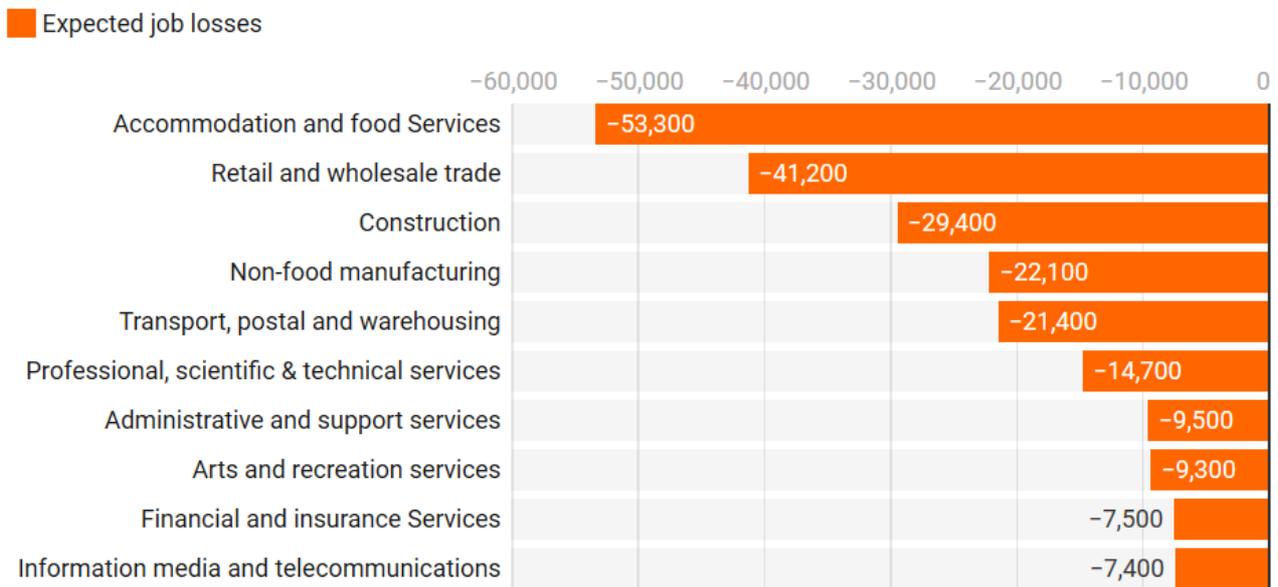
- The overall impact of the COVID-19 experience may depress sentiment and willingness to take risks, making it more difficult to mount initiatives.

The impacts will likely be severe, long lasting and will result in significant unemployment, closure of businesses and reductions in measures of economic and social health. Key pillars of the regional economy could change.

The disruption will be greater for some sectors than others, as can be seen from the following chart from Infometrics:

Figure 23

Industries with largest job losses between March 2020 and March 2021, preliminary estimates



Source: Infometrics <https://www.infometrics.co.nz/examining-the-nz-industries-hit-hardest-by-the-covid-19-pandemic/>

Food and beverage production will be much less affected than hospitality or tourism. This will also mean the impact will be greater for some districts than others, with, for example, Ruapehu likely to be the worst affected due to its exposure to international tourism.

There are industries that have intrinsic weakness, such as retail (as a result of the internet), and hospitality (subject to fluctuations in the economy and tourism levels). Many businesses in these sectors may simply not re-open, or close once Government support is no longer available. Manufacturing businesses that are just hanging on in the face of international price competition may well throw in the towel. It is unlikely that we will return to exactly how we were.

At the same time, the macro-issues that were influencing the regional economy pre pandemic (e.g. environmental sustainability, climate change) will continue to be significant.

The major impact on COVID-19 will be on the workforce. It is not yet known what level unemployment will reach. Early on, Treasury warned that, depending on which scenario eventuates, unemployment could rise to as much as 23.5 per cent in the fiscal year ending 30 June 2021. The Government is now hoping, through its



intervention package, to keep unemployment under 10 per cent. By comparison, the number after the global financial crisis was 6.7 per cent and the rate was 4 per cent at the end of December last year.

The impact is likely to be uneven and there is the risk of widening the social divide, as those with lower skills and lower incomes are hardest hit. Infometrics have predicted that there will be a disproportionate negative effect on Māori, who also fared the worst during the GFC due to their concentration in lower skilled roles. Lower skilled workers tend to be laid off first as it is easier to re-recruit post crisis: higher skilled staff can do some of the lower skilled jobs.

There is a need to take both a short-term and a long-term response to the challenges of COVID-19.

In the short term, the focus needs to be on managing the health crisis and on the immediate impact on businesses in the region – supporting them to manage their way through the crisis if possible, and enabling re-skilling and redeployment of staff who lose their jobs.

The longer term planning needs to focus on recovery and resilience – extracting the opportunities out of the crisis and using the power and disruptive nature of the crisis to grasp large opportunities that might not be normally accessible:

Figure 24: The three 'Rs' of economic recovery

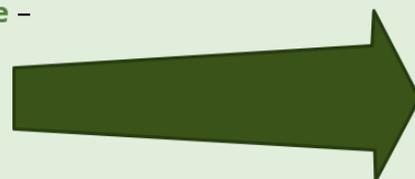
**Response** –  
survival  
right now



**Re-imagining** –  
the new future  
focus; built on  
the COVID  
burning  
platform



**Recovery/resilience** –  
Integrated:  
Regional  
District  
Local



Those who will come out best from COVID-19 will be enterprises and services:

- That produce things people want/need
  - the basics
- That are prepared to be flexible
  - Experiment, innovate and take risks while others are covering and lack confidence
- That have people power
  - Skills, knowledge, experience
  - Drive and enthusiasm
- That are driven by technology
  - That reduces costs
  - That opens direct access to markets often bypassing the middleman

Despite the urgency to take action to respond to COVID-19, this should not be seen as separate to the longer-term economic development plan. All actions need to be aligned with and support the future vision for the region. It is a question of weathering the storm but continuing to sail towards the original destination – its mission.

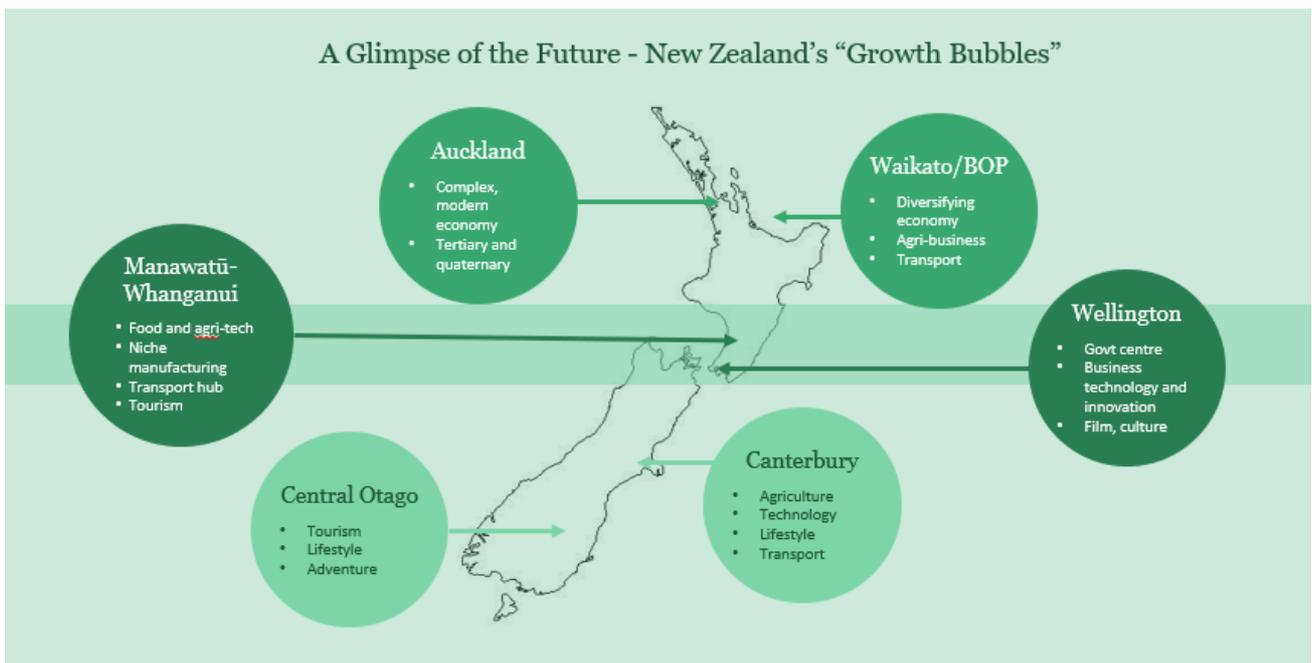
## The mission

The Manawatū-Whanganui is a major food producing region and a national centre for agricultural education and food technology (Massey University and Food HQ). It has some of the best of New Zealand’s natural scenery and outdoor recreation opportunities in Ruapehu.

We therefore see the region’s mission as being a Central North-Island-located powerhouse for the New Zealand economy and community.

This carves out a distinctive position for the Manawatū-Whanganui in the national context:

Figure 25:



To give shape to the actions required, we propose five vertical pillars and five horizontal bearers:

### The “Pillars”

These are the wealth-creation drivers of the economy that create regional comparative advantage – which collectively comprises the growth bubble. Breakthroughs are required in each area:

- **Sustainable food and fibre production** – an increasing focus on nature-based solutions and environmental improvement opportunities in new and traditional land-based industries – breaking through on sustainable agriculture



- **Food-tech and agri-tech** – effective partnerships between the private sector and New Zealand’s leading education and research institutes to produce innovative value-added food-based products – breaking through on food science and innovation
- **Visitor/tourism** – North Island visitor destination and lifestyle region – the North Island’s playground – value over volume – becoming the backyard of North Island New Zealand
- **Māori economy** – a region where Māori-driven enterprise is established as a significant economic force – breaking through into mainstream enterprise
- **Specialised services** – such as a National Flying School/Simulator or Manfeild Training Centre. – creating specialised, high-skill, boutique enterprises with national significance.

## The “Bearers”

These are the essential foundations and enablers upon which the wealth-creating pillars rest and depend:

- **Transportation** – accessing central NZ - road, rail, air – connection, hubbing, access – scaling up connection
- **Education, learning and skills** – – strengthening the labour market, a full spectrum learning region – deepening the labour market
- **Connectivity** – integrating urban and rural area, wide availability of Broadband and cellular coverage – scaling up digital connection as a foundation for a regional digital economy
- **Community infrastructure** – modernising ageing infrastructure, e.g. Three Waters – getting the fundamental right.
- **Energy and environmental sustainability** – e.g. Manawatū Recycling Centre, wind and hydrogen power – addressing the challenges of the next 20 years head on

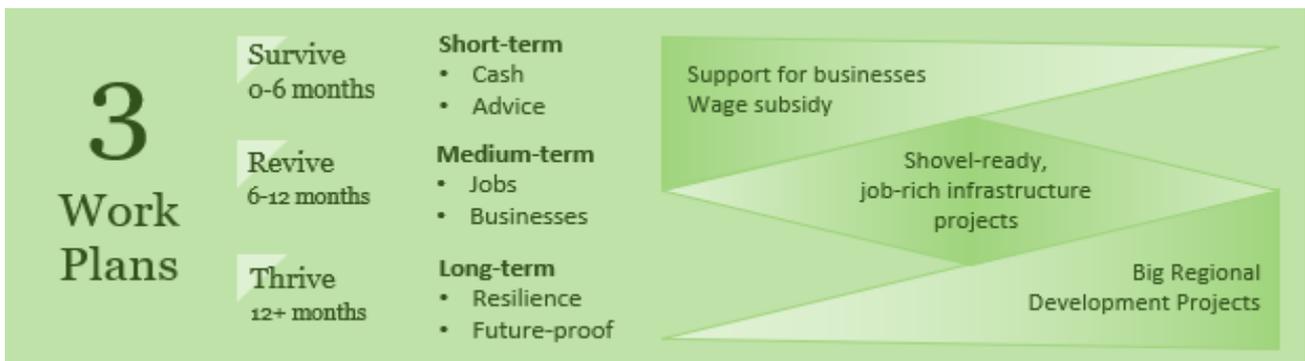
**The Result:** a region with a clear identity and national comparative advantages.

## The plan

The long-term destiny of Manawatū-Whanganui is to be a growth (or growth “bubble”) centre at a national scale. COVID-19 will undoubtedly have a negative impact on specific sectors and districts in the short to medium term, but the long-term vision should always be kept in mind.

Rather than having a COVID-19 economic recovery plan and a separate economic development plan, we see the recovery as being just the first two phases of a three-phase plan (survive, revive, and thrive). Some of the projects which are accelerated as ‘shovel-ready’ projects as part of the recovery plan will be long term strategically important projects which are merely accelerated as part of the recovery phase.

Figure 26: The three phases of economic recovery



The Regional Economic Recovery Task force has already agreed the regional priority projects and will be responsible for negotiating central government funding. These are set out in appendix 2.

When we map the current portfolio of major projects against the strategic pillars and bearers, there is a good fit:

Table 2: Pillars

Pillars	Projects
Sustainable food and fibre production	<ul style="list-style-type: none"> <li>• Strawberries</li> <li>• Blueberries</li> <li>• Hemp</li> <li>• Feijoa</li> <li>• Manuka honey</li> </ul>
Food-tech and agri-tech	<ul style="list-style-type: none"> <li>• Rural Innovation Lab</li> <li>• FoodHQ</li> </ul>
Visitor/tourism	<ul style="list-style-type: none"> <li>• Ruapehu Tourism</li> <li>• Foxton Futures</li> </ul>
Māori economy	<ul style="list-style-type: none"> <li>• Iwi collectives (Te Ranga Tupua and Te Tihi)</li> <li>• Māori Business Networks</li> <li>• Social procurement initiatives across key infrastructure projects</li> <li>• Technology Hangar (Te Puna, Marton)</li> </ul>



	<ul style="list-style-type: none"> <li>Eco-tourism hub – Te Awa Tupua, Whanganui River</li> </ul>
Specialised Services	<ul style="list-style-type: none"> <li>Manawatū Recycling</li> <li>National Flying School/Simulator</li> </ul>

Table 3: Bearers

Enabler	Projects
Transportation	<ul style="list-style-type: none"> <li>Otaki to North of Levin (O2NL)</li> <li>Central NZ distribution</li> <li>Te Ahu a Turanga highway</li> <li>Te Puwaha – Whanganui Port</li> <li>Marton Rail hub</li> <li>Tararua Route 52</li> </ul>
Education, learning and skills	<ul style="list-style-type: none"> <li>Skills and Talent - regional leadership and co-ordination through the Regional Skills Leadership Group, local projects</li> </ul>
Connectivity	<ul style="list-style-type: none"> <li>5G with Iwi / Māori</li> </ul>
Community infrastructure	<ul style="list-style-type: none"> <li>Water supply Projects (Vinegar Hill, Tutaenui, Saddle Road)</li> </ul>
Energy and environmental sustainability	<ul style="list-style-type: none"> <li>Manawatū Recycling</li> </ul>

## Governance and management

The survey indicated that there remains an appreciable regional leadership deficit despite the huge efforts to date, and the key to success is a cohesive regional leadership approach. The risk with any joined-up approach is that of fragmentation, especially if competition for resources enters the reckoning. Cohesion is not interfering in each other's priorities but operating to a shared plan and shared direction. Cohesion requires a high level of discipline.

However, the leadership challenge is deeper than this. It is about creating and holding up, for all to see, a clear and practical vision for the future and a determination to achieve it.

Our observation is that the A25 Lead Team can take some considerable credit for establishing a focus of leadership together with the Regional Chiefs who have continued to back A25. But despite what has felt to those involved as a mammoth exercise of leadership the stakeholders are saying "yes" but give us more, stronger, faster.

For that reason, our recommendation is that the A25 Lead Team structure should remain but with some changes. It needs to wind up a few cogs of performance. We need a bolder and more assertive Lead Team, particularly when it comes to Government and regional projects.

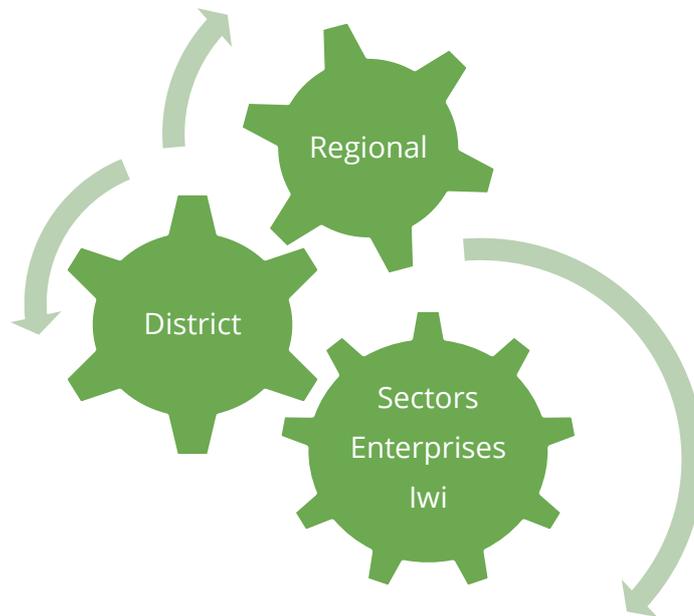
While the A25 Lead Team of the future, as at present, would not have any formal powers, its influence should be greatly enhanced so that it becomes the leadership powerhouse driving development. Leadership would be by engagement and persuasion. The proposed changes are:

- **Membership:** strengthened private sector involvement (because it adds a different tone and perceptions to public sector-dominated entity). Consideration should be given to a governor from each EDA.
- **Private sector involvement:** to include members with quite specific skills such as investment and international marketing.
- **Sponsorship:** a clear statement from the Chiefs and other stakeholders such as the Chamber of Commerce of support for the revised A25 programme and the reconstituted Lead Team.
- **Role:** a new Terms of Reference is written delineating a stronger direction-setting role for the Lead Team though remaining in the leading, facilitating and enabling space, not delivery. We propose that A25 is seen to have three intertwining leadership responsibilities – driving and integrating planning and progress on:
  - COVID-19 recovery – survive, revive (although much of this is at a council and agency level)
  - Long term regional economic development – thrive
  - Māori development – survive, revive and thrive

The phrase was used in one of our leader interviews that: “fences make for good neighbours”. We believe it is very important that each of the agencies/councils in regional development have their own area of responsibility and that the A25 Lead Team does not interfere – the fence lines are clear. However, we propose that the Lead Team is clear and unequivocal in its programme and recommendations and that there is a commitment from the agencies and councils to work with the Lead Team on regional initiatives and vice versa. The Lead Team leads regional strategy. The Agencies and councils contribute and commit to that strategy which is iterated until there is agreement. The Lead Team designs its regional programme in alignment with the plans of councils and agencies.

We envisage three groupings at the delivery level reflecting the scale and reach of the various projects:

Figure 27: Key players



**Regional** - at a whole-of-region the primary delivery agency would be the regional council and the larger councils. The EDAs do not operate regionally, although they could, in some circumstances, partner at a regional level.

**District** - at the district or city level councils, EDAs and iwi would be the main players.

**Sector** - at the sector, enterprise or iwi level it would be appropriate entities.

To avoid conflict and unhelpful competition it is recommended that the parties all enter into a Code of Conduct which describes how they, together with the Lead Team, would operate together. It would design a culture of cooperation and shared leadership.

Horizons Regional Council should act as the service agency for A25 as at present, but just as the service agency, providing offices, meeting facilities, collegial support and encouragement. The Lead Team should be self-led, and its activities funded from pooled contributions of the councils which would be a commitment by those councils to A25 and the Lead Team. We believe the Lead Team will require an executive officer or analyst to service its needs.

The name should remain A25 because 2020-2025 is the period when the foundation work goes into the “Survive, Revive and Thrive” stages of recovery and growth.

This structure relies on everyone playing their role with a high level of cooperative rather than competitive activity:

- Having a clear mission
- Staying in their own swim lane
- Being focused on quality delivery
- Collaborating/partnering where possible

- Making things happen, not waiting for them to happen
- Thinking short and long term.

The question of responsibility for the Government relationship is a vital one as Government is a key source of funding. Various levels of Government and PDU all have different interpretations of how the relationship should be conducted. Government often indicates that it would like a joined-up situation, so it only has to deal with one or a small number of parties. In practice Government behaves differently with a lot of direct and sometimes conflicting relationships.

Given this situation it is difficult to “legislate” these relationships. They must be negotiated. Our view is that the Lead Team should have the ultimate responsibility for the relationship with Government on matters related to regional development. This means that the Lead Team needs to have a framework for the Government relationship which outlines the approach the region is taking. The responsibility falls on councils and agencies to keep the Lead Team informed of its transactions with Government and to give credence to their views the Lead Team might express on these matters. Such a framework does not preclude agencies of councils from seeking support from Government, but they do have a responsibility to inform the Lead Team and consider their point of view. Ideally, they would be aligned.

What is the benefit of this structure?

- Building on the success of the Lead Team to date.
- Building on the goodwill in the community and amongst community leaders.
- Adding the extra drive and energy that is required to tip the big projects over the edge and into action.
- Co-ordinating the resourcing from Government.
- Providing the support and leadership the Māori strategy will require.

## Māori Connection

Māori respondents in the stakeholder interviews spoke well of the Te Pae Tawhiti, the 2016 Māori development report prepared in parallel with A25. It was acknowledged that few of the recommendations had progressed but that did not reflect on the quality of the report. Most said that the recommendations of 2016 still hold today and that lack of progress on those recommendations was more to do with connections and Māori-specific issues such as Treaty Settlements.

Instead of repeating the Te Pae Tawhiti exercise which would add very little or no value, we have focused on the leadership connections between Māori entities and A25 with regard to Te Pae Tawhiti.

The A25 Lead Team has strong Māori leadership which is well regarded in the region and through them there is the potential for the necessary connections to be built. One of the key outcomes from the review of A25 and Te Pae Tawhiti, then the moving into the post-COVID-19 recovery planning, has been that engagement with Iwi and Māori is difficult because of the number of Iwi, land trusts and incorporations over a large area. There is no single body that has a mandate or can speak for Iwi and Māori in the Manawatū-Whanganui region.

There are sub-regional groupings such as Te Ranga Tupua. There are also Māori business networks. There are the Federation of Māori Authorities (FOMA) representational groups. But those groupings cut across



three regions including Aotea, Te Tai Haururu and Kahungunu (this again highlights the diversity of the Manawatū-Whanganui region).

The proposition that the A25 Committee have strong mandate from Iwi and Māori when it deals with central Government is critical. Support should be found and encouraged to ensure such mandate is present.

Our proposal is to negotiate with Central Government to provide financial support to a small number of sub-regional groupings. Such groupings could serve the needs of Government and the region in building connection to Māori leadership and projects. We support funding for “connection” resource for:

- Te Ranga Tupua
- Te Tihi
- The Māori Business Networks

Interestingly, once the above are fully functioning together, the idea of establishing a wider Iwi and Māori regional group that can provide a single point of engagement with A25 and Government making connection more real .... and ideal. We believe this quality of connection will significantly improve the chances of getting Māori projects in the region up and away, where at times they have struggled to do so.

In the meantime, given the good representation on the current A25 Committee with Iwi and Māori members, those members and the wider A25 Committee should encourage ongoing engagement with all Iwi and Māori in the region but also move towards the strengthening of the sub-regional groups.

## Funding

The facilitation of funding will be, as it has been, the vital activity of the A25 Lead Team. Sources are expected to stretch along a continuum of conventional to innovative:

- **Central Government** - activities with regional impact will target conventional central government funding (e.g. NZTA), especially the “bearers” that have no prospect of commercial revenue, although PPPs should not be ruled out.
- **PGF and Infrastructure** - district level programmes would be funded by these specific Central government funding streams and managed at a district or city level. Councils may also be full or part funders.
- **Project Funding** - sector and project related activities would be funded by EDAs, NZTE, Callaghan Innovation, Iwi and maybe some of the remaining PGF funding (and its potential successor).
- **Private investment** – the various types of public funding would be used, where possible, to leverage private funding or revenues so that the programmes become sustainable.
- **Social investment** – social investment models would be considered to augment public funding, particularly where there is a strong mix social and economic objectives.

Much of the success of the A25 Lead Team has been to gain the confidence of and connection with Central Government. It’s new challenge is to take this achievement out towards other funding sources – private

investment and social investment. It is envisaged private investment will partly be leveraged off Government investment. Social investment is another matter. This is an emerging way of thinking about generating community funding of non-commercial or semi-commercial projects. Such projects are vital to the regional development mix, particularly in the iwi space, but in other areas as well.

## Central Government

The quality of the Lead Team relationship with Government has been a feature of the work of A25. In the earlier period the tight relationship with the SRO (Senior Regional Official) who was appointed to represent the region in Wellington, was strong and that person facilitated access to Government and from Government to the region. This arrangement has changed with the advent of the PGF and a change of Government, but the quality of the relationship, while somewhat different, remains. We formed the impression that Government found this collaboration constructive to a level that had not been previously possible.

We found evidence of some tension between agencies as to “who owns the Government relationship”. This relationship is constantly changing with circumstances and with the intervention of Government into the economy with the advent of COVID, it has changed again.

Our take is that the A25 relationship should focus at a whole-of-government and whole-of-region level. Whereas other entities such as councils, EDAs, iwi groups and other entities have relationships with Government on specific activities or projects. It is vital that A25 keeps the vision for Manawatū-Whanganui alive and focused within the corridors of power and that Government officials know they have somewhere to go to ensure they have an adequate regional context for their policies and initiatives.

Such an arrangement will undoubtedly create some relationship ambiguity. That ambiguity has to be managed and there needs to be a culture of goodwill and common purpose between the agencies. Intended or not, there is a level of competition between regions for the attention of Government and human nature is such that the winners in that situation are those who have warm, collaborative and purposeful relationships with a minimum of internal conflict.



# Appendix 1: Stakeholder Interviews

## MAYORS

Grant Smith, Mayor, Palmerston North  
Bernie Wanden Mayor, Horowhenua District  
Helen Worboys, Mayor, Manawatū  
Don Cameron, Mayor, Ruapehu District  
Tracey Collis, Mayor, Tararua District  
Hamish McDouall, Mayor, Whanganui

## EDAS

Linda Stewart, CEO, CEDA  
Mark Ward, CEO, Whanganui and Partners  
Hannah Kelly, Strategic Lead- Capability and International, Whanganui and Partners

## CHAMBERS OF COMMERCE

Amanda Linsley, Chief Executive, Manawatū Chamber of Commerce  
(Sue Stuart, Chief Executive, Whanganui Chamber of Commerce declined)

## RTOS

Jo Kennedy, Visit Ruapehu RTO

## COUNCIL STAFF

Warren Furner, Ruapehu DC  
Mark Maxwell, Tararua DC  
Heather Shotter, Palmerston North City Council  
Sheryl Bryant, Palmerston North City Council  
Richard Templer, Manawatū District Council

## A25 LEADS

Shelley Dew Hopkins - rural sector  
Ged Shirley - Accessing Central New Zealand

## ENABLERS

Dean Tilyard, The Factory (includes Sprout)  
David Lanham, Palmerston North Airport Ltd  
Abby Thompson, Food HQ  
Margaret Kouvelis, Talent Central  
Katie Brosnahan and Toni Seanoa, MSD Central Region  
Gloria Campbell and Lu Scanlon, MSD Wellington Region

## **BUSINESS STAKEHOLDERS**

Jono Dean, Ruapehu Alpine Lifts  
Bruce Maunsell, Timber Trail Lodge  
Mark Piper, Fonterra  
Michael Eden, GDM Group  
Rob Bartley, Ali Arc Group  
Myles Fothergill, Q-West Boat Builders  
Hayden Loader, Loaders  
Julian Anderson, Uni-pak

## **MĀORI STAKEHOLDERS**

### **Government Partners**

Hannah Buchannan, MBIE  
Jessica Smith, Te Puni Kokiri TPK

### **Iwi Leaders**

Hone Tamehana, Pūtiki Marae & Ngāti Tupoho  
Grant Huwyler & Lyn McCurdy, Ngāti Apa Nga Wairiki  
Di Rump, Muaūpoko Iwi Authority

### **Māori Businesses, Land trusts and Incorporations**

Mavis Mullins & Andrew Beijeman, Ātīhau Whanganui Incorporation  
Utiku Potaka, Rata (Hauti land blocks, Taraketi blocks)  
Dennis Emery, Tokorangi Valley (Reu Land blocks)  
Chris Senton & Te Aroha McDonnell, Mangaporou Land Trust  
Debbie Birch & Jack Morris, Raukawa ki te Tonga AHC  
Simon Karipa, Te Ngakinga o Whanganui Investment Trust  
Jim Allen, Kauangaroa Marae (Kauangaroa No2 block)  
Ruma Karaitiana, Rangitāne o Manawatū Investment Trust  
Hayden Potaka, Whanganui River

### **Māori Business Organisation**

Dr Matthew Roskruge, Te Au Rangahau - Māori Business Research Centre  
Carol Hayward, Te Manu Atatu Māori Business Network

### **A25 Committee members**

Pahia Turia  
Robin Hapi  
Ruma Karaitiana



## Appendix 2: Economic Recovery Projects

This appendix deals specifically with the COVID-19 Recovery elements of the programme. It draws on many of the ideas contained in this report.

The quadrant diagram assesses the range of qualifying projects on two dimensions – readiness and impact. As can be seen the focus is on projects that fit into the top right or optimum segment of the quadrant.

These projects are broken out and described in the table beside the quadrant itemising their scale and impact.

This diagram formed the basis of the Post-COVID-19 Recovery programme which was agreed by the Manawatū-Whanganui COVID Recovery Task Force appointed by the councils to develop such a programme.

The projects falling outside the optimum top left quadrant are still live projects, but for one reason or another are considered not immediately ready for development.

(diagram on following pages)

# Manawatū-Whanganui Region (Post-COVID-19) Economic Recovery Strategy

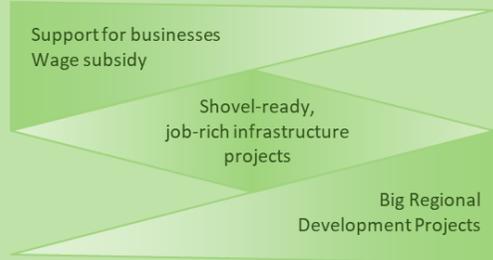
## “WHAT”

3 Phases

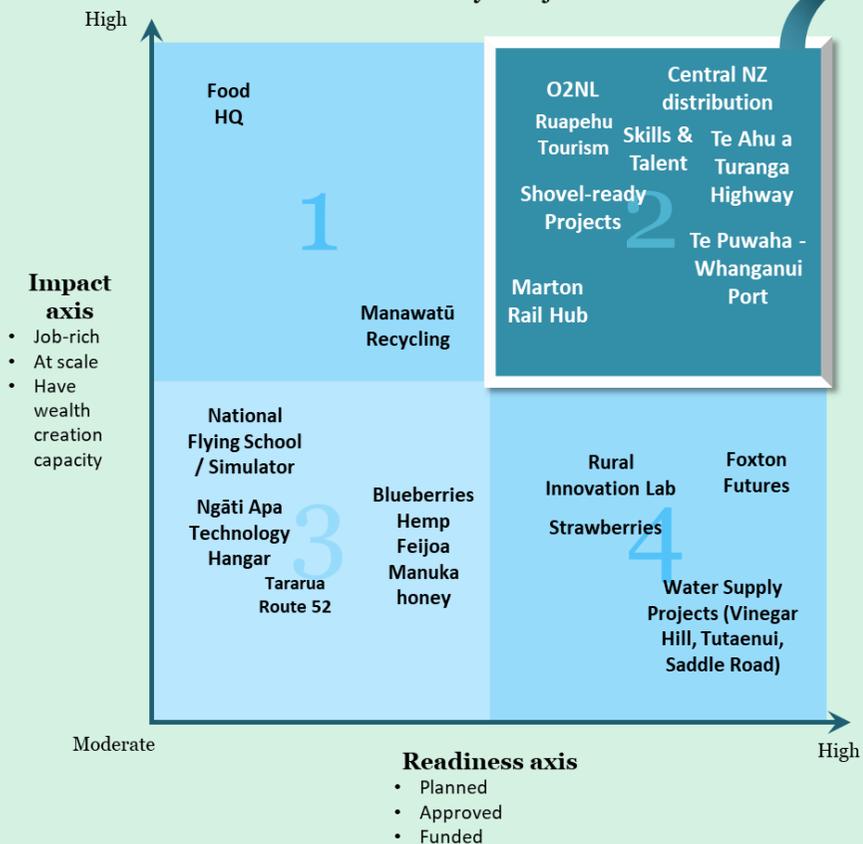
- Survive** - Keep people in their jobs; keep businesses alive
- Revive** - Keep people in work; provide work for businesses suffering from the COVID downturn
- Thrive** - Create new, valuable jobs. Build vigorous, productive businesses. Achieve ambitious regional goals.

3 Work Plans

- Survive** 0-6 months
  - Short-term
  - Cash
  - Advice
- Revive** 6-12 months
  - Medium-term
  - Jobs
  - Businesses
- Thrive** 12+ months
  - Long-term
  - Resilience
  - Future-proof

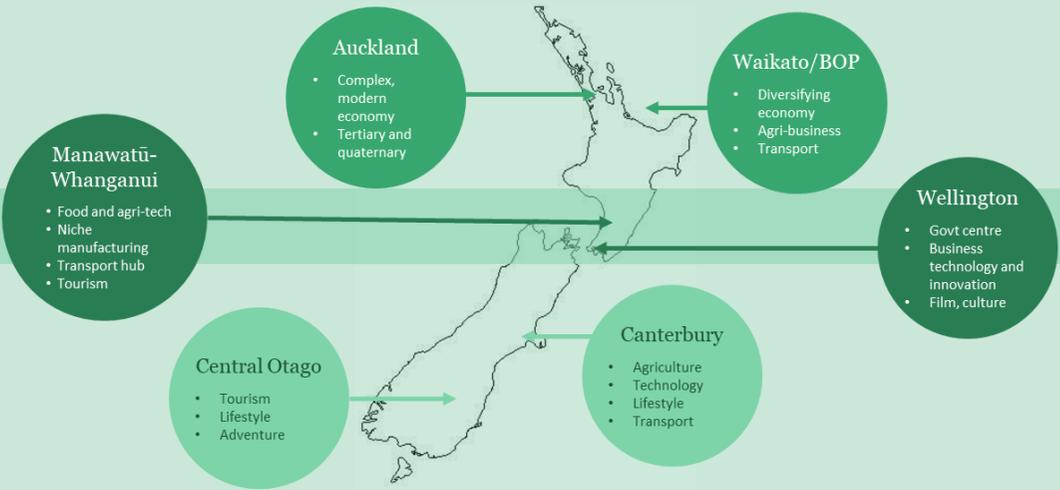


## Priority Projects



## Box 2 – Project Detail

Projects	\$ Investment	Estimated Jobs	Impact
<b>Central New Zealand distribution: Regional Freight Ring Road and Central North Island Freight Hub</b> - significant development project: new KiwiRail distribution hub, new regional freight ring road <i>Lead: PNCC – Heather Shotter</i>	c. \$3-3.5 billion (public and commercial)	c. 350 for construction	Freight efficiency and connectivity across central New Zealand and ports, reduced freight costs, reduced carbon emissions, major wealth and job creation
<b>SH1 – Otaki to North of Levin (O2NL)</b> – major new alignment for SH1 around Levin <i>Lead: Horowhenua District Council – David Clapperton</i>	c. \$800 million	c. 300 over 5 years for construction	Critical north-south connection, freight efficiency, safety and hazard resilience, major wealth and job creation through processing, manufacturing and logistics growth
<b>Ruapehu Tourism</b> - increasing Tourism revenue from \$180m to \$400m per year <i>Lead: Ruapehu District Council – Warren Furner</i>	c. \$300-\$400 million	Retain c150, Create c750	Facilities and tourism services development throughout Ruapehu and wider supporting region
<b>Te Puwaha- Whanganui Port</b> - major project with port redevelopment, marine precinct, skills hub, all guided by Tupua te Kawa <i>Lead: Whanganui District Council – Kim Fell</i>	c. \$200 million	c. 100 for construction	Enabling marine servicing and manufacturing, regeneration of industrial area, enhance health and wellbeing of the Whanganui River, significant job, skills and training opportunities
<b>Te Ahu a Turanga Highway (Manawatū George Highway replacement)</b> - key national arterial link east-west <i>Lead: NZTA – Lonnie Dalziel</i>	c. \$600-700 million	c.350 for construction	Critical east – west connector, freight efficiency, safety, major wealth and job creator during and post construction
<b>Shovel-ready Projects</b> - significant bundle of 88 environmental and infrastructure projects across the region <i>Leads: Various</i>	c. \$1 billion	c.15,000	Critical focus is on job creation, infrastructure improvement and environmental sustainability
<b>Marton Rail Hub</b> – significant opportunity linked to forestry logistics and products <i>Lead: Rangitikei District Council – Peter Beggs</i>	c. \$14.5 million	c.90 for construction and rail hub operations	Key stimulator of forestry logistics and manufacturing opportunities
<b>Skills &amp; Talent</b> – Regional leadership and coordination; local projects. <i>Significant skills projects established across the region with central coordination through Regional Skills and Talent Leadership Group</i>	Operational cost only	Enabling role	Directly matching labour opportunities and demands with people; strong effective regional network covering iwi / Maori, business, EDAs, government

“WHY”		“HOW”		
<p>What has the A25 Refresh work told us about how we should work together?</p> <p><b>Our leaders tell us:</b></p> <ul style="list-style-type: none"> <li>• Have ambition for the future</li> <li>• Be a joined-up region with a common voice to Government</li> <li>• Take a region-wide approach – no one left behind</li> <li>• Use both economic and social wellbeing indicators</li> <li>• Get out of our silos and collaborate, but stick to our swim lanes</li> <li>• Have a coordinated/common approach to government</li> <li>• The importance of Iwi/Māori to the projects and the region’s economic future</li> </ul>	<p>What has the A25 Refresh work told us about our priorities?</p> <p><b>We can create a strong regional comparative advantage with an ambition beyond the ordinary:</b></p> <ul style="list-style-type: none"> <li>• Enhanced agriculture AND Food-tech expertise</li> <li>• Transport AND a vision of a Central NI hub</li> <li>• Restored tourism AND connection to the NZ lifestyle</li> <li>• Emerging Māori economy AND an accelerated approach</li> <li>• Basic training AND a focus on a high-skilled workforce</li> <li>• Enhanced agricultural productivity AND an enhanced, sustainable environment</li> </ul>	<p>Optimising success by:</p> <ul style="list-style-type: none"> <li>• Having a focus and a plan</li> <li>• Utilising key data on economic and social impacts of COVID-19</li> <li>• Connection to Central Government</li> <li>• Strong connection with industry and the private sector</li> <li>• Working with Iwi/Māori throughout projects</li> <li>• Visionary and robust regional projects</li> <li>• Using government funding to leverage private sector investment for the long-term</li> </ul>		
<p style="text-align: center;"><b>The Long Term Destiny of the Region</b></p> <p style="text-align: center;">The destiny of Manawatū-Whanganui is to be a growth centre at a national scale</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; text-align: center;"> <p><b>The “Pillars”</b></p> <p>Creating wealth in a sustainable future:</p> <ul style="list-style-type: none"> <li>• <b>Sustainable food and fibre production</b> – nature-based strategies</li> <li>• <b>Food-tech and agri-tech</b> – value-added production</li> <li>• <b>Visitor/Tourism</b> – value over volume</li> <li>• <b>Māori Economy</b> – Māori-driven enterprises</li> <li>• <b>Specialised Services and Manufacturing</b> – e.g. National Simulator, Manfeild Centre, Whanganui Manufacturing Cluster</li> </ul> </td> <td style="width: 50%; text-align: center;"> <p><b>The “Bearers”</b></p> <p>Supporting the creation of wealth; making it possible:</p> <ul style="list-style-type: none"> <li>• <b>Transportation</b> – connection, hubbing, access</li> <li>• <b>Education, learning and skills</b> – strengthening the labour market</li> <li>• <b>Connectivity</b> – integrating the rural and urban areas</li> <li>• <b>Community Infrastructure</b> – modernising ageing infrastructure e.g. Three Waters, increasing housing capacity</li> <li>• <b>Energy and environmental sustainability</b> – e.g. Manawatū Recycling Centre, wind and hydrogen power</li> </ul> </td> </tr> </table>		<p><b>The “Pillars”</b></p> <p>Creating wealth in a sustainable future:</p> <ul style="list-style-type: none"> <li>• <b>Sustainable food and fibre production</b> – nature-based strategies</li> <li>• <b>Food-tech and agri-tech</b> – value-added production</li> <li>• <b>Visitor/Tourism</b> – value over volume</li> <li>• <b>Māori Economy</b> – Māori-driven enterprises</li> <li>• <b>Specialised Services and Manufacturing</b> – e.g. National Simulator, Manfeild Centre, Whanganui Manufacturing Cluster</li> </ul>	<p><b>The “Bearers”</b></p> <p>Supporting the creation of wealth; making it possible:</p> <ul style="list-style-type: none"> <li>• <b>Transportation</b> – connection, hubbing, access</li> <li>• <b>Education, learning and skills</b> – strengthening the labour market</li> <li>• <b>Connectivity</b> – integrating the rural and urban areas</li> <li>• <b>Community Infrastructure</b> – modernising ageing infrastructure e.g. Three Waters, increasing housing capacity</li> <li>• <b>Energy and environmental sustainability</b> – e.g. Manawatū Recycling Centre, wind and hydrogen power</li> </ul>	<p>Activating Central Government channels, through:</p> <ul style="list-style-type: none"> <li>• Senior Regional Official</li> <li>• Recovery and economic growth funds</li> <li>• Public sector lead</li> <li>• Senior public servants</li> <li>• Political relationships</li> </ul>
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<p style="text-align: center;"><b>A Glimpse of the Future - New Zealand’s “Growth Bubbles”</b></p>  <p>The diagram shows a map of New Zealand with five circular bubbles representing different regions. Arrows point from each bubble towards the Manawatū-Whanganui bubble, indicating a focus on that region. The bubbles are:</p> <ul style="list-style-type: none"> <li><b>Auckland:</b> <ul style="list-style-type: none"> <li>• Complex, modern economy</li> <li>• Tertiary and quaternary</li> </ul> </li> <li><b>Waikato/BOP:</b> <ul style="list-style-type: none"> <li>• Diversifying economy</li> <li>• Agri-business</li> <li>• Transport</li> </ul> </li> <li><b>Wellington:</b> <ul style="list-style-type: none"> <li>• Govt centre</li> <li>• Business technology and innovation</li> <li>• Film, culture</li> </ul> </li> <li><b>Canterbury:</b> <ul style="list-style-type: none"> <li>• Agriculture</li> <li>• Technology</li> <li>• Lifestyle</li> <li>• Transport</li> </ul> </li> <li><b>Central Otago:</b> <ul style="list-style-type: none"> <li>• Tourism</li> <li>• Lifestyle</li> <li>• Adventure</li> </ul> </li> <li><b>Manawatū-Whanganui:</b> <ul style="list-style-type: none"> <li>• Food and agri-tech</li> <li>• Niche manufacturing</li> <li>• Transport hub</li> <li>• Tourism</li> </ul> </li> </ul>		<p style="text-align: center;"><b>What are our roles?</b></p> <p><b>Survive</b></p> <ul style="list-style-type: none"> <li>• Jobs and business retention</li> <li>• EDAs, Chamber of Commerce and Government agencies (MSD, TPK, etc)</li> </ul> <p><b>Revive</b></p> <ul style="list-style-type: none"> <li>• Employment creation and business support</li> <li>• Councils, EDAs, Iwi/Māori and Government agencies (PDU, MPI, TPK, NZTA, MBIE)</li> </ul> <p><b>Thrive</b></p> <ul style="list-style-type: none"> <li>• Create new valuable jobs and businesses in key areas</li> <li>• Recovery Task Force/A25 - advocacy, support and connection for regional projects</li> <li>• Better together – in partnership with leads, partnering for delivery with EDAs, sector groups, councils, Government agencies, Iwi/Māori agencies and private sector enterprises</li> </ul> <p><b>Role of the Task Force/A25</b></p> <ul style="list-style-type: none"> <li>• Championing of a regional vision</li> <li>• Advocacy for a regional plan and priorities and Government resources</li> <li>• Thought leadership and stakeholder connection</li> <li>• Facilitation of formal partnerships, joint ventures and relationships</li> </ul>		



## Ruapehu Tourism

**Project Owner / Leader:** Warren Furner, Ruapehu District Council

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**Description of Project:**

A range of key initiatives to unlock the significant tourism opportunity that exists across the Ruapehu district and greater Whanganui river area. The programme of work aims to lift visitor revenue from \$180 to \$400 million per annum by 2028.

The programme is based on two main focus areas:

1. Develop tourism infrastructure
2. Develop an aligned marketing platform

The initial components are:

- Development of five iconic visitor experiences:
  1. Pōkākā ecosanctuary
  2. Ohakune Mountain Bike Trail
  3. Ohakune Ngāti Rangī waharoa (National Park Gateway)
- Establishment of a regional business model to lead development and management.
- Increase promotional activity to grow awareness and further develop the Ruapehu 'Our Greater Outdoors' brand.
- Connectivity investments in:
  1. KiwiRail increased capacity via the Northern Explorer
  2. Taupō Airport terminal
  3. Potential alternative mountain transport/carbon free national park

The overall objective is to achieve growth by enhancing the quality of the visitor experience, while sustaining environmental, wilderness and heritage values, and actively encouraging and assisting Iwi to achieve their aspirations.

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**Regional Benefits**

The targeted increase in visitor expenditure from current \$180 million p.a to \$400 million p.a by 2028 will:

- Retain and create jobs
- Grow the population by 900
- Generate \$200 - \$300 million of commercial investment
- Support the development of ten new Iwi businesses

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**Estimated jobs to be created and over what period:**

- Retention of c.150 current jobs under threat from COVID-19
- Creation of c.750 new jobs by 2028

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\$ Investment:	Start date:	Estimated completion date:
\$300-400 million	1 July 2018	30 June 2028



## Central New Zealand Distribution: Regional Freight Ring Road and Central North Island Freight Hub

**Project Owner / Leader:** Heather Shotter, Palmerston North City Council

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**Description of Project:**

To develop a multi modal distribution hub that has become possible through the KiwiRail rail hub relocation and development of the regional freight ring road. The project is led by PNCC in close partnership with KiwiRail and NZTA. The components are:

- 120 ha new rail operational site
- 50 kms of roading circling the city, upgraded to State Highway status and including a new bridge crossing of the Manawatū river
- Connectivity to Palmerston North airport one of the three New Zealand airfreight hubs
- A futureproof and fully integrated industrial development by PNCC

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**Regional Benefits**

- Large scale increases in infrastructure and employment across the logistics, processing and manufacturing industries.
- Improved connectivity to enable the region to capitalise on its central geographic location and solidify its function as the premier central North Island business location and distribution hub.
- 66% carbon emissions savings as a result of the transition of road freight to rail.
- The aim of the project is to enable the lowest cost and fastest freight distribution system in New Zealand that meets and or exceeds the best in world standards. Achieving this will make Manawatū/ Whanganui very attractive to new national and international logistics, manufacturing and processing industry development.
- Palmerston North city will benefit by moving freight distribution out of the city, improving people focussed transportation, access and safety levels.

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**Estimated jobs to be created and over what period:**

- 350 through the construction period

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\$ Investment:	Estimated start date:	Estimated completion date:
\$3 -3.5 billion (public and commercial)	2021	2030



## Ōtaki to north of Levin (O2NL) Expressway

**Project Owner / Leader:** David Clapperton, Horowhenua District Council

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**Description of Project:**

Upgrade of State Highway 1 to an expressway from Ōtaki to North of Levin. This is a length of 24 kms which reaches 2km north of Levin.

The upgrade involves major widening and new highway development to realign the road that bypasses the heavily congested Levin town centre.

The investment is committed to build this four lane highway.

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**Regional Benefits**

The decreased travel time from Wellington will make Horowhenua more easily commutable and can be expected to drive population and (therefore) economic growth through attracting industrial development.

Safety improves markedly for regional residents, along with drivers transiting through the region.

Foxton gets an additional visitor economy opportunity by becoming the first natural driving stop coming North from Wellington and the last stop driving South.

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**Estimated jobs to be created and over what period:**

- 300 over 5 years for construction

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\$ Investment:	Estimated start date:	Estimated completion date:
\$800 million	2025	2029



## Te Puwaha - Whanganui Port

**Project Owner / Leader:** Kim Fell, Whanganui District Council

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**Description of Project:**

To restore the Whanganui river structure and health, regenerate the Whanganui industrial area and stimulate the marine servicing and manufacturing sectors.

This project is guided by Tupua te Kawa, the innate values of Te Awa Tupua and managed via a true community-based governance group.

The project is to develop, via key investment, a future-proofed industrial and recreational environment at the head of the Whanganui river.

Components are:

- Shoring up the river embankments to solidify the current river course.
- Regeneration of the Whanganui port infrastructure, including docks and access.
- Development of the port precinct for recreational fishing and visitor usage.
- Support funding to marine industry companies

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**Regional Benefits**

- This proposed infrastructure will support current marine services and coastal shipping and freight services.
- It will also encourage potential tenants in the marine industry, as well as from the seafood harvesting and processing sector, to consider co-locating and investing in the port.
- General industry investment will be able to be leveraged off the coastal and inland distribution infrastructure improvement.
- The Whanganui River precinct will be beautified for industry, recreation and community benefits.

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**Estimated jobs to be created and over what period:**

- Over 300 new jobs

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\$ Investment:	Estimated start date:	Estimated completion date:
Total investment is over \$50 million, funding from PGF, WDC, HRC, WDETT, Q-West and the Te Ara Mahi fund.	2020	2023



## Marton Rail Hub

**Project Owner / Leader:** Peter Beggs, Rangitikei District Council

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**Description of Project:**

The objective of the project is to regenerate and modernise the Marton rail hub, including developing an industrial land precinct. This is driven by the demand for timber logistics processing and manufacturing.

- New rail infrastructure to replace outdated layout.
- Roading connections to State Highways.
- Integrated industry development of wood movement and processing activity.

Components are:

- Transform rural land to 40ha zoned industrial.

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**Regional Benefits**

- Efficient and lower cost transport options, boosting industry profitability.
- Increased returns from Iwi forest estate rentals attributable to proximity to the rail hub.
- Associated business flows and new investment in timber processing and manufacturing activity.
- Facilitation of reduced fossil fuel usage and emissions through bulk movement of timber from road to rail.
- General investment development through new industrial land availability that is strategically positioned to service central New Zealand

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**Estimated jobs to be created and over what period:**

- 90 though construction and rail hub operations

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<b>\$ Investment:</b>	<b>Estimated start date:</b>	<b>Estimated completion date:</b>
\$14.5 million	August 2020	October 2021



## Te Ahu a Turanga (Manawatū Gorge Highway Replacement)

**Project Owner / Leader:** Lonnie Dalziel, NZTA

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**Description of Project:**

Construction of new highway between Manawatū and Tararua to replace the redundant Manawatū Gorge route, connecting eastern and central New Zealand.

This will safely transport vehicles across 11.5 kilometres with a general travel time of 12.5 minutes, compared with the current 22 minutes.

Components are:

- A new four lane highway traversing a new route across the Ruahine Range.
- A new bridge crossing the Manawatū Gorge.
- Cycling and walking trails
- Tourist access sites spread along the new road.

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**Regional Benefits**

- Decreased travel times and increased safety between Ashurst and Woodville, effectively bringing Tararua much closer to Palmerston North. This makes Tararua a more attractive place to both live and develop industry - which will integrate with the new distribution infrastructure.
- Build stronger economic and social links between Tararua and the wider Manawatū-Whanganui region.
- Attract tourism through incorporating Māori heritage and environmental features.

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**Estimated jobs to be created and over what period:**

- 350 for highway construction

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<b>\$ Investment:</b>	<b>Estimated start date:</b>	<b>Estimated completion date:</b>
\$600 -700 million	October 2020	November 2024



## Shovel-ready Projects

**Project Owner / Leader:** Eight Territorial authorities across the Manawatū-Whanganui region

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**Description of Project:**

A bundle of 88 environmental and infrastructure projects across the region.

These projects have been brought forward to combat COVID-19 effects, and cover a range of areas.

Funding these projects will provide immediate employment within each area.

These projects are in response to Governments invitation to councils to submit proposals to the recovery fund.

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**Regional Benefits**

- Immediate job creation, helping to sustain the regional economy
- Longer term infrastructure improvement and environmental sustainability' aligned to the region's planned priorities

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**Estimated jobs to be created and over what period:**

- 15,000 (for total application)

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**\$ Investment:**

c. \$1billion. To date Government has announced \$148 million to support infrastructure, \$26.9 million to support flood control and \$18.5 million for environmental projects

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<b>Estimated start date:</b>	<b>Estimated completion date:</b>
August 2020	December 2021



**Key Contact: Geoff Henley**  
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