

Economic Development Strategy

2003

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1. Introduction

This Economic Development Strategy for the Wanganui District is intended to address the District's immediate economic development needs, as a first step in achieving a ten-year economic development vision. It is the result of several consultation and information gathering exercises. These have focused on local thinking rather than external sources:

- A survey of Wanganui businesses in late 2002.
- A Business Forum in November 2002, focusing on those trading beyond the District, and a feedback session in April 2003.
- A Tourism Review.
- An Arts Culture and Heritage consultation process.
- A Rural Forum in May 2003.
- Submissions, mostly as part of the Long-Term Council Community Plan process.

These processes have generated a description of what the District is, a vision of what it would like to be, and a SWOT analysis. This leads to the identification of two major and five supporting issues. These general issues are a mixture of existing positives, which need to be protected and enhanced, and negatives, which need to be remedied. For each general issue a basis for action, key issues, and actions have been identified.

As economic development takes place in ever-changing circumstances, the vision and goals will be monitored and modified constantly. A thorough evaluation will take place at the beginning of 2005.

Achievement of these goals will require the combined efforts of the Council, businesses and local and government agencies, along with Wanganui ratepayers and residents. All of these will need to make commitments of resources for those areas relevant to them. The Strategy is based on the view that business does business, with the Council and others facilitating business development by ensuring that all necessary services and processes are provided.

Note: While these goals are focussed on businesses which trade beyond the District, their achievement will benefit all Wanganui businesses and residents.

This Strategy is related to the community priorities identified in 1997 as the Community Strategic Plan and being repeated in 2003 as the Community Priorities. There is overlap between several of the issues.

2. Where We Are

Wanganui District is dominated by the provincial city of Wanganui. It serves an economic region larger than its administrative area.

The District's rural area supports sheep, beef, and dairy farming, forestry and some horticulture and orcharding.

The urban area has significant industries processing agricultural and forestry products, as well as other growing non-agricultural industries. It also has many service activities as well as government functions such as a hospital, schools, and a polytechnic. Its

location, climate and soils are considered advantageous, but transport links could be improved.

Attractive amenities, built up over many years, are an important feature of the District. Sports facilities have been the basis of the "sports city" brand.

Population growth has been slow since the mid 1960s and the 2001 Census showed a slight decline. This is a major concern, in common with most of the lower North Island. The lack of suitable employment opportunities is a major factor in this decline. Median personal income is 80% of the national figure.

The District has a significant and youthful Maori population, which is expected to increase as a proportion of the District's population. Claims to the Waitangi Tribunal relating to the Whanganui River and lands are approaching settlement in the next few years.

The District has a poor but improving image, both locally and nationally. This is seen as having an impact on both businesses and population, through creating difficulties in retaining younger people and attracting new residents, employees and investments.

3. What We Want To Be

The consensus of people and businesses appears to be that Wanganui should be or should have:

- A steady population growth rate.
- As attractive and convenient as it is now for both businesses and residents, both new and old.
- Higher levels of education and income, the result of more highly skilled employment.
- Sufficient land available for a range of industrial and other commercial uses.
- A thriving high-quality visitor industry based on the Whanganui River and the arts culture and heritage wealth of the District, without detracting from the District's existing amenity qualities.
- With a strong, diverse and growing rural sector.
- With Iwi enterprises and investment playing a significant role in the District.

To achieve this vision, the District will need to be given clear leadership and coordination, see concerted community effort, be more diverse and united, and be innovative, adaptable and outward looking.

4. SWOT Analysis

Strengths	Weaknesses
Soils and Climate The Whanganui River Arts Culture and Heritage Existing industries and commercial activities Size Location, especially coastal Education Sports facilities and "sports city"	Image Under-capitalised facilities Education levels Shortage of skilled employees Industrial land Road and air links Cost of wastewater scheme Rural roads

Stable workforce	
Threats Population loss Loss of any major industry Negative events Hospital down-grading Climate change	Opportunities Rural development Tourism, especially the Whanganui River Arts Culture Heritage Treaty settlements and business developments Manufacturing High-tech industries and services Ohakea cargo hub Air Force relocation Domestic and international students Immigration Marina developments Climate change

5. Issues, Goals, Basis For Action and Actions

Local people have identified many advantages that assist business as well as issues that hinder economic growth and need to be addressed. These are issues relating to population, employment, image, people, visitors, infrastructure and the Council. (Source: Business Forum November 2002, Tourism Review, ACH consultation, Rural Forum, submissions and feedback.)

5.1 Lack of Population Growth and Employment Issues

In common with many provincial areas, Wanganui faces the two interrelated issues of lack of population growth and a shortage of well-paid employment. Recently, population growth has been slow or negative. It has impacts on all aspects of life in Wanganui – services available, dislocation of families, availability of employees, social restrictions, atmosphere, image and property values.

Note: Natural increase is positive ie births exceed deaths. The decline is the result of people moving away, especially in their twenties. The lack of well-paid employment is seen as a prime cause of the lack of population growth.

The Target is that Wanganui's population should grow at between 0.5% and 1% per year. This equates to a net increase of about one person per day. (The projected 20-year national rate is 16% or 0.75% pa.) For Wanganui this would be faster than the last 35 years, but not as fast as the post-war baby boom years. This would increase the population by about 7500 in the next 20 years.

For population to grow there is a need to increase economic opportunities for the whole population by improving existing and new employment opportunities and attracting new activities, both rural and urban. For overall wealth per person to increase, the economy will need to grow faster than the population. Based on the above population growth, this equates to about three jobs a week and a median personal income at least equalling the national median figure.

Actions: The District will continue activities to attract and retain businesses and people. In order to make this viable, it will address the five key issues of: our image, people, visitors, infrastructure and the Council. These five issues are all interrelated solutions for the District's two primary issues – population and employment growth.

5.2 The District's Image

People believe the District has many positive social and economic features including the lifestyle provided by a safe attractive place with good access to the outdoors, a rich cultural and arts heritage, good educational resources, affordable housing, good sporting facilities and a supportive community.

However, the District is perceived as having a poor image, both nationally and locally, due to poor promotion and negative media coverage over many years. There has been improvement in recent years but a lot more needs to be done, consistently and over a long period.

The Issue: The District needs to improve its image to be attractive to people and businesses.

Goal 1 is that "Wanganui is known as an attractive, dynamic place to live and do business".

Basis for action: Wanganui has many attractive features for people and businesses. However, these are poorly understood, both locally and beyond, and there are weaknesses also. The two major strategic directions are to:

1. Better promote the District both internally and externally.
2. Address matters which contribute to the negative image.

These will need to be community-wide efforts, with Wanganui District Council taking the lead role.

Actions: Will focus on a coordinated, quality, long-term marketing campaign, directly targeting people and businesses with attractive and creditable information. This will develop a brand image, building on existing activity and research. Activities which enhance Wanganui's amenity and environment will be supported.

5.3 The People

Quality, loyal and stable staff are major positives. Attracting qualified staff with the right skills and attitudes is a significant issue. The District is especially lacking in younger qualified workers. The small size of the market and workforce is also limiting. It can be difficult for outsiders to develop business relationships in Wanganui.

General solutions include matching education and employment opportunities, marketing of the District and internal communications and relationships.

The Issue: A shortage of skilled employees, especially in the younger age groups, impacts on business activities. The skills and motivation of some also has effects.

Goal 2 is that "Wanganui's educational, vocational and professional skill-base supports and enables strong business growth".

Basis for action: A community effort is needed to ensure that the District's people are equipped and motivated to be involved in a wide range of employment and business activities. Effective relationships need to be developed between employers and educators. The District also needs to support people who choose to live here.

Actions: Will focus on continuing to bridge the gap between the education sector and the business community to ensure that education (in the widest sense), matches the present and future opportunities.

5.4 Visitors

Issues specific to tourism are the perception that there is a lack of vision and leadership, the lack of coordination and the lack of sufficient visitor activities.

The Whanganui River and Arts Culture and Heritage have significant roles to play in this area, as well as in the District's image. Mainstreet development and sports facilities are also of high importance.

The Issue: Coordinated effort is needed to achieve a clear vision for tourism with the development of attractions and facilities along with improved marketing.

Goal 3 is that "Visitor experiences which capitalise on existing cultural, historical, environmental and locality assets, are grown". [This goal links with Goal 1 (Image). Both Goal 1 and Goal 3 are important in attracting new residents.]

Basis for action: *Wanganui has significant tourism potential which needs clear vision, leadership and coordination to reach its potential. This needs to come from the combined efforts of the Council and the tourism sector, including arts, culture, heritage and sports.*

Actions: Focused on having an agreed vision, target markets, effective coordinated marketing and improved image.

5.5 Infrastructure

The central location is a major economic asset, as is good internal transport due to the city's small spread, along with low establishment costs and generally good infrastructure.

A number of infrastructure weaknesses have been identified. Lack of an adequate broadband Internet service seems to be the biggest infrastructure issue. Roading, especially rural roads and SH4 (Paraparas), and frequency of air connections are the main transport issues.

The lack of sufficient connected industrial land and the need to develop a high-tech industrial area are also seen as significant.

The Issue: Infrastructure, especially communications and transport, needs to be improved. The development of the Ohakea cargo hub is supported. Effort needs to go into addressing the provision of suitable industrial land and other business accommodation.

Goal 4 is that "Wanganui's infrastructure supports and enables strong rural and urban business growth".

Basis for Action: *A number of infrastructure weaknesses have been identified. Most of these are provided by national entities. Joint Council/business action will seek the necessary improvements.*

Actions: Target weaknesses with joint Council/business project teams.

5.6 The Council

The Council is seen as not supporting business enough. Compliance costs, especially for many of the city's older buildings are an issue, as are response times to Council/client interactions for a range of processes.

The general solution is for the Council, working with Enterprise Wanganui, to focus on identifying everything it can do reasonably, to assist businesses with their regulatory compliance and growth.

Goal 5 is that “Wanganui District Council is known to be a proactive organisation making business in Wanganui easy”.

***Basis for Action:** Wanganui District Council, at all levels, has a mixed reputation in its relationships with the business community. Working with businesses, the Council will identify areas for improvement and implement them.*

Actions: With assistance from businesses and Enterprise Wanganui, the Council will pursue internal culture change, clear communications and effective dispute resolution.

6. What is the Wanganui Economy?

6.1 Background

In the last 100 years Wanganui has seen two periods of rapid population and economic growth – up to 1926 and the twenty years following 1945. In the last 35 years growth has been slow. The population has never been more than about 2% of the national population and is now about 1%.

In the 1980s Wanganui lost a number of significant industries and activities, mainly government-orientated, and yet its population continued to grow slowly, now standing as 44,400. Between 1996 and 2001, the District’s population declined 3.9% as measured by the census. From the late 1990s a number of new businesses have been established.

While most existing enterprises, both urban and rural, have potential for growth, a number of specific newer activities have been identified. These include tourism, especially based on the Whanganui River and arts culture and heritage, education of fee-paying students and high value goods and services.

6.2 Current Features

A survey of businesses (excluding farms) carried out in late 2002 showed that the Wanganui economy is very mixed:

- Wanganui businesses vary from traditional rural processing to cutting-edge high-tech manufacturing; from international artists to the corner dairy and from sole operator businesses to those employing hundreds.
- 60% of businesses do at least part of their trade beyond the District.
- 10% of businesses are involved in international export of goods or services.
- Businesses trading beyond the District on average have higher turnovers.
- 90%+ of businesses report their condition as steady or growing.
- Over 60% of businesses have a turnover of less than \$500,000 pa.
- Approximately three quarters of surveyed turnover is generated by the 160+ businesses with turnovers of \$1m+ pa.
- Half of all businesses involve four or less people.
- About 80% of the workforce are in businesses which comprise five or more people.