CENTRAL HAWKE'S BAY
DISTRICT COUNCIL

Delivering on Project Thrive

Central Hawke's Bay District Economic Development Action Plan
August 2019

Together we Thrive! E ora ngātahi ana!

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Cover image: *Central Hawke's Bay College students perform on Pukekaihau - Hunter Memorial Park, June 10 2019, to celebrate the Provincial Growth Fund investment announcement.*

Economic Development Action Plan

Delivering on Project Thrive - a prosperous community turning opportunities into action

Transportation
We successfully manage and maximise the value from increased traffic volumes on our roads.

Skills
Our people are well skilled and prosper from employment opportunities.

Land use
We will capitalise on natural assets and climate shifts to help diversify the primary sector and create a more sustainable land use.

Water
Achieve a step change in the sustainable productivity of our primary industries through smart water security solutions.

Business development and Attraction
We leverage and promote our strengths to attract and grow businesses, extracting additional value from our core sectors.

Tourism
We utilise our full tourism potential to increase visitor spend in our District.

Growth and development
Take advantage of upcoming infrastructure decisions to future proof our District for business growth and investment

Introduction

Central Hawke's Bay is experiencing a surge of positivity, with strong economic growth, population growth and a clear vision to deliver on its future prosperity.

Council has recognised the importance of Economic Development for the future social and economic wellbeing of the District, recently appointing its first Economic Development Officer and successfully securing funding from the Provincial Growth Fund and Tourism Infrastructure Fund.

This strategy builds on that momentum, setting out the key actions for us to support and accelerate economic growth for businesses, communities and tourism in the district. It is an ambitious programme, one which the Council and the community need to work together on, side by side. It is also not a static picture – we will monitor its implementation and adapt to opportunities and changes that arise, updating the action plan component annually.

We already had a lot of feedback from the community to draw from – including community engagement from Project Thrive and the submissions on our 2018-2028 Long Term Plan. We would also like to thank all the people who gave us additional input and comments as part of our discussions specifically about this strategy.

Council was assisted in developing this strategy by a number of experts who tested our ideas and undertook research for us. Third Bearing Limited, Giblin Group, and Dave Bamford undertook the core work, with additional pieces done by AgFirst Consultants NZ Ltd, Sean Bevin (Economic Solutions Limited), and Anna Baldwin (Hawke's Bay Tourism). We also received valuable input from colleagues at Tararua District Council, Hawke's Bay Regional Council, Napier City Council, Wairoa District Council and Hastings District Council.

Now the hard work begins – the work to deliver on the Economic Development Strategy and to ensure that it positively impacts on the other well-beings of social, environmental, and cultural that our community have told us are important.

Why we undertook this assessment

In late 2018 Central Hawke's Bay District Council was successful in an applying to the Provincial Growth Fund for an assessment exploring Central Hawke's Bay's economic development opportunities.

The purpose of the assessment was to consider the district's economic advantages and high productivity assets and attributes including quality agricultural land, natural resources, temperate climate, central location, and an excellent transport network, including the Napier Port.

In addition to using the assessment work to prepare this strategy, Council also intends to use the information for a range of other purposes, including:

- Forming the basis of the work programme for Council's newly created Economic Development Advisor role
- Integration with the Matariki Hawke's Bay Regional Economic Development Strategy and Action Plan refresh
- Promoting with certainty investment opportunities to attract new businesses to Central Hawke's Bay
- Supporting existing business to diversify
- Supporting businesses to increase productivity and 'add value' through innovation
- Investigating opportunities for export and collaboration.

The outcomes from this work will result in positive benefits for the community and include:

Increased job opportunities
Attracting new business, growing existing business, and increasing productivity will create more jobs and a wider range of employment across different industry types.

Increased prosperity
Increased productivity is a contributor towards providing more and better paying jobs, thereby increasing the prosperity of employees and employers.

Diversification and increased resilience
Diversification across a range of different industries protects the local economy against market shocks and increases economic resilience.

Overall improvement in the economic wellbeing of the local economy
Employment enables members of the community to participate more fully in society. Regular income provides employees and their families with the ability to make lifestyle choices e.g. access to warm homes, participation in sports and recreation, leisure, food choices, health care.

Working together to achieve these outcomes

Partnerships are recognised as being vitally important for delivering on this strategy. While Council has a direct delivery role in a small number of the opportunities covered in the strategy. In most of them Council will need to partner with the community, hapū and marae, businesses, organisations, central government and other Councils to achieve the goals.

Council had a number of partnerships prior to the development of this strategy, and these will continue to be important. In many cases our recent work on associated projects has strengthened these partnerships – for example our working relationship with Te Taiwhenua o Tamatea on the Ngā Ara Tipuna initiative (see the tourism section of this strategy). As we've completed the assessment, we have also identified new partnership opportunities that can be leveraged for the benefit of our community – for example, connecting landowners to central government advisory and funding services in the Ministry of Primary Industries and Te Puni Kōkiri.

The most important partnerships for economic development purposes will be with industry and business in our district. Council's role in these partnerships will range, for example, from facilitating networks and clusters, making information available, ensuring key infrastructure is in place, advocating on behalf of groups of businesses to regional and national bodies, to actively organising and promoting particular activities. We will rely on business to actively engage with us on economic development – telling us the key issues they need solving and how Council can assist given the range of tools we have available.

Overarching themes across all opportunities

Economic development is not a goal in isolation – it needs be seen as one of the four well-being's supporting the others social, environmental, and cultural well-being. When actioning this strategy, Council is committed to considering the implications across the four well-being's. Rather than seeing economic development as a separate work programme, the real gains will come from applying an economic development lens across all of our work. For example, when undertaking roading work we will consider the opportunities for tourism, for example the provision of cycle trail infrastructure. Issues such as wastewater require technical engineering expertise, but also need to be considered from an economic development perspective to ensure we understanding their full impact and potential value.

People we spoke to in the preparation of this strategy saw Central Hawke's Bay as a District of opportunities, and that part of unlocking this was being able to tell our story. Building the perception of our District as a place where people and business can thrive was a theme throughout the workstreams of this strategy, whether it is making people aware of how our primary sector is growing and diversifying or highlighting what the District has to offer for people moving from overseas or other parts of New Zealand. This strategy identifies a number of opportunities for better telling the Central Hawke's Bay story and focussing on our towns and communities as great places to live.

Our work on this assessment has reinforced the importance of maintaining close working relationships not only with our longstanding regional partners (Hastings, Napier, and Wairoa), but also highlighted how important it is for us to recognise the economic contribution that other neighbouring districts make. A significant amount of our transport network connects to Tararua District Council, and we have very similar economic profiles in terms of key industries. In addition, visitors from the Wellington and Manawatū regions provide over a third of our annual visitor spend. So while regional forums connect us to our northern neighbours, in economic development terms we also need to be focussing to the west and south of us as well.

Having a clear economic development strategy will also help Council reinforce our district's needs and requirements as part of regional and national forums. Having more of a focus on what is important from an economic development perspective will allow us to gain additional value from our investment in existing partnerships, such as with Business Hawke's Bay or Hawke's Bay Tourism. Many of these regional and national forums reward long-term strategic approaches, such as the Regional Transport Committee, which this economic development strategy will support. Council is committed to continually improving our leverage of these regional and national forums as part of improving economic development outcomes.

Background

State of play for our economy

Last year saw economic growth in the district of 4.7% to reach an estimated total of $448 million real Gross Domestic Product (GDP). The last time such growth occurred in the district was between 2010-2014, after which there was three years of weakened growth through till 2017.

Leading this recent growth has been the primary sector and tourism. Agricultural growth has been helped by total New Zealand meat and wool export revenue increasing by 17% between 2014 and 2018, and total pip-fruit export returns have risen 36%. This has meant that agriculture continues to be the largest economic sector for us, making up over 30% of our GDP, and the primary production sector accounts for 37% of total employment in Central Hawke's Bay.

Tourism's growth has also been strong, with MBIE's monthly regional tourism estimates (MRTEs) for the year to January 2019 showing an estimated visitor spend of $36.8m in Central Hawke's Bay, up $4.9m or 15.1% from the previous year. Domestic/NZ visitor spend accounted for 89% and overseas visitors the remaining 11%.

The changing demographics of our district are already being reflected in the economic data. Since 2010 our GDP per capita increased at a slower rate than for the total Hawke's Bay region (16% vs 36%), but GDP per employee increased at a faster rate than the rest of the region (32% versus 27%). Part of the reason for this is our aging demographic, where the proportion of people aged 65+ now equals those aged 0 to 14 for the first time.

Income levels compare well regionally, with median labour earnings in our district only slightly lower than Napier City in 2017, $47,100 compared to $47,410, though Hastings recorded the highest with $49,810. The median household income level for our district was $52,500 compared to $53,200 regionally. Unemployment is low at 3.2% at the end of 2018 – much lower than the wider region's 4.7%. However, the percentage of working age people employed in Central Hawke's Bay sits at just over 60%, compared to 64% for Hawke's Bay region. Labour productivity or average output (GDP) per employee for the 2018/19 year is estimated at $86,633, compared to $92,104 for the Hawke's Bay region.

The number of new dwelling consents has steadily increased since 2016 and has been a core driver behind construction sector growth, with the total value of all consented new building construction more than doubling since the low year of 2013, reaching $19.1 million last year. Despite this construction activity, average house prices have by an average of nearly 17% per annum over the last two years, compared to 7.1% nationally. Rents have also increased significantly in our district, up an average of over 11% per annum over the last two years compared to 4.5% nationally.

The highlight summary of the Central Hawke's Bay economy are:

- Growing older population and significant new housing growth
- Agricultural/pastoral farming specialisation and currently limited range of horticulture
- Significant economic and employment growth over the past 2-3 years
- Growth industries include agriculture, rural servicing, transport, construction, professional/technical/business services and visitor activity (increased visitor spending)
- Overall labour productivity below regional levels, but income levels on par
- Relatively low unemployment
- Recent sharp rise in house prices and rentals
- Forecast further growth (albeit relatively limited) in key indicators, under current conditions.

Matariki Hawke's Bay Regional Development Strategy for Economic and Inclusive Growth (HBRDS)

The original Matariki Economic Strategy was developed as a regional economic development strategy by a partnership including Māori, local authorities, business and the Crown. Matariki was launched by the government as part of their Regional Growth Programme in July 2016. A Social Inclusion Strategy was then adopted in 2017, with goals and actions to ensure economic gains are accessible to everyone in the Hawke's Bay region. With the intent of working towards one clear set of action plans across both strategies, in 2018 the actions from both strategies were merged. The weaving of these actions reflects that regional economic growth and equitable opportunities for

individuals, whānau and community go together. Over 2019 a thorough revised Matariki Action Plan is being developed signifying a new strategic mind set for the region for inclusive growth. The two strategies share three important realities for Hawke's Bay:

1 *To have a thriving region people must be included in the opportunities economic growth provides. There has been considerable economic development and increased prosperity in Hawke's Bay over past few years but many inequalities remain.*
2 *Recognise that the lack of opportunity for many people is linked to poor educational attainment, the absence of adequate preparation for work, poor health and the absence of widely available and affordable housing. These are contributors to the region's persistent inequalities which must be addressed in order to deliver broad economic benefits and enhanced well-being.*
3 *A shared conviction that agencies, employers, business and others involved in delivering services and programs must work differently in order to achieve better results, and that our work on social inclusion must be community led and whānau centric.*

The vision for the HBRDS it that every household and every whānau is actively engaged in, contributing to and benefiting from, a thriving Hawke's Bay economy, and that Hawke's Bay is a vibrant, cohesive, diverse and safe community, where every child is given the best start in life and everyone has opportunities that result in equitable outcomes. This will be achieved by making Hawke's Bay New Zealand's most innovative region, the leading exporter of premium primary produce, and a hub for business growth.

Central Hawke's Bay's Economic Development Strategy supports the refreshed Matariki HBRDS by linking to a number of its strategic directions:

Pillar 1: Whānau wellbeing
Creating a thriving society is where everyone can participate and make a significant contribution to achieving greater economic growth and productivity to whānau wellbeing.

Pillar 2: Employment, skills and capability
Through workforce development plans we will help people to be work-ready and match them with employee-ready employers who foster a spirit of lifelong learning across our collective workforce.

Pillar 3: Resilient infrastructure
Regional spatial planning that supports a strong and sustained physical, environmental, cultural, social and business infrastructure so we can unlock our full potential.

Pillar 4: Economic gardening
Supporting our businesses and industries to grow, be innovative, sustainable and inclusive.

Pillar 5: Promoting Hawke's Bay
Attracting visitors, talent, businesses and investment to strengthen and diversify our economy.

This refresh is intended to be iterative and so the specific linkages outlined below between our action plan and the HBRDS work programme will be refreshed accordingly as and when required.

Project Thrive

In the lead-in to the last Long Term Plan process Council undertook a significant engagement process with the community, with 250 people attending 13 community meetings. The more than 3,500+ pieces of feedback created a number of initiatives being considered as part of the Long Term Plan and also informed the review of the District Plan.

To be able to create informed strategies and plans for Central Hawke's Bay district, Council needed to have a good understand of what the Central Hawke's Bay communities' value and to give the communities a chance to influence the direction and priorities of the district in a proactive and tangible way. This would ensure that the Vision and High Level Strategy would reflect Council's aspiration to see the community thrive and include an overarching community-based vision.

A number of points raised as part of Project Thrive were directly relevant to this Economic Development Strategy. Both the high level ideas around what the community wants, values, and what is holding the district back, as well as detailed points under the themed feedback have provided important context to this Economic Development Strategy.

HIGH LEVEL IDEAS FROM COMMUNITY THROUGH PROJECT THRIVE:

WHAT THE COMMUNITY WANTS FOR THE FUTURE OF CENTRAL HAWKE'S BAY

"vibrant and bustling towns and villages"

"new businesses and employment for youth"

"be a tourism destination"

"more education and training options"

WHAT THE COMMUNITY CURRENTLY VALUES

"we have amazing facilities"

"our central location and climate"

"mountains, rivers, beaches – so much natural beauty"

"community values and nga taonga tuku iho – our identity"

WHAT IS HOLDING THE DISTRICT BACK

"water quality and supply"

"not enough growth or money"

"poor public transport"

"not enough jobs and skill"

RELEVANT POINTS FROM THEMED FEEDBACK:

A PROUD DISTRICT

Telling our story, building our brand, marketing ourselves with a prospectus

A PROSPEROUS DISTRICT

Business attraction, tourism promotion, Longest Place Name, truck driver accommodation, agri-support strategy, events strategy

STRONG COMMUNITIES

Events, celebrate heritage, Māori trail, skills and youth

CONNECTED CITIZENS

Cellphone and broadband connection, transport strategy, cycling and public transport

SMART GROWTH

Barriers to growth, retirement village, residential lots, quality living environments

ENVIRONMENTALLY RESPONSIBLE

Sustainable practices, fertile soils, clean energy

DURABLE INFRASTRUCTURE

Infrastructure strategy, wastewater, stormwater, roading

Existing Council projects

Big Water Story

Project Thrive made it clear how important water was to all parts of our community. In recognition of this feedback we started #the Big Water Story. To meet the expectations of our communities we recognised the need to make a significant investment in wastewater, drinking water and stormwater over the next 10 years. Our 2018-2028 Long Term Plan set out our intention to spend a total of $32 million on capital projects for the 3 waters. This will ensure that the district has resilient, durable infrastructure for future generations, whilst promoting opportunities for district growth and to attract new industries and employment.

This is an ambitious programme of work, with up to nine or ten Big Water Story projects underway in the district at any one time. One of the biggest pieces of work so far has been the response to the Environment Court in relation to a breach of wastewater resource consent conditions. It took a year's worth of work to deliver on that requirement, and there is no rest now that is done - the project now shifts to the next phase where the team will focus on continuing to improve the performance of the plants, developing a consenting strategy, progressing funding and financing work streams in preparation to take options to the community for a long term solution to our wastewater issues.

Other projects being progressed alongside the wastewater design and build are stormwater improvements across Waipukurau to help manage any overflow events, and several projects on water supply across the district. Up to 6 wastewater treatment plants are to be upgraded, 5-6 drinking water improvement undertaken, numerous firefighting improvements, and 2 second or alternative water supplies put in place.

Review of District Plan

The current Central Hawke's Bay District Plan is nearly 20 years old and no longer reflects a Central Hawke's Bay of today or our communities' aspirations for the future. The District Plan review is a key tool to bring the outcomes of Project Thrive alive for our community. It describes the policies, rules and standards to ensure we balance economic and residential growth with protecting Central Hawke's Bay's natural environment for future generations.

A core focus of the draft District Plan is achieving sustainable growth with minimal impact on the environment. It aims to encourage growth whilst protecting the unique character and heritage features of our townships and rural settlements. It also recognises that Central Hawke's Bay is comprised of areas of regionally, if not nationally, significant productive and versatile land, and that this land needs to be managed to protect the primacy of these versatile and productive soils. Even land that has lower productivity and versatility, still has the potential to be productive and warrants protection.

The District Plan review is expected to continue through till mid-2020.

New Environmental and Sustainability Strategy

Council adopted its first Environmental and Sustainability Strategy early in 2019, setting the direction for how it will manage its impact on the environment for years to come. The strategy focuses delivery around four key themes:

1 Leading the way in environmental sustainability
2 Ensuring environmental vitality through our way of working
3 Connecting our people and place
4 Building a sustainable economy

Theme 4 recognises that climate change will impact upon our community and affect what we can produce here. Already water storage is a concern for our community. These pressures mean that Council must encourage local businesses to practice as sustainably as possible. Providing and facilitating access to businesses seeking information is a role that Council can provide through a range of sources including, Ministry for the Environment and Sustainable Living Aotearoa. Council has also allocated resources to encourage and enable local businesses to work with a Sustainable Business Network.

Non-rateable income funding strategic framework

Central Hawke's Bay faces significant funding challenges over the next ten years, and in recognition of this Council has recently adopted a new non-rateable income funding strategic framework. This framework aims to identify and implement opportunities to create new revenue for Council, seeking to reduce the reliance on rates to fund the range of operational activities and capital projects. Currently the two main sources of revenue are rates and subsidy from the New Zealand Transport Agency. There is a growing recognition across the local government sector that other sources of revenue need to be found in order to deliver affordability, and central government has also picked up on this with the Productivity Commission carrying out a full review into funding and financing of local government.

Town centre and community planning

A theme from Project Thrive was the need to develop town centre strategies, ranging from a need to undertake main street rejuvenation in response to the challenges and opportunities of earthquake prone buildings, through to streetscape and landscape improvements. Our community wants to see how our town centres and communities can be vibrant and bustling places, helping to attract business and residents. Council has responded to this by including allocating limited funding in the Long Term Plan to develop Town Centre Plans and Community Plans. These will bring together the way we want to develop the different parts of our communities, including identifying the key components that make those communities unique and how this will be maintained and enhanced.

Ensuring that our town centres and communities are a great place to live means we need to go beyond just economic issues. This work will factor in the social infrastructure requirements of the district (including comprehensive housing plans and collaborative social services delivery,) alongside social/cultural capital developments (for example access to recreation opportunities and cultural experiences). Council has already done a lot of this work – for example, our Housing Strategy and the Environmental and Sustainability Strategy – so we will draw on these as part of the town centre planning work. By doing this we will also be linking to Pillar 1 of the Matariki Hawke's Bay Regional Development Strategy.

Wider regional initiatives

The Government recently announced over $30 million of investment into water security projects for the Hawke's Bay region. The investment from the Provincial Growth Fund is a recognition of how critical water is to the region's economic prosperity. The largest investment provides nearly $15 million to develop a Managed Aquifer Recharge project in Central Hawke's Bay, to be managed by Hawke's Bay Regional Council. This project aims to replenish aquifer levels by taking surface water during high flows, filtering it and releasing it into aquifers to replenish them.

A further $12.9 million has been allocated to investigating small-scale storage options on the Heretaunga Aquifer, which supplies water to Napier and Hastings and provides for irrigation of agricultural and horticultural land. The rest of the package includes to research projects to better understand the region's major aquifers, and develop a management plan for freshwater.

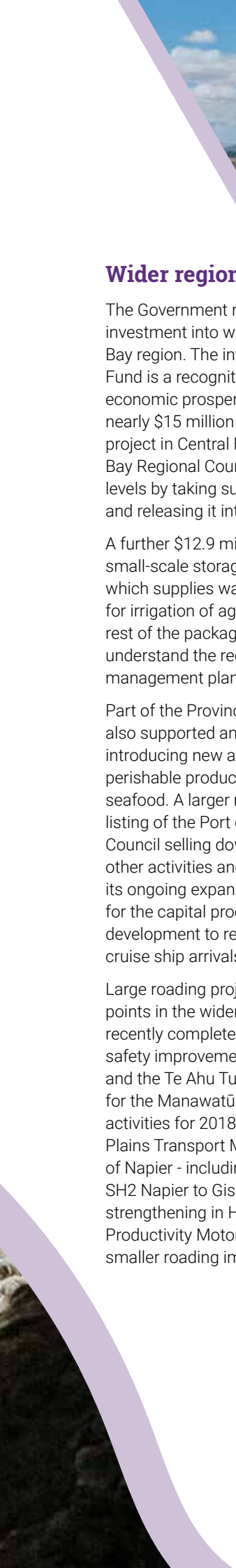
Part of the Provincial Growth Fund announcement also supported an investigation by Napier Airport into introducing new air freight services to export high-value perishable produce such as fruit, vegetables, meat and seafood. A larger regional infrastructure project is the listing of the Port of Napier, with the Hawke's Bay Regional Council selling down its stake to free up capital for its other activities and to enable the port to raise funds for its ongoing expansion. The first major project planned for the capital proceeds is a $173-to-$190 million wharf development to reduce congestion which is restricting cruise ship arrivals.

Large roading projects are also underway at key strategic points in the wider regional transport network, including the recently completed Whakatū Arterial Link Te Ara Kahikatea, safety improvements between Pakipaki and Waipukurau, and the Te Ahu Turanga Manawatū to Tararua replacement for the Manawatū Gorge. The Regional Land Transport Plan activities for 2018-2021 include updating the Heretaunga Plains Transport Model, several projects on roads north of Napier - including progressing the business case for SH2 Napier to Gisborne, and SH 5 Napier to Taupo, bridge strengthening in Hastings District to accommodate High Productivity Motor Vehicles (HPMV), and a range of other smaller roading improvements.

The Provincial Growth Fund provided funding in June 2018 to undertake a feasibility study and business case into the establishment of a Hawke's Bay Food Innovation Hub. This would be focussed on environmentally sustainable production and packaging, plant based production, waste stream utilisation, and food and beverage agri-tech. This is an innovative way of integrating agriculture and technology to strengthen productivity and sustainability in the region's primary sector. It could provide the opportunity for Central Hawke's Bay primary producers to access collaboration and technology that is not currently available in our District, and also leverage technology and businesses that already exist to help our regional partners.

Napier City Council has also received a Provincial Growth Fund contribution to undertake a detailed business case for the expansion of the National Aquarium. Named Project Shapeshifter, the vision is to create an iconic destination that all New Zealanders will be proud of, giving a unique opportunity to tell New Zealand's freshwater and marine story through themes of sustainable utilisation and conservation. This can connect strongly to Te Angiangi Marine Reserve in Central Hawke's Bay – our region's only marine reserve. Located between Aramoana and Blackhead, with camping grounds at both ends of the reserve, and plentiful bach accommodation, Te Angiangi Marine Reserve could support the Napier Aquarium expansion both in terms of scientific research and also as an extension of the visitor experience.

Our neighbours at Tararua District Council have been very active recently putting in place their economic development strategy and are about to finalise their tourism strategy as well. Both of these give us opportunities to find points of collaboration around economic development matters. Economic development teams have been working together over the last six months to identify where these opportunities lie and which to progress first. We are actively supporting Tararua with their application to the Provincial Growth Fund for roading improvements, in recognition that those improvements will provide flow-through benefits to our district.



Economic Development Opportunities and Actions Summary

	SHORT TERM ACTIONS	
WATER Achieve a step change in the sustainable productivity of our primary industries through smart water security solutions *Link to Matariki HBRDS* *Pillar 3: Resilient Infrastructure*	• Work collaboratively with industry partners to identify the full range of feasible water storage and security initiatives, as part of a local package of solutions	• Actively engage in the Managed Aquifer Recharge project • Ensure proposed waste water designs include options for irrigation
TRANSPORTATION Successfully manage and maximise the value from increased traffic volumes on our roads *Link to Matariki HBRDS* *Pillar 3: Resilient Infrastructure*	• Invest smartly in key transport information to support investment cases for the 2021 RLTP • Establish a road transport advisory group to assist in developing our approach to the 2021 RLTP	• Active engagement in the Tararua Rail Hub Feasibility Study • Implement the "spade ready" projects linked to the successful PGF application for HPMV roading • Investigate public transport needs to input into 2021 RLTP
GROWTH AND DEVELOPMENT Taking advantage of upcoming infrastructure decisions to future proof our District for business growth and investment *Link to Matariki HBRDS* *Pillar 1: Whānau wellbeing* *Pillar 3: Resilient infrastructure*	• Decide on future capacity in wastewater design needed for industrial and commercial growth, and options for irrigation • Identify existing capacity for commercial and industrial growth, work with large businesses to meet immediate needs	• Undertake early work on potential role for PPPs in assisting to fund infrastructure investments • Identify role of urban areas e.g. Waipawa/Otane boutiques shop and accommodation growth, Waipukurau rural service industry focus.
LAND USE DIVERSIFICATION We will capitalise on natural assets and climate shifts to help diversify the primary sector and create more sustainable land use *Link to Matariki HBRDS* *Pillar 4: Economic gardening*	• Prepare investment propositions for extending nearby land uses in CHB e.g. pipfruit, viticulture, kiwifruit, forestry • Facilitate access to investment networks to assist funding of land use diversification	• Provide community with roading and land use overlay information to inform forestry investment decisions • Connect emergent land use initiatives (e.g. hemp, sheep & goat milk, etc) to information and funding networks
BUSINESS DEVELOPMENT AND ATTRACTION We leverage and promote our strengths to attract and grow businesses, extracting additional value from our core sectors *Link to Matariki HBRDS* *Pillar 4: Economic gardening* *Pillar 5: Promoting Hawke's Bay*	• Issue a CHB-specific investment prospectus designed to attract new business investment • Facilitate a series of provenance marketing events/workshops with key local businesses/farms	• Support Māori Business Development through supporting development Ngā Ara Tipuna Phase 3 • Map the potential for growth of primary sector service industry • Develop shared business support toolkit
TOURISM We utilise our full tourism potential to increase visitor spend in our District *Link to Matariki HBRDS* *Pillar 4: Economic gardening* *Pillar 5: Promoting Hawke's Bay*	• Support development of Ngā Ara Tipuna Phase 1 and 2 • Ensure visitor information is relevant and promoted (Review Visitor Information Services) • Undertake a district-wide tourism infrastructure assessment and a specific assessment of requirements to support cultural tourism in Porangahau.	• Develop a range of "point of difference" marketing campaigns alongside our tourism operators to target different tourism audiences • Build relationships with neighbouring authorities to extend our tourism reach across the region
SKILLS Our people are well skilled and prosper from employment opportunities *Link to Matariki HBRDS* *Pillar 2: Employment, skills and capability* *Pillar 3: Resilient infrastructure* *Pillar 5: Promoting Hawke's Bay*	• Seek funding for 'Connecting to Learn 24/7' to provide accessibility to digital services and skills training • Develop a Regional (High Value) Skills Strategy • Ensure CHB needs presented in regional workforce planning project	• Explore opportunities for Te Ara Mahi funding (transition to work programmes) • Support PGF application for Hatuma Lime training enterprise • Seek funding to pilot a work-ready programme in collaboration with industry

	MEDIUM-LONG TERM ACTIONS		COUNCIL'S ROLE	PARTNERS
	• Partner with HBRC and NIWA to deliver a series of water efficiency programmes across our District	• Support the development of landowner clusters and collaboratives to implement medium to small water security schemes and efficiency improvements	• Funder • Promoter • Advocate • Facilitator	• Landowners (incl. Māori) • CHB Water Holdings Ltd • Tukituki Water Taskforce • HBRC
	• Undertake a full freight study that focusses on CHB • Investigate opportunities to better capture value of "road bridge" traffic at key points in journey	• Implement the medium-term projects for HPMV roading improvements • Assess potential for inland port	• Funder • Advocate	• NZTA • RTC • Road Transport industry • TDC
	• Undertake survey of industrial and commercial land needs, factoring in existing growth needs and longer-term spatial planning	• Implement town centre planning initiatives which support diversity and inclusiveness	• Facilitator • Provider	• Business clusters • Centralines • CHB Community Reference Group
	• Prepare investment propositions for secondary focus crops and grazing animals, including aquaculture • Implement plans to ensure CHB captures value from the coming forestry harvest decade	• Link to infrastructure plans to effectively manage the impacts of increased logging traffic	• Provider • Facilitator • Supporter • Advocate	• Landowners (incl. Māori) • Investors • Ag consultants • BHB • TPK
	• Build networks into national ag-tech and ag-innovation programmes to complement BHB work • Engage community around positioning CHB as leaders in sustainability	• Implement strategy to grow primary sector service industry • Develop strategy to grow retirement village sector and associated service industry	• Provider • Promoter • Advocate • Facilitator	• Business clusters • Iwi • BHB • TPK • Sector groups i.e. Beef and Lamb NZ
	• Support development and implementation of regional visitor strategy and destination management plan • Build tourism networks and programmes that complement HBT work	• Develop a cycle strategy identifying enablers e.g. Middle Road, Tuki Tuki trail • Develop an event bidding and support strategy • Develop Department of Conservation estate opportunities	• Provider • Promoter • Advocate • Facilitator	• HBT • Iwi • NZT • MBIE • DOC • BHB • EIT
	• Implement the Regional (High Value) Skills Strategy • Update CHBDC procurement policy to include guidance on how to contribute to local employment and social procurement outcomes	• Work with MoE, EPIC Ministries and Regional Council to investigate and improve community public transport options • Review Council investment in young people, social and business development	• Provider • Facilitator	• Schools • MSD • ITOs • EIT • BHB • CHB Community Reference Group

Water security solutions

Achieve a step change in the sustainable productivity of our primary industries through smart water security options.

Linkage to Matariki HBRDS Action Plan

Pillar 3: Resilient infrastructure

Regional spatial planning that supports a strong and sustained physical, environmental, cultural, social and business infrastructure so we can unlock our full potential.

Work Programme

- Improve Water Security
- Strengthen community infrastructure

Our opportunity

Water security is perhaps the most important strategic opportunity for our district in overcoming the environmental, social and economic challenges we face now and in to the future. The requirement for water storage in some form is required to not only ensure water security and resilience for the district, but to allow for future growth and economic development.

In the short term we have the opportunity to identify a new approach to water management – one that could potentially transform the security outlook for this declining resource. As a district we need to explore the range of possibilities rather than pursue just one option. How Council support such initiatives will vary, but given the scale of the issue it is clear that no one entity alone will have the resources or ability to implement the range of water security solutions that are needed. Collaborative ways of working, including with community, tangata whenua, Hawke's Bay Regional Council, industry, and central government will be the required.

Regardless of the nature of the water security solutions that are finally decided on, one of the big issues we are aiming to overcome is the uncertainty that holds back decisions on other investments and activities. This emphasises the need to ensure our considerations of options are wide ranging and take into account the four well-beings that we know our community cares above. It also emphasises that we cannot sit back and wait, but need to be active as a community in this space.

Why we are doing this

The Central Hawke's Bay district is heavily reliant upon the primary sector for its economic and social well-being. This sector is founded upon the district's topography, soils, climate, water resources, and farmer innovation. However, the district's water resource is coming under increasing pressure from climate shifts, irrigators, and the impacts of droughts.

Significant effort has gone into finding a lasting solution to our water security issues over the last two decades. Planning for a water storage solution started in the early 2000s, with fourteen potential sites identified as part of initial investigations. This early work also discounted on-farm storage as an unaffordable option due to the need to replicate infrastructure across multiple sites.

In 2011 the focus narrowed to the site on the Makaroro river and feasibility studies were completed. By 2014 work was sufficiently advanced that Hawke's Bay Regional Council agreed to invest up to $80 million in the preferred scheme, subject to conditions, following public consultation. An extensive Board of Inquiry process was undertaken and consents confirmed in 2015 with more than 26,000 pages of evidence were considered. The next year was spent finalising the investor group and getting landowners to sign up as foundation water users that underpinned the commercial feasibility of the scheme.

The preferred scheme was to be a 93 million cubic metre storage reservoir in the upper Makaroro river, storing water during winter. This water was then going to be released through summer to improve river flows in the Tukituki Catchment, improving river life and providing a certain supply for irrigators at peak demand times. At that stage, the preferred scheme was seen to deliver over 26,000 hectares of irrigated land directly, with a further 17,000 hectares influenced by irrigation. Early estimates were above $300 million to build, to be financed by public and private investors and ultimately paid for by irrigators. At full uptake, the scheme was forecast to increase annual regional GDP by between $130 million and $380 million and create between 1,130 and 3,580 jobs.

Hawke's Bay Regional Council voted unanimously in 2017 to move on from the Ruataniwha Water Storage Scheme and focus its efforts on other priorities, following uncertainty in light of the Supreme Court's decision not to allow the Department of Conservation land swap necessary for the construction of the proposed large-scale storage solution.

In 2018 Water Holdings CHB Ltd purchased the intellectual property and resource consents for the Ruataniwha Water Storage Scheme. All shareholders of Water Holdings CHB Ltd are actively involved in local in businesses through Central Hawke's Bay and the wider region. While it is a private business, Water Holdings CHB Ltd promotes itself as being not for private profit, and is in a unique position to explore what value remains in the science, consents and construction plans to create a new approach to water storage as a part of the regional solutions for water security.

As part of Council's consultation on the 2019-2020 Annual Plan we proposed a suspensory loan of $250,000 from Council's Rural Ward Funds to Water Holdings CHB Ltd to assist reviewing the intellectual property from the previous scheme to identify potential water storage solutions and commercialisation opportunities. This was premised on a number of conditions (including not revisiting the previous scheme), and also others investing, including $250,000 from the Provincial Growth Fund.

Following consultation on the Annual Plan, Council approved the $250,000 but required it to be applied more widely than the initially proposed suspensory loan. The funding has been earmarked to work collaboratively with industry partners to identify the full range of feasible water storage and security initiatives, as part of a local package of solutions. The local package of solutions will also include the potential role of Central Hawke's Bay District Council, Water Holdings CHB Ltd, Hawke's Bay Regional Council and the Tukituki Water Taskforce. It will also consider the other regional initiatives such as the Managed Aquifer Recharge project. Rather than focus on a small set of solutions, Council's expectation is that this work will consider the full range of options that suit the range of circumstances landowners face in our district.

Over the last two decades alternative storage sites and on-farm storage were also considered at a high level, and while these would spread risk away from a single site project and such a large capital commitment, these alternatives were seen as considerably more expensive on volume basis when compared to a large storage solution. Despite this earlier economic assessment, there is a need to reconsider these options to see whether, for example, smaller scale on-farm storage (including short duration, drought-protection storage from ground water) may provide greater overall benefit when considered over the operating life of the investment. The work will also look at:

- Efficiency is a big priority now for many districts. All stakeholders, including potential investors that finance water projects are voicing concerns about the efficiency and environmental impact of the water sector. No matter what the mix of water security solutions, making sure we are using the water as efficiently as possible is crucial.
- Technological changes and developments will improve the efficiency, sustainability and energy consumption of the entire water industry. Application of digital technology and real time data efficiencies and improve the effectiveness of water management. For example, sensors in water pipes can pinpoint the site of leaks, helping to speed up repairs. Technology developments will also improve the economics of micro storage over time.
- Micro and small water storage solutions will play a role in the right places. While the economics of micro and small water storage may not compare well to larger solutions, there are wider benefits that may not have been considered in earlier assessments. These may also be more amendable to different funding and financing options that improve their viability.

- Different approaches to land use, including less intensive uses, will always be part of the tool-kit for landowners when considering how to respond to water security issues.
- Use of treated water. Water authorities are also looking to increase the amount of water that is recycled. At present, a very low percentage of treated wastewater is reused by Council – putting more pressure on the resource. With better micro-filtration, treated water would be safe to use in agriculture and to replenish depleted aquifers or use in irrigation projects. Unfortunately, recycling water for human consumption – the norm in cities such as Singapore or London – remains unpalatable to the New Zealand population. Public education campaigns would be a great help.

What we hope to achieve

No one entity alone will have the resources or ability to enable any package of water security solutions of the required scale or scope alone. Collaboration will be key in the early stages of considering the package of options, the funding and financing of any identified solutions, and the implementation over time. This collaboration will occur at a number of levels, including:

- Regional and national projects and groups (such as the Managed Aquifer Recharge initiative), where Council's role will be to advocate and present our community's view and requirements.
- Landowner level, where this is already happening through cluster and catchment groups exploring options that suit their particular area. Council's role is to encourage and support this clustering, and facilitate lessons across groups where applicable.

As a Council and key infrastructure provider responsible for ensuring the long term social, cultural environment and economic development of the district, the need for some form of investment in funding and implementing a solution to the current requirements and demands for water security will need to be considered. Being clear on the level of public benefit, and innovative around the range of other funding and financing opportunities, needs to be considered as part of proposals of any scale.

It is too early to detail any preferred option or set of options that we are aiming to achieve. Instead our goal is to ensure that all options are on the table and are considered from the perspective of the four well-beings that our community have told us are important to them. We also aim to reassure landowners, investors, and the community that Council is not waiting around but remains committed to actively participating in finding the right package of water security solutions for our district. While we will be actively involved in these discussions in support of our landowners and community, we will also ensure that we leverage other Council activities to support this opportunity – such as:

- Regularly communicate to landowners, potential funders and the community about progress
- Use information that Council has available, such as soil analysis information, to increase landowners and potential funder knowledge of the opportunities
- Make expertise that Council has available to support landowner clusters (such as connections to funding from regional or central government), and act as a central repository of information that can be shared across clusters.

Actions

SHORT TERM ACTIONS	MEDIUM TO LONG-TERM ACTIONS
• Work collaboratively with industry partners to identify the full range of feasible water storage and security initiatives, as part of a local package of solutions • Actively engage in the Managed Aquifer Recharge project • Ensure proposed waste water designs include options for irrigation	• Partner with Hawke's Bay Regional Council and NIWA to deliver a series of water efficiency programmes across our district • Support the development of landowner clusters and collaboratives to implement small to medium water security schemes and efficiency improvements

Transportation

We will successfully manage and maximise the value from increased traffic volumes on our roads.

Linkage to Matariki HBRDS Action Plan

Pillar 3: Resilient infrastructure

Regional spatial planning that supports a strong and sustained physical, environmental, cultural, social and business infrastructure so we can unlock our full potential.

Work Programme

- Improve Logistics across the region

Our opportunity

An efficient and safe transport network is a critical enabler of economic growth. We face a number of challenges with our transport network – significant volumes of freight passing through our district, increasing numbers of passenger vehicles and heavy vehicles, increasing tourism on remote routes – all taking place on an extensive roading network with a low rating base.

Over the coming years we have the opportunity to upgrade a significant amount of our roading network to prepare it for the upcoming peak in forestry harvest and increased freight volumes when major projects such as the Te Ahu a Turanga Manawatū to Tararua highway is completed. To ensure our roading network gets the investment needed it will be important to improve our understanding of current and future traffic movements from and through the district, and how best to manage the risks and maximise the value that this traffic can generate for us. This information, along with close partnerships with our road transport industry partners, will give us a stronger voice to influence infrastructure funding decisions.

Why we are doing this

The Central Hawke's Bay District roading network comprises 1,264km of sealed and unsealed pavement and 263 bridges and large culverts. The network services a 3,260 square kilometre region which consists of 320,000 hectares of productive farmland that supports several communities, various beaches and 13,000 people. Being predominantly rural, the district's residents and economy are highly dependent on motor vehicle transport.

The Regional Land Transport Plan for Hawke's Bay gives high priority to the efficient movement of freight across the region and especially to Port of Napier. The Central Hawke's Bay region accounts for 22 – 24% of the total annual tonnage that passes through the Port and is a significantly important component of the plan. Accessibility to rural areas and transportation of inputs and outputs is a cost that impacts on the profitability of agriculture, forestry and tourism activities. An efficient roading network lowers the costs of moving goods and services and contributes to improving the general safety of all users.

The New Zealand Transport Agency is responsible for investing in and maintaining the two state highways that pass through the district and its urban centres. Council plans to strengthen prioritised essential economic routes

that connect with State Highway 2 and on to the Port of Napier to High Productivity Motor Vehicle (HPMV) standard. These routes have been chosen based on their contribution to primary industries such as forestry and agriculture, as well as other key factors such as social and economic resilience, the potential to unlock economic development for Māori landowners, and current and future tourism growth.

HPMVs are an important development for the transport industry and the New Zealand economy, delivering both productivity and safety benefits. The issue for Council is affordability and the cost of bringing roads, bridges and culverts up to HPMV standard. The cost and the ongoing maintenance of this infrastructure falls on a small rating base relative to the scale of the road network. This is further compounded by the network being used as an overland bridge by operators from neighbouring regions who make no contribution to costs of providing and maintaining the wider infrastructure.

In June 2019 Council received $20.1 million from the Provincial Growth Fund to improve essential transport links in the district. This will fund upgrades to key economic transport routes connecting to State Highway 2 (primarily Route 52, between Waipukurau and Wimbledon), and on to the Port of Napier. These routes were chosen based on the contribution to primary sector production, the potential to unlock economic development for Māori landowners, and to cater for current and future tourism growth. A further $350,000 was provided for a feasibility study to help Council understand additional upgrades and investment needed to meet HPMV standards on other district roads.

At a district level there is currently not a strong case for an inland port. Such a development relies on larger volumes of product from the district, as the close proximity to the Port of Napier and airport means it is often more economic to transport product from outside the district straight to its destination. The expected peak forestry harvest from 2025 onward may create sufficient demand for a log rail hub (depending on developments in neighbouring districts and space pressures at the Port). It is anticipated that there will be a significant upsurge in demand from increased agricultural output if the district's water security issues are able to be solved. One potential is to work with the forestry industry to determine if a log debarking facility at a Waipukurau rail siding would be feasible.

Regardless of whether water security is resolved, traffic volumes within and across the district will increase over coming years. This will be driven by projected population growth, additional visitors travelling to and staying in the district, the likely increase in commuting as safety improvements between Waipawa, Waipukurau and Napier are completed, and as major roading projects in Hawke's Bay and the Manawatū are completed. A lot of this traffic increase will be by those using our district as a 'land bridge', which we do not have a lot of information on and do not currently capture much economic value from.

Transport also plays an important role in other aspects of wellbeing. Effective transport networks are important for improving social wellbeing by enabling people to access things such as education and health services. Despite the main urban centres being 40 minutes or more from the main tertiary provider (Eastern Institute of Technology) and the regional hospital, there is no public transport available to residents to access these services. It will be important for the upcoming public transport study to factor in the needs of our district, and to consider viable alternatives if public transport services are not feasible (e.g. enhanced digital delivery of education and health).

What we hope to achieve

Our priority in the immediate and medium-term is to action the roading improvements funded by the Provincial Growth Fund. Improvements on Route 52 alone will unlock economic growth from forestry harvesting, tourism, and Māori land. The improved bridge network is expected to be completed by the end of 2022, with the first four bridges completed by June 2020.

While significant, this investment will not meet all of our transport needs for the coming years. We need to place ourselves in the best position to influence future infrastructure funding decisions. Key to doing this will be to build the information base needed to argue the district's case. For example, past freight studies and current traffic counts have focussed on the major Napier and Manawatū nodes, not on our roads in between. The volume, origin, mode and composition of freight activities and infrastructure north of State Highway 2 including State Highway 50 is not currently measured or mapped in any detail. We need to accurately understand, for example, the number, timing, direction, vehicle type/rating, and loaded/unloaded nature of freight and vehicle movements. There are also other HPMV routes that need assessing in other parts of our district.

Because of our important role as a 'land bridge' we need to find ways to capture value from the heavy traffic passing through our district. Over the medium-term we will work with the road transport industry to identify the best ways to do this. Opportunities range from truck stop facilities that provide wash and servicing alongside food, accommodation and parking, through to weigh bridges and inland ports. Other districts are looking at the potential of debarking logs at rail sidings or skid sites – improving transport efficiency and also capturing some wood waste for reuse in other initiatives (including electricity and biofuels).

Actions

SHORT TERM ACTIONS	MEDIUM TO LONG-TERM ACTIONS
• Invest smartly in key transport information to support investment cases for the 2021 Regional Land Transport Plan • Establish a road transport advisory group to assist in developing our approach to the 2021 Regional Land Transport Plan • Active engagement in the Tararua Rail Hub Feasibility Study • Investigate public transportation needs and input to the Regional Public Transport Plan in 2021 • Implement the "spade ready" projects funded by Provincial Growth Fund application HPMV improvements on Route 52 between Waipukurau and Wimbledon.	• Undertake a full freight study that focusses on the district • Investigate opportunities to better capture value of 'land bridge' traffic at key points in journey • Implement the medium-term projects for HPMV roading improvements • Assess potential for inland port as primary industry grows on back of water security solutions

Growth & development

Taking advantage of upcoming infrastructure decisions to future proof our district for business growth and investment.

Linkage to Matariki HBRDS Action Plan

Pillar 1: Whānau wellbeing

Creating a thriving society is where everyone can participate and make a significant contribution to achieving greater economic growth and productivity to whānau wellbeing.

Work Programme

- Develop place-based initiatives to increase inclusiveness and diversity
- Develop comprehensive Housing Plans

Pillar 3: Resilient infrastructure

Regional spatial planning that supports a strong and sustained physical, environmental, cultural, social and business infrastructure so we can unlock our full potential.

Work Programme

- Improve Water security
- Strengthen community infrastructure

Our opportunity

We have a number of large infrastructure development projects to decide on, design, and fund over the coming decade. At the forefront of these is our Big Water Story – the importance of water to our community came through loud and clear as part of Project Thrive. Ensuring the community has access to clean drinking water will be important for population growth, but the big challenge is the investment needed in wastewater infrastructure and how we fund the capacity needed for industrial and commercial growth.

As an ambitious district we see growth potential in the medium to long-term on the back of effective solutions to water security. However, funding wastewater improvements for this growth scenario will mean additional investment that potentially does not get utilised for a long time. If the growth scenario does occur but we have not allowed for the additional capacity, we risk limiting our ability to attract new industrial and commercial businesses. We have a once in a generation opportunity to think innovatively about this investment and how to fund it.

The review of our District Plan and town centre planning project supports this opportunity by allowing us to consider where and how industrial and commercial growth should occur. This will inform decisions on wastewater but also roading and other infrastructure improvements.

Why we are doing this

Project Thrive made it clear how important water was to our community. In recognition of this feedback we started the Big Water Story. To meet the expectations of our communities we recognised the need to make a significant investment in wastewater, drinking water and stormwater infrastructure over the next ten years. Our 2018-2028 Long Term Plan set out our intention to spend a total of $32 million on capital projects for the 'three waters'. This will ensure that the district has resilient, durable infrastructure for future generations, whilst promoting opportunities for district growth and through the attraction of new business and associated employment.

Over the coming decade total household numbers in the district are projected to increase by 535. The number of households in the combined urban area of Waipukurau, Waipawa, and Otane is projected to increase by 340, with Waipukurau accounting for 68% of this gain. It is anticipated that there will be an increase of up to 1,025 additional households over a 30-year timeframe.

One of the big-ticket investments will be improving our wastewater systems. Council has recently put a lot of effort into responding to the Environment Court in relation to a breach of resource consent conditions. We will now shift our focus to continuing to improve the performance of the wastewater plants, developing a consenting strategy, and progressing funding and financing work streams in preparation to take options to the community for a long-term solution for wastewater. We are at the start of an 18-month, $1.8 million investigation project to design and consent new wastewater treatment plants, with the intention of starting the build phase in January 2021.

Industrial and commercial growth has a significant impact on wastewater use, especially any 'wet' industries that rely on water for their operations. Our current District Plan Review notes a need for between 10,000m^2 and 40,000m^2 of additional industrial and commercial floorspace over the coming decade, and the draft District Plan proposes making provision for this at Waipukurau. This growth will be a mix of existing business expansion and new business starting in, or being attracted to, our district.

This growth projection has two key implications:

- We do not know how this industry growth will be comprised in terms of the likely mix of 'wet' and 'dry' industries over the medium-term. If it is all 'dry' industry then there will be little impact on wastewater, but if it is all 'wet' industry then the impact is much more significant.
- The projected growth range is quite large, partly reflecting the uncertainty around water security solutions. If solutions are found in the short- to medium-term then growth is very likely to be at the higher end of the range.

Both implications present uncertainty for our planning for wastewater infrastructure investment. Our current wastewater system does not have adequate capacity to cope with additional demand at the levels that industrial and commercial operations potentially bring. Since most wastewater assets have a life expectancy of 50 to 100 years, any investment needs to allow for an increase in demand (and therefore capacity) over this time period. The first difficult question is how much additional capacity to allow for.

The other difficult question is how to pay for any additional capacity. Wastewater upgrades are costly, but having to add capacity at a later date is generally much more expensive than building it in at the outset. On the other hand, building too much additional capacity could risk over-investment if it is never used. An added complication is that the attraction of new industrial and commercial businesses is very competitive – the choice of a major employer to build and locate in one district over another can come down to the level of development contributions or other financial contributions. If the funding of any additional wastewater capacity is shifted totally to new or growing businesses, there is a risk that we constrain potential new developments and therefore economic growth.

As part of the project to design new wastewater plants over the next 18 months we have also ensured that we are considering ways to fund the required investment. Innovative funding solutions may mean we are able to add capacity when we first build, placing ourselves in a competitive position to attract new businesses and to allow existing businesses to grow within our district. This is likely to mean we need to consider the range of public private partnership (PPP) opportunities available to us, assessing whether the benefits of these type of arrangements outweigh any risks that come with them.

Further uncertainty relates to the government's Three Waters Review and the Productivity Commission's Local Government Funding inquiry. The Three Waters Review's strong focus on organisational arrangements to improve drinking water standards may also impact wastewater – for example if shared service management arrangements are mandated. The Productivity Commission's draft report also recommends the establishment of corporate entities as Council Controlled Organisations (CCOs) to manage services such as wastewater to achieve a sharp lift in performance and efficiency. The report also points to a strong case for smaller councils to aggregate wastewater suppliers to achieve operational economies of scale.

One way of reducing some of the uncertainty around the significant investment decisions we need to make in respect of wastewater is to better understand the potential level of industrial and commercial growth in our district. Our town centre planning project will provide us with an opportunity to do this. As part of this work Council will survey our local industries to identify their growth plans and aspirations, helping us to refine our capacity requirements and spatial planning provisions.

What we hope to achieve

Wastewater is one of the fundamental requirements for industrial and commercial development, and having sufficient capacity in our networks will be essential to our district's future economic growth. As a community we only have the opportunity to make decisions of this scale and importance once in every generation. Despite the uncertainties, Council's goal is to make the best infrastructure decisions possible given the ambitions of our district.

Achieving this will require us to consider future capacity in the design of wastewater – understanding how much additional capacity to provide, the costs of doing so, and how to fund and finance this. We will need to do this with partners – industry and potential funders – to ensure we are open to the range of innovative solutions. If we are inclusive enough in our considerations we may find that options previously thought to be too expensive or complicated – for example, the option to irrigate with treated wastewater – may be achievable without Council (and therefore ratepayers) having to bear additional costs or risks.

As part of our town centre planning work we will match the need for understanding the economic development aspects of growth and development with the wider requirements of making our town centres and communities a great place to live by developing place-based initiatives to increase inclusiveness and diversity. This will ensure we are capturing all four well-beings in our work, drawing on existing strategies such as Council's Housing Strategy and also Pillar 1 of the Matariki HBRDS. This will help us ensure that we are focusing on inclusive growth; that is growth that enables the widest range of people and places to be a part of, contribute to and benefit from economic success.

Actions

SHORT TERM ACTIONS	MEDIUM TO LONG-TERM ACTIONS
• Decide on future capacity in wastewater design needed for industrial and commercial growth • Consider the potential for irrigation output as part of wastewater upgrade designs • Identify existing capacity for commercial and industrial growth, work with large businesses to meet immediate needs • Undertake early work on potential role for PPPs in assisting to fund infrastructure investments • Identify role of urban areas as part of town centre planning e.g. Waipawa/Otane boutiques shop and accommodation growth, Waipukurau rural service industry focus.	• Undertake survey of industrial and commercial land needs, factoring in existing growth needs and longer-term spatial planning • Connect growth and development aspects of town centre planning with the focus on creating a great place to live by developing place-based initiatives to increase inclusiveness and diversity.

Land use diversification

We will capitalise on natural assets and climate shift to help diversify the primary sector and create more sustainable land use.

Linkage to Matariki HBRDS Action Plan

Pillar 4: Economic gardening

Supporting our businesses and industries to grow, be innovative, sustainable and inclusive.

Work Programme

- Focusing on strategic industry sectors to increase specialisation, competitiveness, productivity, innovation and sustainability.

Our opportunity

Increased land use diversification will help lift primary sector productivity and economic resilience in our district. With some of the most versatile and productive soils in the country, Central Hawke's Bay has more opportunity than many other areas in New Zealand to achieve additional growth from the agricultural sector through diversification.

There are a number of challenges to be navigated in unlocking this opportunity – water security, climate shifts, and investment. While the versatility and productivity of our soils means we have a wide range of potential land uses available to us, we need to select smartly to achieve sustainable options in the face of these challenges.

Our central location offers our district some additional benefits, with easy access to established exporting infrastructure at the Port of Napier and Napier Airport, and large processing facilities throughout the wider Hawke's Bay region. This gives us advantages in that the cost to diversify will be significantly lower for crops and land uses that already have logistics and marketing channels nearby.

Central Hawke's Bay has the opportunity to lead the way in regards to smart and sustainable land use diversification, and Council can provide the leadership required to assist landowners in making informed decisions about diversification.

Why we are doing this

Our district economy has become more reliant on the agricultural sector over the last two decades. In 2000 agriculture was our second highest industry behind manufacturing, making up 17.4% of our district GDP. Today the sector produces 30.6% of our GDP, generating $150 million annually.

Diversification has been occurring over the last two decades, as can be shown by GDP figures. Sheep, beef cattle and grain growing activities have declined over this time, while the share of GDP from horticulture and fruit growing went from 1.1% in 2000 to nearly 5% today. Dairy farming's proportion of GDP peaked in 2006 and 2014 at just over 6%, before returning to a similar level as in the year 2000 (just over 2%).

Most farms in Central Hawke's Bay are used for sheep and beef farming (64%) with some farming dairy (4%), forestry (3%) and deer (1.5%). Since 2002 the number of hectares farmed for horticulture in our district has nearly doubled, from 989 hectares to 1,844 in 2017. Over the same time, land in production forest has decreased from just under 15,000 hectares to just over 12,000.

The majority (49%) of farms are between 100 and 1,000 hectares in size, with only 10% above 1,000 hectares. A trend of consolidation has been slowly occurring, with the number of farms above 1,000 hectares increasing from 8% in 2007 (and those between 100 and 1,000 hectares decreasing from 51%). The total number of farms in Central Hawke's Bay has reduced from 894 in 2007 to 729 in 2017, partly as a result of this consolidation.

Recent land and soil mapping shows that our district is home to some of the best growing soils in New Zealand. 22,000 hectares (7%) of land is classed as versatile and productive and is considered the 'gold standard' for growing. Prized for its ability and many uses, these soil types are highly fertile, free draining, and rich in organic matter. A further 61,000 hectares is classed as highly productive soil with less versatility and a further 6,500 hectares is low versatility but high economic value for viticulture.

An added advantage is that all versatile and productive land is within close proximity (<50km) to services in Waipukurau and Waipawa and within commuting distance to Napier and Palmerston North. Access to markets is facilitated by having the Port of Napier and Napier Airport within an hour of most of our productive land. Within two hours we have the large distribution hub and another airport at Palmerston North. Large primary sector processing plants at Hastings and Napier mean investment can go into establishing crops rather than having to also invest capital in processing or storage facilities.

Ten-year average climate data shows Central Hawke's Bay has an overall similar climate to neighbouring food bowl Heretaunga Plains in rainfall with slightly lower temperatures. These soil types coupled with climate conditions bring about prospects to increase production from crops not yet widely grown in Central Hawke's Bay. Given these crops already have established logistics and processing facilities close to our district, and also have the expert advisory and support services in place, diversifying our land use into these crops is likely to cost less and be easier to implement at scale.

Basic climate data is available but only at a very high level sourced from a small number of climate stations across the district. More location-specific climate data is needed when deciding on whether to adopt alternative land use options. Landowners currently have to invest in collecting this information themselves, increasing the cost and time it takes to shift to other land uses. More proactive identification of clusters of landowners located around specific soil types (for instance, those with high concentrations of the low versatility but high economic value land for viticulture) could be supported to collect climate data to help inform future diversification decisions.

Obtaining access to water to irrigate land is the major issue for land diversification in Central Hawke's Bay. Council remains committed to helping landowners find secure water solutions, and will work with a range of stakeholders and organisations to ensure all possible options are explored and considered. Our approach is outlined in a separate section of this strategy.

Diversifying land use is often expensive, making access to finance an important consideration. In developing this strategy our experts spoke to finance specialists who confirmed the availability of funding for well researched diversification projects. The majority of this funding could be sourced both locally and nationally. Larger initiatives have also utilised international investment – for example Craigmore Sustainables' proposed 130 hectare apple orchard conversion in Central Hawke's Bay is backed by investors from Hong Kong, Germany, United Kingdom, Finland, and the United States.

Recently introduced environmental regulations require farmers to assess the sustainability of their farming practices by monitoring and managing nutrient loading. To date only landowners in the Tukituki catchment have been required to produce a Farm Environmental Management Plan (FEMPs), but this is likely to be extended to other catchments in the region. FEMPs summarise the potential environmental risks in a farming operation, and describes how these risks will be managed and reduced over time. Some farmers may be required to diversify existing practices to reduce nutrient loading onto land. There is considerable variation in the amount of information provided in FEMPs on alternative land use options, and is dependent on landowners asking the right questions and paying for studies that cover these options.

Shifting land use and changing a way of farming – even when by choice – is a significant shift for many landowners and can be an additional source of stress. Ensuring people have access to support services, both for information but also simply for engagement, is an important part of managing these shifts.

What we hope to achieve

Council's goal is for landowners in our district to be taking advantage of the many opportunities that our natural assets offer, investing with confidence in higher value, sustainable land uses. Our role in doing this is to ensure landowners have access to good quality information and are connected to the right advisory and investment networks. We recognise this is a long-term endeavour and must be landowner-led – this places the emphasis on facilitating landowners to operate in clusters to explore the opportunities and share any investment needed.

Baseline land and soil data is already held by Council and we will make this available to landowners. Council has recently invested in land and soil mapping information that can be provided to landowners and potential investors considering land diversification. Detailed soil mapping to (1:50,000) provides information such as soil texture,

drainage, water holding capacity, susceptibility to erosion and recommendations and management guidelines for cultivation, drainage and irrigation.

We have also invested in a horticultural study that identifies opportunities to expand pipfruit, summerfruit and viticulture within Central Hawke's Bay, which we will work with landowner groups to extend with additional information. One of Council's key roles will be as a repository for this information so that any landowner can access it, ensuring they are not having to invest in material that is already available. Over time we will extend this approach to less traditional, emerging land use options.

Council will also take a facilitation role to connect our landowners to experts in specific land uses and investment sources. This will include maintaining close connections with central government groups who are able to make funding available to landowner groups wanting to explore diversification possibilities (such as the Sustainable Food & Fibre Futures programme in the Ministry of Primary Industries, and the Whenua Māori Fund through Te Puni Kōkiri). An example of this facilitation role is the recent land use diversification forum that Council delivered in partnership with Business Hawke's Bay. This generated good discussion and requests for further forums on specific land use topics (i.e. forestry). Council intends to provide more network opportunities for land owners, industry experts and potential investors.

Actions

SHORT TERM ACTIONS	MEDIUM TO LONG-TERM ACTIONS
• Make baseline soil type and alternate land use information held by Council available to landowners • Facilitate landowner/industry/ investment network opportunities to support land diversification decisions • Take an active role in connecting landowner clusters to central government funding for diversification (such as Ministry of Primary Industries and Te Puni Kōkiri) • Assist landowner cluster groups to consider land uses that have processing and market structures in neighbouring districts	• Assist landowner groups to explore investment propositions for secondary focus crops and grazing animals, including aquaculture • Work with landowner clusters to obtain more detailed climate data that can be shared (including accessing funding for this) • Facilitate sharing of additional alternative land use information between landowners groups • Consider best way for landowners to obtain land use option information as part of new environmental regulation requirements

Summary of horticultural alternative land uses:

Pipfruit

Assessment of climate and soils indicate that it is possible to grow pipfruit in Central Hawke's Bay. Overall rainfall is similar to neighbouring Heretaunga Plains – in some higher rainfall areas near the Ruahine ranges, make this area similar to the rainfall in Nelson - New Zealand's other major pipfruit production area. Water requirements for pipfruit are approximately 65-70% that of pasture. Slightly cooler temperatures experienced in Central Hawke's Bay result in a shorter and later growing season than that experienced in neighbouring Heretaunga Plains. However, a later growing season can be an advantage in some varieties and produce more superior fruit e.g. Braeburn, Honey Crisp.

Pipfruit can readily be incorporated into existing more traditional farming operations where space allows, with recommended minimum orchard size is 20-40 hectares. Currently cash orchard surplus returns are $18,000-$38,000p/ha.

Establishing a pipfruit orchard is not without risk. Access to labour, post-harvest facilities and service providers will be key considerations and, in many cases, will need to be sourced from neighbouring areas. The slightly less favourable climate in Central Hawke's Bay may require more resources spent on required shelter, frost and hail protection.

Summerfruit

Summerfruit; peaches, nectarines, plums, apricots and cherries are more sensitive to climatic conditions than pipfruit. Easily damaged from rainfall at bud burst, frost and hail pipfruit requires significant frost protection measures. Climate data shows that early season temperatures can be very erratic which results in erratic ripening periods. Relative to other tree fruit crops summer orchards have lower establishment costs and generally shorter establishment periods as trees are generally grafted onto established rootstock. Access to cool storage facilities within 2 hours of harvesting is essential to maintain fruit quality and shelf life which could be a challenge for Central Hawke's Bay growers. Often summerfruit operators will have their own facilities. Orchard size and return from summer fruit has a wide range from year to year and grower to grower making return and establishment cost averages difficult to pin point.

Summerfruit is considered a marginal crop option for Central Hawke's Bay. To succeed orchards will require to be established on Class 1 and 2 lands and have significant investment in crop protection. Niche growers with the right micro-climate could possibly be successful in this market. Location is key to success and likely to be on the eastern side of Waipawa hills where rainfall during bloom and up to harvest is lower.

Viticulture

Central Hawke's Bay already has some established vineyards and has capable of growing grapes. Optimal soils for grapevines are often stony, light on organic matter and have a lower water holding capacity. Grape growing and ripening season is determined by the number frost free days. With 212 frost free days approximately per annum, Waipawa is a suitable location for most grape varieties – rainfall is similar to that of Hastings, but Waipawa does experience more rain over the grape harvest period which can pose a risk to grape crops.

Grapes have an extensive root system and require very little water. Where irrigation is required a drip application is method of choice. Recommended size for a vineyards is 40 ha with a return of $200/ha in addition to $70,000 per annum of drawings. Risks to consider are disease, rain and mismanagement of orchards leading to poor fruit quality. Contract growing opportunities are available but returns can be variable. There are opportunities to explore partnerships with vineyards for production, marketing and management options.

Kiwifruit

Horticultural assessment has concluded that due to the sensitive soil and climate conditions required for kiwifruit it is not prudent to establish in Central Hawke's Bay at this stage. Studies are being conducted on new kiwifruit varieties that are more frost resistant and this may present an opportunity to reconsider kiwifruit in future years. More detailed climate data may identify locations where establishment is feasible in the district.

Other emerging opportunities:

There are other more marginal diversification opportunities for Central Hawke's Bay that could be considered in the future. These land use options are currently in their infancy (but growing) and relatively small scale compared to the crop growing opportunities. Small numbers of producers are becoming established in New Zealand and some market scale established, with potential larger markets currently being explored. There is limited processing capacity in our district or close by to make these currently viable at any large scale, but more boutique or niche processing is possible. Council will actively follow the progress of these emerging industries and will facilitate landowner discussions with experts as required.

There is a growing interest in hemp and its many uses including fibre, seed, protein and milk. There are significant environmental benefits from growing hemp and water requirements are relatively low. However, there are limited processing facilities available in New Zealand, very few export markets established currently, and some regulatory issues remain. Businesses such as Kanapu Hemp based at Otane are at the forefront of hemp sector developments, positioning to take advantage of increasing acceptance and popularity in New Zealand of hemp as a product. Goat and sheep farming for milk production is also being investigated around New Zealand, with large potential export markets. Processing and export market channels are developing, with the majority of productions still being sold into niche markets. Other land uses such as hops, cider apples, ginseng, juniper, and medicinal plants are all suitable for Central Hawke's Bay but are currently still at niche production stages.

Forestry

Explore opportunities to diversify land use by incorporating more forestry into existing land use operations, providing an additional source of income for growers and enhancing economic resilience.

Linkage to Matariki HBRDS Action Plan

Pillar 4: Economic gardening

Supporting our businesses and industries to grow, be innovative, sustainable and inclusive.

Work Programme

- Focusing on strategic industry sectors to increase specialisation, competitiveness, productivity, innovation and sustainability.

Our opportunity

There is an opportunity for landowners to diversify less productive land into forestry, identifying where to plant the right tree in the right place for the right purpose. Forestry has the potential to bring another stream of income into farming operations and enhance financial resilience. Like most commodity products, the return on forestry is market-dependent and subject to fluctuations in the global market. Despite this, the return from forestry can potentially outweigh that of more typical farming operations, especially when grown on less productive land. Financial modelling for forestry suggests that landowners with access to low-production land with a value of approximately $2,500–$3,000/ha and the ability to plant over several years stand to earn over 10% on investment for both timber produced and carbon credits. The return is encouraging compared to drystock production, which is generally estimated to return 1%–2% per ha.

Potential economic returns from forestry are dependent on a range of factors and risks; these need careful consideration based on reliable information and industry advice before proceeding with any conversion. Wholesale conversion of farms may not produce the most sustainable future, but considered planting can deliver diversification benefits.

Why we are doing this

Central Hawke's Bay encompasses a range of land types suitable for a wide variety of farming operations, including arable cropping, pastoral grazing and production forestry. Most land types can be used to grow plantation forests. However, forestry is generally undertaken on land that has more limited production value (due to factors such as soil type and slope), leaving the most versatile and productive soils for food production. Almost 60% or 198,000ha of the total land area in Central Hawke's Bay is suitable for forestry. Most of this land is found towards the Ruahine Range and the south-eastern coast.

More forestry is required to meet increasing demand for wood and pulp products. The forestry industry predicts the demand for forestry will increase in the future. Drivers of demand include housing construction, the move away from plastic towards more sustainable products, export packing requirements, and even the ageing population, as wood pulp is a key ingredient used in adult sanitary products. Over the past decade there has been a significant decline in new forestry planted as it made way for dairy farming. Downturns in forestry planting have flow-on effects for harvesting. The industry predicts that by the late 2020s there will be a harvesting lag, with no mature pine forests to harvest in New Zealand until trees mature in the mid-2030s. Forestry workers are also in short supply across the entire forestry production line.

Access to quality information and industry support are critical to ensuring successful land diversification. Obtaining reliable information and industry advice prior to planting forestry blocks helps ensure that its potential is realised. The forestry industry, district and regional councils all hold sources of useful information and technology that can be used to precisely map, model and analyse forestry placement to determine forest yields and values. This information will help landowners ensure the right tree is planted in the right place for the right purpose. Consideration of format, timing and information content will be critical for success.

Council can play a key role in facilitating access to this information. There is a range of forestry industry support with established national bodies providing guidance and advice to growers. Currently, financial incentives are being offered through the Government's "One Billion Trees" initiative, encouraging more native and pine forest plantations in an effort to offset carbon emissions. Locally, forestry companies are seeking partnership opportunities with landowners to establish additional forestry blocks in the Central Hawke's Bay area. Council can play a role facilitating network opportunities that bring landowners, industry and investors together at a local level to support those landowners considering conversion or diversification.

Forestry offers a wide range of diversification options and environmental benefits. Recommended forestry lot sizes range from a minimum of 4ha and a maximum over 1,000 hectares, which can be readily incorporated into a wide range of farming operations. Compared to other land use options such as kiwifruit, diversification into forestry is considered relatively straightforward and requires reasonably low establishment costs.

Forestry presents landowners with many options depending on the desired product or market, such as the choice between exotics and native trees, maintained versus unmaintained, and harvest timeframes. Environmental benefits include stabilising land, preventing soil erosion and improvements to ground water quality and soils.[1]

Trees capture and store carbon from the atmosphere and reduce greenhouse gases, and forestry is important in enabling New Zealand to meet its international climate change obligations. To make informed decisions and maximise environmental benefits, landowners require good advice about how to optimise carbon sequestration, and earn carbon credits and income from carbon credit trading. This includes being aware of the range of carbon forestry options, which includes standard pine plantations but also poplars and willows.

Landowners need to weigh the advantages of forestry against the disadvantages. These include disease, market volatility, being involved in a high-risk industry, and uncertainty regarding systems for carbon trading.

What we hope to achieve

We will assist farmers to explore opportunities to incorporate forestry options on low production land. We will do this by providing landowners access to a range of good quality information required to make these decisions, recognising the social challenges that forestry can present for some areas.

Council will explore the potential of preparing a forestry investment prospectus, facilitate networking opportunities that bring land owners, industry, and investors together. This exploration will take into account the risk and reward profile for the conversion of low production land into forestry. Council will also provide landowners with roading and land use overlay information to inform forestry investment decisions.

We will need our partners, including forestry industry leaders, Hawke's Bay Regional Council and investors to provide guidance and information to landowners about converting land to forestry. Factors to take into consideration will include forestry options, market analysis and demand, species selection, potential investment and return, resource requirements associated with planting, maintenance and harvesting and risks, including the undesirable social implications of wholesale farm conversion to forestry.

Actions

SHORT TERM ACTIONS	MEDIUM TO LONG-TERM ACTIONS
• Explore the preparation of a forestry investment prospectus • Facilitate network opportunities that bring land owners, industry leaders, and investors together • Provide the community with roading and land use overlay information to inform forestry investment decisions	• Link to business development plans to ensure we capture value from the harvest, creating additional jobs • Link to infrastructure plans to effectively manage the impacts of increased logging traffic • Identify how forest investment can be a key part of any sustainability point of difference for the district

[1] "The Effects of Exotic Forests on Soil, Ground Water, Water Quality, Air Quality and Native Flora and Fauna", Bob Cathcart (AgFirst Northland), October 2017

Business development & attraction

We leverage and promote our strengths to attract and grow businesses, extracting additional value from our core sectors.

Linkage to Matariki HBRDS Action Plan

Pillar 4: Economic gardening

Supporting our businesses and industries to grow, be innovative, sustainable and inclusive.

Work Programme

- Strengthen the enterprise support ecosystem across the region
- Support innovation and entrepreneurship of Māori

Linkage to Matariki Action Plan

Pillar 5: Promoting Hawke's Bay

Attracting visitors, talent, businesses and investment to strengthen and diversify our economy.

Work Programme

- Attracting Investment
- Attracting Business
- Regional Marketing Alignment

Our opportunity

Business growth delivers the employment and incomes that help make our district prosperous. Many of the other opportunities in this strategy focus on getting the environment right for business growth, such as ensuring we have reliable and effective infrastructure. These need to be supplemented with activities that directly attract and support the growth of businesses in the district.

Our district has a number of strengths that can be leveraged to increase the number, size and value of businesses. Businesses will make their own choices and decisions on when and where to invest and grow. But we have the opportunity to influence those choices and decisions by ensuring people know the capabilities and potential that Central Hawke's Bay has, drawing on work already underway by Council and our partners.

Why we are doing this

The number of businesses in Central Hawke's Bay has declined slightly over the last five years, sitting at 2,200 individual business units in 2018. Agricultural businesses, including farms, make up nearly 40% of this total. The number of staff employed by businesses has remained

fairly stable over this time period, and despite a 7% drop in the number of agricultural businesses this sector has seen 8% employment growth.

One area that the district is not as strong as it could be in is primary sector support businesses. Employment in these businesses makes up 15.1% of total primary sector employment in the district, but is much higher in comparable districts such as Rangitikei (22%) and Tararua (27%). A possible explanation for this lower level of support services businesses is the district's proximity to Napier and Hastings, which means that these services are provided from outside the district. For example, the district has fewer jobs in the forestry and forestry support sector compared to other districts with comparable levels of forestry activity. If we were able to achieve similar levels of primary sector support business activity as comparable districts, this would create an additional 20–25 businesses (creating between 60 and 75 jobs).

As outlined in the Tourism section of this strategy, we have experienced significant growth in visitor numbers in recent years. The district will need to offer more activities and experiences to capture an increased level of spending from these visitors, which means growing existing and new tourism businesses. This will also help us make better use of the accommodation available in our district, which currently has available capacity (though there has been some increase in annual average occupancy rates in recent years, they are still less than half the average for New Zealand).

Our aging population also presents business growth opportunities over the medium to long term. Strong growth is forecast for retirement and aged care facilities across New Zealand over the coming decade, with over 50% growth between 2017 and 2026 (from 30,000 to 47,000 units). If the Hawke's Bay region is to maintain is current proportion of aged care accommodation (4% of national provision) it will need to build another 880 units. Providers are already recognising this demand, with Ryman Healthcare's proposed $100 million development in Havelock North being consented recently.

The district's range of amenities, ease of development, and close proximity to Hawke's Bay Hospital makes the district an attractive location for the right type of aged care accommodation. Growth in this area also has benefits for the other well-beings – it creates more jobs, ensures our residents are able to age in their home area, and construction of aged care units helps to free up other housing. Central Hawke's Bay also currently under-capacity in terms of aged care accommodation for residents aged 75 years old or more. As our population ages, with the 75+ age group projected to comprise 13% of the district's population by 2028 (an increase from 7.4% in 2018), we will need to meet this demand.

Whether it is a new tourism business, the growth of a niche agricultural or horticultural product, or attracting aged care investment, a common thread is the importance of telling the Central Hawke's Bay story. Waipawa Butchery and Patangata Station are good examples of how provenance marketing delivers added brand value to a business. Their clients want to know the paddock-to-plate story of where the products came from – a story in which the unique features of our district play a key role. Provenance marketing works two ways – a good local story helps businesses promote their products, but these brands are also ambassadors for our district, helping attract visitors and investment. Council will work in partnership with established sector groups such as Beef and Lamb New Zealand, to link provenance marketing activity to existing sector strategies such as the Red Meat Sector Market Development Action Plan and the Red Meat Profit Partnership.[2]

In June 2019 Council adopted its environmental and sustainability strategy which sets out how we will work with the community to reduce the district's environmental footprint and do more to protect and enhance the environment so that it can sustain future generations. A number of the strategy's themes support provenance marketing, including connecting people and place and building a more sustainable economy. Sustainability can become a core value for our district, underpinning the provenance story of our products and attractions.

Business development services are currently provided under contract through Business Hawke's Bay. A recent example of the value of this partnership is the CO.STARTERS programme to help business start-ups and entrepreneurs in the district. Business Hawke's Bay also manages the business and investment attraction for the region, including the region-wide inward investment brand platform 'Great Things Grow Here'.

[2] https://www.beeflambnz.com/sites/default/files/news-docs/Market-Development-Action-Plan-summary.pdf
https://beeflambnz.com/your-levies-at-work/red-meat-profit-partnership

The value we as a district derive from our current investment in Business Hawke's Bay would be enhanced through:

- Advocating for more visibility of Business Hawke's Bay activities in the District
- More effective coordination and facilitation of business groups in our district
- Providing district-specific investment and attraction information that supports the resources for the region as a whole (highlighting the capabilities that already exist for businesses to draw on)
- Supplementing current business development services with additional support that directly addresses our core areas for economic growth.

What we hope to achieve

Our goal is to increase the number of businesses in our district, providing additional jobs and lifting incomes. We will achieve this through a mixture of business development activities that are focussed on key parts of our economy, and also by continuing to provide general support to start-ups and businesses that want to expand.

Telling the Central Hawke's Bay story will be an important part of our business development and attraction activities. We will support local businesses to enhance their brands through provenance marketing by facilitating a series of events and workshops to create the marketing material needed and help businesses to use it. This will include working with our community through the Environmental and Sustainability Reference Group to consider if 'sustainability central' is a viable option for provenance marketing and perhaps become an exemplar for other districts.

Facilitating and coordinating business cluster groups will help us achieve growth in key areas of focus. We will work with these groups to develop a district-specific investment prospectus aimed at attracting new businesses and investment into existing businesses. These groups will also assist us in developing strategies for growing key businesses sector such as Māori business, tourism, primary sector support services, and aged care accommodation. We will also look to develop resources to support these clusters – for example, tools such as Storytech assist businesses to build their brand story, and can be made more accessible for our businesses with Council facilitating collective purchasing.

Actions

SHORT TERM ACTIONS	MEDIUM TO LONG-TERM ACTIONS
• Issue a Central Hawke's Bay-specific investment prospectus designed to attract new business investment • Update the district business capability and capacity lists to support the investment prospectus • Facilitate a series of provenance marketing events/workshops with key local businesses/farms • Support Māori business growth through developing Ngā Ara Tipuna Phase 3 • Map the potential for growth of primary sector service industry • Develop shared business support toolkit in collaboration with business clusters	• Build networks into national ag-tech and ag-innovation programmes to complement Business Hawke's Bay's work • Engage community around positioning the district as leaders in sustainability • Implement a strategy to grow primary sector service industry • Develop a strategy to grow retirement village sector and associated service industry

Tourism

We utilise our full tourism potential to increase visitor spend, helping to diversify our economy and to show what we have to offer as a district.

Linkage to Matariki HBRDS Action Plan

Pillar 4: Economic gardening

Supporting our businesses and industries to grow, be innovative, sustainable and inclusive.

Work Programme

- Support innovation and entrepreneurship of Māori
- Focusing on strategic industry sectors to increase specialisation, competitiveness, productivity, innovation and sustainability.

Linkage to Matariki HBRDS Action Plan

Pillar 5: Promoting Hawke's Bay

Attracting visitors, talent, businesses and investment to strengthen and diversify our economy.

Work Programme

- Attracting Visitors
- Regional Marketing Alignment

Our opportunity

Tourism is experiencing significant growth in Central Hawke's Bay, and there is potential for more growth. We have a number of assets that could be harnessed to help grow tourism sustainably, positioning our district to capitalise on the flows of people currently passing through – encouraging them to stop for longer and spend more – and developing offerings to attract new visitors.

Much of our potential as a visitor destination remains untapped. Growing tourism will help us diversify our economy, making it more resilient. It is also a key way that we can tell our story as a district, offering visitors experiences that highlight our unique landscapes and history. But this isn't about becoming a Queenstown – our opportunity is to double our tourism offering in a sustainable way that improves all aspects of wellbeing. If we achieve this then we stand to unlock an additional $35 million of annual tourism spend.

The 2019 New Zealand-Aotearoa Government Tourism Strategy clearly sets the need to disperse the continued projected growth in tourism across the regions. The Government has also signalled the need to invest in the regions to help plan and develop for this, as well as ensure the infrastructure is in place to manage visitor growth. This direction provides a unique opportunity for us, and Council wants to ensure the district get its share of Government's investment.

Realising our tourism potential will require us to utilise the existing strong partnerships as well as grow new connections. Council is able to advocate and facilitate for the district in forums such as Hawke's Bay Tourism and Tourism New Zealand. We will also need to work alongside businesses and Māori, iwi and hapū, as they are the ones that will be investing in developing the products.

Why we are doing this

Over the year to January 2019, visitors to the Central Hawke's Bay District spent $35 million or 5.3% of total visitor spending across Hawke's Bay – most of this from domestic visitors (89%). Total visitor spend in the district has increased overall by 42% since 2016. Meanwhile, total regional visitor spend only increased by 16% since 2016. Since 2016, the district's share visitor spend in Hawke's Bay has increased from 4.63% to 5.3%.

We sit within 2 hours drive of nearly 400,000 people living in Napier, Palmerston North, and Masterton, and already attract between 50-60,000 visitors every year. A number of existing attractions have significant local profile – the great beaches on our eastern coast, a range of historic homesteads, Backpaddock Lakes, newly developed cycleways, the scenic Route 52, and outdoor recreation opportunities in the Ruahines. These attractions have been enjoyed primarily by day travellers or those travelling for longer but not spending significantly in the district. These visitors seek out the relaxed, natural and authentic experience our district offers.

The focus to date has been on leveraging the wider Hawke's Bay visitor base, but visitors coming from Wairarapa and Manawatū will become increasingly important. In the year to September 2018, visitors from Manawatu made up 20% of our total visitor spend, and another 11% from the wider Wellington region, compared to just under 28% from Hawke's Bay. This points to our relationships with Hawke's Bay Tourism needing to continue, but we will also need to complement this with a strengthened relationship with the likes of Tararua District Council and the Central Economic Development Agency (CEDA).

District tourism promotion activities are currently managed through Hawke's Bay Tourism and Central Hawke's Bay District Council, following the decision by CHB Promotions Inc to end in April 2019. The relationship with Hawke's Bay Tourism allows the district to leverage regional promotional activities and provides a part-time tourism coordinator. Council is continuing the previous activities of CHB Promotions Inc including organising and promoting local events and maintaining the visitor information services in the short term. A clearer strategy around tourism growth will help find ways to capitalise on relationship with the Hawke's Bay Tourism. The growth of tourism spend in our district and the changing way that visitors access attraction information has led to Council reassessing what services need to be delivered, what visitors expect from an information, where this is best located and how this information service will be funded and delivered by whom. The recommendations of this review will be implemented as part of this action plan. Over the last 18 months Council has actively worked in partnership with Te Taiwhenua o Tamatea on Ngā Ara Tipuna – a visitor experience project that will bring historic pā sites back to life. The project will use installations, signage and digital storytelling to engage locals and visitors, inspiring them to see this landscape in a fresh light. It will be a place for visitors to learn about and reflect on Waipukurau's vibrant early history through sculptures and digital storytelling. Visitors will discover the lives of the first people of this region, and see the landscape as it once was – dominated and shaped by water and forest. Ngā Ara Tipuna will not only reinstate the presence of manawhenua on the landscape, but will also drive economic prosperity in the district, with local hapū supported by the council to develop sustainable business propositions to leverage this community asset.

There is potential for other Māori cultural tourism developments to act as catalysts for local business growth, including leveraging local assets such as the world's longest place name – Taumatawhakatangi¬hanga koauauotamatea¬turipukakapikimaunga¬horonukupokaiwhen-uakitanatahu. Such developments could link to a string of regional cultural tourism destinations that have been identified further up the eastern coast and also across to Tararua and Manawatū regions.

We also have natural assets that are not currently being leveraged for their visitor potential. The Department of Conservation estate contains a number of high quality experiences in our district, including Monckton Scenic Reserve, the Ruahine Ranges (including Sunrise Track and Hut), and Te Angiangi Marine Reserve. Council can work with the Department of Conservation to increase awareness of these natural assets, encouraging people to stay longer in our district and contribute more to our economy.

What we hope to achieve

Council's goal is to see tourism's share of district GDP double in fifteen years. We've grown faster than the Hawke's Bay region in recent years in terms of visitor spend, and we need to maintain this growth to achieve our goal. The key to doing this will be to focus on promoting our district's offerings as distinct day-trip or weekend break propositions to people across the central and lower North Island. This will leverage off an events strategy that will be developed, and link to promotional activities undertaken by our neighbouring districts.

We will actively support Te Taiwhenua o Tamatea to implement the initial stages of Ngā Ara Tipuna. This will include building the physical and digital resources, as well as assisting hapū and marae to develop businesses to support the initiative. Our focus will also be on ensuring these efforts lead to increased visitor spending alongside the cultural and social benefits that underpin Ngā Ara Tipuna.

Council will work alongside tourism operators in the district to promote our core offerings directly to tourism audiences. These marketing efforts need to be smart in the way visitor segments are targeted to ensure we get the most from the limited resources we have. Establishing cluster groups will be our preferred way of doing this, bringing together small groups of like-minded operators to undertake joint campaigns. Part of our role will also be to collaborate and leverage our relationships with neighbouring districts to find co-promotion opportunities.

Council will also need to consider infrastructure requirements to facilitate tourism growth. In the short-term this will be done through a gap analysis of existing tourism infrastructure and prioritising what needs to be put in place. Much of this can be achieved by recognising tourism opportunities in our business-as-usual activities – for example, factoring in cycle tourism when we undertake roading improvements. Council will also continue to ensure we access central government and other tourism-related funding for the infrastructure needed to sustainably manage visitor growth. This work will also link to the Regional Destination Management Plan work being undertaken by Hawke's Bay Tourism.

Actions

SHORT TERM ACTIONS	MEDIUM TO LONG-TERM ACTIONS
• Undertake a Tourism Infrastructure Feasibility Study (including gap analysis) • Support development of Ngā Ara Tipuna Phase 1 and 2 • Ensure visitor information is relevant and promoted (implement the Review of Visitor Information Services) • Develop a range of "point of difference" marketing campaigns alongside our tourism operators to target different tourism audiences • Position the district as a distinct destination to audiences within a 2hr drive radius • Build relationships with neighbouring districts to extend our tourism reach across the region • Undertake infrastructure assessment to support future growth of tourism associated with longest place-name and the Porangahau area	• Build tourism networks and programmes that complement Hawke's Bay Tourism work • Develop a Cycle Strategy identifying route enablers e.g. Middle Road, Tuki Tuki trail • Develop an Event Bidding and Support Strategy • Support implementation of regional destination management plan • Develop Department of Conservation estate opportunities as part of destination management for district

Skills

Our people are well skilled and prosper from employment opportunities.

Linkage to Matariki HBRDS Action Plan

Pillar 2: Employment, skills and capability

Through workforce development plans we will help people to be work-ready and match them with employee-ready employers who foster a spirit of lifelong learning across our collective workforce

Work Programme

- Link local people on benefits to 1,000 new jobs over 3 years
- Grow employment opportunities for the benefit of local people and businesses
- Strengthen a sustainable pipeline of talent from education to employment
- Support Workforce Development

Linkage to Matariki HBRDS Action Plan

Pillar 3: Resilient infrastructure

Regional spatial planning that supports a strong and sustained physical, environmental, cultural, social and business infrastructure so we can unlock our full potential.

Work Programme

- Strengthen digital infrastructure and connectivity

Linkage to Matariki HBRDS Action Plan

Pillar 5: Promoting Hawke's Bay

Attracting visitors, talent, businesses and investment to strengthen and diversify our economy.

Work Programme

- Attracting Talent

Our opportunity

Ensuring people are well skilled and have the opportunity to prosper from employment opportunities is key to enabling the district's growth. There is an opportunity for Council to facilitate improved local, regional and national connections between local employers, our high schools and training providers, so that local skills provision is better matched to local demand. Council can also assist in applying to funding providers that can assist in connecting local learners – whether they are studying at Central Hawke's Bay College, Te Aute College or with one of the training providers – to career pathways and opportunities in the district. This includes supporting young people to become work-ready, better brokering of local employment opportunities, as well as using Council procurement policy to create additional job avenues and opportunities within its own business.

There are also real prospects for Council to lead in breaking down the barriers and challenges residents face when trying to improve their skills. For instance, Council has an advocacy role to ensure transport is accessible within the district, including public transport. The ability to get to opportunities is vital in a rural community like ours, and is essential for young people to be able to participate in Gateway and local employment programmes, and will improve access to higher-level, employment-specific courses that are only available at the main Eastern Institute of Technology campus in Taradale. Making Council facilities readily available for use as study space, with digital connectivity and study support for learners studying remotely through Industry Training Organisations or other providers will also improve outcomes.

While growing the local skill base is a priority, this takes time and there is immediate and ongoing demand from local employers for higher-level skilled workers. This issue is not unique to our district and is common across the wider Hawke's Bay Region, presenting an opportunity to work collaboratively with other councils to develop and implement a regional skills attraction strategy. The Matariki HBRDS is a key vehicle for ensuring coordination across councils on skills initiatives.

Why we are doing this

Central Hawke's Bay is building from a solid base in terms of skills training – with a number of existing training providers who offer a range of foundational courses locally, two colleges with strong connections to Eastern Institute of Technology and the local business community, and Council partnering to support youth development, local employment expos and training graduation events.

The local labour market is experiencing high employment, and has relatively low numbers of NEETs (not engaged in education, training or employment). Unsurprisingly, the most significant employment sector is agriculture. This accounts for 30% of all employment in the district (including forestry and fishing), followed by manufacturing at 13%, with retail, education and training, health care and social assistance each accounting for between 7 and 8% of total employment.

The skills profile of the district reflects a strong agricultural and seasonal manufacturing base. The proportion of people with no or low-level qualifications is above that for the country as whole, with the most common occupation listed as 'labourer'. There are a number of providers of foundation level courses and second-chance learning in the district, but physical space in which to study, digital connectivity and study support is not readily accessible for learners studying with Industry Training Organisations. Brokering transitions to work for those completing foundational level courses and leaving school has been identified as an opportunity for improvement by stakeholders.

Over 80% of school leavers go on to tertiary study, with nearly a quarter of these going on to Eastern Institute of Technology and half to institutes outside the region. Higher-level courses are mostly provided at Eastern Institute of Technology campuses out of the district, with the exception of Level 3 & 4 courses in Health and Wellbeing and te reo available at the Waipukurau Regional Learning Centre. The lack of public transport available can constrain access to education for young people and those looking to retrain or upskill. Transport challenges were also identified as an issue, making it difficult for young people to get to work or work experience opportunities (e.g. Gateway) locally. While some driver licensing training is provided by the "Connecting for Youth Employment" initiative, access to vehicles and transport remains a barrier.

Access to higher-level skills in the district is constrained. At 8%, the percentage of residents with a degree is below the New Zealand average of 12%. Local employers report ongoing demand and challenges in recruiting skilled employees, particularly in the manufacturing and trade sectors. Attracting talent to the district will be essential to meet demand and enable growth. The relatively low cost of housing may prove an enticing selling point, though projections indicate supply may be constrained through t ill the medium term.

What we hope to achieve

With strong relationships already in place among local education and training providers, Council will work to facilitate its connections with local industry to better understand and map employer demand. We will do this by establishing industry cluster advisory groups and helping to broker relationships between employers, schools and training providers. Council will work alongside these stakeholders to investigate options for funding that supports work-readiness and transition to work initiatives, or meets the specific skill needs of local businesses. This will include linking to and supporting industry led initiatives such as the proposed private training enterprise at Hatuma Lime Co. or the work-readiness and pastoral care pilot which is proposed by Medallion Pet Foods.

We can also leverage our purchasing power through procurement practices to influence and generate further local employment opportunities. These actions will directly support a number of the projects that comprise Pillar 2 of the Matariki Action Plan.

We will work with our partners, including Eastern Institute of Technology, the Ministry of Education and Hawke's Bay Regional Council, to identify and develop solutions to our public transport issues. Possibilities for exploration include using the van fleet of community organisations, further utilising the rural bus service provided by the Ministry of Education, or establishing a community shuttle service.

Council will advocate for better public transport provision and use its community infrastructure to ensure digital connectivity and social isolation are not barriers for residents seeking to grow their skills and knowledge. And we will work alongside our neighbouring territorial authorities to tell our story and attract skills to the district.

Actions

SHORT TERM ACTIONS	MEDIUM TO LONG-TERM ACTIONS
• Establish local industry cluster advisory groups, schools and work with Eastern Institute of Technology (and PTEs) to deliver demand-led skills training locally • Support PGF application for Hatuma Lime private training enterprise • Seek funding for 'Connect to Learn 24/7' to provide improved accessibility to digital skills and skills training support • Develop a Regional (High Value) Skills Strategy • Explore opportunities for Te Ara Mahi funding (transitions to work connections and youth work-ready programes) • Seek funding to pilot a work ready programme in collaboration with industry	• Update Council procurement policy to include guidance on how to contribute to local employment and social procurement outcomes • Implement Regional (High Value) Skills Strategy • Review Council investment in young people, social and business development to improve local employment outcomes • Provide increased opportunities for local employment via social procurement and by providing cadetships at Council • Work with Ministry of Education, community service providers and Hawke's Bay Regional Council to investigate and improve public transport options

SWOT

Strengths

- Strong community support built upon through Project THRIVE
- A progressive, forward-thinking Council with established relationships across a range of sectors e.g. business, agriculture, training and education
- Council's ability to influence decision-makers to bring about positive outcomes for the Central Hawke's Bay community
- Attractive natural landscape including rivers, mountains and sea
- Country-town lifestyle living within commuting distance to major centres
- Significant quantity of versatile and productive land able to support a range of economic activities

Weaknesses

- Lack of water for irrigation and uncertainty about water security solution
- Heavily reliance on primary sector, exposed to global market volatility
- Insufficient supply of housing and accommodation, including for employees
- Landowners may be hesitant to move away from traditional farming practices and diversify into new land use options
- Ongoing challenges in recruiting and retaining skilled employees, particularly in the manufacturing and trade sectors

Opportunities

- Leveraging our natural assets land, climate and location to grow our local economy
- Developing local brand for Central Hawke's Bay produce and promoting provenance story
- Increasing economic resilience through land use diversification
- Significant land use opportunities in pipfruit and viticulture
- Growing agricultural and horticultural support services supported by a strong primary sector base
- Growing tourism industry by utilising our points of difference including, homesteads, Te Angiangi Marine Reserve and Māori cultural tourism initiatives i.e. Ngā Ara Tipuna and Te Taumata

Threats

- Landowners reluctance to adapt farming to meet new farming regulations may result in regulation breaches and cease operation.
- Biosecurity issues in the primary sector can bring about considerable negative impact costs and loss of income
- Climate change is predicted to bring more erratic/ extreme weather patterns, and may impact negatively on crop and food production
- Impact of earthquake prone legislation on investment in our town centres

Monitoring

We will measure our results to ensure we are undertaking actions and achieving the economic development outcomes we seek. We have identified the following measures to help assess progress against the action points. Our measures will indicate if we need to stop doing an action and change course, as well as when we should celebrate success. The measures will be updated and change over time as we become more advanced in economic development. It is important to recognise that many economic development measures are influenced by things out of Council's control, for example, global demand and supply.

INDICATOR	MEASURE	TARGET 2029
Growth in new businesses starting and entering in the district	Number of businesses (geographic units) Number of business births	Sustained average annual increase in number of business units
Growth in primary sector support businesses	Number of primary sector support businesses (geographic units)	We achieve similar levels of primary sector support services as districts such as Tararua, Rangitikei and Clutha
Growth in aged care accommodation	Number of providers operating in district Number of aged care accommodation units available	We have two additional aged care accommodation providers in our district
Growth in tourism businesses	Number of tourism businesses operating in district	We double the number of tourism businesses in district
Diversification of our economy	GDP by key industry sectors	Primary sector remains strong, but other sectors also expand to capture a greater percentage of our district GDP
Growth of our economy	Total GDP (real)	Consistent annual average increase over the decade
Increase in visitor spending	Spend per visitor	We achieve a 50% lift in the spend per visitor to our region
Increase in time spent in region by visitors	Average annual occupancy rate	Accommodation occupancy increases closer to national average
Growth in number of jobs	Total employment (jobs per 100 residents)	We maintain our level of employment as our population grows
Increased incomes	Average income of working population	Growth in average income will exceed national level growth rates over the decade
Increase in the number of residential dwellings	Annual consents for new residential dwellings	We achieve the Long Term Plan projection of 535 new houses
Increased skill levels of working age population	Highest level of qualification for total occupational employment	More than 50% of our workforce has a Level 3 or higher qualification

Delivering on Project Thrive

A prosperous community

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