We’re dedicating this issue of Proudly Napier to the topic of Economic Development. At Napier City Council we have two staff who work in economic development for not just Napier, but for the rest of the Hawke’s Bay too.

James Rowe, our Economic Development Manager and Paul Collits, Economic Business Projects Manager, have a ‘hot desk’ at the Business Hub in Ahuriri and spend much of their time talking to businesses who are looking to relocate here and selling the benefits we have to offer. Paul is new to the region and on the inside you can read about his thoughts on the region and its potential through someone looking at it with ‘fresh eyes’.

Next month we have acclaimed commentator Bernard Hickey speaking at the Napier City Council Business Breakfast. Bernard has spent nearly 25 years covering economics, business and Government in Auckland, Wellington, Canberra, Sydney, London and Singapore for Reuters, the FT Group, Fairfax and Interest.co.nz. He’s a regular commentator on television and radio, and we’re delighted to bring him to Napier to talk about the ‘state of the nation’ but in particular the effect of the slump in the dairy pay out and the Kiwi currency on Hawke’s Bay.

If you would like to join us at the breakfast on Friday 11 September at 7am, you can book online via Napier City Council’s website – just search under ‘Business Breakfast’.

I don’t need to remind you that we are about to go to the polls to vote on whether we want to amalgamate our region into one council or not. Regardless of which side of the fence you sit on, I urge you all to take part and have your say. It is a postal vote and you should receive your voting papers in the mail this week.

Bill Dalton
It is now three months since I arrived in Napier to work on economic development, a refugee from the Central Coast of New South Wales. From one east coast to another, you might say.

As an economic development practitioner, coming to a new region is always interesting. Having worked in this game for a long time, and having lived in many different kinds of regions, what are my first impressions of Napier and Hawke’s Bay, especially the region’s economy?

There are always two things going on with any economy. One relates to the business cycle – are we currently growing? – and the other relates to the structure of the economy – are we developing?

I would have to say that talking about development is always more interesting than talking about growth. It is also more important, since getting the structure of the economy right will help the region to grow in the long term. This will provide good jobs and incomes for us and our families now and down the track.

The job of an economic developer is, mainly, to make it easier for enterprises and industries to operate in our region, and to help them where possible to grow, and keep growing.

It is important to remember that both growth and development occur in national and international contexts. What happens across New Zealand and across the world affects what happens in our local economy in Hawke’s Bay. We cannot influence many of these things, so we have to concentrate on what we can do locally to make our economy work for us.

On the growth front, we are growing strongly in this region at present, going on the evidence both of published economic data and on the anecdotal evidence of the many interviews I have been doing with local firms, most of which have been going gangbusters. They are providing jobs for good local talent and are also bringing new skills into the region. Incidentally, those that are growing most strongly are the firms that have customers all over New Zealand, and there is a lesson in this.

This good news story really flies in the face of those who talk down the region and who only focus on the bad stuff. Another point to note is that the growth firms are operating in a wide range of sectors, reminding us that we are not just a one trick pony, only relying on food products (excellent though these are).

One of the most striking things about what people have told me here is the optimism of the place and the feeling that we are on the cusp of great things as an economic region. We also work pretty well together in economic development across the region, and across the councils. I could name at least three projects that I have been working on which have shown to me close collaboration among councils.

The task of economic development is pretty straightforward. It is to figure out the things that drive a region’s economy that local actors can do something about, to identify local assets, and to drive these assets as hard as we can.

The things that drive a region’s economy – its competitive strengths – are both its key sectors, and its underlying capabilities. Our task as a region is to unlock the potential of both our industries and our capabilities, and to eliminate or at least shrink any negatives.

And there is plenty to work with, and much good news. We have world class businesses, great brands, considerable innovation, good infrastructure and great natural advantages.

Any region can always do better, of course. Where can we improve?

One thing I would like to see more of in the region is attention to the start-up economy, to youth entrepreneurship and to the further nurturing of our business culture. To grow “Brand Hawke’s Bay”, we have to become widely known not just for our climate, wine and quality products but for being an extremely cool place to do business, with low entry barriers and plenty of opportunities for the key knowledge industries of the 21st century.

There is nothing magic about start-ups, and not all start-ups will succeed, but from start-ups will come the high growth businesses of the future that we need to maintain good incomes and jobs for our people. And encouraging more start-ups will excite our young people and remind them that they don’t all have to leave the region to be successful.

There is a lot to build on, and still plenty of work to do in local economic development here. I am greatly looking forward to working with Napier City Council and in particular with James Rowe to help build a great economic future for the Bay.
The five Hawke’s Bay councils and key business representatives in the region decided in 2014 to revisit and “refresh” the region’s economic development strategy prepared by Hawke’s Bay Regional Council in 2011.

The earlier strategy, whatever its strengths and weaknesses, has been generally felt to have lacked buy-in by the key players in the region. Buy-in is important for two reasons. The first is that strategies are there to be implemented, not to sit on shelves gathering dust. The broader the buy-in, the greater the likelihood that people will act to implement the strategy. Strategies therefore need to be “owned” by the region, not by just a narrow leadership group or by the councils.

The second reason that buy-in is important is that broad involvement in the development of the strategy will dramatically improve its quality. An economic development strategy has to be based on evidence and on the region’s capability and strengths. There is no point deciding to do x if the region doesn’t have the capacity to do it. Having buy-in means having good information and a much better strategy.

And, of course, if no one even knows there is a strategy, its impact will be limited. Unfortunately, the 2011 Economic Development Strategy did not have sufficient stakeholder buy-in.

So this time, we are ensuring regional buy-in by involving as many people in the region as possible. We established a project team, led by Napier City Council’s Economic Development Manager James Rowe, representing all the councils and Business Hawke’s Bay. We dedicated real resources to the project in a collaborative way. The initiative began with Chief Executive Officer Susan White and Project Consultant Alastair Macleod approaching around 30 key players from across the region with real, hands-on knowledge of the economy. This collaborative exercise concluded that the regional economic development strategy needed to be refreshed. Then we developed a survey for use in around 100 interviews across the region (now nearly complete). The survey asked participants to focus on key opportunities and impediments in the region and drew them out in one hour long in-depth interviews.

The interview process has been illuminating and therefore invaluable. It has provided a great source of ideas and data, but, more importantly, has helped to develop a “movement” of people now with a far greater stake in ensuring the strategy’s success. It will be very much THEIR strategy. Not the councils’ strategy or the Business Hub’s strategy.

We have ensured that all parts of the region have been included, as well as all industry and other sectors. We have talked to large businesses and small. To high growth businesses and to exporters. To young people and more senior people. Not just the “usual suspects”.

And we have also hosted two “innovation cafés” to draw out regional players in an open gathering, to develop ideas together as well as in one-on-one interviews. The second café deliberately involved younger business people and the thought leaders of tomorrow in order to ascertain what the community’s unconstrained view of the Bay looked like in 2020.

Where to from here?
A key to the success of the strategy process to date has been the buy-in of all the councils, the collaborative spirit in which our process has moved forward, the real resources that those involved have been prepared to commit, our linking of the strategy to the emerging regional development goals of the Government (with whom we have had a number of very constructive meetings), and perhaps most importantly, the sheer quality of the effort put in by our regional stakeholders. These folks have been generous with their time and their thinking and ideas are reminders of the excellence of industry leaders in the region.

The process will ensure not only a strategy document of high quality but one that is widely understood AND supported across the region. It will be a strategy that is realistic, not pie in the sky, and one that will have realistic time frames and metrics. But it will also be a strategy that is aspirational and inspiring. It will NOT be just business as usual.

Its release will only be the beginning, as all strategies are ultimately measured by, if and how well they are implemented.

The REDS (Regional Economic Development Strategy) team is very confident that this strategy will be implemented. Once the REDS is drafted, a consultation process will begin and it will be revised as needed in light of any comments. Each council will be asked to adopt the strategy. It is anticipated the process will be completed before the end of the year.
From an economic development perspective, Napier and Hawke’s Bay are on the move with positive economic growth from a number of sectors. This has been reflected in a series of good news stories about the region’s economy. There are also many small manufacturing businesses in Napier that are expanding, creating jobs and thriving in these complex economic times. These success stories often do not make the local news.

A good example is The Pallet Company in Pandora. The company manufactures pallets that are used to move freight in shipping containers and trucks. This company sources the wood for the pallets from Pan Pac and other local suppliers. Branch Manager, Terrence Taylor said the company amalgamated its Auckland facilities and moved some of the equipment to Napier. This resulted in 10 new jobs, making a total of 40 employees. This expansion has now made it possible to provide year-round jobs where before many of the positions were seasonal.

Another local company that has moved jobs from Auckland is Q C Engineering (HB) Limited. The Onekawa company is a sheet metal manufacturing engineer firm. It recently purchased Ag Brand Products of Clevendon and relocated the product line to Napier. Ag Brand Products are well known for quality stockfeeders. These stockfeeders save farmers money because in conventional systems 30 to 40% of the feed is often wasted because it is trampled on the ground. The new product line created up to 3 new jobs here.

Another local success story that has made the news is Goodtime Foods. The firm recently purchased a manufacturing plant in Christchurch, bringing the number of Goodtime pies produced annually to more than 12 million. The new facility is based in Sockburn, which is near Christchurch. The bakery is about a third of the size of Goodtime’s Napier operation and employs 34 locals. This is good news for Napier because it’s important for local businesses to grow and expand. As more markets are opened, the larger the business becomes, the more sustainable the parent company becomes.

These firms represent just a few of the many businesses that are expanding in Napier. We are confident there will be several major announcements about new jobs in the near future. Watch this space!