



KAWERAU DISTRICT COUNCIL

Economic Development Strategy 2011 to 2014



Kawerau District Council recognises that the town's industrial base is its foundation, and supports its expansion. To this end the Council has an operative District Plan which, subject to appropriate controls to limit adverse environmental effects, enables industrial development.

Economic development supports the local community by contributing to the wellbeing and prosperity of residents, business, industry and local government. Enhancing the District's quality of life for all residents is the foundation of the Council's economic development strategy.

Council is committed to working with the community to meet the challenge of expanding the industry base, increasing local job growth and maintaining its position as a unique and important contributor to the wider region and New Zealand.

Develop 'new energy' products

Encourage low carbon development

Build knowledge,

OVERVIEW

Situated in the heart of the principal forestry region in New Zealand, Kawerau is a well established wood processing centre supported by a highly skilled and internationally competitive engineering and maintenance service cluster.

A major contributor to the success of this industry has been access to energy from geothermal fields located within the District which not only provides industry with security of supply and price stability of electricity, but delivers considerable benefits through direct heat processes.

The Kawerau geothermal field not only has the capability to substantially increase electricity production but can support commercial opportunities that require a consistent direct heat facility.

The Tarawera River which flows through the District is the primary water source for industry and, due to the fast flowing nature of the river with its consistent volume and quality, has become a nationally recognised facility for white water kayaking and rafting.

Kawerau is renowned for its friendliness, great sense of community, wonderful climate, abundance of natural resources and its central location in the Bay of Plenty. The Kawerau District offers a unique lifestyle and business environment.

ECONOMIC VISION

To strengthen Kawerau District's economic importance to the region and New Zealand through the development of 'new energy' products, the encouragement of low carbon development and the promotion of the District's environmental achievements.

CURRENT ECONOMIC DRIVERS

The major influences affecting the successful outcome of this strategy are

- Iwi involvement
- Demand for renewable resources and public response to environmental factors
- Central and Regional Government policy/ expenditure
- A clear point of difference in our market offer
- Community acceptance of increased industrial development
- Sufficient 'industry ready' land within the District available at cost effective price
- Workforce availability.

STRATEGIC GOALS

Build knowledge, relationships and capability, and promote the District to attract investment in

- Energy
- Wood processing
- Waste
- Niche Manufacturing
- Social Infrastructure

to enable the Kawerau District to continue to contribute unique and complementary economic opportunities to the region.



relationships and capability

ENERGY

Kawerau is strategically placed to take advantage of recent changes in public opinion on carbon related issues and the Government's intended changes to its Energy Policy.

The Draft Energy Strategy states "NZ will improve its resilience to disruptions in energy supply through utilising a wider range of energy resources and by replacing oil with local energy sources. The economic competitiveness of new renewable electricity generation will be enhanced by the price on carbon."

The Government has raised the target for renewable electricity from 73% (2009) to 90% (2025) and intends to expand the utilisation of geothermal for direct heat applications.

Targets for bio energy supply have been set at more than 25% of the country's energy needs including 30% of the country's transport fuels by 2040.

Enablers

- Geothermal field
- Proximity to available raw material
- Proximity to port
- Transport infrastructure
- Investment capital
- Government policy
- Market demand (electricity)
- Service providers in District
- Low carbon footprint
- Bio Technology
- Regulatory framework.

Constraints

- Limited build options (generation companies)
- Outbound transmission capability
- Availability of commercially viable technologies
- Market demand/confidence (biofuels)
- Undeveloped relationships
- Forest owner buy in
- Growth cycles of raw product
- No guaranteed biofuel subsidy past 2012
- Access to land and residual heat sources
- Ability to attract skilled workforce.

Development Strategy

- Ensure that Kawerau is an integral part of the Bay of Connections Energy Strategic Plan
- Ensure that Kawerau is an integral part of Toi EDA's overall strategic plan.
- Develop relationships with Iwi, Transpower, Kiwirail, landowners, relevant Government departments, representative National organisations, technology developers
- Build knowledge of product development, global trends, crop developments, ongoing research & technology developments
- Identify the types of employee skills required and if necessary work with educators to ensure skill base will be available
- Ensure suitable land is available for development
- Promote the benefits of the District to potential investors.

Picture courtesy of Mighty River Power



WOOD PROCESSING

The Central North Island and Bay of Plenty is the principal forestry and processing region in New Zealand, producing 45% of the national harvest. Kawerau is a well-established wood processing centre supported by a highly skilled and internationally competitive engineering and maintenance cluster.

With annual export earnings of \$3.2b and domestic sales of \$1.5b, the forestry and wood processing industry is New Zealand's third largest export earner.

Global demand for wood is increasing with Chinese timber consumption forecast to rise from 41.6 million m³ in 2009 to more than 70 million m³ by 2015. India is expected to double its 1 million m³ volume for the year ended June 2010.

Enablers

- Emissions Trading Scheme
- Availability of energy
- Proximity of forests
- Proximity to port
- Transport infrastructure
- Regulatory framework
- Availability of workforce
- Training
- Bio Technology
- Local service providers.

Constraints

- Fluctuating global markets for raw product
- Competition for raw materials

- Distance from markets
- Fluctuating dollar conversion rate
- Forest ownership structures
- Availability of cost effective land
- Ability to attract skilled workforce
- Overseas perception that the RMA is limiting.

Development Strategy

- Ensure that Kawerau is an integral part of the Bay of Connections Forestry Strategic Plan
- Ensure that Kawerau is an integral part of Toi EDA's overall strategic plan.
- Develop relationships with forest owners to promote support of local industry
- Build knowledge of bio technology developments and uptake of new product streams
- Lobby for the provision of suitable transport corridors
- Ensure suitable land is available for development
- Promote the benefits of the District to potential investors.



Waste

Historically, the greater the economic growth, the greater the consumption of goods and services and therefore more waste.

The inclusion of waste disposal facilities in the emissions trading scheme will become a driver in the adoption of new technology to dispose of community and industrial waste in a more environmentally sound way.

The Government is committed to lifting performance in recovering economic value from waste to provide environmental, social and cultural benefits and reduce the risks of harm.

Enablers

- Market demand to deal with waste more effectively
- Availability of energy
- Bio Technology
- Abundance of raw material
- Central location to raw material
- Regulatory framework
- Local service providers
- Government policy.



Constraints

- Community resistance
- Existing contractual arrangements for raw material
- Transport methods/infrastructure
- Availability of cost effective land
- Investment capital for new technology.

Development Strategy

- Research current bio technology material to ascertain what processes might be best suited to this area
- Keep abreast of the type and volume of available waste
- Explore possibility of receiving funding through the Waste Minimisation Fund to prepare feasibility studies
- Promote the study to potential partners and investors
- Ensure suitable land is available for development
- Identify the types of employee skills required and if necessary work with educators to ensure skill base will be available.



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Niche Manufacturing

Kawerau's existing engineering and maintenance cluster contributes to both domestic and international markets and is a strong example of successful enterprises in this area.

Potential exists to establish food manufacturing, land based aquaculture and drying operations which require direct heat as part of their processes.

The rail head and proximity to the Ports of Tauranga together with cost effective land make the District suitable as a storage and distribution site.

These activities are consistent with, and could contribute to the Bay of Connections Regional Strategy.

Enablers

- Availability of energy
- Railhead
- Proximity to port
- Transport Infrastructure
- Regulatory framework
- Availability of workforce
- Bio Technology.

Constraints

- Distance from markets
- Access to residual heat sources
- Ability to attract skilled workforce
- Investment capital for new technology
- Availability of cost effective land close to residual heat sources
- Availability of large tracts of cost effective land.

Development Strategy

- Contribute where appropriate to the Bay of Connections Regional Strategy
- Contribute to Toi EDA's overall strategic plan
- Promote the benefits of the District to potential investment partners
- Assist where possible to achieving access to energy/direct heat/ land
- Keep abreast of developments in technology.



Social Infrastructure

Social Infrastructure refers to the community facilities, services and networks that help individuals, families, groups and communities meet their social needs, maximise their potential for development and enhance community wellbeing. It is an important component of economic development as it impacts on industry's ability to attract and retain employees.

The declining population and demographic makeup of the District requires a refocusing of the components of social infrastructure to ensure that the services are appropriate for the community and deliver the 'best value for money' outcomes possible.

Enablers

- Point of difference
- Social cohesion
- Access to education at all levels
- Access to health services
- Variety of housing options
- Employment options
- Transport links
- Entertainment/activity options
- Availability of services
- Cost of living
- Government investment.

Constraints

- Negative perceptions
- Economies of scale
- Quality of social capital
- Rural/urban drift
- Imbalance in demographics.

Development Strategy

- Leverage Event Management to drive inter-regional exposure to the benefits of the District
- Facilitate community based youth achievement programmes
- Facilitate community based positive ageing programmes
- Influence better use of Govt Funding in Health/Education/Safety including the use of public transport to the wider region where required
- Identify areas where a contribution could be made to appropriate promotional campaigns.

