



SOUTHLAND

A region offering unique advantages in physical geography and resources, Southland has applied scientific knowledge to increase the productivity of its agricultural, energy and mineral reserves, creating a wide variety of investment opportunities.

Southland has invested heavily in earth knowledge systems and surveying, including a recent regional topoclimate survey which provides a powerful knowledge base for investment opportunities in agricultural diversification to support high-value food processing. National agencies have also conducted aeromagnetic and radiometric surveys in Southland, providing high-value information for investment decisions in the minerals and resource sector.

Southland's geographical position and low electromagnetic noise levels are an attractive asset for the international space industry, with several space agencies and private businesses partnering with local agencies to create infrastructure for rocket tracking and for satellite monitoring and data transfer.

Southland is a highly productive region, contributing 15 percent of New Zealand's tradeable exports from just over 2 percent of its population. Local businesses have a strong focus on efficiency and lean production, providing an ideal foundation for global competitiveness and increased returns.



REGIONAL HIGHLIGHTS

High-value agriculture and food production

Pure silica oxide resource

Space tracking and research

Growing international workforce

AREAS OF OPPORTUNITY

Innovative food and beverage processing

Southland has a well-established food and beverage sector driven by significant primary sector production. Investment opportunities exist in added-value and functional food processing, and efficient protein production systems such as oat milk.

Capitalising on natural resources

Southland is developing an investment opportunity in silica and other mineral extraction, and has a strong base of existing mining experience, renewable energy resources and engineering expertise to support extractive industries.

A developing space industry

Southland has the potential to leverage its unique location and attributes to become a global hub for space-based data and satellite imagery. Ground stations are currently in place at Awarua and Lochiel,

with these facilities and related expertise providing an opportunity for further space-related investment.



RICH IN KNOWLEDGE, INNOVATION AND RESOURCES

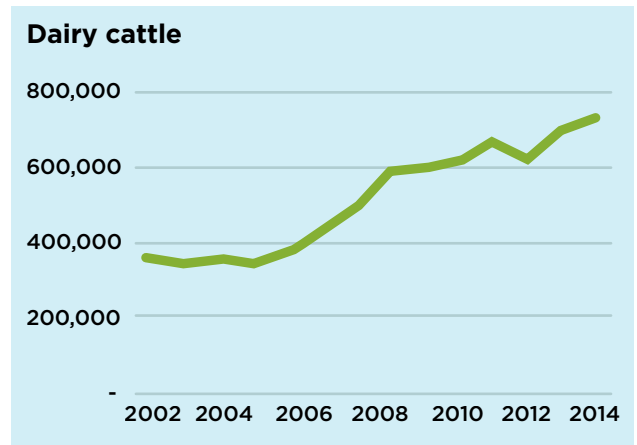
Key attributes of the region

Southland's manufacturing base and major enterprises all reside within 70 kilometres of Invercargill, the region's capital city, and are surrounded by a highly productive countryside renowned for its cropping and pastoral farming.

Southland's booming dairy industry supplies two major processing plants, Fonterra at Edendale and Open Country Dairy at Awarua, with further processing under development in the area.

Located at Bluff, South Port provides valuable infrastructure for exporting processed goods, including aluminium from New Zealand's only smelter, as well as boatbuilding and marine support services. South Port's intermodal freight terminal at Invercargill allows for easy transfer of goods between Kiwirail's Western and Eastern Southland lines and road carriers servicing the port.

Around 15 hectares of land adjacent to Bluff Harbour is available for use by offshore operators, as well as 630 hectares of industrial land for development at an industrial park located between Awarua and Bluff Harbour.



335,000 tonnes

of pure aluminium produced each year

Highly productive

soils support diverse growing opportunities

200+ farmers

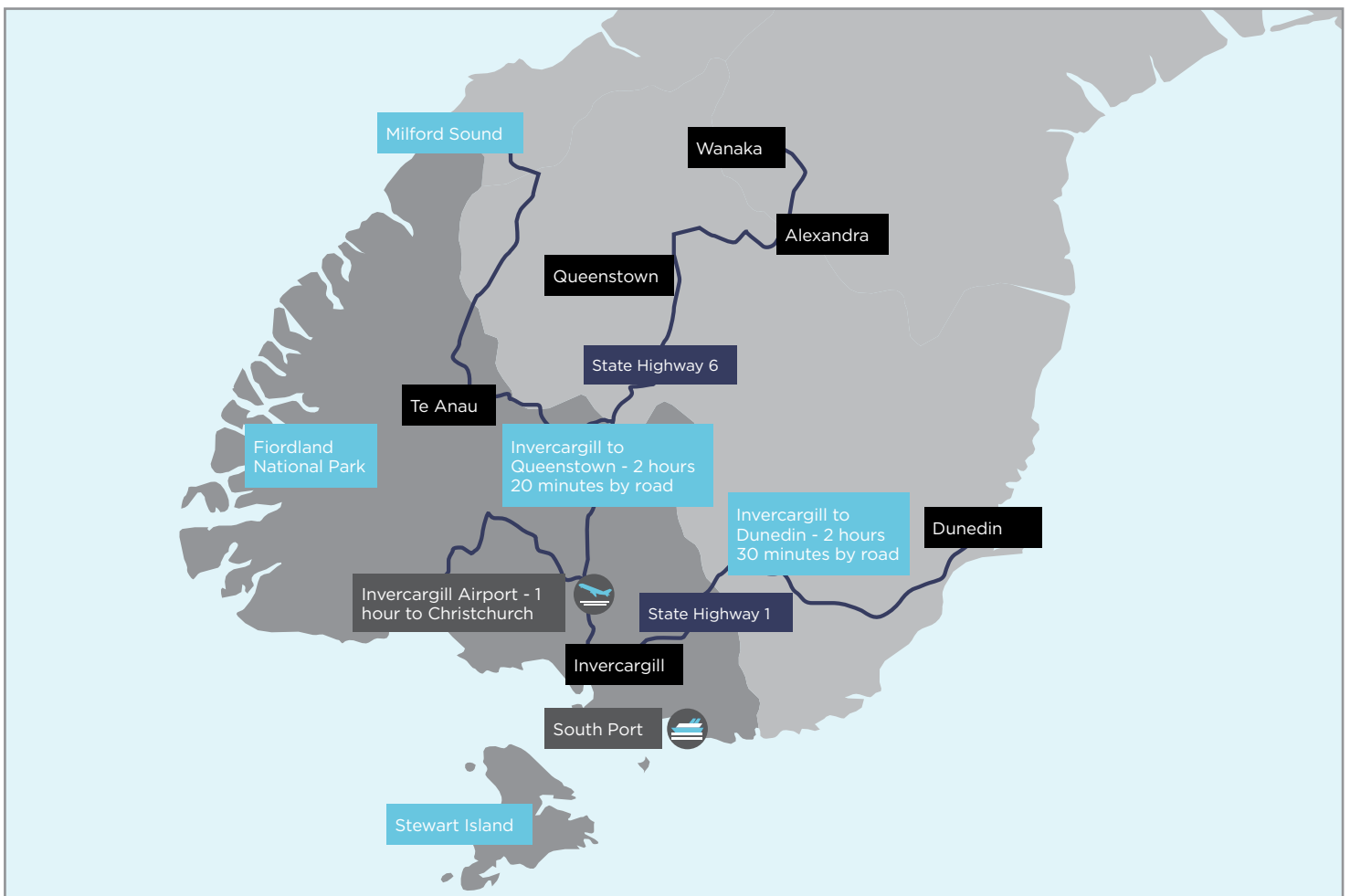
capable of new grain production

Four

global food processing plants

World-class

space-tracking and atmospheric research stations





INNOVATIVE FOOD AND BEVERAGE PROCESSING

Southland's well-established agricultural sector has investment opportunities in high-value food crop production and added-value processing. The region's reputation for world-class produce, along with the presence of four large-scale meat, fish and dairy processing plants and high agricultural productivity, underpins the strengths of Southland's food processing and export sector.

Southland has a long established fishing industry and is particularly well known for its famous delicacy, the Bluff oyster. Its clean, cool southern waters are ideal for high-quality farming and harvesting of a variety of species, and the region has an established aquaculture industry farming mussels, salmon and oysters. Southland's regional aquaculture strategy includes active assessment of potential farming sites, creating new possibilities for investment in farm development (including joint-ventures).

Southland has a specific opportunity in oat milk production and processing, and has a growing and successful crop farming industry in barley and wheat. A regional food hub with shared facilities is also currently being examined, to provide greater production efficiency and investment opportunities.



People

\$46,000 a year

median annual earnings in manufacturing in 2014 (NZ median was \$46,010)

200+ farmers

capable of new grain production

Research

underway to unlock new crop opportunities

Growers ready for new opportunities

Southland has excellent conditions for growing oats and producing oat milk - a nutritious product that helps to lower cholesterol and is suitable for individuals who are lactose intolerant - and has potential growers identified to commercially develop the product.



Infrastructure

61,376 hectares

of grain and crop land (13.1% of New Zealand total)¹²

Intermodal

freight centre at Invercargill, connecting rail lines with road transport to South Port

170

distinct soil types supporting highly productive agriculture

Fertile ground for crop innovation

Recent topoclimate surveying has confirmed large areas of high-class soils and microclimates across Southland, suitable for a wide range of crops and pastures.



Business

Four

global food processing plants

135 years

of local dairy processing history

Highly productive

dairy farms producing 12% of New Zealand's milk solids

A community of successful food businesses

The region is a base for several large food processors including Fonterra Edendale, Open Country Dairy, Sanford and Alliance Group. A new NZ\$200 million dairy plant funded through Chinese investment began construction in mid-2016, and will be operational by 2018.

Southland food processors, feeding global appetites

Sanford, one of New Zealand's largest fisheries businesses, farms over 3,000 tonnes of Greenshell™ Mussels per annum at Big Glory Bay on Stewart Island. After growing and harvesting, mussels are transported by the company to a dedicated processing facility. Sanford also harvests about 3,000 tonnes of salmon each year, processed at a facility in Bluff. Sanford's Greenshell™ Mussels and salmon are marketed in New Zealand and around the world.

Alliance Group Limited is one of the world's largest processors of sheepmeat, accounting for 15 percent of the world's cross-border sheepmeat trade, and processing around six million lambs each year. The company's head office is located in Invercargill, managing a network of eight industry-leading meat processing plants strategically located throughout New Zealand's South Island and lower North Island.



CAPITALISING ON NATURAL RESOURCES

Southland has earned a reputation for leveraging natural energy and mineral resources to fuel industrial development, and has several easily accessible, high-purity silica oxide deposits. The deposits are suitable for manufacturing solar photovoltaic cells and electronics-grade substrates. Southland also has an established coal-extraction industry.

The region is home to New Zealand's only aluminium smelter at Tiwai Point, powered by a hydroelectric station in the region's alpine hinterland. This electricity also supports Southland's food processing, wood processing and alloy boat building industries.



People

\$61,270 a year

median annual earnings for mining in 2014 (NZ median was \$73,950)

Diverse

workforce across multiple engineering and manufacturing sectors

Support

from local authorities to develop the natural energy and mineral industries

Local backing for employment and industry growth

Regional stakeholders and businesses are very supportive of the mineral industries, with their potential for further high-value employment in Southland. The Southland Energy Consortium provides a central point of contact to access support services.



Infrastructure

99.4%

average purity of quartz gravel deposit for silica extraction

Accessible

surface silica deposits readily mined

350 million tonnes

of silica reserves for extraction

The right elements for efficient extraction

Southland has access to green and reliable hydropower as well as roads, rail and sea transport, and other raw materials to support extractive processes.



Business

23%

of regional GDP driven by forestry, fishing, mining and agriculture

335,000 tonnes

of the world's purest aluminium produced annually by New Zealand Aluminium Smelters

High yield

with the opportunity for vertical integration

Detailed information to chart growth potential

New Zealand Petroleum and Minerals (NZP&M) has recently completed an aeromagnetic and radiometric survey of the Southland region, providing detailed geographical information. Covering all of Southland, the survey adds to previous surveys by Government and industry and is designed to help with identifying mineral deposits and providing information on faults, aquifers and soils.

Southland resources: powering business and investor value

Wood Energy South is a collaborative project which promotes the use of waste wood from the forestry industry to fuel local commercial businesses, factories and other premises. There are currently 15 biomass systems in place with a significant pipeline of new initiatives providing opportunities for investment. The project is supported by New Zealand's energy conservation authority EECA and the Bioenergy Association of New Zealand.

Meridian Energy owns Manapouri Power Station, New Zealand's largest hydropower station with a capacity of 800 megawatts, located in Southland's Fiordland National Park. The main customer is the Tiwai Point aluminium smelter. The station's generators are housed in a cavern excavated from rock 200 metres below the surface of Lake Manapouri. Tunnels ten kilometres in length take tailrace water to the sea at Doubtful Sound. Meridian Energy is a leading developer of renewable electricity and sells electricity to customers in New Zealand and Australia.

Southland's Energy Consortium represents local businesses focused on the energy and exploration support industry. The Consortium combines a range of technical and professional businesses. Southland businesses, the regional transport network and the port infrastructure have a proven track record of supporting offshore and onshore oil and gas exploration and the mineral industries.



A DEVELOPING SPACE INDUSTRY

Southland's geographical advantage, unobstructed horizon and low electromagnetic noise levels make it well suited for radio astronomy and the tracking of satellites in space. The region is looking to utilise its existing tracking facilities as a platform for further expansion in the space industry and is also upgrading its facilities for tracking, telemetry and data image-receiving facilities from remote-sensing satellites, to support new satellite launches and to track launch vehicles.



People

\$46,440 a year

median annual earnings in manufacturing in 2014 (NZ median was \$46,010)

1,800

employees in the scientific, technical and professional services industry

Potential

to develop new, highly valuable industry utilising local knowledge and skills

Growing Southland's space expertise advantage

Southland is working with a number of world-leading space research institutes to establish Earth Add Vantage, a research institute which will develop tools and undertake research into remote, real-time space-based monitoring tools for agriculture, forestry and other land-based industries.



Infrastructure

Availability

of low-cost freehold land for development

Low

electromagnetic noise

Geographic location

provides a global advantage for space research

Local eyes watching the skies

The region's telemetry stations at Awarua and Unwin utilise Southland's engineering expertise in telecommunications, construction and operations.



Business

Three global

space-object tracking, earth observation and atmospheric research stations

Global space industry players

including Planet Labs and the European Space Agency active in Southland

Scientific research

partnerships involving local and international research institutions in a range of scientific endeavours

Diverse capabilities ready to hand

Southland has demonstrated its engineering skills through a range of projects including hydropower, constructing food processing plants and oil exploration.

A pioneering advantage for space exploration and industry

The European Space Agency (ESA) has partnered with regional economic development agency Venture Southland to develop, maintain and operate a rocket tracking station. The tracking station has played a pivotal role in tracking supply shipments sent to the International Space Station (ISS), with potential for further cooperation on other projects between Venture Southland and the ESA.

Planet Labs, a space information company based in San Francisco, has invested in the development of a second radome and antenna at the Awarua Satellite Ground Station in Southland. The site is used to control Planet Labs' network of more than 80 earth observation microsattellites, and to download photographs of the entire planet from space daily. Venture Southland, which owns and operates the Awarua station, is also developing additional services managed from the site to provide real-time Earth images for agriculture, fisheries, search and rescue and disaster recovery.

Spire Global is an American based international company that has over 20 ground stations globally to track ships via the Automatic Identification System (AIS) as well as providing near-real-time weather data. Spire Global worked with Venture Southland to establish the Lochiel Satellite Ground Station in Southland. The station was operate remotely from offices in Glasgow, Singapore and San Francisco and is the company's first in New Zealand.

WHO HAS INVESTED IN SOUTHLAND?



Dongwha Patinna NZ Ltd (Korea)

Dongwha specialises in the manufacture of wood materials and is a leader in the development of the Korean domestic wood industry. In 2005, Dongwha acquired Rayonier, New Zealand's MDF plant at Matura. Rayonier's MDF operation was established in 1997 and manufactures 170,000 cubic metres of MDF annually. Re-named Dongwha Patinna NZ Limited, the plant specialises in thin and high-density fibreboard products with 75 percent of its output exported. This investment made Dongwha the largest MDF and particle board panel producer in Asia and among the world's 10 largest makers of fibreboard.



Blueriver Nutrition HK (China)

Blueriver (HK) Nutrition Company Ltd, a private company owned by Chinese investors with a background in infant formula products, purchased the Invercargill-based milk powder factory of pioneering sheep milk dairy company Blue River Dairy in February 2016. The factory produces milk powder from sheep milk, with Blueriver Nutrition planning to invest NZ\$40 million in a second drier to increase its production capacity. Blue River Dairy, which has been involved in sheep milk dairying since 2003, will focus on expanding its farming operation to supply the expanded Invercargill plant. It has already converted three Southland farms to sheep dairying and plans to expand its herd from 20,000 to 100,000 ewes in the next few years.

Blueriver Nutrition HK will process the milk into bulk sheep milk powder, which has risen by over 50 percent in price in the last three years, and will also produce added-value finished goods for Asian markets, where sheep milk products are recognised for their health and nutritional benefits.

pure kiwi mettle



Pacific Aluminium (Australia) / Rio Tinto (Britain) and Sumitomo Chemical Company (Japan)

New Zealand Aluminium Smelters (NZAS) is New Zealand's only aluminium smelter and commenced operations at Tiwai Point near Bluff in 1971. The smelter produces the highest purity aluminium in the world at 99.98 percent pure. High purity aluminium is required for critical applications in many sectors including the electronics, IT and aerospace industries. The smelter earns approximately \$1 billion a year in export revenue, contributes \$525 million (10.5 percent) of Southland's GDP, and supports 3,200 jobs in the region.

NZAS is an international company and is proud to operate out of Southland. The smelter has been part of New Zealand's industrial landscape for more than 40 years and is a key participant in Southland's economy.

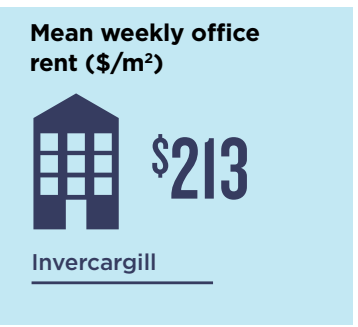
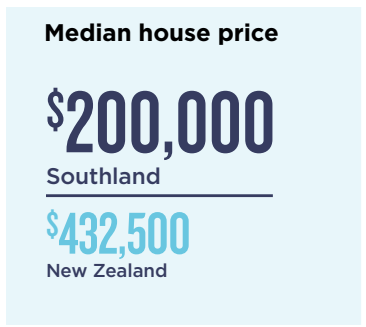
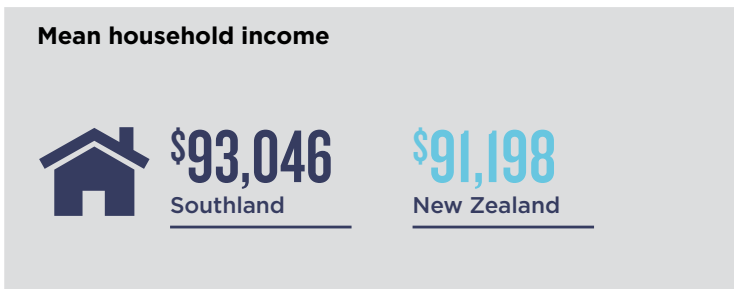
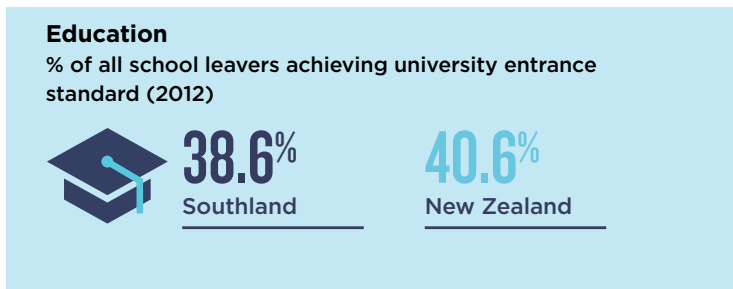
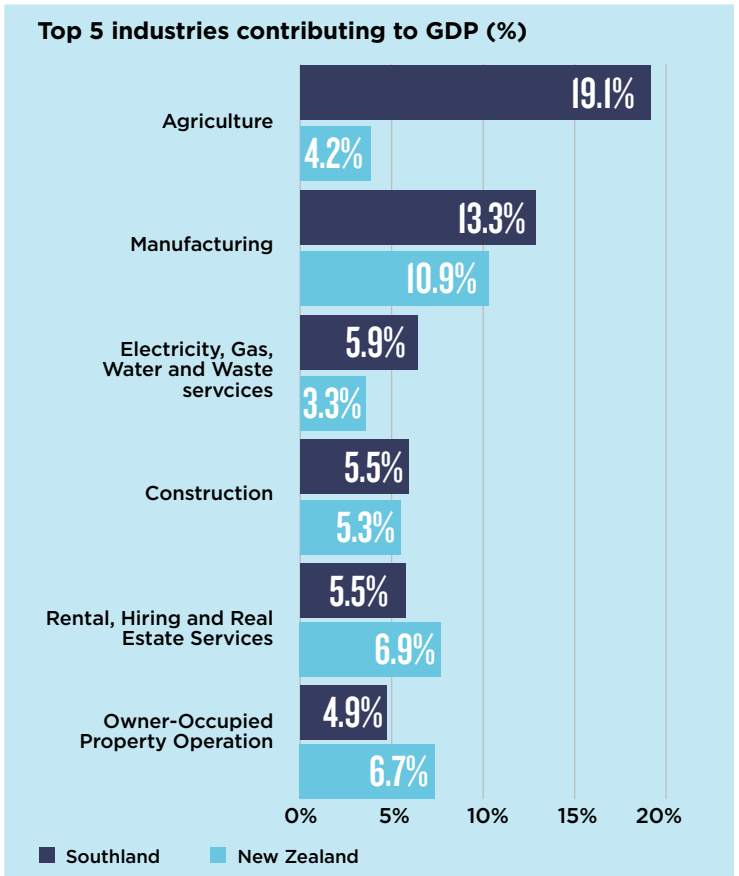
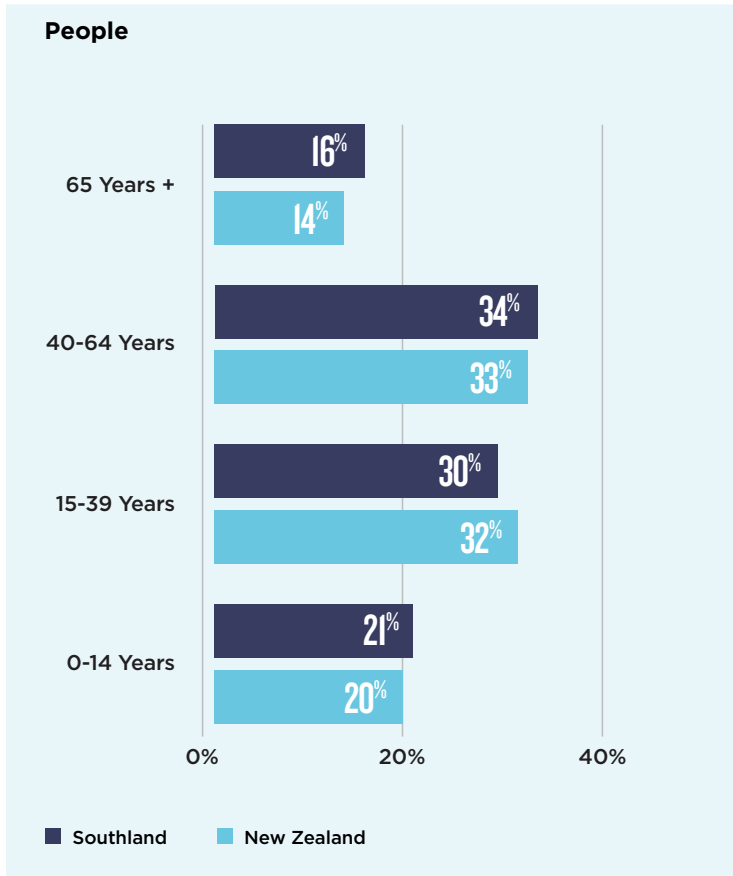


China Animal Husbandry Group (China)

China Animal Husbandry Group (CAHB) has invested in Southland's Matura Valley Milk to create a NZ\$200 million dairy processing plant. Once completed in 2017, the plant will manufacture infant formula, ultra-high temperature (UHT) cream and skim milk powder, and is designed to tap into global demand for infant formula and other nutritional powders. It is expected to employ 60 people and generate around NZ\$90 million in benefits for the Southland region.

Based in Beijing and in operation since 1982, CAHB produces veterinary medicines, feeds, feed additives, herbage, milk powder, whey powder, pet food, and seeds. It will own around 72 percent of the Matura Valley Milk plant, with 20 percent to be held by local suppliers and the remainder by Hamilton-based milk powder company BODCO and Matura's directors.

HOW SOUTHLAND COMPARES



Venture Southland is an experienced and professional economic development agency with a robustly researched investment attraction focus.

Venture Southland's purpose is to promote Southland, facilitate economic and community development opportunities, and add value to the region.

The agency is funded by regional councils and contracts out its services as an economic research consultancy.

Economic development strategy

Venture Southland's goals are to:

- identify new development opportunities and work with interested parties to attract investment
- boost business growth through a range of activities and projects including informing infrastructure development, communication projects, science and radio science initiatives, sustainable business practices, migrant and workforce attraction, energy projects, primary sector value-added export opportunities, business support and training
- support an active international and migrant recruitment programme to grow Southland's skilled workforce.

The Southland Labour Market Strategy outlines key goals for the region's skill requirements including active migrant attraction and settlement programmes and future career pathway programmes.

How we help investors

Venture Southland:

- provides investment assistance, information about regional resources, regulatory requirements, connections with local businesses and investment analysis
- develops sectors with a focus on performance, productivity and profitability to increase export receipts, GDP and employment
- provides enterprise support to increase business capability, resilience and innovation.



STEVE CANNY

General Manager
Business and Strategic
Planning, Venture
Southland

T +64 3 211 1405

E steve@venturesouthland.co.nz

W venturesouthland.co.nz

Region-led initiatives

Venture Southland attracted investment and managed the development and build of the Unwin Radar and Awarua space tracking sites. In addition to ensuring appropriate funding, the agency ensured that the building and maintenance of Unwin utilised local skills in construction and technical work.

Venture Southland has also designed and managed the construction of the regional broadband service, as well as investigation and exploration of Southland's high purity silica reserves.

This document was produced by New Zealand Trade and Enterprise, New Zealand's international business development agency. www.nzte.govt.nz

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ISBN 978-0-908344-35-2 December 2016