

## **Activity Planning -2012-2022 Ten Year Plan Strong Communities - Economic Development**

### **The main matter that the Council is being asked to consider is....**

- The Council's role in Economic Development

### **1. Council direction**

The instruction provided to staff by the Council in December 2010 was to:

- Undertake advocacy role as well as provider/purchaser of services
- Strengthen significant stakeholder relationships
- Focus on 'creating the environment' i.e. provision of infrastructure, streamlined regulatory environment
- Implementation of economic development strategy (to be completed)
- Develop an economic development strategy - articulate the options for economic development for the District
- Also look at the customer service component of economic development (eg. offer a service to walk through application process etc)
- Consider centralisation or coordinated approach to activities such as Tourism Coromandel, Information Centres, Hauraki Coromandel Development Group etc. Look for efficiencies.
- Articulate how existing Council activities contribute to economic development activity (eg. water - a mussel processor has to be able to locate where water is available)

### **2. What the activity does**

The Council's current involvement in economic development is focussed almost entirely on the visitor industry with the provision of funding to Tourism Coromandel and Visitor Information Centres within the District.

The Council supports the Regional Economic Development Strategy which was developed by the Hauraki Coromandel Economic Development Group which is funded jointly by this Council and Hauraki District Council.

### **3. What the legislations says**

Economic development and the reform of legislation to promote economic development is one of the highest priorities of the current Government. Recent reforms of the Resource Management Act and Building Act are aimed at speeding up processing of consents, with associated penalties for slow performance, as well as more general reforms aimed at boosting economic development. Promoting the economic wellbeing of Thames-Coromandel communities is a specific requirement of the Local Government Act 2002.

Other legislative reform that is relevant to this District includes Aquaculture management with the Government making changes to reduce barriers and make it more attractive for the industry to increase existing activity as well as develop new technologies, products and markets.

The current government is likely to continue to reform other legislation where it sees economic development opportunities and will be looking to Local Government to facilitate the implementation of these reforms where possible.

## Activity Planning -2012-2022 Ten Year Plan Strong Communities - Economic Development

### 4. Proposed activity objective

The proposed activity objective for the Economic Development activity is:

*To increase the wealth of the people and the viability of the businesses on the Peninsula.*

NB: This is the same as the objective stated in the 2009-2019 Ten Year Plan.

### 5. How this activity currently would contribute to the Council Outcomes

The activity will contribute to the achievement of the Council Outcomes as follows:

Council Outcome	The Economic Development activity...
A prosperous district	<ul style="list-style-type: none"> <li>• Helps create an environment that enables our economy to grow.</li> <li>• Helps make it easy to create opportunities and jobs.</li> <li>• Provides for economic and population growth that is economically and socially sustainable.</li> <li>• Maximises economic opportunities from the Peninsula's natural resources.</li> <li>• Encourages sustainable economic growth in sectors that draw on, but do not compromise, our unique natural environment including tourism and aquaculture.</li> </ul>
A liveable district	<ul style="list-style-type: none"> <li>• Enables the Coromandel Peninsula to become a preferred area in which to live, work, raise a family and enjoy a safe and satisfying life by promoting sustainable economic development.</li> </ul>
A clean and green district	<ul style="list-style-type: none"> <li>• Encourages sustainable economic growth in sectors that draw on, but do not compromise, our unique natural environment.</li> </ul>

The Coromandel Peninsula Blueprint places expectations on the Economic Development Activity to recognise the fundamental importance of the environment to wellbeing and economic opportunity and to promote economic growth in a diverse range of appropriate sectors with a view to supporting a permanent population particularly young people.

### 6. Things to be aware of

- Until now, the Council has not been guided by an Economic Development strategy. A strategy has been drafted for the Council's consideration which has been developed following a workshop in late 2010 with key industries active on the Peninsula.
- A key theme in the draft Strategy is around making a transformation from a "comparative advantage" based economy provided by nature to a "competitive advantage" based economy created by passionate people.
- A key objective of the draft Strategy is to make the settlements on the Peninsula particularly attractive for those who can live and work wherever they choose.
- The Regional Tourism Organisation (covering Hauraki and Thames-Coromandel Districts), Tourism Coromandel, has a strategic document "Towards 2020" which

## Activity Planning -2012-2022 Ten Year Plan Strong Communities - Economic Development

it uses to guide its tourism strategy within the District. This Strategy has been effective.

- The current model of delivering Information Centre services has been reviewed twice in recent years and has identified clear opportunities for efficiencies and enhanced service delivery..
- In 2008, the district's 4,261 businesses provided the equivalent of 10,065 full time jobs. These businesses were generally small businesses – employing on average 2.4 full time people per business. So while the number of businesses was increasing, the size of businesses was, on average, getting smaller. Arguably one of Council's focus should be on these existing and proposed smaller businesses
- The largest employers on the Peninsula are retail and distribution (32.7%), the manufacturing and building sector (25.8%) and the social services sector (14.8%).

### 7. A word from our community....

- The 2010 community prioritisation survey shows that "promoting business and economic activities" is ranked 17<sup>th</sup> of the 27 activities surveyed.

### 8. Strengths, weakness, opportunities and threats

- A strength is that the current activity of Tourism Coromandel in attracting tourists to the District works well. Tourists add significantly to the economy of the District.
- A weakness is that the Council could be focusing its resources on other economic development initiatives that have a greater economic benefit. A greater economic benefit for the District may be achieved by focusing on other initiatives such as a more permissive District Plan, greater assistance to new businesses etc.
- A weakness is that Council is paying Information Centres to deliver a number of services that the Council already provides.
- There is an opportunity to adopt a strategy for economic development that clearly states what the Council is trying to achieve. Resources will be focused in the right areas and the Council and the community will have a better understanding of what the funding of the economic development activity is trying to do.
- There is an opportunity to be involved in the further development of the aquaculture industry by taking advantage of the current Government's focus on this industry.
- There is an opportunity to work with Hauraki iwi to facilitate economic development for the benefit of the whole community.
- A threat is that by continuing to base our economy largely on the natural resources of the Peninsula there is a risk that those natural resources will be compromised thereby putting future economic well-being at risk.

### 9. Proposed levels of service options

The following options are proposed regarding the Economic Development activity:

#### **Option 1: Maintain existing levels of service, with a focus on efficiencies**

This means...

#### ***Tourism Coromandel***

- Continued support to Tourism Coromandel but with an increased focus on domestic and business visitors.

## Activity Planning -2012-2022 Ten Year Plan Strong Communities - Economic Development

### **Information Centres**

- Continued support to Information Centres but only those that are " i-Site" accredited. This support should be for the short term only while Information Centres are encouraged to transition to a more effective and efficient service delivery model.

### **Aquaculture**

- Continued advocacy role for Council.

### **Option 2: Increasing levels of service**

Options for increasing levels of service in the Economic Development activity are:

#### **Tourism**

- Continued funding of Tourism Coromandel to maintain a focus on international visitors and an increased focus on domestic and business visitors.
- Facilitate Information Centres moving to a different service delivery model as highlighted in the two previous reviews and the T. C. review.

#### **Business Development**

##### **Aquaculture**

- Increasing relationships/advocacy role including supporting the Waikato Regional Council Aquaculture Development Strategy
- Active infrastructure support and development role including wharfs, processing, research and development and train facilities- supporting the growth as it happens

##### **Treaty Settlements**

- Enhancing relationships by working with the Hauraki Collective to better understand their economic development aspirations and how they may enhance community well-being.

##### **Place Shaping**

- Acknowledge the influence Council can have on Place Shaping given its service delivery
- Recognise that Place Shaping is delivered by many activities including District Plan, Parks and Reserves, Town Centre upgrades, Harbour facilities, Community facilities, Stormwater, Wastewater and Water Supply.

### **10. How is this activity managed?**

This activity is currently implemented by TCDC staff. Council has Service Level Agreements in place with Tourism Coromandel and Information Centres..

### **11. What do we currently spend on this activity?**

As a proportion of the Council's annual budget for the 2011/2012 year, the Economic Development activity represents approximately 1.33% of total spend.

<b>2011/2012 Draft Annual Plan</b>	
Operating Expenditure (excluding internal interest cost)	\$1.35m
Capital Expenditure	n/a
<b>Total budgeted spend for Economic Development for 2011/2012</b>	<b>\$1.35m</b>

## Activity Planning -2012-2022 Ten Year Plan Strong Communities - Economic Development

Total Budgeted spend for Council for 2011/2012	\$100.97m
Total percentage of budget spent on Economic Development	1.33%

2009-2019 Ten Year Plan	
Operating Expenditure (excluding internal interest cost)	\$12.02m
Capital Expenditure	\$0.03m
<b>Total budgeted spend for Economic Development for 10 years</b>	<b>\$12.05m</b>
Total Budgeted spend for Council for 10 years	\$1,295.64m
Total percentage of budget spent on Economic Development	0.93%

### 12. How this activity is funded, and why

The Economic Development activity is currently funded as follows:

*Funding rationale summary as outlined in the 2009-2019 Ten Year Plan*

Although everyone may benefit to some degree, the Council considers that the benefits of supporting economic growth are most directly felt by businesses in the District. A targeted rate on the value of improvements on commercial and industrial properties means that bigger businesses pay more.

*The funding mechanisms used to fund operating expenditure are:*

General Rates	UAGC	Targeted Rates	Fees & Charges	Grants & Subsidies
	40-59%	Value of improvements on industrial commercial properties - 60-79%		

*The funding mechanisms used for capital expenditure are:*

Develop. &/or Financial Contribution	Borrowing	Asset Sales	UAGC	Depreciation	General Rates	Targeted Rates	Fees & Charges	Grants & Subsidies	Lump Sum Contribution
	✓	✓	✓	✓		✓			

Staff recommend no changes to the funding policy used for this activity.

### 13. Staff recommendation

- With regards to the Economic Development activity staff recommend Option 2 - Increasing the level of service. No increase in existing budgets could be achieved if the additional advocacy and relationship roles were funding through a reduction in funding to Information Centres and the transfer and continuation of the current Rugby World Cup and Aquaculture investigations budgets.
- With regards to the funding policy for the Economic Development activity staff recommend no changes.