

Endorsement of the TCDC Productivity Plan

TO Thames-Coromandel District Council
FROM Larna White - Communications and Economic Development Group Manager
DATE 19 November 2018
SUBJECT Endorsement of the TCDC Productivity Plan

1 Purpose of report

The purpose of the report is to seek Council endorsement of the Thames-Coromandel District Council Productivity Plan, which will allow staff to expedite progress on the work streams within the Plan and continue to pursue external funding opportunities, including Provincial Growth Fund applications, to pay for additional resource on these work streams.

2 Background

In late 2017 Council's Infrastructure team started working with Rationale (an independent advisory company who help government and business leaders make investment and infrastructure decisions), to investigate how Council might be able to increase and leverage more investment from central government and other agencies into the District's roading network (both State Highway and local roads).

From these investigations, it was realised a wider programme of economic development work streams to help boost employment opportunities within the District, was entwined with roading improvements and upgrades - particularly around the tourism/destination management and aquaculture sectors – along with land use and productivity.

Subsequently, in May 2018 the coalition government announced the establishment of the \$1.0 billion per year Provincial Growth Fund (PGF) to invest in regional economic development.

In August 2018 the Regional Economic Development Minister Shane Jones met with Mayor Sandra Goudie, TCDC Chief Executive Rob Williams and senior staff to discuss potential projects within the district that had merit for the PGF. At this meeting the TCDC wider economic development programme work streams were discussed, along with a more specific focus particularly on aquaculture related projects. The Minister signalled that he expected our Council would be making applications to the Provincial Growth Fund on some projects that sat under the work streams.

Following the meeting, Council staff and Rationale developed the Thames-Coromandel Productivity Plan (**Attachment A**) and completed the draft feasibility report for Kopu as a potential marine servicing centre (Attachment B). Business cases for both these projects have since been submitted as applications to the Provincial Growth Fund, so work can be progressed faster and not be entirely reliant on ratepayer money.

2.1 Background on the TCD Productivity Plan Business Case

The objective of TCDC Productivity Plan Programme is to provide improved economic, environmental and social outcomes for the district, building on an evidence base and captures issues to be addressed and opportunities that can be pursued. Importantly, it outlines how TCDC can partner with central and regional government agencies, local

councils, industry, iwi (to facilitate maori economic development) and the community to catalyse a positive change that stretches outside TCDC's normal remit as a Council. The TCDC Productivity Plan is focused on high value opportunities, with five targeted work streams proposed:

1. Land use
2. Land productivity.
3. Connected journeys – roading, data connectivity, water and air transport.
4. Aquaculture
5. Destination management and tourism.

The Productivity Plan aims to achieve these objectives through:

- Improved land use productivity that supports better employment opportunities and corporate investment.
- Improved spatial planning for the district to support targeted economic growth.
- Improved roading, blue highway and skyway access to and connectivity around the district.
- Expansion of aquaculture farming and supporting industries.
- Improved offering and coordination of the district as a food destination.

2.2 Background on the Kopu Marine Service Facility Precinct Business Case

An off-shoot of the aquaculture work stream in the TCDC Productivity Plan is the Kopu marine servicing facility business case project. This considers the merits of upgrading Kopu to link in with developments within Coromandel Harbour (specifically infrastructure to support commercial aquaculture growth at the Sugarloaf Wharf), as well as complementing a proposal for a new centrally located marina closer to Coromandel Town that would cater for a commuter Ferry from Auckland, 12 charter boats and dry dock boat storage (35 large boats, 180 trailer boats) and marine-side apartments.

The business case will also consider Kopu as a centre to support marine servicing operations across the Hauraki Gulf, as well as being a connector for water-based tourism opportunities – connecting across the Hauraki Gulf as well as through to the Paeroa Wharf.

3 Issue

Council approval of the Productivity Plan is required to allow staff to progress actions within the priority work streams and pursue external funding opportunities.

4 Discussion

Thames-Coromandel is a district of significant opportunity being in close proximity to Auckland, Hamilton and Tauranga. It has an enviable lifestyle due to the natural environment and climate, and is a popular tourist destination. However, despite the positives, aspects of the District's economy are underperforming. The District is experiencing declining productivity, low business growth, low GDP growth compared to the national average, low median earnings, high levels of deprivation and low levels of skilled employment.

The constraints to growth include highly seasonal tourism and reducing contribution to GDP, housing shortages and imbalances, and a lack of corporate investment in the District. Over the last five years, TCDC has focused on how to create a more diverse and vibrant economy that attracts new investment, more business and more people living in and visiting the District.

While strategic direction has been in place and several initiatives have been implemented, the anticipated economic growth has not been consistently strong across the district and a new integrated and evidence-based approach is needed. Financial support to progress this direction is being sought through external funding opportunities, but a contribution from

Council is also to be expected.

Council staff is seeking direction from Council in:

- a) Overall support for the TCDC Productivity Plan
- b) Endorsement of the priority work streams within the Productivity Plan
- c) The level of financial support towards investment in the Productivity Plan.

The current indication from the Provincial Growth Fund unit is that the application for the Kopu Marine Service Facility Precinct Business Case will be successful. Funding being sought was \$300,000 and the indication is \$270,000 will be funded from the Provincial Growth Fund with TCDC expected to contribute the outstanding amount of \$30,000. This \$30,000 has been budgeted for already out of the Economic Development Department budgets. The feasibility study for the Kopu marine service facility is attached as **Attachment B**.

The Provincial Growth Fund application for the TCDC Productivity Plan Business Case has been estimated at \$830,000 (and includes the budget for the Kopu Marine Service Facility Precinct Business Case). The Business Case for the development of the Productivity Plan will also include financial and economic modelling that will outline clear costs and benefits for the proposed Productivity Plan investments. The Connected Journeys work stream may be eligible for NZTA funding to support a State Highway 25 Business Case around potential network improvements.

TCDC will look to supplement the programme through enabling public private partnerships. Private funding opportunities will be identified through the business case development process. Experts will also be engaged to identify the investment opportunities of interest to the private sector while providing community benefits. This application to the Provincial Growth Fund is currently “in-train” being processed. Council staff has not had any indications either way so far whether this application will be approved or declined.

If successful, it is expected that Council will contribute up to 50% towards the Productivity Plan Business Case. If the PGF application is not successful, staff will report back to Council in the new year with suggested alternatives for funding.

5 Suggested resolution(s)

That the Thames-Coromandel District Council:

1. Receives the ‘Endorsement of the TCDC Productivity Plan’ report, dated 19 November 2018.
2. Endorses the Thames-Coromandel Productivity Plan (as included as Attachment A in the agenda) and the priority work streams for staff to deliver that will focus on connected journeys, aquaculture, destination and tourism management, land productivity and land use.
3. Approves a budget of \$300,000 to progress the Kopu Marine Services Facility Precinct Business Case with \$270,000 to be funded externally, and \$30,000 to be funded from existing Economic Development budgets.

References-tabled/Agenda attachments

Attachment A Thames-Coromandel Productivity Plan

Attachment B Kopu marine facility feasibility study

[Attachment A - Thames Coromandel Productivity Plan Establishment Repor...](#)

[Attachment B - Kopu marine facility feasibility study](#)

Attachment B