

## **Waitomo District Council Proposed Long Term Plan 2018-28**

### **Submission by Dallas Fisher, Chair Waikato Regional Economic Development Agency Establishment Board**

#### **Introduction**

1. On behalf of the Waikato Regional Economic Development Agency (REDA) Establishment Board, I write to:
  - Congratulate Waitomo District Council on its draft 2018-28 Long Term Plan
  - Support the continued level of investment by your council in local economic development initiatives
  - Support the inclusion of funding in your 2018-28 Long Term Plan for the Waikato Regional Economic Development Agency
2. Formed as a partnership between regional business, local and central government leaders, the Waikato REDA is a business-led and independent organisation charged with three overarching goals:
  - Lifting economic development across the Waikato region
  - Attracting, retaining and growing investment, talent and business across the region
  - Champion and provide 'one voice' for economic and business needs and opportunities across the region.
3. The Waikato REDA integrates the previous work of Waikato Means Business and the business support functions of the Waikato Innovation Park and will extend and up-scale these current services. It will support and help deliver the economic development objectives of the Waikato Plan. It will be led by an independent board of directors, selected for their skills and experience in business and economic development, investment attraction and economic development.
4. The new entity will formally come into operation on 1 July and the new board will be selected by spring 2018. In the meantime, an Establishment Board and an interim CEO are overseeing the establishment of the Waikato REDA. Securing the necessary operation funding for the Waikato REDA is a critical step towards its success.

#### **Commitment to Economic Development**

5. The Establishment Board supports your Council's focus as stated in your Waitomo District Economic Development Strategy, and the more recent programmes you have supported and initiated across a range of economic development fronts. Your strong support and partnership in the Sub-regional (Southern) Waikato Economic Development Action Plan is a key example and has been much appreciated.

6. The Waitomo District has considerable economic development opportunities and potential due to its outstanding natural and people resources, its central location in the Upper North Island's golden triangle meaning that jobs, industry and investment and growth is increasing in this district. This brings with it many funding and service challenges and growth opportunities which your LTP addresses. It also means that the way in which the district's economy operates needs to be looked at within a wider economic geography.
7. The Waitomo District has, over the past few years, made a considerable commitment to economic development which the Board fully endorses and supports.
8. The Board stresses that successful regional economic development is not an "either-or" decision between local and regional funding. As is set out below, while every dollar invested by local government in economic growth makes a real difference, the Waikato region has historically underinvested in economic development by a considerable margin. A change in investment will be needed over time to address this imbalance.
9. The Waikato REDA will not "eat anybody's lunch". The role of the Waikato REDA will be to:
  - set a shared regional economic vision and action based strategy, with measurable targets and goals to be included into the Waikato Plan strategic framework as part of the region's "one voice"
  - agree on our regional action priorities, while also supporting aligned local economic development priorities
  - seek and win funding (both operational and capital) for regional and national scale economic development initiatives, and also supporting aligned local economic development projects
  - build a regional economic development system which ensures that firm support, investment attraction, innovation, regional promotion, employment and skills development, research and monitoring is consistent and creates greater value right across the region.
10. It is crucial that the commitment and investment of Waitomo district continues alongside the work to establish a regional EDA. The Waikato REDA will add a significant missing piece to the Waikato economic development landscape, but it will not substitute for the work of local councils and other key economic development entities. The future competitiveness and economic success of the region depends on a shared investment in economic growth and an ongoing commitment at both the local, regional and national level.

## **The Need for a Regional Economic Development Agency**

11. In 2017 Waikato Means Business commissioned an independent review of regional economic development capacity and capability in the Waikato. The review<sup>1</sup> engaged widely with business, local government and economic development leaders and practitioners in the region. The review was overseen by a Project Reference Group which included leaders from Waikato's business, local government and service delivery sectors. The group included Chief Executives from Hamilton City, Thames Coromandel and Waikato Regional councils.

---

<sup>1</sup> <http://www.waikatomeansbusiness.nz/assets/Waikato-Means-Business/Projects/FINAL-Review-of-Waikato-ED-arrangements.-September-2017.pdf>

12. The review found that:

- The region has a range of economic development strategies and frameworks with limited alignment between them
- There is limited buy-in to WMB strategy/plan and process
- The business community is seeking stronger voice and ambition for the region
- Overall the region has fragmented and uneven economic development services, with limited reach of some services to some districts and groups
- There is demand for improved investment attraction & facilitation, innovation and industry/major project support
- Destination marketing activities are reasonable given resource constraints, although coordination of events could be better
- There is a need to improve monitoring and reporting of impacts
- Limited local government resourcing going into economic development in the Waikato relative to other regions.

13. In relation to the last bullet point, the national average for economic development investment is 2.1% of local government operating expenditure or \$36 per capita per annum. According to published data, local government in the Waikato invests around \$11.7m per annum on economic development-related activities, about 1.5% of local government operating expenditure, or \$26 per capita. Excluding Taupō, regional investment in 2015 was \$8.1m. (1.1% of expenditure) or \$20 per capita.

14. The review looked at various ways to address these issues and concluded that the most effective option was for the region was to create a new **regional economic development agency (REDA)** focused on business development, innovation, industry development, investment attraction services for the Waikato.

15. Key design attributes proposed included:

- An entity which is business-facing and business led, to ensure full buy in and support
- Aligning the Waikato REDA with the region's overarching strategic direction as set out in the Waikato Plan
- Recognising the considerable public, central and local government interest in regional economic development
- Not replicating or crowding out the economic development work of local government
- Would not include Taupō and Rotorua districts in terms of funding, but would include these districts on a project basis as agreed
- Building off the Waikato Innovation Park's business development services
- A hub and spoke delivery model to ensure reach across the region
- Destination marketing activities will remain with RTOs but with clear linkages with the Waikato REDA
- An independent entity – business-led and focused
- The model, and the necessary extension of services, will require additional funding from private sector and local government to be effective

- the Waikato REDA will help achieve enhanced regional ED leadership via partnerships between business, Māori/iwi, local government central government

## **Engagement**

16. The review was endorsed by the Waikato Means Business Steering Group in September and was then presented to the Waikato Mayoral Forum the same month. The Forum also supported the review conclusions. Accordingly, the project moved into a “pre-establishment” phase during which the detailed governance, design and operational aspects of the Waikato REDA were developed and agreed. This phase was completed in March 2018. A REDA Reference Group was convened to guide and support this phase. This group was made up of business (including Māori business and a representative from Agenda Waikato) and local government leaders from across the Waikato.
17. Following the September Mayoral Forum, the WMB Chair and Programme Manager presented to the proposed funding Councils between September and December 2017. Councillors and Mayors were presented with the key attributes of the model and invited to support the funding model. A request was made that each Council make provision for the above funding in their 2018-28 Long Term Plans, for at least years 1-3.
18. Since September the Waikato REDA project team has also engaged for a second round with Waikato business leaders and peak bodies (such as the Chambers of Commerce, Agenda Waikato, EMA, Export NZ, tertiary institutions) to test design and operational model options for the Waikato REDA and use this as input for the consideration by the Reference Group.
19. In February 2018 the project was again presented to the Waikato Mayoral Forum, to update them on emerging detail around the governance, operational, form and function of the Waikato REDA. The Mayoral Forum was asked to select an Establishment Board appointments sub-group, which was tasked with selecting members for the Establishment Board, as nominated by the Project Reference Group. The Board has now been convened and includes two local government (executive) representatives.
20. These engagement and advisory methods have allowed us to refine and develop the model for the Waikato REDA and, subject to funding, we are currently fully on track to have the Waikato REDA in place and operating in the period July-September 2018.

## **Benefits for the Waikato Region**

21. Mayors and elected representatives have a duty and obligation to demonstrate value for money and the wise stewardship of public resources. Every council in the region faces considerable fiscal pressure, and a dollar invested in the Waikato REDA is a dollar that could stay in the pocket of the ratepayer or could be invested into other worthwhile projects.
22. Regardless of which part of the region we are in, there are benefits from the Waikato REDA which will accrue to everybody, and which will be far more than the investment we are requesting of each Council.
23. When we think of the Waikato, like you, we prefer to think from the outside in. Each local council has done a great job and Waikato Means Business has got us to the starting line on

regional economic growth. But compared to our neighbouring regions, the Waikato does not have a strong regional economic identity and does not have a fit for purpose programme to assist the region and local communities to increase their economic wellbeing through a coordinated regional approach.

24. We are competing with other regions in New Zealand with a strong regional voice, in most cases a regional EDA, a clear set of priorities and a coherent approach to attracting new investment, people and talent. So long as we remain 12 or more separate and only sometimes consistent voices, we will not fully reach our potential and have a much less chance of being successful.
25. Whether it be central government, national and international investors, people who are considering making the Waikato their new home or visitors, we need to have a single and coherent story about our place, one set of major regional priorities for economic growth and an organised approach towards business growth and development. We also need a system to ensure that we can manage and capture the opportunities that are present for the Waikato.
26. This is a huge opportunity for us to show, at least on economic development we do indeed have “one voice”. Right now there is no better example for this than the \$3b Tuawhenua Provincial Growth Fund. While we can each have a go at winning a small slice of this, we will have a much better chance of at-scale success if we work together as a region, maximising the strength of our proposals and supporting each other to win resources to build new industries, grow jobs and improve prosperity. We know that when the region has tried to gain government funding through separate and uncoordinated bids, it has not succeeded- the 5 unsuccessful bids for the government’s Regional Research Institute programme being a case in point.
27. It only takes one major project to pay back to districts the investment being sought. Not every district will win every opportunity, and sometimes a proposal will be best suited in other parts of the region. However, the Waikato REDA will ensure that each part of the region can do better and gain greater support from the government and others, than if it went alone.

## **Benefits for the Waitomo District**

28. The Waikato REDA will support Waitomo to meet its local economic development goals while also meeting the region’s growth aspirations in several ways:
  - Giving its support to cross regional and Waitomo based proposals to the Tuawhenua Provincial Growth Fund (and other government funding programmes), thereby considerably increasing their chances of success
  - Lending its voice in support of major infrastructure development projects including continued upgrading of significant transport, industry and tourist infrastructure to and through the district, and new funding models and tools which encourage and reward greater economic growth
  - Further developing sectors and cluster development plans where the Waitomo district will have a competitive advantage such as forestry, agriculture and tourism, meat processor plants, and natural resource mining<sup>2</sup>

---

<sup>2</sup> <http://www.waitomo.govt.nz/PageFiles/2992/A333594.pdf>

- Continuing to grow the reach of NZTE and Callaghan business growth funding and services in the Waitomo district so that our shared goals around business growth, innovation and entrepreneurship are fulfilled
- Working with other economic growth partners, including local Chambers, iwi, local trusts and Smart Waikato to ensure that local and community economic development services are provided in a way which creates tangible value and results in local communities
- Commissioning and undertaking projects which will have a direct economic benefit for the Waitomo district- for example the expansion of cycle trail infrastructure across the Waikato
- Ensuring that emergent projects identified by Waitomo District Council are supported at the regional and national funding scale
- Supporting as appropriate Waitomo District's economic development programme- both to support new investments and to provide an avenue for investments enquires better suited to other districts in the Waikato, so that these opportunities are not lost from our region. Similarly, this process will ensure that proposals best suited to the Waitomo district are directed towards it.

### **Extension and Enhancement of Existing Services**

29. The Waikato REDA will integrate and extend the existing services and projects of both the Waikato Innovation Park's Regional Business Partner Programme, and the programme undertaken by Waikato Means Business.
30. The Regional Business Partner Network is a 5-year contract which establishes 5 FTE's to provide business growth activity on behalf of the government across all NZ regions. In Waikato this has been awarded to Waikato Innovation Park since the programme's inception about 7 years ago. In 2016 the network distributed more than \$46m of Callaghan Innovation R&D grants and \$514,000 of NZTE capability building grants across the Waikato region<sup>3</sup>. As part of this contract the Park is expected to meet with around 600 businesses of which 400 would include an 'active engagement with an agreed Action Plan' for the businesses growth.
31. In support of this, the organisation manages the Capability Development voucher programme and most of Callaghan Innovation programmes for the region. The drive to provide a region wide service in conjunction with local councils started around 5 years ago and now sees 7 joint ventures in place; Tuakau, Huntly, Raglan, Thames, Paeroa, Tokoroa and Taupo. Plans are underway to include Te Awamutu and look at the south western areas of Otorohonga and Te Kuiti in the next 12 months. This year's numbers are on track for a total of 440 total engagements across the region. Callaghan Innovation Project Grant have a similar pattern with 55% of proposals coming from outside the region.

---

<sup>3</sup> Innovation Waikato Limited & Group 2017 Annual Report, as reported to the Hamilton City Council Finance Committee Tuesday 7 November 2017

([http://www.hamilton.govt.nz/AgendasAndMinutes/Finance%20Committee%20Agenda%20-%20Attachments%20Under%20Separate%20Cover%20\(Open\)%20-%207%20November%202017.PDF](http://www.hamilton.govt.nz/AgendasAndMinutes/Finance%20Committee%20Agenda%20-%20Attachments%20Under%20Separate%20Cover%20(Open)%20-%207%20November%202017.PDF) )

Local Authority	2016	2017	% Growth 2016-17
Hamilton City Council	125	156	24.8%
Waipa District Council	43	63	46.5%
Waikato District Council	25	51	104.0%
Taupo District Council	22	33	50.0%
Matamata-Piako District Council	21	23	9.5%
Thames-Coromandel District Council	9	18	100.0%
South Waikato District Council	9	14	55.6%
Otorohanga District Council	9	12	33.3%
Waitomo District Council	7	7	0.0%
Hauraki District Council	6	7	16.7%
<b>TOTAL</b>	<b>276</b>	<b>384</b>	<b>39.0%</b>

32. In addition to the establishment of the Waikato REDA, Waikato Means Business's current programme of action includes projects with current and future benefits for the Waitomo district. The overall programme includes \$350,000 of funding from WMB (Waikato Regional Council), supported by another \$525,000 from the government and a further \$432,000 from community funders and private industry. These include<sup>4</sup>:

- With MBIE, MPI, MSD, TPK and local councils, developing and implementing the **Sub Regional (Southern) Waikato Economic Development Action plan**
- Funding the further development and enhancement of the **Waikato Story**, including more stories from businesses and business leaders across the Waikato.
- Co-funding the expansion of the highly successful Smart Waikato-led **Secondary Schools Employer Partnerships** programme to bring together year 9 and 10 students with local employers. To date SSEP has reached more than 3,000 students across the Waikato<sup>5</sup> and has been rolled out at Te Kuiti High School and Piopio College.
- With councils and trail operators, developing a strategic business case for the further expansion and development of the **Waikato's regional cycle-trail network**, with a focus on supporting existing and new businesses to leverage the economic development potential of cycle trails

<sup>4</sup> The Kopu marine industry infrastructure projects has been excluded from this list given its defined area of benefits which does not include the Waitomo district.

<sup>5</sup> <http://smartwaikato.co.nz/news/unprecedented-growth-for-school-employer-partnerships/>

- With Cultivate IT and Ultra-fast Fibre, undertaking a **digital stocktake** of the Waikato region and developing a **digital action plan** to ensure that the benefits of digital (UFB, RBI, Cell) technology contributes to economic growth and wellbeing
- With Waikato Innovation Park and MPI, developing the business case and value proposition around NZ-made whey powder for manufacturing **sheep and goat infant powder formula powders** and a value proposition for the utilisation of **waste sheep cream product** from the Waikato Innovation Park Spray Drier
- With Hamilton-Waikato Tourism and MBIE, as part of the Waikato Story, creating a strong **Hamilton & Waikato visitor brand** strategy
- With MPI and Fieldays, undertaking a feasibility study for a **new event** promoting New Zealand's Food Technology, Science and Agriculture to the National and International market
- With NZTE, developing a Waikato **regional investment story and prospectus**

## Business and Funding Model

33. Following the review, work was undertaken to develop an initial business and funding model for the Waikato REDA. the Waikato REDA will start relatively small and grow over time as it puts runs on the board and attracts further project funding, including via the government's Tuawhenua provincial growth fund.

34. The initial operational funding for the Waikato REDA has been set at circa \$2m per annum for the first 1-3 years. The majority of project funding will be in addition to this and will look towards regional funding partners, business and the government's Tuawhenua Provincial Growth fund.

35. As part of the principle of partnership and integration with the Waikato Innovation Park, initial operational funding sources have been identified as:

- **\$660,000**- existing business development and innovation team funding from the Waikato Innovation Park,
- **\$350,000** - Waikato Regional Council (same as current LTP funding)
- **\$370,000** - 9 Territorial Local Authorities, shared according to population (the model assumes no core operational funding from Taupō and Rotorua, however there will be appropriate partnering agreements with these councils on a project by project basis)
- **\$250,000** - regional funding trusts and organisations; and
- **\$450,000** -Waikato business via a sponsorship model

36. Using the above formula, Waitomo district's contribution to the Waikato REDA would be \$10,000 per annum, which represents 0.48% of the core annual operating budget of the Waikato REDA. As an investment for the Waitomo district, this is about **\$1.12 per Waitomo district citizen** per annum<sup>6</sup>.

---

<sup>6</sup> Based on district population in March 2017 of 8,910 usual resident population



## A Measurable Investment

37. As a standalone entity, the Waikato REDA will be fully accountable to its funders. The Waikato REDA will engage with funders, partners and regional stakeholders as it develops its programme, and will seek input from funding councils to ensure that the region and local economic development programmes are aligned, coordinated and supportive of one another.
38. The Waikato REDA will have strategic and key performance indicators which ensure that the progress of the region and the performance of the entity are fully measured and transparent to everybody.
39. A funding agreement will be developed with each council which sets out the agreed services to be delivered by the Waikato REDA in each local authority area, including how that will be measured and reported on a regular basis.

## Relief Sought

40. I request that Waitomo District Council provides for the funding of \$10,000 per year for at least the first three years of its 2018-28 Long Term Plan, to support the establishment and operation of the Waikato Regional Economic Development Agency.
41. I wish to be heard in support of this submission.

Dallas Fisher



Chairman  
Waikato REDA Establishment Board

## Sent via email

### Address for Service:

C/- Harvey Brookes

Programme Manager

Waikato Means Business

[Harvey.brookes@waikatoregion.govt.nz](mailto:Harvey.brookes@waikatoregion.govt.nz)