

# Appendix II

## Economic Drivers and Barriers

These were identified in each strategy and are compared below.

### Lifestyle

Both Smart Economy and Bright Economy identify peoples lifestyles as a major economic driver. Smart Economy focuses on the Western Bay of Plenty's beaches and climate as an attractor for entrepreneurs, skilled workers and investors. Bright Economy identifies peoples changing lifestyles, family structures and work habits as key in encouraging economic growth.

### New Zealand Infrastructure

Bright Economy identifies the lag in national infrastructure investment as a barrier. Smart Economy identifies the need to have efficient transport infrastructure, particularly in relation to the port and exporting activities based locally.

Both strategies identify the need for secure energy supplies and also given the emphasis on transportation improvements, the need for secure networks to facilitate the movement of goods and services.

### Global Disruption, Water Crises, Weather

Bright Economy identifies these issues as major economic drivers on which to build competitive advantages. Whilst Smart Economy does not specifically identify the same issues, the strategy does focus moving up the value chain from basic primary product commodities. This will enable increased export earnings in light of the wide fluctuations in international commodity prices which are directly affected by the issues identified above.

### Diversification of Sectors

Smart Economy identifies the need to diversify so that the economy is less dependent on a relatively narrow range of sectors. Bright Economy also recognises the need to diversify particular in the sub-regions key sectors of farming, forestry and tourism.

### Skilled Workers

Both strategies identify a shortage of skilled workers as a barrier to economic growth.

In respect of Smart Economy it is about developing a highly skilled work force that meet the needs of a competitive, export led economy. An immediate priority is addressing the 'skill gaps'. There are immediate and longer term needs.

Bright Economy identifies similar concerns and both areas have initiatives underway to address such matters. Enhanced tertiary education provision is considered to be a key matter to be addressed.

### Port of Tauranga

The Port is identified by Smart Economy as a major driver for the sub-region. Proximity to the Port is a competitive advantage and this also crosses into the Bright Economy sub-region. Forestry, farming and horticulture in the region have a competitive advantage in being closely linked to the Port by transport routes between the sub-regions.

## Shortage of Land

Shortage of business zoned land is identified as a barrier in Smart Economy, but not in Bright Economy. There is a collaborative project underway by SmartGrowth and Rotorua District Council to identify land suitable for development for business and industrial land.

## Geological Activity and Maori Culture

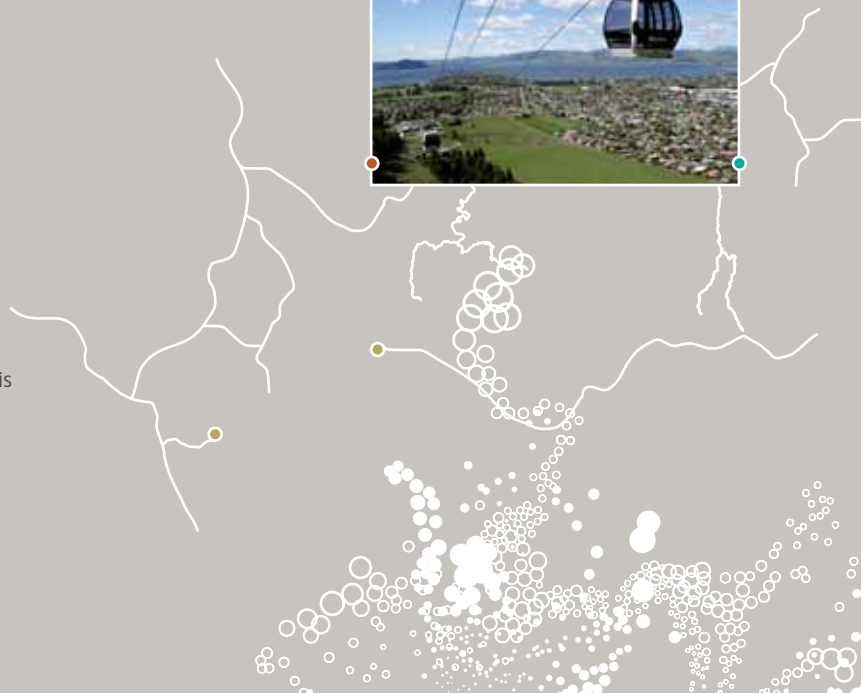
Geological activity and the unique role of Maori in Rotorua are regarded as local drivers for the Bright Economy sub-region and provide a sustainable local foundation to natural competitive advantage.

## Strategy Themes

	SMART ECONOMY	BRIGHT ECONOMY
1	Innovation and Entrepreneurship	Adding Value to the Economy
2	Lifestyle	Dynamic Place
3	Business Environment	Business Environment
4	Education and Skills	Education and Skills
5	Networked Economy	Building Networks and Growing Capacity

## DISCUSSION

The strategies each contain five major themes that provided the basis for a range of actions. The focus is on innovation, building on the strengths that each area has and its competitive advantages, ensuring that the facilities to support those living or migrating to the area are provided and that there are lifestyle opportunities available. Having the business environment that is conducive to economic development.



### Alignment Analysis; Vision, Strategy Statement and Outcomes

Consideration has been given to the respective strategy vision and statement and the outcomes sought. Whilst Smart Economy identifies a vision, Bright Economy outlines a strategy statement of what is to be achieved. The Smart Economy vision has a focus on business location based on the sub-region's strengths which lead to a productive export based economy.

Bright Economy has a focus on the community enhancing and creating wealth through a number of key areas. Fundamental to achieving this is the utilisation of the strengths the area has.

Smart Economy VISION	Bright Economy STATEMENT
<p>The Western Bay of Plenty is the business location of choice based on sun, sea, soil, and skills, resulting in a highly productive, competitive, and export-based economy.</p>	<p>The Rotorua community is keenly engaged in building a prosperous future for its people. Key elements to enhancing and creating wealth include:</p> <ul style="list-style-type: none"> <li>– Innovative and dynamic leadership</li> <li>– Thriving, engaged and fulfilled community – “owning” their future</li> <li>– Recognition that Tangata Whenua have been and will continue to be key and influential contributors</li> <li>– Growth in population and businesses</li> <li>– Innovative businesses and support for existing business activities</li> <li>– Knowledge production and commercialisation</li> <li>– Value added and high value opportunities are pursued across all sectors.</li> </ul> <p>The Rotorua experience is fundamental to achieving a prosperous future and is based on the unique combination of geothermal activity, landscape, lakes and culture, underpinned by the concept of Manaakitanga. This will result in Rotorua being a stimulating and highly desirable place to live, work and play.</p> <p>Rotorua is a leader in key sectors and is an integral part of a dynamic and fast growing Bay of Plenty economy, with a sharing of prosperity and an ability to capitalise on opportunities as they arise.</p>

### DISCUSSION

The Smart Economy vision has a focus on building on the strengths of the sub-region such as the coastal climate and location together with productive soils contributing to an export based economy. There is an implied focus on the Port of Tauranga therefore providing the gateway to facilitate the movement of export goods.

The Bright Economy statement picks up on a prosperous future and creating wealth through a range of contributions such as leadership, the significant role of Tangata Whenua, population growth and commercial potential of knowledge. It is noted that the future prosperity is based on a combination of geothermal activity, landscape, lakes and culture.

Like Smart Economy, there is a clear acknowledgement that there are four key strengths that will underpin future economic development.

Having considered both strategies, what both sub-regions would like to achieve is not dissimilar. It is just expressed in different ways.

# Appendix II

## OUTCOMES

### TEN YEAR HIGH LEVEL OUTCOMES

- Per capita GDP has grown faster than the national average
- The value of the sub-region's exports as a proportion of total output has increased
- A survey of businesses shows that business profitability has increased
- Average household income has increased faster than the national average
- There has been a reduction in the percentage of households in the bottom quartile of national income
- Appropriate training and attracting skilled labour will halve the skill gaps identified in 2004 through the skill gap survey, by 2009
- The level of skills of the workforce has increased relative to the national average
- A survey of businesses shows that sustainable business practices are increasing.

### OUTCOMES DEFINED FOR EACH PRIORITY AREA

#### **Farming**

- Double the economic output from agriculture within the next 10 years
- Rotorua reaches the vision of a vibrant thriving industry that improves the standard of living of all residents.

#### **Forestry and Wood Processing**

- Recovery from long period of economic stagnation
- Retention and strengthening of Rotorua as heartland of forest and wood processing industries
- Rotorua forestry is leader and powerhouse behind biomaterial commercialisation in New Zealand.

#### **Tourism**

- Integrated regional tourism strategy, new tourism product and improved air services (Trans-Tasman services for Rotorua)
- Sustainable Waste Management facilities for business
- World Heritage status for Rotorua and Okataina calderas.

#### **Bio Materials**

- Establishment of Biomaterial Innovation Centre in Rotorua, with industry ownership and support, attracting venture capital and becomes focus for industry clustering.

#### **Immigration and Lifestyle**

- Sustainable environmentally friendly community with opportunities for new business and growth of existing ones
- Energy
- Secure energy supply
- Development of Bay of Plenty Regional Energy Strategy (supply, use and generation).

#### **Water**

- Improved lake water quality, improved economic benefit of tourism and productive farming
- Improved quality of life.

#### **Land Use Optimisation**

- Policies and services that encourage use of unproductive land into economically beneficial use
- Flexible use policies and regulatory systems to allow landowners to adapt to market and climate changes that leads to increase value of production
- Research and development supports increased productivity of land and products to increase community incomes.

#### **Regulatory Process**

- Rotorua is a national leader in resource consent processing and positive change in public perception of Rotorua District Council's role in consent processing.

#### **Marketing**

- Retain and attract new businesses and labour force to underpin quality business growth, which will grow the population and welfare of city.

## DISCUSSION

The high level outcomes in Smart Economy were selected on the basis that they could be effectively measured over time and therefore success of strategy implementation assessed. Whilst some of the Bright Economy outcomes can be measured not all are presented in measurable terms.

The Bright Economy outcomes are more comprehensive in the sense that they relate to all of the focus areas, whilst Smart Economy takes a more general higher level approach. Smart Economy has clear action related outcomes to be achieved and each action has a timeframe and responsibility allocation.

SMART ECONOMY	BRIGHT ECONOMY
<b>INNOVATION AND ENTREPRENEURSHIP</b>	<b>ADDING VALUE TO THE ECONOMY</b>
<p>Smart Economy focuses on adding value and enhancing productivity within businesses and across sectors. Emphasis is placed on adding value to primary production such as, horticulture, agriculture, dairy, food processing, etc. Areas earmarked for expansion include, high-tech and creative sectors.</p> <p>Both themes encourage innovation in the tourism sector which is relevant for both sub-regions.</p>	<p>Bright Economy focuses on adding value, in particular to forestry and wood processing which is in line with the Western Bay sub-region theme. Innovation, entrepreneurship and support for emerging economic activities are outlined for this sub-region as with Smart Economy.</p> <p>Bright Economy contains more detail in this theme with regard to creating wealth opportunities, particularly in relation to geothermal and Maori culture initiatives.</p>
<b>LIFESTYLE</b>	<b>DYNAMIC PLACE</b>
<p>Smart Economy focuses on creating places, facilities, activities and events that build on the lifestyle advantage of the sub-region. The lifestyle is promoted as an attraction for skilled workers and tourists to the area.</p> <p>The strategy outlines goals of enhancing and protecting the high quality natural amenities adding creating a diverse range of recreational, cultural and artistic attractions.</p>	<p>Bright Economy also focuses on the sub-region's competitive edge as a destination and encourages continuing to offer quality facilities, recreational activities, and cultural attractions.</p> <p>A major goal is also to attract skilled workers by offering a unique lifestyle opportunity.</p> <p>Both sub-regions have unique lifestyle opportunities that are a key focus for encouraging economic growth.</p>
<b>BUSINESS ENVIRONMENT</b>	<b>BUSINESS ENVIRONMENT</b>
<p>The focus of this theme in Smart Economy is creating a sustainable economic growth environment by removing external barriers to business competitiveness.</p> <p>This is achieved by ensuring sufficient infrastructure and land is available at a competitive price.</p> <p>Barriers identified are land shortages, high prices, and transportation constraints.</p>	<p>The Bright Economy sub-region does not have the land and price constraints to the same extent as Smart Economy and is focusing on capitalising on the growth occurring in the Western Bay.</p> <p>Improvement of transportation links is also relevant.</p> <p>A main focus of Bright Economy is to promote private investment and access to venture capital, and to promote research development.</p> <p>Support for Tangata Whenua landowners wishing to undertake development of multiple owned land is also identified.</p> <p>Land use optimisation and diversification is supported and encouraged.</p>
<b>EDUCATION AND SKILLS</b>	<b>EDUCATION AND SKILLS</b>
<p>Enhanced tertiary education provisions and research is of considerable interest in the Western Bay of Plenty and is a key priority area in respect of economic development.</p> <p>Such provision is considered to be a key input in improving the sub-regional economy.</p> <p>There are a number of initiatives to support this in terms of the establishment of a Bay of Plenty Tertiary education Board, collaborative proposals by the Bay of Plenty Polytechnic and University of Waikato to provide tertiary education programmes and research initiatives with strong support from the sub-region through SmartGrowth.</p> <p>There are also a range of initiatives to address skill shortages.</p>	<p>Support for initiatives underway with Waiariki Institute of Technology to address workplace skill shortages.</p>
<b>NETWORKED ECONOMY</b>	<b>BUILDING NETWORKS AND GROWING CAPACITY</b>
<p>The focus of this theme is on people and developing a highly skilled work force that meets the needs of the region's economic drivers and the potential high growth industries.</p> <p>It is about provision of comprehensive tertiary opportunities and research capabilities, easier access to education participation, development of effective business and education linkages and matching market demand with supply.</p>	<p>This is implied in the Strategy as opposed to the provision of a specific theme and actions.</p>

## Appendix 11

### **Priorities/Areas of Focus**

The recent reviews of both strategies have determined some priorities for action or opportunities that need to be pursued. In respect of Smart Economy there are five key priorities for action defined as follows:

- Tertiary education and research
- Innovation/business parks
- Growth of export sector
- CBD development
- Power supply and broadband.

The Bright Economy review outlines 11 areas of focus being;

#### **Existing Areas**

- Farming
- Forestry and Wood Processing
- Tourism

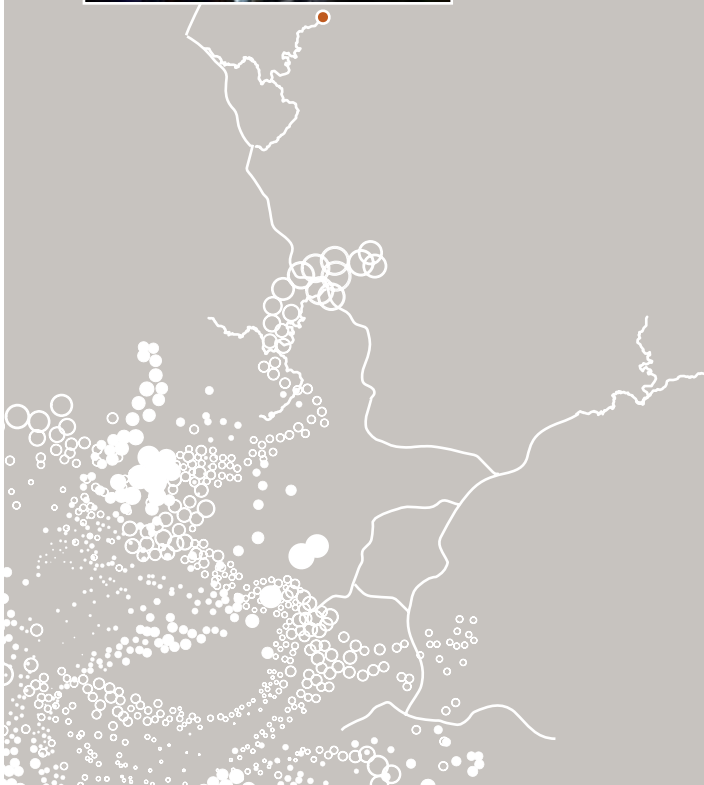
#### **Opportunity Areas**

- Biomaterials
- Immigration and Lifestyle
- Energy
- Water
- Land Use Optimisation

#### **Gamebreakers**

- Regulatory Process
- Marketing
- Research and Development.

Whilst the strategies take a different approach they are not generally in conflict and provided a collaborative approach is taken to implementation there are many opportunities for work to be undertaken in partnership.



## Areas of Focus and Priorities Compared

Smart Economy	Bright Economy
<b>INNOVATION/BUSINESS PARKS</b>	
<p>Smart Economy identifies innovation and business parks as a priority for the future. Business and service industry innovation. Primary production innovations will leverage off the existing areas of competitive advantage eg marine research and marine refit due to proximity to deep water, nutraceutical products due to significant horticulture sector.</p> <p>The provision of more business land is a priority.</p>	<p>Bright Economy also focuses on innovation in terms of encouraging new technologies in forestry and farming, including the production of biomaterials.</p> <p>Land use optimisation is a key priority for the sub-region, particularly high-value alternative land uses.</p>
<b>EXPORT SECTOR</b>	
<p>Smart Economy identifies growth of the export sector as a key priority and this is also related to significance of the Port to the region as an export gateway.</p>	<p>Bright Economy does not specifically target growth of the export sector but is implied through encouraging added value to farming and forestry industries which will in turn have a positive effect on export growth in these sectors.</p>
<b>CBD DEVELOPMENT</b>	
<p>CBD development is a key priority for the sub-region.</p>	<p>The CBD is not highlighted as a priority in Bright Economy.</p>
<b>TOURISM</b>	
<p>Tourism is not highlighted as a key priority in Smart Economy. However there is a separate but complimentary tourism strategy for the sub-region known as SmartTourism.</p>	<p>Focus is on the Bright Economy sub-region as a world class visitor experience, attracting on-going investment. This is identified as a key priority.</p>
<b>LIFESTYLE/IMMIGRATION</b>	
<p>Smart Economy does not identify lifestyle as a key priority although it is identified as a key strategy theme.</p>	<p>Bright Economy focuses on changing perceptions of crime, education, housing affordability, hourly rates, and career progression to enhance the lifestyle options of the sub-region.</p>
<b>TERTIARY EDUCATION/RESEARCH</b>	
<p>A key priority area in respect of economic development is enhanced tertiary education provisions and research.</p> <p>There are a number of initiatives to support this in terms of the establishment of the Bay of Plenty Tertiary Education Board, collaborative proposals by the Bay of Plenty Polytechnic and University of Waikato and a range of initiatives to address skill shortages.</p>	<p>Tertiary education provision is not a focus area in its own right but the strategy does refer to research and development outcomes in a number of the focus areas.</p> <p>There are initiatives underway to address workplace skill shortages.</p>
<b>FARMING</b>	
<p>The significance of horticulture is noted as are the innovation and development of food processing opportunities.</p>	<p>Increased economic output from agriculture is highlighted given increased demand for higher value and convenience foods.</p>
<b>ENERGY</b>	
<p>The provision of a secure power supply is regarded as a key priority for the sub-region and there has been worked undertaken to assess security of supply issues.</p>	<p>Similar concerns are expressed in Bright Economy and the development of a regional energy strategy is recommended covering domestic and commercial use, conservation and generation.</p>
<b>WATER</b>	
<p>Neither the quality of water bodies or potable water harvesting is raised in Smart Economy.</p> <p>Whilst the supply of water is noted in SmartGrowth as an issue in terms of being able to provide for a growing population, it is not considered in the economic development strategy.</p>	<p>Bright Economy highlights improving water quality of the Rotorua lakes and that clean lake water is a cornerstone to community health and the tourism and recreational opportunities for the sub-region.</p> <p>Potable water harvesting is noted as a further opportunity.</p>
<b>BROADBAND</b>	
<p>Smart Economy has as a priority the facilitation of broadband infrastructure across the sub-region.</p>	<p>This is not a highlighted area of focus but the strategy does note that infrastructure investment continues to lag in New Zealand.</p>

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Smart Economy	Bright Economy
<b>BIOMATERIALS</b>	
There is no direct reference to biomaterials but there is an emphasis on promoting innovation and entrepreneurship particularly with an export focus.	The establishment of a Biomaterial Innovation Centre with industry ownership and support, attracting venture capital and a focus for industry clustering, is proposed.
<b>LAND USE OPTIMISATION</b>	
Smart Economy contains actions relating to developing the economic opportunities of Maori land. These are also supported with related actions in SmartGrowth.	Bright Economy proposes the development of policies and services that encourage use of unproductive land into economically beneficial use.  In addition it is proposed that there be flexible land-use policies and regulatory systems to allow landowners to adapt to market and climate changes that lead to increase value of production.
<b>FORESTRY &amp; WOOD PROCESSING</b>	
There is no emphasis on forestry or wood processing apart from the transport and distribution of product.	The strategy proposes retention and strengthening of Rotorua as heartland of forest and wood processing industries. There is also a focus on biomaterial commercialisation.
<b>REGULATORY PROCESS</b>	
Smart Economy does not have an emphasis on regulatory processing apart from working with Councils to assist businesses meet processing requirements. The focus is more on effective relationships.	Bright Economy has a focus on improving the regulatory processing regime.
<b>MARKETING</b>	
Smart Economy does not have separate marketing focus but does consider marketing and retention of skilled people in particular actions.	Bright Economy has a focus on more comprehensive and collaborative marketing approach and implementation plan to retain skilled people.  This is to assist in retaining and attracting businesses.
<b>RESEARCH AND DEVELOPMENT</b>	
Smart Economy supports research and development in the innovation and entrepreneurship action area but related to areas key strengths.	Bright Economy highlights the significance of research and development.

## Gaps and Areas of divergence and Convergence

As already noted, an advantage that Smart Economy has is that it sits within the overall strategic framework for growth management in the Western Bay of Plenty (SmartGrowth).

There is a 50 year vision in place therefore the Smart Economy economic development strategy has a clear role both in contributing to the achievement of that vision and strategy. It sets the context for economic development to occur. This is particularly helpful in respect of long term business environment and infrastructure planning. Both strategies recognise that there needs to be key cultural and recreational facilities to support economic development.

The overall strategic development framework does not exist in Rotorua and therefore Bright Economy does not have the strategic context that Smart Economy does.

Smart Economy recognises the significance of infrastructure provision to effective economic development opportunities whether this is transport (rail, road, air services, communications) or energy provision.

Bright Economy has a focus on energy but does not pick up other infrastructure provision. The strategy recognises that infrastructure investment in New Zealand continues to lag but it is not dealt with in particular in the strategy.

Tertiary education is one area that is given significant attention and priority in Smart Economy but does not feature as an area of focus under Bright Economy.

## **Regional Linkages**

There are a range of Issues that are common to both sub-regions and provide the opportunity for greater linkages and initiatives at the regional level. These include:

- Growth of value added products
- Growth of the export sector
- Focus on innovation and entrepreneurial business opportunities
- Emphasis of unique lifestyles available
- Tourism as a growth area
- Improvement of transportation links, particularly with the Port of Tauranga.

## **Regional Economic Development Strategy**

The following are proposed for specific inclusion into the regional strategy given the broad alignment between the two strategies and having regard to the priority or focus areas outlined.

### **Regulatory Environment**

Emphasis on provision of an enabling regulatory environment at the district and regional level although this is subject to environmental bottom lines.

### **Collaboration**

Encouragement of a collaborative approach to underpin economic development in that it involves more than the partner Councils and the economic development agencies, but also the range of both government, community and business agency.

### **Energy**

That the development of a regional energy strategy be undertaken that addresses regional security of supply, increased local generation and energy use efficiency.

Much of the information to develop such a strategy is already available but the development of a regional overview and integrated approach is required given demand, and generation may be in different parts of the region and energy use efficiency has regional applicability.

### **Infrastructure**

Encouragement of infrastructure improvement to ensure there is route security in respect of the transportation network between the three sub-regions in the Bay of Plenty.

This is particularly important both in maintaining inter and infra regional linkages for economic and community purposes.

### **Tourism**

Facilitate the development of an integrated regional tourism strategy and implementation plan that includes the three sub-regions but recognises the strengths and direction of each.

## **Twin City Opportunities**

Investigation of opportunities that exist between Rotorua and Western Bay of Plenty sub-regions to collaborate and undertake economic development related initiatives given the proximity of both areas, involving transportation linkages, complimentary activities and jobs market.

In addition investigate opportunities to undertake similar collaboration with the Eastern Bay of Plenty.

## **Broadband/Communications**

Support and drive the Bay of Plenty broadband initiative including the development of an implementation plan to facilitate the introduction of broadband across the three sub-regions with speed and capacity which will enable competitive and efficient fibre based broadband capability to meets the needs of business, research institutions, education providers and others.

## **Tertiary Education**

Support the development of a co-ordinated statement of regional tertiary education needs and a collaborative regional tertiary education strategy and provision for the region including all tertiary providers.

## **Networked Economy**

Facilitate a regional approach to initiatives such as skill gap analysis and surveys, information sharing and cluster work.

