



## Strategy for Supporting Economic Development on the Kāpiti Coast (draft)

*Kāpiti – **the** place to live, work and play*

This strategy is designed to help deliver a thriving and resilient future for the Kāpiti Coast's communities. It is a strategy which defines the Council's contribution to economic development. This means that it does not cover all aspects of the local economy; rather it focuses on those areas in which the Kāpiti Coast District Council can make the most effective contribution.

Many others also contribute to the Kāpiti Coast economy and it is hoped they will find the vision and strategy engaging. Understanding where the Council is concentrating its efforts may also help them to target their own activities more effectively.

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# 1. Vision for the Kāpiti Economy

Every strategy needs to start with a vision, in this case, a vision for the economic future of Kāpiti. This is not an attempt to predict what will actually happen. Rather it is a guide and a call to action. It is something to aim for and evaluate progress against. Over time it will change and grow.

## 1.1. *The Business Community*

In late 2011, a group of local business people got together and developed a vision of the economic future of the Kāpiti Coast as seen in 2031:

*“It’s 2031 and Kāpiti is thriving in a rapidly changing world. Building on the fact that it is a great place to live with a wonderful environment, we have developed and attracted innovative businesses which have created jobs and brought wealth into our community. It’s a far cry from 2011 when there were insufficient jobs in Kāpiti, with youth leaving the district and large numbers of people commuting to Wellington each day.*

*Our economy is now much larger, more diversified and therefore less subject to external shocks delivering negative social consequences. We have interesting and rewarding jobs and careers available in the District. It is easier for our community to afford the amenities and infrastructure we desire.*

*In 2031 we are leaders in sustainability and clean technologies. We have high-tech product and service businesses supplying New Zealand and the world. We are known for our quality produce and value-added food production – with a healthy and sustainable edge.*

*There is much to see and do in Kāpiti, which is great for locals and also makes us a top-tier visitor destination. We have a town centre we are proud of, and our villages and retail areas are largely complementary. We are something of a niche distribution hub, and people commute to Kāpiti for employment in corporate and government offices which have based themselves here because of the talented and motivated workforce. Our recreation services sector boasts many amenities, and our social services sector caters very well for the retirement market and the needs of our community. The ‘Kāpiti’ brand and story are well known and anchor us in people’s minds. Kāpiti is a great place to live and play ... and now also to work. ”<sup>1</sup>*

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<sup>1</sup> Kāpiti Action Group, 2011. Envisioning an economic future for Kāpiti – 2031, p3

## **1.2. The Council**

The Council is very encouraged to see the similarities in the above Vision with the direction outlined in this strategy. It is committed to making a contribution to the implementation of this Vision. How Council will do that is set out in this Strategy.

The Council's vision for the Kāpiti economy, and the basis for this Strategy, derives from the community outcomes set out in the 2009 Long Term Council Community Plan.

The community has identified a desire to create more employment in the District and to broaden the range of jobs available. Job creation (particularly 'smart' job creation), wealth attraction and some lessening of dependence on other parts of the region, country and world will better secure the futures of the Kāpiti Coast's residents. 'Smart' jobs are generally taken to be those jobs which are part of the new, low-carbon economy and which add considerable value to basic commodities and materials produced in the area. Their return per hour of labour to the employee and to the wider economy is significantly higher than that of the traditional jobs in the 'old' economy.

There are opportunities to position the District economy to take advantage of what is coming to be called the 'low-carbon economy'. This includes energy and water technologies and taking advantage of rising transport costs to build local value add food production. It can also mean building capability in the traditional local economic activities.

Building on existing strengths and identifying sound new opportunities will equip the Kāpiti Coast to play its part in the economy which develops over the first half of the 21st Century. The transition to a low-carbon world, which must take place over the coming decades as fossil fuels become increasingly scarce and expensive, will be made easier if existing strengths are built on and adapted, and new areas of focus use the Kāpiti Coast's natural advantages as a platform. The Council has already taken some steps in this direction with its support for the Clean Technology Centre of NZ at Ōtaki. This momentum continues with close collaboration with Grow Wellington and the developer of the Clean Technology Business Park to leverage this initiative.

Keeping abreast of developing trends will equip the Kāpiti Coast to take advantage of opportunities as they arise particularly in the area of smart, low-carbon, sustainable technologies. Such technologies could be applied in traditional areas of strength as well as in whole new areas which will no doubt open up over the next few decades.

An important part of this will be working with key stakeholders towards some consensus on action to develop the local economy. Council will fund a yearly forum to discuss progress, discuss opportunities for the next year and refresh the Vision.

## **1.3. Tangata Whenua**

Māori economic development is important not only for Māori, it is important for New Zealand's overall economic performance. In Kāpiti, tangata whenua are making a strong economic, environmental, social and cultural contribution at a local, regional, national and international level. As iwi settle historic grievances through the treaty settlement process, they are poised to become powerful leaders in the economic future of the whānau, hapū and iwi groups on this coast. Treaty settlements add to the asset

base coupled with an increase in the number of Māori employers and self-employed individuals. The Council is pleased to partner with tangata whenua to develop economic wellbeing plans and projects as part of this Strategy. The plans and projects developed through this process will be linked to this Strategy.

## 2. Council's strategic purpose

The draft Strategy is framed around two key strategic purposes:

- **To make Kāpiti *the* place to live, work and play:** The community has identified a desire to create more employment in the District and to broaden the range of jobs available. Job creation, wealth attraction and greater district self-sufficiency will better secure the futures of Kāpiti residents.
- **To lay the foundations and set the direction for the likely transformation of the economy over the first half of the 21<sup>st</sup> Century**  
Building on existing strengths and identifying sound new opportunities will equip Kāpiti to play its part in the new economy. The transition to a low-carbon world, which must take place over the coming decades, will be made easier if existing strengths are built on and adapted, and new areas of focus use Kāpiti natural advantages as a platform. Greater self-sufficiency in the local economy will help Kāpiti to withstand potential shocks such as Peak Oil, volatility in price and supply of other essential resources, and the need to fund expensive climate change adaptation measures.

These strategic purposes represent a future focused long-term vision which may take much of the first half of the 21<sup>st</sup> Century to fully develop. This is because of the fundamentally transformational nature of these goals. The timeframes for delivering outcomes in the strategic focus areas (discussed below) will be shorter, less than 10 years, with regular reviews to assess progress and change direction as required.

Five linked principles underpin the draft Strategy:

- **Future-proofing**  
Any economic development strategy must both allow the District to be nimble in response to developments elsewhere so that it can follow opportunities and is not left heavily invested in declining sectors, and also guard against threats on the horizon. Early identification of sectors which will struggle to survive in the new economy will enable planning for migration to new activities or necessary adjustments in the way those sectors operate.
- **Building on existing strengths**  
Supporting and building on the existing sectors of the Kāpiti Coast economy while seeking new opportunities is also important. This may provide a strong platform for development in the medium and longer term.

- Diversifying the economy while maintaining focus**  
 Diversification of the economy will provide some level of insurance against shocks and improve resilience. The development of several sectors will spread risk but the weakness which comes from lack of focus must be avoided.
- Orienting the economy away from commodity production to high value-added activities and supporting services**  
 Along with the rest of New Zealand, the Kāpiti Coast’s economy could benefit from a deliberate effort to add value to products made or grown in the District in order to improve the return per hour of labour invested.
- Partnership**  
 The Council cannot and does not want to do this on its own. Partnerships with the business community, tangata whenua, and local, regional and national organisations are vital to the ultimate success of this Strategy.

### 3. Council’s strategic focus areas and key projects

The strategic focus areas and key projects that the Council will focus are set out below:

Table 1: Strategic focus areas and key projects

Strategic focus areas	Key projects
Innovation and positioning	Clean (sustainable) technologies including associated niche manufacturing of products with a strong environmental and sustainability focus  Responsive Council  Marketing the District as a place for innovation based on the strategic focus areas and key projects
Creation and capture of added value	Māori economic wellbeing and business development  Food and beverage - growing the local food economy  Health/retirement sector – working with the retirement sector around growing skills, innovation and educational opportunities  Construction sector – growing technology, skills, adaptability and the range of products  Broadband

Growing the base	Tourism Business support, attraction and retention services Town Centre development Workforce skills and development
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In order to select these strategic focus areas, particularly *Innovation and positioning* and the *Creation and capture of added value*, background work was undertaken to identify the size and scale of the potential contribution to the economy of focusing in these areas. Please see Appendix 5 for a list of relevant reports. These reports are available on request from the Council.

### **3.1. Innovation and positioning**

The intent behind this strategic focus area is to position the Kāpiti Coast as a district which is known as being interested in innovation, a place which welcomes new ideas and sustainable technologies and helps entrepreneurs to take their ideas through to commercialisation. Kāpiti Coast will become known as the place where people can come to develop their ideas, network with like-minded people and where residents can participate in and experience new innovative ideas and sustainable technologies. This is consistent with the emerging technology innovation focus of the Wellington Regional Strategy for Sustainable Economic Growth.<sup>2</sup>

#### **3.1.1. Clean technology sector**

Support for the clean technology sector will continue to be a key focus area. An important part of this is a focus on renewable energy, green building, energy efficiency, electric vehicles and waste reduction and recycling. While this is an aspirational area and it is difficult to quantify value, there have already been concrete outcomes – the Clean Technology Centre at Ōtaki and the Energise Ōtaki initiative. While this is based in Ōtaki, there is potential to grow in the rest of the district.

Key activities for Council in this project area are:

- continue leadership thinking;
- continue to leverage growth of the Clean Technology Centre with Grow Wellington;
- build on the Clean Technology Centre and grow a successful clean technology park. This will include establishing a new business model to provide direct services to clean technology business such as access to research and development facilities and commercialisation services;
- encourage niche manufacturing of products with a strong clean tech, environmental and sustainability focus at the Clean Technology Centre and Park;
- streamline the Council’s current role in terms of trialling new technologies where possible;

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<sup>2</sup> Also links to several regional economic development focus areas including developing capital investment mechanisms and providing business services for innovation.

- establish an innovation fund which can be used to support the development and commercialisation of new technologies;
- encourage the development of an early-adopting domestic and commercial market, for example, this might include incentives, cheap loans/targeted rates, and leveraging Council's relationships with the community.

The outcomes of focusing on this sector will include:

- successful clean technology design, manufacturing and commercialisation based out of the Clean Technology Park in Ōtaki;
- Ōtaki on target to supply its own energy needs using technologies developed through the Clean Technology Park in Ōtaki;
- a community that has ready access to and uses a variety of clean technologies which improve their sustainability and resilience;
- businesses and jobs established as a result of Council and community intervention.

### 3.1.2. Responsive Council

This key activity for Council in this project area is developing the Council's capacity to be responsive and supportive to business. This means developing a system or function which will enable business to navigate its way through Council processes in a straight forward manner, without compromising the integrity of regulatory decision-making.

This is likely to include assistance with information on regulatory requirements and processes, i.e., building consents and resource consents as well as providing economic and business information, networking, and introductions where appropriate.

A recent discussion in the Wellington Region Mayoral Forum on regional economic development also identified this as an important focus area and, in some instances, a regional approach may be most appropriate, for example, providing information, networking and introductions.

The outcomes of focusing on this will be positive and constructive working relationships with businesses and ultimately the retention of, and attraction to the District of more, businesses bringing with them jobs and greater opportunities.<sup>3</sup>

### 3.1.3. Marketing the District as a place for innovation

Marketing the District as "an innovation district" will be focus on marketing activities related to the key strategic focus areas and projects set out in this strategy. It should be distinguished from marketing for tourism or other reasons. This is about promoting the District as a community which welcomes innovation and is open to change and trialling new business and job creation concepts. This is targeted specifically around innovation and ensuring that activities in this District are widely promoted and the benefits of doing business here are widely understood. Council's capacity to be responsive to business (discussed above) will be integral to ensuring the District can be successfully marketed as a place for innovation.

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<sup>3</sup> Links to the regional economic development focus area 'Open for business'.

## **3.2. Capturing and creating added value**

This focus area is about positioning the District to create and capture greater value from its current economic base in a way that also links into innovative thinking and business products and processes. This will include being able to seize the opportunities offered by technology and other developments to migrate to a new “low carbon” economy.<sup>4</sup>

### **3.2.1. Māori economic wellbeing**

In partnership with iwi, Māori economic wellbeing continues to be a focus for the Council. Iwi are and will continue to be a continuing and strong presence in the District and over time will gain the potential to be investors as Treaty settlements are completed and their capital base strengthens.

The Council and the three iwi with mana whenua within the rohe - Te Āti Awa ki Whakarongotai, Ngāti Toa Rangatira, Ngāti Raukawa including their whānau and hapū – signed a Memorandum of Partnership in 1994 which is expressed at the political level through Te Whakaminenga o Kāpiti. This group have committed to forging a relationship of mutual benefit that will develop into an effective and meaningful partnership. The function of the group is to partner in the strategic planning of the district's resources.

For Māori, economic wellbeing is a concept which:

- is individual and whānau/ hapū and iwi based;
- links tangata whenua to the district;
- contributes to the wider community
- is inclusive of building opportunities for taurahere;
- is holistic - not just about business but including health and wellbeing;
- is inclusive of land and all that this encompasses - water, forests, etc;
- is inclusive of existing businesses, knowledge transfer; and
- will over time include Treaty settlements.

Iwi have indicated that they want an iwi focused approach to Māori economic development within the District. A potential project is working with iwi to increase the use of under-developed and/or degraded Māori owned land and maximise the value produced from it.

At this stage in order to support Māori economic wellbeing, the Council will work with iwi to prepare and implement a Māori Economic Development Plan which is linked to this strategy. Its development would be coordinated through Te Whakaminenga o Kāpiti, the iwi/partnership body.

### **3.2.2. Food and beverage sector**

The Kāpiti Coast has some high quality natural resources and soils which can support the development of a larger horticulture sector and a sustainable local food economy. Horticulture is important because it provides the necessary ingredients for high value add food businesses. This is not about picking

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<sup>4</sup> Links to several regional economic development focus areas including developing capital investment mechanisms, providing business services for innovation and providing critical infrastructure.

winners but rather about enabling and facilitating new opportunities to grow the local food economy. Key activities for Council in this project area are:

- support business development in the primary sector which is value add focused, for example, growing the range and quantity of local food production derived from local horticultural products;
- explore and utilise opportunities associated with innovation and new technologies, for example, setting up a cooperative commercial kitchen for small producers;
- link the Kāpiti Coast to the Wellington supply chain and work with the Wairarapa to increase opportunities in the lower North Island and upper South Island consumption chain;
- connect growers, processors, local supermarkets, and consumers;
- increase the depth of the spend on local food products;
- develop links with the Clean Technology Centre and Park at Ōtaki.

The outcomes of focusing in this area will include:

- a sector which is strongly linked to the clean technology sector and takes full advantage of new technologies and opportunities;
- the growth of a larger horticultural sector in the District;
- the greater utilisation of high quality natural resources in a sustainable way;
- a District which is known for unique high quality gourmet food and beverage production.

### 3.2.3. Innovation in the health and retirement sector

This sector is linked to a large part of the District's community and economy. It makes sense to seek opportunities to maximise added value to the local economy from its services. This might include a focus on training, health technology development, skills training and a link to the housing options work being carried out by the Council.

Some preliminary work has been done in this area which confirms there may be opportunities. Further work will need to be done to identify specific actions the Council could take.

The outcomes of focusing in this area could include:

- innovative health services and wellness products adding value to the local economy, for example, telemedicine including distance monitoring, self-testing and robotics;
- increased opportunities for workforce participation and skills development;
- increased availability of age inclusive consumer goods providing new business opportunities for local people;
- increased availability of home-based services for older people providing new business opportunities for local people.

### 3.2.4. Construction sector

Positioning the construction sector so that it is able to ride out the variations in construction cycles as much as possible and recognise the opportunities for innovation and change is an important aspect of this focus area. Key activities for Council in this project area are:

- expand demand for energy efficiency products and services through investment in retrofits of existing building stocks, for example, Council buildings and older person housing.
- encourage the uptake of sustainable building technologies in the construction sector, for example, building energy efficient houses such as the Little Greenie;
- encourage partnerships between the construction sector and emerging businesses around product development, for example, new building materials;
- support the development of appropriate training courses, for example, the construction course being run by Weltec from the Clean Technology Centre.

The outcomes of focusing in this area will include a sector which:

- can install and use new technologies efficiently;
- is strongly linked to the education sector around trades;
- is known for innovative trade skills;
- is investing in new housing types and systems;
- is selling its intellectual property via training and out of District activity.

### 3.2.5. Broadband

Broadband is a critical transformative technology. The Council will continue to work with the wider region to advocate for faster delivery and continue to support local investments such as the ultra fast broadband along Riverbank Road, Ōtaki. Council will focus its own investment funds on increasing access to educational and health facilities, town centres and businesses.

## 3.3. *Growing the base*

The intent of this focus area is to provide continued support for the wide range of businesses which make up the District's economy but which are not necessarily part of the sectors specifically identified above.

### 3.3.1. Tourism

The tourism sector continues to be a part of the Kāpiti Coast economy that is worth developing because it can link to, build on, and reinforce many opportunities with other sectors. This focus area encompasses the potential to:

- direct the majority of effort on growing existing domestic markets – get domestic tourists to come back more often and manage risk posed by increasing energy costs and potential loss of cheap transport;
- build strong partnerships with tourism agencies in the Wellington Region in order to leverage mutual benefits from having more to offer visitors to the Region;
- build strong partnerships with tourism agencies in the Auckland Region in order to leverage benefits from Kāpiti Airport;
- grow international market driven off marketing to domestic market. If Wellingtonians can't wait to come to and/or come back to Kāpiti, they will tell their visiting friends and family.
- develop a Kāpiti brand – for example, gourmet, high quality, based on natural advantages – mountains to sea.
- Continue to develop Creative Kāpiti – build on the current Kāpiti one-day Arts Trail event.
- develop Sustainable Kāpiti – Kāpiti as a leader in sustainable low – carbon living, for example, the Sustainable Home and Garden Show and the Greenest Street competitions.

The outcomes of focusing in this area will include an increasing number of visitors looking to experience a unique Kāpiti experience based around sustainability, clean technology, creativity and our considerable natural advantages.

### 3.3.2. Business support, attraction and retention services

The Council continues to be committed to funding the provision of general business support, mentoring, attraction and retention services. This ensures both existing and new businesses have access to information and support to enable them to grow. An important part of this will be an investment in attracting more businesses to the area which will grow the size of the economy and offer more job opportunities.

The Council has some information which indicates that businesses also see a need for projects and activities in this area. A 2011 survey of local businesses<sup>5</sup> provides information on what some local businesses consider to be activities for advancing economic development. This survey ranked attracting more businesses to the Kāpiti Coast as the most important economic development activity. The survey also rates highly other activities which are a key part of this strategy, for example, the preparation of a strategy, providing leadership, improving infrastructure, and attracting capital for investment in business.

The outcomes of focusing in this area will include the retention and growth of existing businesses and the attraction of new businesses to the District thus growing and adding value the Kāpiti economy.

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<sup>5</sup> McDermott Miller Limited, 2011. Independent evaluation of the effectiveness of Nature Coast Enterprise. Report prepared for the Kāpiti Coast District Council.

### 3.3.3. Town Centre development

Town Centre development has been a focus for the Council for some time. Town centres provide vital infrastructure for the economy and are critical to the success of this strategy.<sup>6</sup>

As the Kāpiti Coast District Council Development Management Strategy 2007<sup>7</sup> identifies, the town centres play a major role well beyond being a simple location for retail and civic activities. Maturing the District's main centres, in the sense of increasing the range of activities that take place in them and improving their appearance and liveability, will benefit the District in the following ways:

- increase the sense of belonging and commitment to live and invest locally;
- increase investment flows and opportunities for business;
- provide local employment;
- support passenger transport hubs and increase access to local businesses; and
- increase housing choice for the workforce.

The Council has an on-going work programme in this area managed under the Development Management activity area of its Long Term Plan.

### 3.3.4. Workforce skills and development

A key part of 'Growing the base' is a focus on facilitating opportunities for improved workforce training and development. A workforce with the skills to match available jobs is important to growing local business. It will also improve job opportunities for people to live and work locally.<sup>8</sup>

Initially this project will focus on identifying gaps in training opportunities and skills and investigate solutions for filling the gaps. This will include investigating opportunities for older people to continue to participate in the workforce on a flexible basis.

Another example is the Youth Employment Project where training providers, Nature Coast Enterprise, the Chamber of Commerce and the Council, and the Youth Council are working together to make sure that young people in the District have the right skills to transition successfully from school to further education or employment. The aim is also to make sure that skills investment is also directly linked to economic development opportunities.

The outcomes of focusing in this area will include a local workforce which has the skills required by local employers.

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<sup>6</sup> Links to the regional economic development focus on providing critical infrastructure.

<sup>7</sup> Available from [www.kapiticoast.govt.nz/](http://www.kapiticoast.govt.nz/).

<sup>8</sup> Links to a regional economic development focus education and workforce development.

## 4. How Council will work

In the area of economic development and indeed within the strategic project areas and key projects, the Council does not necessarily have to *do* everything. The Council can get the most value from:

### Partnerships

Partnerships with the business community, tangata whenua, and local, regional and national organisations are vital to the ultimate success of this Strategy. Council will fund an independently facilitated Annual Forum with key stakeholders and partners to review progress towards the Vision and implementation of the Strategy and to discuss priorities for the following year.

### Leveraging existing relationships with

- Other councils
- Central government
- Other agencies, e.g. Grow Wellington, Crown Research Institutes, Chamber of Commerce

Council has extensive relationships in these areas and can exercise considerable influence, either on its own or in collaboration with others. The recent successful leveraging of the relationship with Grow Wellington has resulted in the very promising clean technology developments at Ōtaki.

### Brokering opportunities

- Facilitating access and connections between key players
- Spotting synergies and putting people in touch

Closely related to the previous point, this involves Council using its overview of what is occurring in the District and the Wellington Region to identify opportunities and put the right people in touch with each other to take advantage of synergies. Often it is the overview which enables the Council to join dots between apparently unrelated initiatives or players and identify potential that players with only a partial view might not spot. Building a reputation as a trusted broker of these kinds of opportunities will enhance Council roles as leader and partner in the community.

### Acting as a guardian of the Vision

As the only organisation without immediate business survival pressures, Council will have a natural role in ensuring that the Vision is not lost sight of and that the economic development occurring in the District supports the Vision. In addition, it could add value by promoting the Vision and Strategy to both businesses and households and might consider offering incentives for early adoption of clean technologies thus creating a local market and useful test bed for business developers in this sector.

### Funder

The Council through its Long Term Plan and Annual Plans allocates funding to economic development. This provides a range of services, for example, advisory services for business and seed funding for business innovation projects.

### District Plan

In its regulatory role, Council can exercise considerable control over land use with the aim of supporting the Strategy, especially where the food sector is concerned. The Council is the only player with ownership of this sector at a strategic level and how it frames its District Plan in relation to rural land could potentially add value to or completely undermine this strand of the Strategy.

### **Improving internal process navigation**

In response to the question “*what needs to happen first?*”, Council might derive significant benefit from examining its internal processes. On occasion feedback, albeit anecdotal, from businesses in the District is that Council’s processes are not business-friendly. While some of this view may result from Council’s regulatory decisions being unpopular, there is considerable scope for Council to make processes more user-friendly while still safeguarding the integrity of decision-making. A review of consenting and other compliance processes from a customer perspective will identify opportunities to make businesses’ navigation of Council’s internal processes easier. Undertaking such a review will require an up-front commitment on Council’s part to implement identified improvements.

### **Providing underpinning infrastructure**

Infrastructure such as transport and water reticulation networks are essential to the successful functioning of businesses and are core business for councils. For the most part there are few, if any, other agencies operating in this field. Provision of high speed broadband will largely be a central government responsibility although Council can play a strong advocacy role in this area. It also provides a small amount of funding for leveraging local broadband projects to extend coverage where possible.

New economic development opportunities will arise over time and these questions can be used to evaluate whether Council should get involved or not.

## **5. Where can other agencies add better value?**

There are clearly some areas in which Council is not the best organisation to carry out the activities or deliver the services. Where activities can be well defined and have little strategic impact – e.g. tourism information services – a well-worked contract for services with an external agency will be the most efficient option.

The Council may also not be best placed to carry out business retention/growth/attraction activities. Business groupings may well be a more obvious choice for these activities. With the exception of addressing regulatory processes and infrastructural/land use issues, businesses want to talk and network with other businesses, not with Council.

Where Council can add value in these areas is in working in partnership with the agencies and groups carrying out the activities. It will no doubt need to continue to fund some of the service delivery and to provide financial support to such initiatives. It should not, however, try to play the lead role.

## **6. Implementation**

Implementation of this Strategy will be programmed through the 2012 Long Term Plan and subsequent annual plans. Many of the projects and activities will require an on-going focus by Council, for example, continuing leadership in the clean technology area and marketing the District as an innovation district.

As discussed above, the Council will fund an annual Forum with key stakeholders and partners to review progress towards the Vision and implementation of the Strategy and to identify priorities for the following year.

## 7. Monitoring

Progress towards the implementation of this strategy will be measured using a mix of indicators (Table 2 refers). No one indicator can provide a full so it is important to have a range of indicators which combined will tell a richer, more complex story of progress in implementation this strategy and about the growth and development of the Kāpiti economy:

Table 2: Indicators for measuring progress

Strategic focus areas	Projects	Outcome measures
Innovation and positioning	Clean (sustainable) technologies	<p>Employment in knowledge intensive and high tech industries increases year to year</p> <p>Number of start-up businesses at Clean Tech Centre, Ōtaki increases year to year</p> <p>Number of businesses at the Clean Tech Park, Ōtaki increases year to year</p> <p>Number of full time equivalents employed in the Clean Tech sector increases year to year</p> <p>Availability of investment funds for businesses increases</p> <p>Number of new or improved products, services and processes increases</p>
	Responsive Council	Business satisfaction with Council increases as measured by annual customer survey
The creation and capture of added value	Māori economic wellbeing and business development	To be developed as part of the preparation of the Māori Economic Wellbeing Plan
	Food and beverage sector	<p>Number of value add businesses in the local food and beverage sector increases year to year</p> <p>Amount of suitable land utilised increases</p>
	Health/retirement sector – working with the retirement sector around growing skills, innovation and education value add	To be developed as part of the initial investigation into opportunities in this sector
	Construction sector – growing technology, skills, adaptability and the range of products	<p>Availability of educational courses on sustainable building technologies increases year to year</p> <p>Availability of trade skills in the local workforce increases</p> <p>The range of products increases year to year</p>

	Broadband	Broadband penetration rate increases
Growing the base	Tourism	Average domestic visitor expenditure increases Number of domestic guest nights increases Number of significant events increases
	Business support, attraction and retention services	Number of new businesses in District increases year to year Business start-ups as a percentage of business turnover Business unit growth Business size growth
	Town centre development	Measured via that work stream
	Workforce development	Labour force participation rate increases Proportion of youth in education, employment and training increases Proportion of older people participating in the labour force increases Unemployment rate decreases

## **Appendix 1: Size and shape of Kāpiti Coast's economy**

Source: NZIER, 2011. Kāpiti Coast's new economy: An assessment of the 'new economy' approach to economic development on the Kāpiti Coast. Report prepared for the Kāpiti Coast District Council.

Statistics New Zealand does not publish statistics on the size and performance of the Kāpiti Coast economy. Regional and district Gross Domestic Product (GDP) figures can be estimated by distributing the contribution of major industries at the national level to regions based on regional employment levels in those industry. This type of approach assumes that the production method for an industry is the same across the country, and does not allow for differences between regions. This means that regions with a more capital intensive production process will be treated the same as regions that rely more on labour.

With that caveat in mind, BERL (2010a) estimates the value add (a measure of GDP) of Kāpiti Coast District's economy to be \$1,080 million in 2009. It grew strongly between 1999 and 2009, with average growth of 3.1 percent, which was slightly greater than the growth in all of New Zealand. This is likely to be due to the growth in NZIER – Kāpiti Coast's new economy 36 the services industries in Kāpiti over that time. The key estimates from BERL are summarised in Table 7, and compared to New Zealand-wide statistics.

The growth in the Kāpiti Coast has been driven by an expanding services industry. Its contribution to Kāpiti Coast GDP has increased from 59 percent in 1999, to 87 percent in 2009. Retail trade, health care and social assistance, education, accommodation and food services, and construction are the largest sectors within Kāpiti Coast's services industry.

The primary sector increased slightly between 1999 and 2009, while the contribution of the manufacturing sector fell by \$18 million.

Table 7 shows that the Kāpiti Coast economy is more heavily skewed towards the services industries than the New Zealand economy as a whole.

**Table 7: Kāpiti Coast economic performance**

Value add, millions of 2009 dollars

<b>Kāpiti Coast</b>	<b>1999</b>	<b>2009</b>	<b>1999-2009 difference</b>	<b>1999-2009 growth (%)</b>	<b>1999-2009 growth (% pa)</b>
Primary Sector	46	48	2	4.3%	0.4%
Manufacturing	111	93	-18	-16.2%	-1.8%
Services	635	938	303	47.7%	4.0%
<b>Kāpiti Coast total</b>	<b>793</b>	<b>1,080</b>	<b>287</b>	<b>36.2%</b>	<b>3.1%</b>
<b>New Zealand</b>					
Primary Sector	10,634	13,336	2,701	25.4%	2.3%
Manufacturing	29,193	34,737	5,544	19.0%	1.8%
Services	87,923	125,025	37,102	42.2%	3.6%
<b>New Zealand total</b>	<b>132,750</b>	<b>178,196</b>	<b>45,446</b>	<b>34.2%</b>	<b>3.0%</b>

As shown in Table 8, 88 percent of businesses in the Kāpiti Coast are based in the services industry, 7 percent are in the primary sector, and the remaining 5 percent are manufacturing based.

The strong economic growth over the last ten years has been matched by an expansion in the number of businesses operating in the Kāpiti Coast. Between 2001 and 2010, the number of businesses operating in the District increased by 26.3 percent, with most of the growth being driven by new services businesses specifically in the health care, construction, and accommodation sectors.

**Table 8 Business units in the Kāpiti Coast District**

Number of businesses	2001	2010	2001-2010 growth (actual)	2001-2010 growth (%)	Share of Kāpiti businesses	Share of sector businesses in Wellington region	Share of sector businesses in NZ
Primary Sector	484	341	-143	-29.5%	7.1%	12.9%	0.4%
Manufacturing	206	224	18	8.7%	4.7%	12.5%	1.0%
Services	3,112	4,237	1,125	36.2%	88.2%	9.0%	1.0%
Total	3,802	4,802	1,000	26.3%	100.0%	9.3%	0.9%

The number of businesses operating in the primary sector decreased between 2001 and 2010. This slight growth in value-add in the primary sector, as shown in Table 7, suggests that this fall in business numbers could be due to consolidation or rationalisation – businesses finding the right size at which to operate or shutting down.

Table 9 shows that in 2010, the services industry employed 90 percent of the wage and salary earners that work in the District, the primary sector employed 3 percent, and the manufacturing sector employed the rest.<sup>9</sup>

Since 2001, the number of employees in the Kāpiti Coast District has increased by a quarter. As with the estimated economic and business growth, this increased employment has occurred in the services industry. Employment in the manufacturing sector has not changed, and employment in the primary sector has fallen since 2001.

**Table 9 Employment in the Kāpiti Coast District**

Number of employees

	2001	2010	2001-2010 growth (actual)	2001-2010 growth (%)	Share of Kāpiti businesses	Share of sector businesses in Wellington region	Share of sector businesses in NZ
Primary Sector	435	332	-103	-23.7%	2.8%	9.7%	0.3%
Manufacturing	800	800	0	0.0%	6.8%	6.0%	0.4%
Services	8,210	10,690	2,480	30.2%	90.4%	4.9%	0.7%
Total	9,445	11,822	2,377	25.2%	100.0%	5.0%	0.6%

Combining the number of employees in each sector with the estimates of contribution to GDP can yield an estimate of the value-add per employee, which can be a proxy for the level of labour productivity in

<sup>9</sup> These figures cover the employees that work in the Kāpiti Coast District; it will not include those that reside in the District, but commute for work

each sector. This is presented in Table 10. Employees in the primary sector have the highest average value-add, followed by those employed in the manufacturing sector, and then the services sector. Due to the Kāpiti Coast economy's concentration in the service sector, the district wide average value-add per employee is closest to the services sector. These results are likely to vary across the occupations within these broad sectors.

**Table 10 Value add per employee in 2009**  
2009 dollars

	Employees	Value-add (\$ millions)	Value-add per employee (\$)
Primary Sector	319	48	150,470
Manufacturing	790	93	117,722
Services	10,780	938	87,013
Kāpiti Coast total	11,889	1,080	90,840

These employees are those that work in the Kāpiti Coast. The District's high level of transport connections makes it easy for residents to commute outside the region for work. As reported in Table 11, BERL (2010b) use 2006 census data to show that 30 percent of the Nature Coast workforce commute outside the Nature Coast region.<sup>10</sup> The figures were not broken down into residents of Kāpiti Coast or Horowhenua Districts. Most of these commuters work in the relatively close cities including Wellington, Palmerston North, Porirua, Lower Hutt, and Upper Hutt. While these workers earn their income outside the Kāpiti Coast District, it is likely that they will spend much of it within the District, contributing the District's economy.

**Table 11 Nature Coast residents' work location**  
Number of workers, 2006

Horowhenua District	10,362
Kāpiti Coast District	13,000
Porirua City	1,106
Upper Hutt City	210
Lower Hutt City	965
Wellington City	4,652
Palmerston North City	1,434
Manawatu District	163
Wairarapa Area	58
The Rest of New Zealand	1,437
Total	33,387

<sup>10</sup> The Nature Coast incorporates Kāpiti Coast District and Horowhenua District.

## **Appendix 2: Strategic drivers**

This appendix sets out over-arching factors which are likely to drive the strategy:

- Giving effect to community's expressed preference for a sustainability emphasis
- Future-proofing – readying the District for potential changes on the economic horizon, e.g. technology development, peak oil, climate change, aging population, seismic disaster in Wellington, etc;
- Building on existing strengths – identifying which existing areas have development potential in the medium and longer term;
- Diversifying the economy while maintaining focus – ensuring that risk is spread and synergies are created;
- Orienting the economy away from commodity production to high value-added activities and supporting services;
- Supporting Mana Whenua of the Kāpiti Coast District:
  - Role as tangata whenua means that we will be here for ever, our footprint is on this District for ever
  - Our culture, uniqueness, resilience, our stories
    - e.g. Kāpiti Island – links to Te Rauparaha – our stories are the stories that international visitors wish to understand
    - promote our asset internationally
    - promote Te Reo Māori – strengths in establishing and growing the use of Te Reo Māori through kohanga reo, kura kaupapa Māori, kura-a-iwi and wānanga
  - Wananga
    - training and the development of tomorrows leaders
    - identifying ways to link with the wider business community to create employment opportunities that will retain graduates within the community
    - grow technical ability
  - Treaty Settlements
    - links with Crown partner
    - new opportunities

### Appendix 3: SWOT analysis

This appendix sets out a brief analysis on the strengths, weaknesses, opportunities and threats which are evident in respect of the Kāpiti economy.

Strengths	Weaknesses
<p>It's a gorgeous place!</p> <p>Food production and processing</p> <p>Domestic (regional) tourism</p> <p>Strong tangata whenua cultural identity</p> <p>Strong tangata whenua business community</p> <ul style="list-style-type: none"> <li>• Role as tangata whenua means that we will be here for ever, our footprint is on this district for ever</li> <li>• Our culture, uniqueness, resilience, our stories</li> </ul> <p>Proximity to region's metro areas</p> <p>Proximity to Palmerston North</p> <p>Location on SH1</p> <p>Highly engaged community with relatively widely-shared sustainability values</p> <p>Substantial pool of very experienced people with considerable knowledge of a number of sectors</p> <p>Existing collaborative relationship with Horowhenua Lifestyle</p> <p>Diverse geographic region – mountains to islands, suburban to rural, natural to modified environment</p> <p>Available commercial/industrial land in Ōtaki</p> <p>Continuing population growth</p> <p>Seismic stability in unstable region</p> <p>Wānanga at Ōtaki</p> <p>Retail hub at Paraparaumu</p>	<p>Lifestyle orientation of much of working population</p> <p>Perceptions of region as primarily a retirement destination</p> <p>Lack of investment capital</p> <p>Perceptions of the Council as obstructive to business</p> <p>Lack of secondary school choices and tertiary opportunities</p> <p>Much current economic activity concentrated at low-productivity end</p> <p>Lack of career development opportunities</p> <p>Large group of productive age population has to commute out of area to work</p> <p>Relatively large group of population on low and fixed incomes</p> <p>Competition from nearby metro areas</p> <p>SH1 in current condition</p> <p>Strung-out distribution of residential centres</p> <p>Major market and income source – Wellington – vulnerable to major earthquake</p> <p>Aging major retail hub</p> <p>Price and availability of land in Paraparaumu</p> <p>Highly erodable nature of coast line</p>
Opportunities	Threats
<p>Presence of research-based Crown research Institutes in Wellington and Palmerston North</p> <p>Beginnings of clean tech hub in Ōtaki</p> <p>Imminent advances in information and communications technology and nanotechnology reducing need for physical co-location – focus on high-return-for-effort activities e.g. head offices, R&amp;D, design etc</p> <p>Renegotiation of relationship with Horowhenua District Council</p> <p>Exploitation of under-developed niches in education at secondary school level</p> <p>Develop post-school vocational training aligned with</p>	<p>Dependence on Wellington for large majority of income streams</p> <p>Over-focus on tourism to detriment of other activity sectors</p> <p>Peak oil leading to global economic slow-down/recession, decline in tourism, commute to Wellington becoming unaffordable</p> <p>Climate change requiring hugely expensive adaptation measures, triggering flight of wealth from district, producing demand for reduction in environmental safeguards thus undermining brand</p> <p>Potential businesses choose to locate elsewhere because of ease of doing business or perceptions of</p>

<p>economic focus areas of food, technology and tourism</p> <p>Increasing transport costs for tourists – region/NZ may re-focus on local destinations</p> <p>Choosing Futures’ sustainability focus as platform</p> <p>Lifestyle/environment as tool to retain good staff, executives</p> <p>Airport development</p> <p>Development of early adopter population attractive as test bed</p> <p>Add value to existing activities in food/tourism sectors through focus on boutique niche, high value add at all levels – e.g best health spas and best backpackers, best cafes and best cooking school</p> <p>Development of complementary, mutually reinforcing activities with Horowhenua</p> <p>Disaster recovery location for Wellington/Hutt Valley</p> <p>Improved rail links with Wellington</p> <p>Import hub initiative of CentrePort</p> <p>Potential pool of skilled employees currently forced to commute out of district</p> <p>Treaty settlements</p> <p>Māori and Chinese cultural histories</p> <p>Development of self-sufficiency options – food, energy, employment</p> <p>Deployment of robust information and communications technology networks to break dependence on physical transport</p> <p>Tap into “under-the-radar” expertise for mentoring, technical advice and general know-how</p> <p>Kāpiti Island</p>	<p>more dynamic markets</p> <p>New businesses find it hard to recruit sufficiently motivated employees</p> <p>Failure to think creatively about new opportunities – Kāpiti gets left behind in new economy</p> <p>Continuing focus on products /commodities /tourism means continued dependence on increasingly costly transport</p> <p>Continuing focus on products /commodities /tourism means continuing low-wage economy</p> <p>Sudden collapse of income streams from major ex-district sources – because of disaster in Wellington, major global economic crisis etc</p> <p>Interconnections become too tight and downturn in one area drags other sectors down</p>
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## Appendix 4: Needs analysis

What do the various segments of stakeholders and customers need from this strategy? Understanding this will enable objectives and tactics to be more focused.

### Stakeholders

Segment	Needs
Ratepayers	Assurance that their rates are being well spent
Local iwi (TWoK)	Assurance that the particular needs and aspirations of iwi are being addressed Inclusion in the development of the Strategy
Tangata whenua	Whānau, hapū development Traditional skills and existing business New opportunities to create Māori business Iwi level - Brand Māori - gateway to the community Including resilience, uniqueness, innovative Biodiversity Identify and develop productive iwi owned land Reserves – with regards to natural resources Products and services Te Reo Māori – uniqueness, educational opportunities in teaching the wider community Training - links with current training sector and retaining people within the sector Support for existing and future business owners
Wellington Regional Strategy/Grow Wellington	Participation in and contribution towards the agreed strategic direction of both
Economic partners – HDC, PCC etc	A reliable, thriving partner to complement and strengthen their own activities
Ex-district suppliers	Large (or growing) reliable markets/customers

### Customers

Segment	Needs
Existing Kāpiti business owners	Opportunities to make money (profit) Access to markets Fit-for-purpose premises Access to suppliers More businesses attracted to the district A clear economic development strategy Strong economic leadership
Potential Kāpiti business owners	Opportunities to make money (profit) Access to markets Fit-for-purpose premises Access to suppliers A clear economic development strategy Strong economic leadership
Māori business	Opportunities to grow Māori businesses in the District and make profits Access to markets Fit-for-purpose premises Access to suppliers
Kāpiti business	Good employment conditions

employees – current and potential	Career development opportunities Interesting, meaningful work Jobs close to home Ability to take advantage of the Kāpiti climate and lifestyle Job security Training/upskilling opportunities
Tourists	Value for money Good services – food, accommodation, transport easy and good quality for \$\$ spent Variety “Real NZ” – to see how New Zealanders live To know what to expect Nice surprises Something different/unique
Property owners and residents	Maintenance or improvement of property values To safeguard their chosen lifestyle Not to be disrupted too often by other people's activity Access to infrastructure which supports a great lifestyle

A recent survey of business in Kāpiti found that the top three priorities for business were:

1. attracting more businesses to Kāpiti
2. setting a clear economic development strategy for Kāpiti
3. stronger economic leadership for the District

See Table 3 for more detail.

**Table 3: Importance of Measures in Advancing Economic Development of Kāpiti Coast: Total Sample by Weight and Rank**

Total Sample	Weight	Rank
Attracting more businesses to Kapiti Coast	600	1
Setting a clear Economic Development Strategy for Kapiti Coast	532	2
Stronger economic leadership for the District	524	3
Improving quality/reliability of infrastructure	509	4
New air transport links	494	5
Attracting capital for business expansion and/or product development	486	6
Upgrading road links within Kapiti Coast District	471	7
Upgrading road transport links to other Districts/regions	466	8
Stimulating tourism/leisure industry to increase visitors/tourists	456	9
Increasing business start-ups in Kapiti Coast	437	10
Kapiti Coast businesses and households to buy local whenever possible	404	11
Attracting more skilled/qualified workers to live in Kapiti Coast	381	12
Extending networking opportunities with other Greater Wellington Region business people	355	13
Upskilling Kapiti Coast's resident workforce	351	14
Upskilling Kapiti Coast business managers	340	15
Increasing effectiveness of economic development agency Nature Coast Enterprises	339	16
Upgrading retailing so that residents spend more in Kapiti District	333	17
Increasing supply of land zoned for industrial/commercial development	330	18
Improving environmental sustainability practices of businesses in the District	317	19
Increasing involvement of economic development agency Grow Wellington	296	20
Extending networking opportunities with Kapiti Coast business people	284	21
Increasing involvement of Chamber of Commerce	282	22

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Source: McDermott Miller Limited, 2011. Independent evaluation of the effectiveness of Nature Coast Enterprise (final draft)

## ***Appendix 5: Supporting documents***

AgResearch et al, 2005. A study of the rural productive potential in the Northern part of the Kāpiti Coast District. Report prepared for the Kāpiti Coast District Council.

Hikurangi Foundation, 2009. The Kāpiti Coast Day Out: A lowering carbon pilot.

Kāpiti Action Group, 2011. Envisioning an economic future for Kāpiti – 2031.

Landcare Research, 2010. Assessment of the rural productive potential in the Greater Otaki area: Scenarios and options for a sustainable food future. Report prepared for the Kāpiti Coast District Council.

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Planit and Property Economics, 2011. Kāpiti employment zone assessment. Report prepared for the Kāpiti Coast District Council.

SP-10-053 Economic development activity review. Report to the 16 December 2010 meeting of the Kāpiti Coast District Council

SP-11-243 Economic development review progress report. Report to the 9 June 2011 meeting of the Environment and Community Development Committee of the Kāpiti Coast District Council

SP-11-368 Draft economic development strategy. Report to the 6 December 2011 meeting of the Environment and Community Development Committee of the Kāpiti Coast District Council

SP-11-435 Economic development activity review – delivery options. Report to the 6 December 2011 meeting of the Environment and Community Development Committee of the Kāpiti Coast District Council

Catts, Brian and Greenchip Limited, 2012. Ōtaki clean tech report. Report prepared for the Kāpiti Coast District Council. **(Draft)**

All reports are available on request from Kāpiti Coast District Council