Kapiti Economic Development Leadership Group

Chairman's Report to Council[1] – May to September 2017

This is the second report to the Kapiti Coast District Council by the Chair of Economic Development Leadership Group (KEDLG). It covers the Group's initial activities, achievements, recommendations and thoughts on development for the period 01 May to 30 September 2017.

Work Programme

An updated KEDLG Work Programme is attached. This incorporates some additions and changes to priorities in the work of the Group arising out of recent activities and developments.

Personnel

Group member Chris Dyhrberg (IT issues) has requested to be excused from remaining meetings in 2017 due to new full-time appointment to Wellington/Auckland-based employment position. No decision has been made yet whether to replace Chris. (The Digital Leadership Forum members are the main facilitators in this area.) We are discussing potential contributions from short-term specialists in tourism and local government finance.

Major Activities

During the period May to September the Chair and/or individual members of the Group have:

- conducted analysis and discussions with key stakeholders in each of the four workstreams, including the 7 priority economic development sectors

- met with key investors and other stakeholders on several major projects and development issues, e.g. business, education

- presented ideas and proposals on economic development to stakeholder groups and the community through presentations and media comment

- received briefings from investors and Council staff on current policies, investments existing operations (e.g. Ngarara residential development, OfB, LTP, Gateway Centre)

- prepared submissions for Councillors on Paraparaumu beachfront and Annual Plan

- Chair has discussed progress and developments fortnightly with the Mayor.

Work in Progress: Main Developments

1. Economic Framework

Group is working on an economic model for assessing likely future direction and structure of Kapiti economy, including major new investment opportunities, possible financing options.

[1] To de delivered to Council on 12 October 2017

2. Business Development

Discussions are held regularly with potential investors in Kapiti economy. The poor reputation of KCDC with the local private sector is a major stumbling block. The Council's "Open for Business" strategy is being implemented by Council staff, but Group members have not reported any relevant perception shifts from the local business sector as yet.

The Group is working on investment promotion strategies (and structures – see below) that could lift investor interest in Kapiti economy – and help address the coming impact of a fall in central government investment in the region, combined with deflationary impact of KCDC debt repayment and expenditure control plans and needs.

The Group is continuing to work with central government on developing a more productive relationship with Kapiti on economic development issues. This process has been interrupted while post-election political choices/decisions are being made.

3. Visitor Attraction

KEDLG has analysed recent trends in visitor numbers and discussed with key stakeholders. Overall trends for the last 12 months look mildly positive, but accommodation owners are concerned by expressway impacts on their businesses since earlier this year.

The Group is continuing to explore opportunities and interest in a hotel investment in the Paraparaumu Beach area. Airline service continuity, lack of progress on an imaginative approach to beachfront development and potential consenting obstacles are key constraints on investor interest.

The viability of AirNZ services to Auckland remains a major threat to visitor and business development. The Kapiti Chamber of Commerce is working with Porirua CoC to improve business travel uptake; Chair is meeting with Destination Wairarapa to learn from their attempts to increase airline demand through visitor attractions etc.

The Group has started a process of (a) examining past experience with Kapiti branding and promotion initiatives and (b) gauging stakeholder and community interest in and potential contributions to relaunching this process. Needless to say, considerable "fatigue" is being encountered on this issue.

4. Retirement Living

The focus so far has been on (a) encouraging understanding of employment benefits and opportunities amongst retired population, (b) relevant age-friendly policies, and (c) assessing new modes of retirement home provision which could be applicable to Kapiti. The senior entrepreneur workshops presented this month by Geoff Pearman are one outcome of Group discussions and initiatives in these areas.

5. Education

Consultations are underway with Whitireia on expanding the provision of tertiary training opportunities within Kapiti. Government funding policies and the economies of student enrolment numbers are key considerations.

The Group has facilitated discussions between local schools on increasing foreign student numbers, especially at primary level. Council funding for WREDA to provide support services to local schools is one outcome so far. The potential income gains from foreign students are real, but developing a sustainable business model will be a challenge for primary schools.

6. Housing, Construction, Logistics etc.

The potential for Kapiti to provide a lower North Island "hub" for the logistics industry is one of the outcomes of the Group's modelling work. Initial discussions have produced tangible interest from one source so far, which is being followed up by Council staff and KEDLG.

7. Performance Reporting

Council staff has adopted Group's recommendation to produce a quarterly economic performance report for Kapiti. At present, the report simply contains high level economic and sector data sourced from Infometrics reports. Recommendations have been made to develop and include performance indicators that relate more directly to Council policies and interventions.

8. Economic Development / Investment Promotion: Future Organisational Options

The Group is preparing recommendations for Councillors on a separated economic development and investment promotion agency for Kapiti that could efficiently pursue opportunities and investments on behalf of the region. Consideration is being given to whether visitor marketing and visitor information services should be provided in a separate or combined entity.

Summary

While the Group's work on "thought leadership" and business facilitation continues steadily, it is clear that the real game changer for Kapiti's economic development – innovative and robust new private investment – remains sluggish. At the moment, economic growth in the region is being sustained by central government spending, retail and self-employed business investment and local government borrowing. None of these current sources is sustainable.

Without innovative new investment, the economic outlook for Kapiti after 2020 looks very much like a "mid-point", or combination, of Porirua (suburban expansion) and Horowhenua (semi-rural, lower socio-economic residential development).

To achieve a brighter, more interesting and more diverse future we need to be much more innovative in our current thinking and much more enlightened in our approach to economic growth and commercial opportunities. Council priorities: (1) much greater fiscal responsibility and spending effectiveness, and (2) a new, highly effective, mechanism for promoting and attracting investment (private and public) to Kapiti in 2018.

Table 1. Kapiti Economic Development Leadership Group – Work Programme 2017 – 2019 (*Working Draft v.8 – 29 August 2017*)			
Workstream	**Activities (All)**	**Outputs (All)**	**Timing**
1. Kapiti: Economic Development Framework (2017)	1. Review of previous strategies, ideas and recent initiatives 2. Analysis of key themes, economic opportunities and key constraints within the Kapiti economy 3. Assess impacts / implications of Expressway and related development opportunities 4. Relate the evolving economic vision/strategies to distinctive identities of towns and communities 5. Oversee inclusion of the economic framework - key influences, opportunities and directions - into KCDC attraction & marketing activities	1. Target sectors for KEDLG support – policies, priorities, promotion 2. Consultation with Council (via quarterly reports) to ensure Groups' framework effectively complements Council implementation of EDS 3. Discussion/presentation of ideas/approaches on economic development to target groups and general public 4. A framework for economic development in Kapiti - includes "blue skies" thinking, plus specific analysis, themes & investment directions 5. Final presentation to Council of full economic framework developed by the Group 6. Published discussion papers on Kapiti economic development issues	*30 April 2017* *May 2017 (on-going)* *May 2017 (on-going)* *30 June 2017* *August 2017(on-going)* *May 2017 (on-going)*
2. KCDC Policies & Budgets for Economic Development (2017-2019)	1. Provide guidance and oversight on policy directions & priorities for economic development in Kapiti region 2. Advise/assist/oversee KCDC in implementing their *EDS* (including esp. *"Open for Business"* component) and in revising the EDS for 2018-21 3. Advise KCDC on specific economic project funding, general budget allocation priorities/needs for AP (2017/18) and LTP (2018-2028) 4. Assist iwi in development of specific policies, opportunities & priorities for Maori economic development 5. Advise KCDC on land use (DP) implications of econ. dev.- coastal land use, airport/land development, business location, recreation uses, etc.	1. Policy direction, discussion papers and other material as needed relating to economic development 2. Budget submissions to KCDC for economic funding under Annual Plan (AP) and Long Term Plan (LTP) 3. Oral and written contributions on directions and policies for Maori economic development within Kapiti for iwi consultation 4. Quarterly briefing for Council on content and implementation of economic development policies and initiatives, progress on ToR 5. Submissions on land use, town centre development, etc. options 6. Monitor EDS (2015-18), recommend changes to EDS for 2018-21	*Feb. 2017 (on-going)* *30 Apr. (AP), 31 August (LTP)* *30 June (on-going)* *Quarterly during 2017 (i.e. May, Aug., Nov.)* *May 2017 (on-going)* *June 2017 (on-going)*

Table 1 Contd.

3. Sector Focus:	***1. Business Development***	***2. Maori Economic Development***	***3. Visitor Attraction & Recreation Opportunities***	***4. ICT / Digital Capability & Infrastructure***	***5. Retirement Living***	***6. Education, Training & Work Opportunities***	***7. Housing, Logistics, Infrastructure & Construction***
Facilitating Investment & Economic Development *All activities are on-going 2017 to 2019; (current priorities in bold)*	**Analyse SME demographics, strengths, & opportunities** **Lead investment promotion & attraction policies** "Key account" liaison/support for business enquiries Expand pool and capability of Kapiti entrepreneurs Explore commercial property investment	**Partnership with Te Whakaminenga o Kapiti** **Support Maori development: economic policies & projects** Partnership with Maori economic development group, incl. on Maori Development Strategy Collaborate with TeWok, esp. MED data/research	**Extend KCDC *Visitor Attraction Strategy*** **Promote "integrated" approach to PB beachfront development** **Facilitate hotel & conference facility investor interest** Promote economic opportunities around cycle/walkways, weekend markets, etc.	**Coordinate with Digital Leadership Forum activities (e.g. on digital training & entrepreneurs)** Promote expansion of broadband infrastructure in Kapiti Assess/promote other ICT needs & initiatives as/ when resources permit	**Expand research on Kapiti aged sector, health care needs** **Identify options for engaging retirees in business & investment** **Promote seniors engagement in paid & voluntary work** Assess retirement housing needs (incl. Papakainga) Promote age friendly initiatives: technology apps, trademarks	**Research: jobs, skills, tertiary training needs** **Promote vocational and tertiary education provision: options, future needs** **Support international student attraction** Liaise with KCDC/CoC on youth employment pathways to work	**Monitor sector views on KCDC "Open for Business" strategy** **Explore interest and options for logistics hub** Housing: (i) support KCDC analysis & forecasting, (ii) promote availability, affordability and sustainability options Lead thinking on Kapiti airport issues and development options
3. Stakeholder Engagement *(on-going)*	*Inform, Connect, Collaborate*	Define full stakeholder list / interests on each topic Meet / consult with key stakeholders Present/publish opinions, ideas and suggestions		Engagement with Council / Council staff / community boards and local promotion groups Engagement with business sector (via CoC, Manaaki Kapiti, Otaki Promotion Group, etc.) Liaison with iwi (e.g. on potential economic development opportunities, specific project funding) Coordination with WREDA (esp. positioning of Kapiti within WREDA's regional marketing)			