

ECONOMIC DEVELOPMENT

Council has an important role to play achieving a growing, diverse sustainable economy. Indirectly we contribute to economic growth through the provision of infrastructure and services that make the District attractive to both businesses and residents. We also have a role to play as a funder for economic development initiatives and promoter of the District as a visitor destination through our marketing arm – Destination Lake Taupo. Our vision is for Taupo District to be seen as a vibrant, exciting and fresh visitor destination with our community enjoying diverse and sustainable economic and lifestyle benefits.

While recognising that economic growth is important to the District, Council is also conscious that the community has other outcomes it is seeking to achieve. Economic well-being must be balanced with environmental, social and cultural well-being.

Key Activities

- Destination marketing and management
- Visitor centres
- Economic Development Strategy and implementation
- Economic development projects.



DESTINATION MARKETING AND MANAGEMENT

What we do (current level of service)

Tourism is New Zealand's largest foreign exchange earner. The economic benefit of tourism is spread widely through the community and not just to tourism businesses.

Council's marketing arm - Destination Lake Taupo - undertakes the following activities, in conjunction with the Lake Taupo Tourism Advisory Board (LTTAB):

- Domestic and international tourism marketing
- Convention marketing
- Event marketing
- Destination branding
- Working with the tourism sector to improve local businesses
- Encouraging better planning for tourism
- Working with Maori to ensure that their culture and identity is protected and managed in ways appropriate to them
- Fostering understanding and appreciation of our built, historical and cultural heritage.

We will deliver (measuring level of service)

Service maintenance – ongoing levels of service targets

- Ninety percent of respondents to annual tourism stakeholders survey are satisfied with Destination Lake Taupo's performance
- Host at least six major events per year to enhance our reputation as the Events Capital of New Zealand
- Fifty percent of marketing campaigns to be funded from private sector contributions
- Domestic visitor nights to increase by 0.8%²⁴ per annum
- Conference attendees to increase by 2.5% per annum.

Service improvement - long term levels of service targets

- In conjunction with Tourism New Zealand, Inbound Tour Operators Council of New Zealand and our neighbouring Regional Tourism Organisations, international marketing initiatives to increase the number of international visitors
 - International visitor nights to increase by 3.9%²⁴ per annum
 - Visitor expenditure to increase by 4.4%²⁴ per annum.

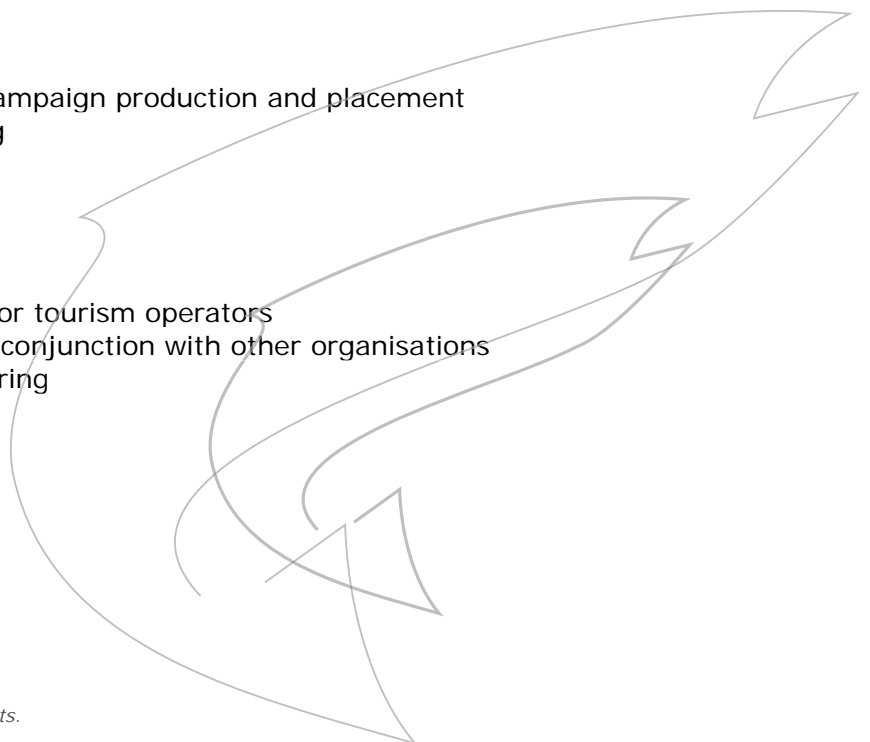
Key Actions

Tourism Marketing

- Domestic and international campaign production and placement
- Convention bureau marketing
- Events facilitation
- Visiting media programme.

Destination Management

- Regional advocacy on behalf of tourism operators
- New product development in conjunction with other organisations
- Tourism research and monitoring
- Sustainability initiatives.



VISITOR CENTRES

What we do (current level of service)

Council, through Destination Lake Taupo, operates two Visitor Centres as part of the national Visitor Information Network (i-SITES) - one in Taupo and one in Turangi. The Visitor Centres provide objective information and travel services for the independently minded traveller, help to increase revenue from District visitors and act as a booking service and retail outlet.

The Centres offer:

- Objective advice and information on the District
- A booking service for travel and visitor attractions
- Retail sales for souvenirs and local arts and crafts.

We will deliver (measuring level of service)

Service maintenance – ongoing levels of service targets

- Taupo and Turangi i-Sites open 8.30am to 5.00pm, 364 days a year²⁵
- Operate i-Sites within National i-Site operational guidelines.

Service improvement - long term levels of service targets

- 5% increase in revenue annually from advertising sales
- 5% increase in revenue per visitor from activity operators, accommodation and tourism support services.

Key Actions

- Extension of Turangi Visitor Centre.

²⁶ Taupo Visitor Centre is closed to the public on ANZAC morning until 12.00 noon.

ECONOMIC DEVELOPMENT STRATEGY AND IMPLEMENTATION

What we do (current level of service)

Economic development includes:

- Providing strategic advice on sustainable economic development (including tourism)
- Assisting with the preparation of economic development policy for the District and identifying priorities
- Providing funding to lever funding from external sources for economic development projects
- Monitoring the implementation of projects Council has funded.

Council established an advisory board for economic development known as the Taupo District Economic Development Advisory Board (TDEDAB). The Board is a council controlled organisation (CCO)²⁶ and has responsibility for developing the Economic Development Strategy for the District and providing Council with advice on priorities for funding economic development projects.

We will deliver (measuring level of service)

Service maintenance – ongoing levels of service targets:

- Economic Development Strategy review completed every three years (commencing in 2006/07)
- Targets set in Economic Development contracts achieved
- Projects and activities funded make a positive, measurable contribution to economic growth²⁷.

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During 2006/07 TDEDAB set out to review the District's Economic Development Strategy. Since the initial strategy was prepared in 2002 Taupo District has experienced considerable change. For example, Environment Waikato's Variation to its Regional Plan for the Lake Taupo Catchment is expected to have considerable impact on land use in the catchment because of the need to reduce nitrogen levels in Lake Taupo. We are expecting that the review will take an in-depth look at the direction for economic development for the District taking into account these changes.

The Ministry for Economic Development (MED) announced changes to the way it intends to carry out economic development at both the national and regional level. TDEDAB's review of the strategy will continue into 2007/08 taking into consideration the changes proposed by MED.

FUNDING

In the current LTCCP a total of \$300,000 per annum has been allowed for funding projects from 2007/08 onwards. Of this funding allocation a total of \$160,000 per annum for three years was earmarked as a contribution toward the Clean Energy Centre commencing in 2006/07. Once the Economic Development Strategy review is complete we will reassess our contribution to economic development, with advice from the TDEDAB, on how best to play our part. In the meantime, the amount of funding for economic development projects has been reduced by \$50,000 for 2007/08.

Key Actions

- TDEDAB assisted to prepare:
 - statements of intent
 - half yearly reports
 - annual reports
- Contracts let for economic development services (as required)
- TDEDAB assisted to review Economic Development Strategy.

Departures from information in LTCCP

- The review of the economic development strategy is carrying on into 2007/08
- Funding for economic development projects has been reduced by \$50,000 for this year.

²⁷ The circumstances for classifying an organisation as a council controlled organisation are defined by the Local Government Act 2002.

²⁸ Contracts entered into for funding will identify the objectives to be achieved and the basis for determining whether these objectives have been met.

ECONOMIC DEVELOPMENT PROJECTS

What we do (current level of service)

From time to time Council may become involved in projects on publicly owned land that can reasonably be expected to enhance the economy of the District by:

- Creating a significant number of worthwhile and sustainable jobs
- Providing a significant opportunity to increase tourism spending
- Providing a significant opportunity to add innovation and diversify the District economy.

The nature of such projects is that there will be some degree of uncertainty that the expectations will or will not be realised. Council's approach to such uncertainty is through a process of due diligence during which the risks, impacts and potential benefits will be evaluated using appropriate independent advisors. If Council can be convinced that the risks can be mitigated as far as possible and that the return to the community is worth the investment, then it may decide to have a degree of involvement in the project.

An example of Council's involvement in such a project is the recent decision to help fund the extension and upgrade of the Centennial Park Motor Racing Circuit. We decided to help promote economic development through the racing circuit and associated business park development, as having an international class race track will strengthen the economy and visitor industry, especially through events such as the A1GP.

We will deliver (measuring level of service):

- Service maintenance – ongoing levels of service targets
- Measurable enhancements to the district economy²⁸.

Key Actions

- Maintain the lease to MIT Limited for the Centennial Park Motor Racing Circuit
- Council may consider economic development project opportunities.

²⁹ For each project, every three years Council will undertake an assessment of the economic impact of the project in the District. These results must clearly show that the economy is benefiting from the development.



ECONOMIC DEVELOPMENT

FORECAST COST OF SERVICE STATEMENT

Operating Funding Requirements	LTCCP 2007/08 (\$,000)	A/Plan 2007/08 (\$,000)
Operating Income		
Targeted Rates	941	952
Dev Contribution Recognition		
Other Income		
Destination Marketing and Management	258	357
Visitor Centres	393	404
Economic Development	92	92
Total Income	1,684	1,805
Operating Expenditure		
Destination Marketing and Management	1,604	1,740
Visitor Centres	715	853
Economic Development	382	378
Total Operating Expenditure	2,701	2,971
Net deficit (surplus) of operations	1,017	1,166
Funded by:		
General Rates	1,017	1,102
Other general Investment sources		
Operating deficit (surplus) to/from reserves		64
Opening Balances		
Total Funding applied	1,017	1,166



FORECAST COST OF SERVICE STATEMENT CONT.

Capital and Reserves Funding Requirements	LTCCP 2007/08 (\$,000)	A/Plan 2007/08 (\$,000)
Capital Expenditure		
Destination Marketing and Management	31	
Visitor Centres	25	25
Economic Development		
Total Capital Expenditure	56	25
Loan Repayments	26	26
Transfer to reserves		
Total net Cost	82	51
Funded by:		
General Rates		
Property Sales		
Loans Raised		
Development Contributions		
Transfer from Reserve(s)	82	51
Total Funding applied	82	51
Split of Capital Expenditure		
Renewals	56	
Growth		
Increase in level of service		25
Total Capital Expenditure	56	25