

Economic Development

... The competitive advantage of regions is created not inherited ...

Professor Michael Porter, Harvard Business School

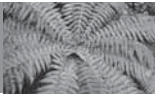
Council has an important role to play achieving a growing, diverse sustainable economy. Indirectly we contribute to economic growth through the provision of infrastructure and services that make the district attractive to both businesses and residents. We also have a direct role to play as a funder for economic development initiatives and promoter of the district 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 wellbeing must be balanced with environmental, social and cultural wellbeing.

Key Activities

- Destination marketing and management
- Visitor centres
- Economic development strategy implementation
- Developer liaison





Destination Marketing and Management

What we do

Through Destination Lake Taupo, Council in conjunction with the Lake Taupo Tourism Advisory Board undertakes the following activities:

- 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 and ensuring that their culture and identity is protected.
- Fostering understanding and appreciation of our built, historical, cultural heritage.

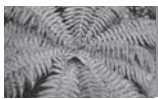
Tourism is New Zealand's largest foreign exchange earner. The economic benefit of tourism is spread widely through the community, not just to tourism businesses. In 2002 Lake Taupo attracted 1.5 million visitors, staying 3.6 million nights, with expenditure of \$286 million.

Destination Lake Taupo is one of 27 regional tourism organisations in New Zealand and competes with other areas nationally and internationally.

How we contribute to Community Outcomes

Enhancing and strengthening tourism's contribution to the local economy by:

- Attracting more visitors to the district.
- Enhancing the quality of visitor experience.
- Encouraging job creation.
- Encouraging the development of public and private infrastructure to a higher level than would normally be expected in a district of this size.
- Increasing the sustainability of the district's commercial sector.
- Enhancing the district image and contributing to community pride.

**During the 2004/05 year we achieved:**

- Restructure of the Lake Taupo Tourism Advisory Board with wider Tourism Industry representation
- Development of the Great New Zealand Touring Route initiative
- Development of the Film Volcanic initiative
- The holding of a successful Industry Forum and started on The 10 Year Strategic Plan (due to be completed by 4 November 2005)
- Visitor growth targets

Service Performance Results:

Target	Visitor nights spent in the Taupo District increased by an average 2.5% per year.
Achieved	Overall growth in guest nights in the 12 months ended 31 March 2005, per Statistics New Zealand supplied information, was 4.1%. The international market is relatively strong but the domestic market is flat due to the strong NZ dollar and cheap airfares to Australia and the Pacific Islands.

Target	Visitor expenditure in the Taupo District increased by an average of 5.2% per year.
Not Achieved	Retail growth was 3.6%. The strong New Zealand dollar means that international guests are spending less and more guests are staying in private dwellings, thus spending less on accommodation.

Target	Conference attendee days increased by an average of 3% per year.
Achieved	Conference growth is relatively strong with 4.5% growth.

Target	At least 50% of funding used in marketing campaigns is leveraged from the private sector.
Achieved	50% of marketing initiatives were funded from the private sector.

Target	Ninety percent of respondents to annual tourism stakeholder survey ⁹ are satisfied with the performance of Destination Lake Taupo.
Not formally measured	Survey not carried out.

⁹Web based survey of all stakeholders.



Visitor Centres

What we do

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 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.

Both Centres are open to the public 364 days a year from 8.30am to 5.00pm. In 2003 Taupo Visitor Centre serviced 260,000 visitors and Turangi Visitor Centre serviced 131,000.

How we contribute to Community Outcomes

Enhancing and strengthening tourism's contribution to the local economy by:

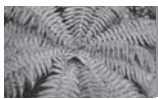
- Enhancing the quality of the visitor experience.
- Increasing the impact of visitors by providing them with additional opportunities to experience the district and extend their stay.

During the 2004/05 year we:

- Completed a building extension to the Taupo i-Site.
- Signed a Memorandum of Understanding with the Maori Regional Tourism Organisation
- Achieved commission sales targets

Service Performance Results:

Target	Visitor numbers at the Taupo Visitor Centre will increase by an average of 3% per year.
Not Achieved	Due to the rebuild of the Visitor Centre a door counter has not been active from mid-October 2004 until August 2005. However, the first three months (July-September 2004) showed a decrease of 8% in visitor numbers and it is estimated that for the overall year numbers would be down 10-15%. Domestic visitors and Asian students have been noticeably absent compared to the previous year.



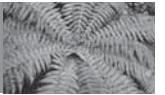
Target	Visitor numbers at the Turangi Visitor Centre will increase by an average of 3% per year.
Not Formally Measured	Problems with the alignment of the entrance doors over an extended period of time have meant that we cannot accurately measure visitor numbers. A new door counter is due to be installed early in the 2005/06 year.

Target	Sales income will increase at the Taupo Visitor Centre by an average of 6% per year.
Not Achieved	Commission sales are down 1% on budget to 30 June 2005, but are 13.5% down on actual sales in 2003/04. Contributing factors include: downwards trend of visitor numbers into the Taupo Visitor Centre, a change in the visitor mix using the Taupo Visitor Centre, our relocation to temporary premises for four months during the rebuild (our busiest months), bad weather December/January affecting sales of outdoor product, and the Experience Taupo booking office immediately opposite.

Target	Sales income will increase at the Turangi Visitor Centre by an average of 6% per year.
Achieved	Commission sales for the year ending 30 June 2005 were up by 33% on the year ending 30 June 2004 and 69% up on budget. Retail sales for the year ending 30 June 2005 were up by 26% on the year ending 30 June 2004 and 30% up on Budget.

Target	Ninety percent of respondents to annual tourism stakeholder survey ¹⁰ are satisfied with the performance of the Taupo and Turangi Visitor Centres.
Not Formally Measured	Survey not carried out.

¹⁰Web based survey of all stakeholders.



Economic Development Strategy Implementation

What we do

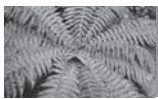
In 2002, Council worked with other stakeholders to develop an Economic Development Strategy for the district. The actions identified in the Strategy provide a 'pathway' for achieving the district's economic development goals. Resources are required for implementing the Strategy and providing leverage for attracting additional outside funding.

Council's role in implementing the Strategy involves:

- Contributing toward funding
- Monitoring the use of this funding and tracking progress toward achieving the key result areas identified in the Strategy
- Working with key stakeholders to keep the Strategy relevant and up-to-date.

How we contribute to Community Outcomes

Council funding will be used as leverage to attract other funding to the district for projects promoting innovation and diversification in the local economy.



During the 2004/05 year we:

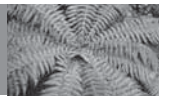
- Monitored the progress of the Lake Taupo Development Company in delivering services in accordance with the Taupo Economic Development Strategy
- Engaged consultants to carry out an independent review of the best model for delivering economic development services
- Consulted the community on a preferred model.
- Agreed to spend \$2,000,000 of capital expenditure on the building of an upgraded motor racetrack located at Centennial Park reserve land, with that expenditure being the last sum of monies needed to complete the race track and sealed pit area, and all other work to make the race track and sealed pit area operational. This decision was made following a formal public consultation process which included Council deliberating on 845 public submissions received on this proposed expenditure.

We had also intended to achieve the following:

- Begin implementing the outcomes of the service delivery review. Following consultation on the outcomes of the independent review, Council decided not to bring economic development service delivery 'in-house' as recommended by the consultants. Instead it was decided to reconfigure the Lake Taupo Development Trust, pending the agreement of the existing trustees, to create a 'council controlled organisation' with a secretariat which would have responsibility for economic development and overseeing service delivery contracts. At the time of writing this report, this proposed change to the Trust was being worked through with the relevant stakeholders.

Our impact on community well-being:

It is expected that the major economic development projects currently being progressed (e.g. Centennial Park Motor Racing Circuit, Proposed Clean Energy Centre) will have a significant positive impact on the economic well-being of the community both directly (for example employment creation) and indirectly (for example flow-on benefits to other businesses).

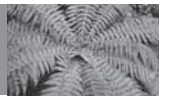


Service Performance Results:

Target	Targets set in Economic Development Contracts achieved.
Achieved in Part	<p>The current economic development service delivery contract that Council has with the Lake Taupo Development Company requires that a long term model for service delivery be established and implemented by 30 June 2003. Council undertook significant consultation with key stakeholder groups during 2003 with a view to developing a long term model in 2004. However, in conjunction with the 2004 LTCCP, Council agreed to undertake an independent study of the existing structure for provision of Council funded economic development services. Consultants were engaged to undertake this work in November 2004. The study recommended that a new economic development unit should be formed as an internal division of Council, with an independent advisory board to provide strategic advice on service delivery.</p> <p>Following public consultation in conjunction with the 2005/06 Draft Annual Plan, Council decided that its preferred approach was to make a number of key alterations to the Lake Taupo Development Trust (LTDT) including:</p> <ul style="list-style-type: none"> • Reconfiguring LTDT as council controlled organisation • Inclusion of a secretariat to provide the Trust with administrative and policy support • Transferal of the ownership of the Lake Taupo Development Company (LTDC) to a new trust. <p>Council is currently in discussions with LTDT on these potential changes.</p>



Target	Discernable, positive changes achieved in the key results listed in the 2002 Economic Development Strategy.
Achieved in Part	<p>Council has a contract with the Lake Taupo Development Company (LTDC) to provide economic development services for the Taupo District. LTDC's annual work schedule is taken from the District Economic Development Strategy. Due to limited resources, in 2004/05 LTDC has focussed effort and resources on a small number of high priority projects from the Strategy:</p> <ul style="list-style-type: none">• New Zealand Clean Energy Centre• Education and Enterprise Park• Gateway to World Heritage Park• Private Secondary School• Lake Taupo Walkway• Clean Energy Industrial Park• Business Assists• Land Based Bio Energy Industry• Research in forestry processing• Skills research project to help industry identify current and future training needs. <p>This has meant a reduced focus on other areas in the Economic Development Strategy.</p>



Developer Liaison

What we do

Increasingly Council is being presented with complex, large scale development projects requiring a range of regulatory, planning and engineering approvals. It is in the district's interests that Council's customers experience an integrated, efficient response to their service requests.

We aim to provide our customers with excellence in customer service. One way of achieving this is by co-ordinating Council's response to development proposals and facilitating progress through the various 'statutory hoops'.

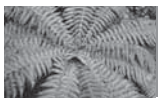
Up to 100 (indicative) development enquiries are expected to be 'managed' each year.

How we contribute to Community Outcomes

Council's reputation as a bureaucracy which is 'good to do business with' will be enhanced making the district attractive to other prospective developers and supportive of a growing, local economy.

Service Performance Results:

Target	Eighty five percent of developers satisfied that Council's services are integrated, timely and efficient .
Not Achieved	Comments received from developers and associated professionals clearly indicated that the concept of the service was strongly supported and when first established the approach taken was very refreshing. However, there was a feeling that over time the service had lost some of its initial impetus.



Economic Development

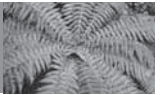
Cost of Service Statement:

	2005 Actual \$000	2005 Budget \$000	2004 Actual \$000
Operating Income			
Targeted Rates	634	626	626
Other Income	549	536	643
	1,183	1,162	1,269
Operating Expenditure			
Destination Marketing and Management	1,264	1,272	1,403
Visitor Centres	540	592	499
Economic Development	371	370	251
	2,175	2,234	2,153
Net Cost (surplus) of operations	992	1,072	884
Funded By:			
General Rates	1,094	1,072	912
Loans Repaid	0	0	(23)
General Funds	(102)	0	(5)
	992	1,072	884
Capital Expenditure	8	13	47
Funded by:			
Transfers from Reserves	0	13	0
General Funds	8	0	47
	8	13	47

Economic Development

Capital Expenditure:

Description of Project	Reason for Acquisition	Project Status	Actual \$000's	LTCCP Budget \$000's	Notes
Various (less than \$70,000 budgeted)			8	13	
			8	13	



Good Governance and Strategic Alliances

The Local Government Act 2002 provides the framework within which all local authorities must operate. Rather than telling councils what they must do, the Act provides guidelines about how we should operate.

Central to the Act are a number of principles about good governance. These principles encourage councils to make decisions openly, in consultation with their communities. The Act also requires Councils to work collaboratively with other agencies to achieve community outcomes and make better use of resources. This means that Council's relationships with central government, other district and regional councils, the private sector and community and voluntary organisations take on more importance.

Good governance and strategic alliances are a key component of sustainable development. Councils and other agencies are challenged to think beyond their traditional boundaries and take an integrated approach to achieving what the community identifies as being important for its future.

Key Activities

- Governance
- Community Planning
- Strategic Planning



Governance

What we do

Governance covers the work of Council, Council committees and sub-committees, and the Turangi Tongariro Community Board.

Councillors and Community Board members are responsible for setting Council's directions on behalf of the people of Taupo District. They are also responsible for monitoring progress to achieve these directions, providing local leadership, communicating and consulting with the public, building relationships for the benefit of the district and advocating on behalf of the community.

How we contribute to Community Outcomes

- Making well considered decisions on behalf of the community.
- Consulting with key stakeholders and the community as required.
- Ensuring policies are consistent with community outcomes.
- Ensuring that the needs of the community are voiced in appropriate forums outside the district.
- By progressively identifying and entering into Memorandum of Understanding with strategic partners.

During the 2004/05 year we achieved:

- A satisfactory outcome in the 2004 Triennial Local Authority election with no delays or demands for judicial enquiry or recount and with all processes meeting the requirements of the Local Electoral Act 2001
- The successful negotiation of Triennial Agreements containing protocols for communication and co-ordination with Waikato, Bay of Plenty, Hawkes Bay and Manawatu-Wanganui Regional Council's in accordance with Section 15 of the Local Government Act 2002.
- The successful completion and publication of the Local Governance Statement containing information about the processes that Council uses to engage with the residents of the Taupo District in accordance with Section 40 of the Local Government Act 2002
- The commencement of the Representation review as required under the Local Electoral Act 2001 and which will continue in the 2005/06 year with completion within the 2006/07 year



Service Performance Results:

Target	Percentage of residents satisfied with Council's performance is equal to or higher than the average for peer local authorities across all standard community survey questions.
Not Achieved	<p>Overall, satisfaction with Council's performance for the delivery of services and facilities compared favourably with its peers.</p> <p>Satisfaction was higher than Council's peer group for roads, water supply, waste water, landfills and transfer stations, swimming pools (AC Baths) and public toilets. Furthermore, satisfaction was on par with the peer group for rubbish collection, recycling district halls, sportsgrounds and libraries. However, for stormwater, reserves and street gardens, and parks satisfaction was slightly below the peer group average.</p>

Target	Significant decisions ¹² made comply with the requirements of the Local Government Act 2002.
Achieved	



¹²Refer to Council's policy on significance.



Community Planning

What we do

Community planning covers:

- Identifying community outcomes that meet community and statutory requirements.
- Building relationships with Government Departments and other external agencies to encourage co-coordinated/collaborative approaches to achieving community outcomes.
- Developing and overseeing monitoring and other data gathering activities that provide Council with information about how well community outcomes are being achieved and indicate trends and emerging issues.
- Reporting on progress with achieving community outcomes.
- Acting as an advocate for the community and representing the views of the district at the regional and national levels.

How we contribute to Community Outcomes

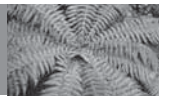
- Community outcomes will be identified and up-dated to meet changing circumstances.
- The community and Council will know whether outcomes are being achieved.
- As community advocate, Council will be able to influence the involvement of other agencies in achieving community outcomes.

During the 2004/05 year we:

- Identified community outcomes for the district
- Began realigning our monitoring strategy so that we can measure progress toward achieving the district's community outcomes
- Participated in regional approaches (Waikato and Bay of Plenty) to establish partnerships with key stakeholders to help achieve the outcomes.

Our impact on community well-being:

The identification of community outcomes will have a significant positive impact on the social, economic, environmental and cultural well-being of the community by providing a common set of ideals that the community wishes to work toward. Good progress has been made with developing relationships with other stakeholders who have an impact on the well-being of Taupo District. Many of these stakeholders have also begun considering how they will contribute toward achieving the community outcomes.



Service Performance Results:

Target	Eighty percent of residents surveyed ¹³ agree with the long term vision for the district.
Not applicable	Council has recently completed identifying a new set of community outcomes for the District (which will provide the basis for the long term vision). Originally, it had been planned to validate these outcomes with the wider community. However, due to the extensive community processes used to identify the outcomes and the clear information received from the public, the external consultation working group thought that a validation exercise would not add value and could potentially be open to the criticism of over consultation. A workshop was held with key stakeholders and the draft outcomes received the endorsement of all participants.

Target	Seventy five percent of key stakeholders ¹⁴ incorporate responses to the community outcomes in their long term planning documents.
Not applicable	As Council has recently completed identifying a new set of community outcomes for the District and stakeholders will not have had time to incorporate responses into their long term planning documents. Regional processes are currently being developed for both the Waikato and Bay of Plenty to establish long-term relationships with government departments and other key stakeholders. A key objective of these processes is to jointly identify ways of actioning the outcomes.

¹³It is anticipated that as part of the process for identifying community outcomes a random sample survey will be undertaken to validate the outcomes identified.

¹⁴Key stakeholders will be identified as part of the process for identifying community outcomes.



Strategic Planning

What we do

The Local Government Act 2002 requires local authorities to have in place various policies and plans that relate to what we do as an organisation and how we will undertake this work. All Council's must have in place an LTCCP and these plans must be updated at least every three years. In the intervening years we prepare an Annual Plan. Both the LTCCP and the Annual Plan must be adopted in full consultation with the community.

Other activities covered by strategic planning include preparation of:

- Annual reports.
- Financial and funding policies.
- Policies to assist Council with decision making (e.g. significance policy).

How we contribute to Community Outcomes

- The community will have information on the activities that Council is planning to undertake to contribute to the community outcomes.
- The community will be able to see the cost of undertaking these activities.

During the 2004/05 year we:

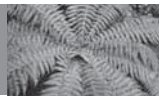
- Prepared, consulted on and adopted the 2005/06 Annual Plan
- In addition, Council also adopted four amendments to the 2004/14 LTCCP

Our impact on community well-being:

The activities proposed in both the 2005/06 Annual Plan and the 2004/14 LTCCP amendments will have significant positive impact on the social, economic, environmental and cultural well-being of the community by delivering services, programmes and facilities aimed at achieving community outcomes.

Service Performance Results:

Target	Plans and policies adopted in accordance with statutory requirements.
Achieved	



Good Governance and Strategic Alliances

Cost of Service Statement:

	2005 Actual \$000	2005 Budget \$000	2004 Actual \$000
Operating Income			
Other Income	510	36	2
	510	36	2
Operating Expenditure			
Governance	3,419	3,463	3,322
Community Planning	1,297	1,415	3,081
Strategic Planning	384	446	310
	5,100	5,324	6,713
Net Cost (surplus) of operations	4,590	5,288	6,711
Funded By:			
General Rates	5,397	5,288	3,025
Loans Repaid	0	4	0
Transfers from Reserves	0	(4)	0
General Funds	(807)	0	3,686
	4,590	5,288	6,711
Capital Expenditure	4	65	414
Funded by:			
General Funds	0	0	372
Loans Raised	0	0	27
Transfers from Reserves	4	65	15
	4	65	414

Good Governance and Strategic Alliances

Capital Expenditure:

Description of Project	Reason for Acquisition	Project Status	Actual	LTCCP Budget	Notes
			\$000's	\$000's	
Various (less than \$70,000 budgeted)			4	65	
			4	65	



Other

Introduction

A small number of Council activities fall outside of the strategic themes. These activities are reported here.

Forestry

During the 2004/05 year we achieved:

- 623 hectares of forest land, clear felled over the prior few years, was sprayed for weed growth in preparation for replanting.

We had also intended to achieve the following:

- Planting of approximately 410 hectares, scheduled for 2004/05, will be carried out in July to September 2005 because the weed spray programme was carried out later than planned. The difference between planned and actual cost in 2004/05 will be spent on the replanting exercise in 2005/06.

Property Management (Office Accommodation)

During the 2004/05 year we:

- Secured and moved into extra office accommodation on Rifle Range Road to meet immediate requirements
- Initiated investigations through an external consultant into alternative location options for constructing a new main administration building for Council in Taupo

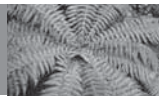
We had also intended to achieve the following:

- Finish the investigations for the main administration building relocation options but there were longer than expected timeframes for securing an appropriate consultant and their subsequent investigation and reporting programme. The work is to be completed in the first half of 2005/06.

Motor Camps

During the 2004/05 year we achieved:

- Successful negotiation of two 33 year leases for Motutere and Motuoapa camps
- The sale of buildings to the lessees of the Motutere and Motuoapa camps
- Public consultation over future of Tongariro North Domain (including Taupo motor camp)
- Repair of lakeshore erosion at Motutere Bay Holiday Park
- Commencement of redevelopment/upgrade work at the Motutere Bay Holiday Park (funded by lessee)



Other

Cost of Service Statement:

	2005 Actual \$000	2005 Budget \$000	2004 Actual \$000
Operating Income			
Targeted Rates	39	29	26
Other Income	802	1,148	412
	841	1,177	438
Operating Expenditure			
Forestry	16	26	110
Property Management	924	872	467
Motor Camps	191	65	88
Others	553	546	157
	1,684	1,509	822
Net Cost (surplus) of operations	843	332	384
Funded By:			
General Rates	(45)	(44)	(443)
Transfers from Reserves	0	26	0
General Funds	888	0	827
Opening Balance	0	350	0
	843	332	384
Capital Expenditure	2,689	6,029	987
Funded by:			
Loans Raised	809	5,200	627
Loan Repayments	0	(371)	(521)
Transfers from Reserves	165	1,200	19
General Funds	1,715	0	862
	2,689	6,029	987

Other

Capital Expenditure:

Description of Project	Reason for Acquisition	Project Status	Actual	LTCCP Budget	Notes
		(refer key)	\$000's	\$000's	
Commercial Property Arrowsmith	Development for sale	✓	2128	2000	
Commercial Property Victoria	Development for sale	s	4	1530	1
Forestry Afforestation	Council investment / future revenue	s	85	535	2
Lake Terrace Purchase Pro	Additional office requirements	✓	75	500	
Computer Electronic Document system	Risk management / level of service	s	0	500	
Lake Terrace New Council	Additional office requirements	s	44	400	3
Computer Network Development	Upgrades / Software / Hardware	✓	153	170	
Computer Microsoft License	Bi-annual licensing	✓	96	100	
Lake Terrace Renewals Mai	Renewals	✓	0	83	
Various (less than \$70,000 budgeted)			104	211	
			2689	6029	

Key

- ✓ Complete
- x Not achieved
- s Slippage into future years

Capital Expenditure – Variances between Actual and LTCCP Budget

- Commercial Property Victoria – Work on this development is on hold pending Council decision to proceed.
- Forestry Afforestation – Much of the Rangitaiki forestry replanting programme has slipped into the months of July to September 2005.
- Lake Terrace New Council – Office relocation options project has commenced.