

ECONOMIC DEVELOPMENT

... THE COMPETITIVE ADVANTAGE OF A REGION IS CREATED NOT INHERITED ... (SIC)

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 and 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. From July 2005 to June 2006 the Lake Taupo Region recorded 1.47 million guest nights (as measured by the Commercial Accommodation Monitor), with expenditure of \$469 million.

Destination Lake Taupo is one of 28 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 2005/06 YEAR WE ACHIEVED:

- Completion of the 10 Year Visitor Industry Strategy, incorporating many of the initiatives into Destination Lake Taupo (DLT) activities.
- Development of the Great New Zealand Touring Route (GNZTR) initiative, producing a Trade Product Manual and website, and a consumer touring map. The General Manager of DLT is now the chairman of GNZTR.
- Signing of a Memorandum of Understanding with Tourism NZ so that the Pacific Coast Highway and the Thermal Explorer Highway are now recognised as International Marketing Alliances for all international marketing activity by Tourism NZ.
- The launch of a comprehensive domestic marketing campaign with substantial industry support (55%).
- Recognition of the Film Volcanic initiative by Film NZ with two projects currently in negotiation.

WE HAD ALSO INTENDED TO ACHIEVE:

- Up to 1.6 million visitors, staying 3.9 million nights in the district and spending \$333 million. Statistical information available shows a general downward trend in numbers of visitors and visitor expenditure, this is on par with national figures. There has been mounting concern about the statistical validity of some visitor information sources. Over the next financial year Destination Lake Taupo will be developing a local benchmarking survey that will provide more relevant and accurate information for monitoring purposes.

THE DESTINATION MARKETING AND MANAGEMENT ACTIVITY HAS HAD A SIGNIFICANT IMPACT ON THE WELL-BEING OF THE COMMUNITY THROUGH:

- Increased economic activity and facilitation of more fun events in the region.

SERVICE PERFORMANCE RESULTS:

TARGET	Visitor nights spent in the Taupo District increased by an average 2.5% per year.
NOT FORMALLY MEASURED	Guest nights as measured by CAM (commercial accommodation monitor) are down by 5.2%; however guest nights measured by the APR Survey of private homes show 17% growth. We are developing our own survey to more accurately measure visitor numbers.

TARGET	Visitor expenditure in the Taupo District increased by an average of 5.2% per year.
NOT FORMALLY MEASURED	Retail growth as measured by CAM was 3.2% for the 2005/2006 year. Concern has been expressed about the statistical validity of the CAM information.

TARGET	Conference attendee days increased by an average of 3% per year.
ACHIEVED	Delegate numbers have increased by 4.6% since the 2004/05 year.

TARGET	At least 50% of funding used in marketing campaigns is leveraged from the private sector.
ACHIEVED	Approximately 55% funded from private sector.

TARGET	90% of respondents to annual tourism stakeholder survey are satisfied with the performance of Destination Lake Taupo.
NOT FORMALLY MEASURED	The survey has been delayed and is expected to be conducted in October 2006.



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 5pm.

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 2005/06 YEAR WE ACHIEVED:

- A continued high level of service to visitors to our district and increased levels of commission sales

WE HAD ALSO INTENDED TO ACHIEVE:

- Higher visitor numbers. Taupo Visitor Centre was to have received 276,000 visitors (actual, 238,503) and Turangi Visitor Centre 139,000 (actual, 110,416)

VISITOR CENTRES HAVE HAD A SIGNIFICANT IMPACT ON COMMUNITY WELL-BEING THROUGH:

- Increased economic activity and showcasing local cultural products

SERVICE PERFORMANCE RESULTS:

TARGET	Visitor numbers at the Taupo Visitor Centre will increase by an average of 3% per year.
NOT ACHIEVED	Accurate comparisons between 2004/05 and 2005/06 cannot be made as we were without a door counter from mid October 2004 to mid August 2005. Visitor numbers are approx 9% down on visitor numbers for 2003/04 and we would estimate that they are on par with 2004/05.

TARGET	Visitor numbers at the Turangi Visitor Centre will increase by an average of 3% per year.
NOT FORMALLY MEASURED	There were 110,416 visitors through the Turangi Information Centre over the last financial year. We have no visitor numbers for the previous year to compare due to non functioning door counting equipment over that time. This issue has now been solved and accurate figures are now being recorded.

TARGET	Sales income will increase at the Taupo Visitor Centre by an average of 6% per year.
NOT ACHIEVED	Commission sales were up by 4.1% for 2005/06.

TARGET	Sales income will increase at the Turangi Visitor Centre by an average of 6% per year.
NOT ACHIEVED	Commission sales were up by 2% for 2005/06.

TARGET	Ninety percent of respondents to annual tourism stakeholder survey are satisfied with the performance of the Taupo and Turangi Visitor Centres.
NOT FORMALLY MEASURED	The survey has been delayed and is expected to be conducted in October 2006.

ECONOMIC DEVELOPMENT PROJECTS

CENTENNIAL PARK MOTOR RACING CIRCUIT

WHAT WE DO

Subject to meeting various conditions and criteria, Council leases the Centennial Park Motor Racing Circuit extension to MIT Development Limited for them to provide local, national and international motor racing events and associated activities.

HOW WE CONTRIBUTE TO COMMUNITY OUTCOMES

- A wide range of events and activities accessible to all
- Innovation and diversification in the economy
- Worthwhile and sustainable jobs

DURING THE 2005/06 YEAR WE ACHIEVED:

- Fulfilment of our contribution to the project with the track extension work completed and operating, and attracting new events

THE CENTENNIAL PARK MOTOR RACING CIRCUIT PROJECT HAS HAD A SIGNIFICANT IMPACT ON THE WELL-BEING OF THE COMMUNITY THROUGH:

- Creation of an asset that will attract significant events to the district, new jobs, and innovation and diversification in the local economy

SERVICE PERFORMANCE RESULTS:

TARGET	Every three years Council will undertake a survey of motor race track attendees and business park users to determine the economic impact of the project in the district.
NOT FORMALLY MEASURED	Survey only carried out every 3 years. Not due this year.

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 2005/06 YEAR WE ACHIEVED:

- Completion of the review of economic service delivery and establishment of the Taupo District Economic Development Advisory Board (TDEDAB)
- Completion of a process of inviting applications for economic development projects to deliver the Economic Development Strategy, awarding contracts to both the Lake Taupo Development Company (LTDC) and the Taupo Employment Support Trust (TEST)

WE HAD ALSO INTENDED TO ACHIEVE:

- Application to New Zealand Trade and Enterprise (NZTE) for funding to assist with reviewing the Economic Development Strategy. Work has started, in conjunction with TDEDAB, on preparing the application and it was expected to be submitted to NZTE in September 2006
- Completion of a peer review for the education cluster and technology park proposed for Council land adjacent to the Taupo Airport. As LTDC has changed its focus from the education cluster on public land to the development of the New Zealand Clean Energy Centre on private land, the peer review was not required

THE ECONOMIC DEVELOPMENT STRATEGY IMPLEMENTATION ACTIVITY HAS HAD A SIGNIFICANT POSITIVE IMPACT ON THE WELL-BEING OF THE COMMUNITY THROUGH:

- Creating a platform for economic development with significant positive impact on the economic well-being of the community both directly and indirectly

SERVICE PERFORMANCE RESULTS:

TARGET	Targets set in Economic Development Contracts achieved.
ACHIEVED IN PART	Monthly meetings were held with the Chief Executive of the Lake Taupo Development Company (LTDC) to review progress against contract milestones. While good progress was made overall there was slippage in some projects (New Zealand Clean Energy Centre Project and Gateway Project), but the Business Assists and the Energy Farming Project were ahead of schedule.

TARGET	Discernable, positive changes achieved in the key results listed in the 2002 Economic Development Strategy.
ACHIEVED IN PART	<p>As reported in previous years, due to limited resources, Council's contract with the Lake Taupo Development Company (LTDC) to provide economic development services for the Taupo District has focused effort on a small number of high priority projects from the Economic Development Strategy. This year the Company has worked on:</p> <ul style="list-style-type: none">• New Zealand Clean Energy Centre Project• Gateway to World Heritage and National Parks• Lake Taupo Walkway• Business Assists• Energy Farming Project• Skills Strategy Implementation Plan <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 interest 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 coordinating 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.

DURING THE 2005/06 YEAR WE ACHIEVED:

- 47 meetings with developers seeking regulatory, planning and engineering approvals

THE DEVELOPER LIAISON ACTIVITY HAS HAD A SIGNIFICANT POSITIVE IMPACT ON THE WELL-BEING OF THE COMMUNITY THROUGH:

- Supporting a growing local economy and initiating best practice for developments

SERVICE PERFORMANCE RESULTS:

TARGET	85% of developers satisfied that Council's services are integrated, timely and efficient.
ACHIEVED	92% (12 out of 13) developers who returned survey forms were satisfied with the developer liaison service. 40 survey forms were sent to all developers, consultants and agents who took part in the Wasley Review of Environmental Services.

ECONOMIC DEVELOPMENT FINANCIAL RESULTS

COST OF SERVICE STATEMENT:

	2006 Actual \$000	2006 Budget \$000	2005 Actual \$000
OPERATING INCOME			
Targeted Rates	657	661	634
Other Income	723	631	549
Total Income	1,380	1,292	1,183
OPERATING EXPENDITURE			
Destination Marketing and Management	1,471	1,342	1,264
Visitor Centres	670	641	540
Economic Development	240	422	371
Total Expenditure	2,381	2,405	2,175
NET COST (SURPLUS) OF OPERATIONS	1,001	1,113	992
Funded By:			
General Rates	1,121	1,111	1,094
General Funds	(120)	0	(102)
Opening Balance	0	2	0
Total Funding	1,001	1,113	992
CAPITAL EXPENDITURE	2,020	2,029	8
Funded by:			
Transfers from Reserves	2,020	2,029	0
General Funds	0	0	8
Total Funds	2,020	2,029	8

CAPITAL EXPENDITURE:

DESCRIPTION OF PROJECT	REASON FOR AQUISITION	PROJECT STATUS (REFER KEY)	ACTUAL \$000'S	BUDGET \$000'S	NOTES
Sports grounds Central Park Racetrack	Investment in Infrastructure	✓	2,000	2,000	
Various Projects less than \$70,000 Budget		s	20	29	
			2,020	2,029	

Key	
✓	Achieved
s	Slippage (minor) into future years – small carryover with completion expected by 31 August 2006
m	Deliberate move into future years
*	Not achieved – major slippage (project will not be complete by 31 August 2006) or project has been dropped