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# *An evaluation of Economic Development Policies and Processes of the Hamilton City Council*

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## Executive summary

Hamilton City Council (HCC) has a vision of being a Smart City that is prosperous and innovative. To achieve this outcome, the Hamilton economy needs to be strong and productive and HCC has a key role in the development of a sustainable local economy. Local Economic Development (LED) promotes the potential for partnerships between local government, the private sector, the not-for-profit sector, including local communities, to work together to improve the local economy. HCC commissioned the Institute for Business Research (IBR), University of Waikato to review and report on the performance of HCC's past and current economic development initiatives and suggest changes that will improve performance and support the development of the HCC 10 year Strategic Plan 2012-2022.

Council has articulated clear Visions for Hamilton and considerable progress has been achieved in collecting the information necessary to make informed decisions in this context. The design of programmes with goals promoting the attainment of the Vision is progressing and quality explanatory reports and documentation prepared. HCC, recognising that past performance may not have necessarily resulted in the desired outcomes, has posed six questions that are important in terms of future HCC programme goals and attainment of the Vision:

1. What sectors contribute and are most likely to contribute most to Hamilton's economy - the growth "engines" of Hamilton?
2. How does HCC better focus our resources and remove barriers to support these key areas?
3. What levers (including policy) does HCC have and how are these better applied? Specifically, we want clarity of what economic development initiatives HCC should support, how and to what extent (scope), including financial envelope range.
4. What is the appropriate funding/governance/ownership structure for Council to participate and fund economic development in the future (RTO and EDA)? Should Economic Development be brought in-house or is it appropriate to continue to outsource?
5. What is the role of Council to facilitate new commercial property developments in the CBD?
6. Are there appropriate effectiveness and efficiency measures, including benchmarks for Council activities?

The context in which these questions arise reflects the development by HCC of a clear Vision statement with goals, objectives and strategies to deliver theses. The Economic Development strategy is a key plank in the thinking and framework whereby HCC will move to the attainment of its Outcomes and Vision for Hamilton.

IBR has given careful consideration, in regard to economic development, to HCC documentation, the views of internal stakeholders, views of agencies funded in part by HCC and signatories of the Economic Development Strategy – Ambition for our City (2008). The results of interviews conducted are reported in Appendices. Those undertaken with non-HCC staff were subject to an ethic committee approval and the summaries were agreed with those interviewed before inclusion in the report. Recent international and national research relating to the role of local government in economic development was reviewed and IBR undertook analysis of the main drivers of the Hamilton economy using a 114 sector economic input-output model. It is noted that the work of the Waikato Regional Council and the Ministry of Economic Development/Local Government New Zealand Core Cities project has direct bearing on the HCC Economic Development strategic thinking and is integrated into the analysis undertaken by IBR.

Economic development, as a central aim of HCC, is currently reflected in fragmented goals and objectives of multiple activities and agencies and is providing suboptimal results.

An organisational structure that provides clear recognition of the importance of this aim is necessary. The new Economic Development and Events Group in HCC has the potential to make significant improvements in the value for money spent by HCC. Economic development through activities and agencies requires both capability building and clear management leadership. The design of clear guidelines, monitoring of outputs and a nurturing of a culture of economic development needs to be implemented.

In developing an Economic Development approach for the future, HCC should give consideration to identifying the overall vision and targets for Economic Development in the city and evaluate options for the various activities to achieve this. HCC has made clear progress in this regard but further work is needed to implement clear programme goals and measurable output measures that are clearly aligned to the desired outcomes. It is noted that Hamilton serves as the metro city for a region and collaboration with others parties in the region will stimulate economic development. HCC needs to first put in place a structure and capacity to strategise, plan, manage and report on economic development before looking more widely. IBR suggests that the first three years should focus on capability building and delivery at a mainly city level with a gradual, planned expansion into regional cooperation and partnering for economic development to follow.

The recommendations are:

1. The Economic Development Strategy needs to clear with short-, medium- and long-term goals setting out what the Strategy seeks to achieve in relation to economic development within a specified time frame. Statements concerning the desired outcomes need to be matched with measurable outputs.
2. The range of employment, social, cultural, recreational, business and educational opportunities, which can improve the overall quality of human life and attract people and investment, need to be reviewed by HCC. This may be restated as a priority for HCC as it works to identify best practices for sustainable economic development in cities.
3. HCC should leverage the strong education, research and technology industries in the region. It potentially can transform itself into a unique science, health and high-tech enterprises hub serviced by world class infrastructure and business services. HCC could, for example, decide it will move into providing electric vehicle chargers in parking facilities, electric buses, trams, etc, as part of a process of finding its point of distinction from Auckland. This fits with a strategy of economic development that isn't just growth but quality of life, and a distinctive city.
4. The Economic Development group is essential and needs have appropriate staff to:
  - a. assist the HCC executive and Council with strategic thinking about economic development – by March 2012
  - b. facilitate staff capability development concerning economic development aspects of all HCC activities – by April 2012
  - c. refocus external agencies to an outcome oriented approach to economic development measurement of activities – by May 2012
  - d. liaise with industry concerning economic development activities – February 2012 onwards
  - e. liaise and work constructively with other councils to develop a regional focus on economic development that will benefit Hamilton – initial contacts December 2011 and real work programmes from July 2012.
5. The oversight of HCC executive of Economic Development needs to be strengthened.

The Economic Development Strategy needs to clear with short, medium and long term goals setting out what the Strategy seeks to achieve in relation to economic development within a specified time frame. Statements concerning the Outcomes desired need to be matched with measurable outputs. The range of employment, social, cultural, recreational, business and educational opportunities which can improve the overall quality of human life attracting people and investment need to be reviewed by HCC. This may be restated as a priority for HCC is to identify best practices for sustainable economic development in cities. Considering the initiatives of HCC the following can be taken to develop best practices for achieving economic development goals.

HCC has the opportunity to leverage of the strong education, research and technology industries in the region. It potentially can transform itself into a unique science, health and high-tech enterprises hub serviced by world class infrastructure and business services. HCC could for example decide it will move into providing electric vehicle chargers in parking facilities, electric buses, trams, etc. as part of a process of finding its point of distinction from Auckland. This fits with a strategy of economic development that isn't just growth but quality of life and a distinctive city.

## Introduction

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Hamilton City Council (HCC) requested the Institute for Business Research (IBR), University of Waikato, to review the performance of economic development initiatives relating to Council. In particular, six questions were raised:

1. What sectors contribute and are most likely to contribute most to Hamilton's economy - the growth "engines" of Hamilton?
2. How does HCC better focus our resources and remove barriers to support these key areas?
3. What levers (including policy) does HCC have and how are these better applied? Specifically, we want clarity of what economic development initiatives HCC should support, how and to what extent (scope), including financial envelope range.
4. What is the appropriate funding/governance/ownership structure for Council to participate and fund economic development in the future (RTO and EDA)?
5. Should Economic Development be brought in-house or is it appropriate to continue to outsource? What is the role of Council to facilitate new commercial property developments in the CBD?
6. Are there appropriate effectiveness and efficiency measures, including benchmarks for Council activities?

IBR's analysis incorporates economic analysis, interviews with HCC managers, managers of associated entities through whom HCC purchases services, signatories to the Economic Development Strategy (2008), a review of HCC documentation and independent research pertaining to local government and economic development. Approval for the interviewing of third parties was obtained from the Ethics Committee of the University of Waikato Management School with acceptance of the transcripts of interviews and summaries of interviews presented in Appendices to this report being obtained from all respondents.

The current environment for Hamilton, the broader region, New Zealand and the global economy has multiple problems. Fiscal constraint and the need to adjust balance sheets, in a concerted way to reduce debt, occupies the thinking of institutions from across this broad spectrum, from international organisations to small businesses in Hamilton. HCC has a key role to play in the local economy and the Economic Development Strategy is pivotal to the productivity, competitiveness and future of the people of the region.

The Economic Development Strategy needs to be owned by the local community and must be developed in partnership with external stakeholders and accepted by them. Regular reviews and communication of attainment will be essential to maintain the integrity of the process.

Careful consideration is needed of the regional context and in this space there are two key partners. The Waikato Regional Council is addressing its role as a participant and leader in regional economic matters. Its thinking is at the formative stage and close liaison will be essential. Other territorial authorities in the region are the second set of partners. There is a need to appreciate the interconnectedness of activities and to harmonise these to promote more efficient and effective activities. HCC involvement with the Ministry of Economic Development led Core Cities project will highlight these input/output relationships where Hamilton as the metropolitan city for the Waikato both influences and is influenced by the region. The upper North Island initiative similarly highlights the need to model economic development for Hamilton as part of a bigger picture.

The manner in which HCC delivers its Economic Development Strategy is important. There are several organisations outside HCC that are funded to engage in economic development related activities. As noted in this report, the need for clear service-level agreements that clearly articulate the required outputs and internal understanding of how these move HCC toward its Vision are essential.

HCC has embarked on a new approach to the betterment of the people of Hamilton and Economic Development is core to this Vision. HCC recognises that how things have been done is not necessarily the best way forward and this report suggests several new approaches. Some of these involve difficult choices and the report makes recommendations in a dispassionate manner and tries to the maximum extent possible not to reflect any political thinking, which is clearly the domain of HCC's Councillors.

## Questions:

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*Question 1 - What sectors contribute and are most likely to contribute most to Hamilton's economy - the growth "engines" of Hamilton?*

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### Summary

The key engines for growth are primary-production related, education, research, health and businesses services. HCC economic development can leverage these to move toward the attainment of the HCC Vision.

Hamilton is a city in a rural-based economic region. There are strong linkages between businesses in the city and the region. The hospital services the region, the university and polytechnic serve the region, produce from farms is processed in the city, etc. Accordingly, an economic analysis of what contributes most to the Hamilton economy will reflect these interdependencies. The 114 sector input-output model developed within the Faculty of Management provides measures relating to the contribution to gross regional product (GRP). Those sectors that contribute the most GRP may not be the fastest growing sectors. It is important to appreciate the scale of the sectors - such that a 1% growth in the largest sector may create more GRP and fulltime employment (FTE) than the fastest growing sector increasing by 300%. Retail is a big employer but not a high value growth engine. Most of the items sold come from outside the region and the pay rates for those employed in the sector are not high. The economic flow on of expenditures by employees in retail and hospitality is low compared to that of higher paid professionals.

The importance of sustainable economic growth is core to determining where HCC might appropriately channel economic development resources to best lift the wellbeing of citizens.

The model of the regional economy suggests that the major "engines" are:

1. Primary production and processing
2. Education
3. Research
4. Health
5. Business services

Representatives of the signatories to the Economic Development Strategy were individually asked for their respective response to the question. There was a high degree of consensus, as reported in

Appendix 3 Table A3-1, for the top three in the consolidated list and the remainder were less well supported. Their list is:

1. Rural
2. Education
3. Research
4. Specialised manufacturing
5. Health, Food manufacturing & Energy

The two lists do differ on first inspection. However, when rural in list two is expanded to encompass the food manufacturing component, the lists are almost identical. The specialised manufacturing sector is growing and the business services sector, including smaller business and the larger law, accounting and advisory firms, is a significant component of the local economy. The two lists emphasise the contribution to regional product, not just employment. Schools are the largest employment sector in the economy but they are not the key driver of economic development. Education as a whole group does play a very significant role.

The outlet for these sectors continues to be promising. Balanced growth, rather than putting all eggs in one basket, may be preferable. This ensures a greater diversity in the population and will also promote the synergies between sectors that will fuel growth. Research needs education, and as these two sectors grow it expands another sector as it is a more attractive place for health professionals to locate given the type of people who live here. There is a tension between sticking to one's knitting and promoting economic development. Agriculture/primary is the biggest but it does have its ups and downs, so a balanced approach is more prudent.

### ***Primary production***

Further value-add is an essential component of the necessary productivity potential to increase the well-being of all New Zealanders. Waikato is a rural production centre and further allied activities will necessarily grow. There will be a demand for suitable land, energy, water, waste disposal, transport and labour. The proposed Ruakura Estate multi-modal transport hub is one initiative placed centrally into this mix. There are other opportunities for further development of primary sector-based businesses other than those associated with the dairying sector. The importance of diversification is not just a Hamilton or Waikato issue but a whole of New Zealand concern.

**Education**

The education sector is a major contributor to the regional economy. The study of the economic impact of the University of Waikato released in 2011 provides a clear indication of the significance to the economy. The draft *Review of Tertiary Education Needs in the Waikato Region* strongly points to continued growth. An analysis of the demand side influences focuses on the need to better serve Maori, industry foci like the aviation industry, energy, etc, and recognition of the most high growth sectors in the regional economy. International students attending all levels of education are a major contributor to the local economy. Homestay, flats and houses are well supported by international students. These numbers can continue to grow as they are outside the Government's cap on local tertiary students.

**Health**

The health sector will continue to expand. There are obvious demographic drivers associated with an expanding population and, importantly, an aging population. In addition, the structure of the health sector is likely to change further. Improvements in transport corridors and technology are likely to result in larger centralised base hospitals; such centralisation will play an important role in driving productivity gains and cost controls. Hamilton as the core city will likely see the health service provision expand. It is also possible that Government will move to reorganise the Health Board structure in 2012 with a reduction in the number of regions and an expansion of administrative servicing from a Hamilton base.

**Business support**

Smart City orientation of Hamilton fits well with an economic development strategy strengthening the research, innovation and commercialisation of ideas built upon the key economic sectors of the region. The potential to build commercial activities related to support services, such as back office processing for banking, insurance and other Auckland-based commerce utilising high quality communication capability, also fits with a Smart City orientation. The extent to which information communication technology will shape commerce and all activities over the next decade is huge. If for a moment we pause to think of the change across our telephone usage and integrated television computing and communication equipment over the last 10 years, the increasing pace of change gives rise to the potential to be at the fore and reap the rewards.

*Question 2: How does HCC better focus our resources and remove barriers to support these key areas?*

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**Summary**

HCC needs to participate in partnership models with business and other institutions contributing to economic development. The economic development and leadership forums held in the past may be revived with a selective participatory group supported by a communication plan that provides regular feedback of progress through Council and implementation by HCC.

A communication plan is necessary to inform external stakeholders on economic development activities and achieved outputs. This must not be puff or gloss but rather structured milestone reporting on progress and achievement. The Business Hamilton communication does not appear to have gained traction with those interviewed. News stories are interesting for the public but a more focussed stakeholder reporting is necessary.

Consolidation of economic development services is important. A fragmented approach initially justified on the grounds of special focus has been lost overtime with agencies engaging in broader spheres of activities. These need to be consolidated and if they are to remain outside HCC as independent organisations, the purchasing agreements need to be tightened and not used as a means of keeping them going.

The reduction in red-tape and lowering of the cost of compliance is essential for efficiency reasons and as a demonstration of partnering to achieve economic development. New technology as a Smart City needs to be leading not following the growth sector institutions and organisations.

A distributed presence of HCC in Hamilton and movement away from the CBD focus is necessary to establish partnering for economic development.

HCC needs to undertake external and internal actions.

Externally, HCC needs to position itself as an active partner of key institutions, organisations and business pursuing a transformational agenda that will make Hamilton a better place to do business, to live and to enjoy recreationally. The investigation undertaken revealed very deep concerns across a significant range of respondents about how Hamilton had operated in the past. These referred to the politics of Council and the way decisions were made over the last decade with a more reflective memory of more recent terms of Council. Whether the characterisations are accurate may be

disputed but the over-arching results are that HCC (1) does not work with partners, (2) HCC is not interested in the region, (3) HCC has shown poor judgement over expenditure decisions, as shown in responses in Appendix 3.

The big gain is to be made from getting business to work with HCC. An enhanced two-way communication plan with a genuine effort to involve and obtain buy-in from business and other organisations is needed. The weakness of business organisations, such as the Chamber of Commerce having low membership, a retailers association, A City Heart group, a hospitality association, etc, possess difficulties, but it is likely that as fora are arranged for consultation there will be some consolidation among the business voices. There is an obvious danger of playing favourites and of listening to those who will reinforce preconceived views. Careful strategic thinking to get good cross-section is needed.

The brand Hamilton City is important in terms of external attractiveness but also how people living in the city view it. Events are closely linked to the brand and it is very important that events are seen as brand enhancing and strengthening. The brand guides the types of events to be run, and the manner of promotion should strengthen the perception of the brand. The V8s were, in some circles criticised as being bogan. Boobs on bikes, erotica shows, etc., fit nicely with sin city branding but may not be complementary to the positioning of a city trying to build and attract international students, at least with their parents' support.

There are smaller initiatives that can be taken to make Hamilton a better place to do business. While these are relatively small, they play an important role in promoting the picture of a good city in which to do business. The reduction in red tape was cited by respondents but clear examples were not provided. The red tape issue can often arise when you are told one thing and when that is completed there is another step to take. A clear explanation of the full process can help. Steps are already underway in this regard.

A single place to direct enquiries and informed redirection to a case-worker who will see the matter through to completion is important. Access should be available through multiple media choice, e.g, phone, in person, email, fax and letter. The continued strengthening of the local government servicing is important to promote a believable Smart City profile.

Distributed HCC presence, such as an enquiry office at Chartwell and The Base would enhance service to smaller business owners who find it challenging to get to Garden Place and prefer to interact with a person in the first instance. There is a cost element to this form of wider service level provision but it needs to be balanced with the perception of HCC being Garden Place centred and CBD focussed. Flexible hours of opening and ease of access are now expected by the community as reflected in banks open on weekends at major shopping malls. The convenience factor for smaller business is important.

The continued expansion of the e-local government capacity is important. An ability to get prompt response to questions direct from the web page is increasing the expected norm as social media, like Facebook and Twitter, grow in popularity. HCC needs to consider how these trends relate to successful promotion of economic development.

Internally, HCC needs a clearer understanding of how its various expenditures contribute to economic development. Neither the HCC internal activities nor the external entities providing services to HCC were sufficiently clear as to what economic development outputs were being achieved. The activities did have objectives that were measured and reported but the orientation, for the most part, was not toward economic development. Activities such as museums and parks play an important role in the cultural and recreational goals of the city. These are important in terms of providing a quality of life that will attract employees and their families. The contribution needs to be better understood. Events which came closest to relating activities noted the number of visitors to the Hamilton but did not present a linkage as to how this contributes to sustainable economic development. Potentially an event might attract people but do more harm than good to economic development through disruption to business activities, congestion and travel delays, etc.

*Question 3: What levers (including policy) does HCC have and how are these better applied? Specifically, we want clarity of what economic development initiatives HCC should support, how and to what extent (scope), including financial envelope range?*

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### Summary

Use infrastructure investment, both hard and soft, to enhance economic development by making Hamilton a great place for doing business, working and living.

Facilitate spatial clustering of business through the District Plan reviews, considering the allocation of areas and simple transport options to and from for support services such as schools and amenities. This may have cross- district boundary implications.

Explore how private- public partnerships with and around research institutions, like such as CRIs, might bring transformational industry to Hamilton promoting on-going economic development.

Support new businesses through performance incentives.

Encourage small business with a mentor (“case worker”) in their transaction with HCC and getting established.

The District Plan needs to be open and transparent and not to be seen to protecting “parties”. It needs to promote economic development in an orderly manner, recognising the changing patterns in doing business and lifestyle needs.

HCC has a range of levers it can use to advance sustainable economic development. The aim is to build the economic capacity of Hamilton to improve its economic future and the quality of life for all. It is a process by which public, business and nongovernmental sector partners work collectively to create better conditions not only for economic growth but also employment generation.

HCC can promote a local investment climate that is functional for local businesses, which is supportive of small- and medium medium-sized enterprises and encourages the formation of new enterprises. This requires HCC to have a proactive planning approach. The importance of investing in physical (hard) infrastructure (utilities and roading) needs to be complemented with investing in soft infrastructure (educational and workforce development, institutional support systems and regulatory issues). The DP is a key instrument. There needs to be reorientation toward will this promote economic development as planning is considered.

Events run to use facilities and contribute to fixed costs is positive for HCC and the extent to which they target key growth engines more economic development results are achievable. Is the event of importance to those in the research sector? Is it encouraging scientists to want to be in Hamilton by choice? All events should clearly indicate how it they will contribute to economic development and not just whether it they will attract visitors.

The parks such as like Hamilton Gardens provide another excellent amenity that can readily be seen as contributing to the good living of Hamilton, from opera to teddy bear picnics, but the links to economic development strategy are not yet transparent. There is a lot of work to be done in drawing the threads together. National Fieldays and the City provide an example of the regional focus with which Hamilton needs to move to embrace.

The economic growth engine analysis suggests there is scope for supporting the growth of particular clusters of businesses. The development of clear industry cluster areas around Innovation Park, and key industry groups such as aviation are important. This is a planning (zoning) issue in part. There is a need for to ensure quality infrastructure and transport routes for supply and work force to desirable accommodation. The proposed development of Ruakura Estate as a multi-modal transport hub provides an illustrative example. Where will people live, how will they bring children to crèche, preschool, school and enjoy sports amenities and cultural activities? Workforce planning and profiling are needed to ensure commuting and family issues are brought to the fore. is needed.

To provide an out of Hamilton development example, but with Hamilton issues, is to consider the implications of an engineering hub at Titanium Park. Where would people live, bring children to crèche, preschool, school and enjoy sports amenities and cultural activities? Planning and profiling would be needed to ensure commuting and family issues are brought to the fore would be needed. The development of cluster regions can form the basis of private-public partnerships. Flow on potential from Crown Research Institute to other science business warrants more attention. The private sector science companies that have an alignment with a CRI need to be attracted. Without intending to push hype; if consideration is given to overseas examples of Silicon Valley California US, CyberCity in Hyderabad India, GreenCity near Quatre Bornes Mauritius, then there appears to be a potential for concentrations of companies surrounding universities and Research research institutes. Food processing flowing from dairy at Innovation Park is a local example but more can be done to attract other “industry” around local CRIs. Innovative partnershiping of HCC with land and planning to achieve these ends is needed. The potential to expand the research hubs with national and

international investment needs to be explored carefully as part of HCC's economic development strategy, noting the links to town planning.

The support of for new business in key areas should be fostered. Assistance should not be straight subsidies but performance oriented. An example is where those who engage in "how to run a successful and sustainable business course" get a rebate on the outdoor dining permit fee. There is a high failure rate for small business. The A reduction in the churning of small business and especially the high failure rate, noting that the national average says 70% of small businesses are not around after 5 five years and there are no numbers to show Hamilton is improving on this, which suggests working to achieve sustainability may assist in economic development. The number of businesses associated with trade and professional bodies and the nature of support for new businesses needs to be better understood. HCC may play a role in facilitating a buddy/mentoring arrangement through relevant industry groups as businesses apply for licenses, etc. Such activities need to be very focused and not just drain on HCC funds.

*Question 4: What is the appropriate funding/governance/ownership structure for Council to participate and fund economic development in the future (RTO and EDA)? Should Economic Development be brought in house or is it appropriate to continue to outsource?*

### **Summary**

There needs to be a clear use of a return on investment/return on asset approach to economic development.

The consolidation of economic development activities into a single group to achieve the necessary focus and capability build is necessary.

There needs to be clear accountability for outcomes relating to the Economic Development Strategy.

There needs to be a clear pathway to move toward a regional focus whereby HCC partners other Territorial Authorities, including the Waikato Regional Council, to promote economic development that benefits Hamilton and contributes to Vision attainment.

The associated agencies need to be consolidated.

The airport's orientation to achieve economic development needs to be addressed

The regional tourism office should not be established as a separate entity because risk analysis has so far been inadequate. An RTO failed in the past and any repeat, especially for a larger scoping unit, will be detrimental to economic development. Tourism is a key component of Hamilton and the regional business sector and contributes to economic development; the amount of contribution to Hamilton needs to be known. It would be premature to start up new bodies until the new Economic Development and Event Group is up and running and can analyse how the sectors can work together to maximise economic development.

If HCC does choose to internalise its economic development activities, currently purchased through external agencies, it should include a timetable to review this decision with a clear expectation that a new set of external agencies with a more regional focus will be co-sponsored with other councils in three years' time.

HCC needs to know the cost of money it uses, i.e, its cost of funds. Money that is raised by rates is not free, as is obvious from ratepayers' reactions when the amount goes up. In economic terms this

is called the opportunity cost, recognising that ratepayers could have used that money across a range of alternative possibilities. This is the same as saying that if the money was not taken by HCC as rates, then ratepayers should have had it available and could have obtained a return on it.

Treasury provides figures for Crown agencies of central government for their required return on funds, known as the capital charge.

(<http://www.treasury.govt.nz/publications/guidance/circulars/pdfs/tc-2001-16.pdf>).

The required rate of return on assets for council needs to reflect the cost of funds, i.e., the balance between debt and rates used. This cost of funds is known as the weighted average cost of capital or WACC for short. Projects should be able to show that the benefits are greater than the costs. This typically involves undertaking a net present value type calculation and this WACC is the appropriate discount rate. For rate funded projects, 14% is a good starting number.

HCC has considerable work to undertake in order to establish an economic development aim percolating through all its activities. This will require focus. To ensure that the strategic thinking, planning, capacity building and systems are not over stretched, it will be simpler if all economic development programmes are conducted through one “manager”. The new Economic Development and Event Group needs to get on top of things and this may be best achieved by internalising all economic development activities and sorting them out.

The continuation of some external purchasing may continue. This should only be the case where HCC is confident it can be shown this is cost effective and there is the necessary contracting expertise available in HCC to monitor activity and measure economic development outputs and outcomes. No expansion at the HCC operational level should be considered for at least two years while the internal issues are sorted.

This has direct implications for relationships with Opportunity Hamilton, Soda, Innovation Waikato Ltd, and City Heart. Why are they separate entities? What are the synergies? Do they separately serve economic development so well as to continue to receive funding, and where would they sit in the bigger picture of Hamilton’s role in regional economic development?

There is no clear model used for all metro councils as apparent from Table 1 below. Appendix 6 has notes on the various approaches.

Table 1 - Economic Development Activities of Regional Cities

	<b>In House</b>	<b>EDA</b>	<b>RDA</b>	<b>Notes</b>
<b>Auckland</b>		X	X	
<b>Wellington</b>		X	X	
<b>Christchurch</b>		X	X	
<b>Dunedin</b>	X			Part of EDA of NZ
<b>Hamilton</b>	X	X		Part of EDA NZ

The regional tourism organisation wishes to be a separate entity. Opportunity Hamilton would like to be mandated to be a regional economic development organisation and there is strong support for Innovation Park as a growth vehicle.

The proposed restructure of HCC to create an Economic Development and Event grouping provides the opportunity to recruit personnel who understand economic development. This group will provide sound, strategic thinking regarding economic development and planning, and support for the Chief Executive and Councillors. In the current financial situation it is considered that money spent on internal capability building with guidance on how to see economic development aims embedded in other activities will prove important. The suggestion is that the major focus of attention should be to work in a fiscally neutral manner to develop output across all activities. Savings can be achieved from external contracting to support a better focus internally.

As the metropolitan city of a region, Hamilton does need to work with other territorial authorities and the Waikato Regional Council in a consultative way to harmonise goals and programmes. There is the potential to create a regional economic development agency. A mayoral forum provides the governance mechanism to commence formal discussions to this end. Senior officials supporting the mayors can promote the policy framework and work to ensure that adequate capacity will be present to move in this direction in 2014.

The work currently being undertaken as part of the Core Cities project due for completion in mid-2012 will provide valuable guidance as to the interlocking nature of the region and Hamilton. This will be of value to the HCC going forward toward a regional economic development agenda.

The Waikato Regional Council was due to complete a regional economic stock take at the end of September. WRC has developed a multi-sector regional economic model which can provide important understandings of how regional economic development initiatives may work. HCC needs to clearly understand what role WRC will play in these matters.

Hamilton Airport is an important issue in terms of both regional and Hamilton economic development. Consideration has been given to the expansion of the airport facilities with aims of expanding tourism and business activity. Two debates of importance currently concern whether expansion is a good thing given the proximity of Auckland with good motorway access and the membership of the board needing to have a director with links to a major airline and major airport. While there are multiple options for restructuring the airport company, it is important to note when addressing the question of its value, that there is a lot of commerce that would not be here if there were no airport. Rather than looking to additional travel, consider what exists; in economic terms rather than marginal analysis, think of the infra-marginal. Without the airport the CRIs, many businesses etc., relying on air transport to Wellington and Christchurch would relocate.

The airport has considerable property interests and may move toward generating more revenue from this sector. This type of morphing presents both governance and operational problems. The question of having people on the board directors who are involved in aviation, such as on the board of Wellington Airport or an airline, and are well connected with national and international property development, needs to be addressed.

*Question 5: What is the role of Council to facilitate new commercial property developments in the CBD?*

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**Summary**

HCC land and buildings have a place in the Economic Development Strategy.

Land and buildings should achieve a required rate of return on investment, e.g. a minimum of 14%.

Building and land should not be operated at a loss to subsidise specific parties.

Building and land returns should be transparent.

Some short-term hard financial decisions may need to be made to deal with ineffective land or buildings in the portfolio.

Land offers potential for public-private partnership developments to promote economic development.

It not obvious the HCC has any comparative advantage as a developer of property and this is likely to be the case..

This is a particularly difficult issue. HCC owns key properties in the CBD and these can be used to attract commercial tenants. There are schemes running in other centres, such as Rotorua, where their council has established a pot of funding available to subsidise rates in a bid to attract development and tenants into the CBD. Revitalising the Hamilton CBD is a vision of HCC and the commercial property portfolio could easily be seen as a vehicle for keeping business in the CBD through subsidies. This would be a mistake. The use of ratepayer subsidy to attract tenants would become an on-going drain on HCC funds. Revitalising the CBD, from an economic development strategy, does not mean trying to main historical status quo usage at significant cost.

Planned commercial development at The Base and in the future at Ruakura will put pressure on the CBD rentals. If HCC wants to keep its buildings full it will have keep lowering the rental. HCC needs to ask how these assets can best be used to promote economic development and the City Vision. In the end, some very difficult financial decisions may be necessary, but on-going distortions in land use through subsidies to specific parties is not good for economic development. If HCC cannot get a reasonable rate of return from its buildings, say 14%, then it should seriously consider redeploying the investment elsewhere.

The ownership of city land and use for amenities and land rental for commercial developers is quite different. The issue is not whether HCC should be divesting itself of endowment lands but rather whether it should compete with other commercial property developers using ratepayers' money as subsidy to tenants.

Council as custodian of certain key assets needs to use these wisely. Land can play an important role in the economic development of Hamilton. The River Road Carpark, Victoria on the River, etc., can be used to shape the way forward to the Hamilton Vision.

Does HCC have a comparative advantage in actually undertaking the developments in competition with the private sector? HCC continues to face criticism for its interest in hotel accommodation, which is seen by other hotel and motel owners as direct competition. The provision of land as part of a public-private partnership is different to direct investment. HCC needs to establish guideline returns and then encourage the developments. It is not obvious that it should be directly running such portfolios itself. HCC history suggests that there is a temptation to confuse objectives and the returns slip and subsidies start to emerge.

The subsidy necessary to remain competitive will continue to increase and the question is what alternative use could be made of the money? That is, given the opportunity cost of 14%, should it not be used for economic development rather than as a subsidy for tenants? If HCC commercial properties are making an acceptable positive return, i.e, greater than 14%, then the short-run answer is to retain them so long as this is seen as a sustainable return.

If the current commercial property in the CBD is to be challenged by supplies in alternative locations, then HCC has options over the longer-term to reshape the whole outlook of the city toward the river and bring to the city heart a whole new living direction not based on office worker space.

The city centre as a regeneration or growth initiative is a key vision of HCC. The Smart City concept needs to consider carefully whether central Hamilton is to be a commercial hub. The issue is the extent to which changing technology and distributed work patterns will impact upon the way business is undertaken. The Auckland CBD project notes the trends toward inner city living; businesses in the city want proximity to other businesses and businesses that locate outside the CBD basically do so because of cost. The development of commercial space at The Base and later at Ruakura Estate is likely to result in excess supply. HCC needs to carefully consider the extent to which it will subsidise businesses to locate offices in the CBD.

In the broader context of how economic development has a key role to play, HCC has the potential to encourage economic development through the district plan and also the way in which it applies reserve contributions. These may be waived or deferred for a period to achieve specific economic development objectives. A high degree of transparency around such arrangements is necessary.

*Question 6: Are there appropriate effectiveness and efficiency measures, including benchmarks for Council activities?*

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**Summary**

For each HCC activity, ask, does this contribute to Economic Development Strategy?

How does this activity contribute to the Economic Development strategy?

Develop KPI measures that reflect efficiency.

Develop output measures that reflect effectiveness.

Council has adopted a new vision and much work has been undertaken in HCC to understand the environment and develop strategic thinking about how to move forward to achieve the visions. Economic development is one such strategy to provide sustainable economic advancement that will contribute to the well-being of the people of Hamilton and to encourage more appropriate “immigrants” to the city.

HCC has produced some clear conceptualisation of how to move forward and collected key economic, social, cultural and environmental data to support analyses directed to the attainment of the vision. This work is good and with further research, such as into Tertiary Education needs and the Core City project, HCC is well positioned to move toward the Vision.

As recognised by HCC, in commissioning this research report, there are gaps to be addressed.

All HCC activities have performance indicators but these are not outcome orientated. The indicators are helpful in determining whether specific goals have been attained. The focus of the goals does not adequately reflect the breadth of the HCC visions and more work is needed in this area. In terms of Economic Development, this is missing from most activity reporting.

This is fixable. The issue is not one of competence but one of realignment of thinking about matters. With facilitated training, the necessary incorporation of Vision into goals and appropriate measures can be attained. The leadership is available and the necessary change in culture that will be required should be achievable. Staff need to have the capability to see the economic development issues and to be able to design proper outcome measures and there needs to be developed a culture of economic development thinking.

### Example 1.

An activity to promote small business in Hamilton could incorporate a planning and buddy component.

These are input oriented measures:

Number of workshops to be offered	Number of workshops run
Anticipated attendance	Actual attendance
Follow-up contacts planned	Actual follow-ups

### Outcome measures

New business starts in period	Small business closures in period
Increase in profitability forecast	Profitability increase achieved (based on sample)
Increase in number of employees anticipated	Increase in number of employees achieved (sample)

### Example 2

Parents want their children to receive a good education and decisions about moving to and staying in Hamilton may incorporate this consideration. Museum can play a part in this mix

Schools to visit planned	School visits actual
Schools rebooking for next year planned	Schools rebooking for next year actual

Working with employers, is it then possible to highlight such activities as supporting education in Hamilton, making it a better place to raise children?

## Summary

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Hamilton City Council has clearly stated visions and is a developing framework for achieving these outcomes through programmes with well-articulated aims. Economic Development is one of these aims.

Progress needs to be made to embed the Economic Development aim into all HCC programmes to the extent that it is relevant. To achieve this, HCC needs to develop leadership and expertise in economic development. A reorganised structure combining Economic Development and Events is an appropriate first step. Further work is needed to assist staff to understand how the various activities with which they engage relate to economic development. This will require some reorientation of the culture in some activities. The core capability is present and can be developed through in-house training.

The linkage with external agencies through which HCC purchases economic development programmes needs to be carefully considered. There are political issues involved in terms of linkages to other organisations. It is recommended that the services should be internalised and that an agreed period for realigning these to a regional orientation with other interested parties being involved should be set. This could be achieved through a regionally oriented Waikato Innovation.

Feedback from external parties was critical of the past performance of HCC in terms of its lack of regional orientation, lack of real dialogue with business and other organisations, and its unwillingness to work collaboratively. It is recommended that HCC put in place communication and consultative frameworks.

The cost of services and what is being attained is unclear as there are inadequate measures of economic development outputs. This can be addressed and HCC has the capacity to do this. Some testing is appropriate and work-shopping would be a desirable process to follow. Acceptance that a reasonable rate of return is to be achieved on outlays, including assets is important. On-going subsidies need to be carefully considered and competition with other providers, such as office space, needs to be very carefully considered. The role of HCC in purely commercial activities that could be undertaken in the private sector or sold down to the private sector to reduce debt and promote economic development also needs to be considered.

## Appendix 1 Gathering Data

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A stocktake was undertaken of current economic development related entities, assets and initiatives. This was to include but not necessarily limited to:

- a. Innovation Waikato
- b. Opportunity Hamilton
- c. SODA
- d. Hamilton central Business Association
- e. Waikato Regional Tourism Organisation
- f. HCC Events sponsorship Fund
- g. CBD landholdings
- h. Claudelands event centre
- i. Municipal Endowment Property portfolio
- j. Waikato Expressway & “Ring road” projects
- k. City heart Revitalisation project
- l. Digital Hamilton Strategy
- m. Hamilton Urban Growth Strategy
- n. District Plan Review – Fastforward document

HCC provided the researchers with contact to HCC staff who have responsibilities for each of the activities to be studied. A set of questions were developed and sent to the staff.

The activities or programmes of HCC to be approached in the first instance were restricted to 14. The initial step was to provide each manager with a table highlighting the information sought. Managers were asked to either complete the table and or provide written documentation such as business plans, annual reports and other internal documents that would provide the information the researcher sought. An appointment for an in person interview was simultaneously arranged and through these discussions further information was obtained. An interview with the leader of each unit was arranged and conducted. This provided the unit “manager” an opportunity to amplify matters and assist the research in clarifying goals, outputs and time frames. These discussions were generally cordial and helpful and in most cases the managers appreciated the opportunity to reflect on the economic development aspect of their work. Some managers subsequently sent in further hard copy material deemed to be relevant following from the discussion.

Activities were helpful and endeavoured to provide such information and/or documentation as they reasonably had available. This material was scanned to a server where is held for analysis and will be

deleted on completion of this assignment. The documents were analysed individually to record the statements that clearly contributed to goals of economic development, the key performance indicators, and the reporting schedule to Council regarding achievements in the economic development space.

A Table of information was completed for each unit and from these a number of general observations are extracted. The completed tables were returned to staff to check for accuracy and completeness. The individual Table for each unit is available as Appendix 1.

Joint Venture entities were approached in a similar manner to the HCC Activities. In addition as these organisations were external to HCC Research Ethics Approval was sought and approved provided for the researchers to interview and collect information from key personnel for the purposes of this study. Overall the responsiveness of the JVs has been slower and the level of active helpful assistance is lower compared with HCC Activities. This suggests that HCC needs to change its purchasing agreements with agencies in the future.

## Findings

The results are reported in three steps relating to HCC Activities, Joint Venture and Partners.

### HCC Activities

Table 2 presents the summary of responses from HCC Activities. It is noted that Activities were all well run in terms of output measures, Reporting and Audit. Each unit and its respective manager had a clear vision of what it was doing. The link to Economic Development was not clear. There are programmes that may contribute to economic development but this was not recognised or the consequence of deliberate planning.

Table 2

Economic Development Orientation of HCC Activities								
	Annual HCC Investment	Vision	ED Focused Objectives	Outcome measures	Output measures	Reporting of performance	Audit of performance	Council Department
Events sponsorship	Yes	Yes	Partial	No	Yes	Yes	Yes	Yes
Event facilities	Yes	Yes	Partial	No	Yes	Yes	Yes	Yes
Endowment fund		Yes		No	Yes	Yes	Yes	Yes
Roading	Yes	Yes	Partial	No	Yes	Yes	Yes	Yes

The key points to be observed is that no activities clear identify the linkage to Economic Development outcomes and no activities have performance measures associated with economic development. Roothing does go close in part but does not close the loop. Council property is a unique resource which when aligned with the aim economic development can yield considerable growth. Currently, there is a lack of congruence and focus in property goals and objectives. Economic development opportunities for HCC need to be more clearly articulated. The sectors which contribute most to economic growth in the City and the Region need to be more central to the goals objectives of HCC activities.

### Agency Initiatives

On the basis of the information available so far it appears that there is very limited hypothecation between an aim of economic development and the activities of these JVs. The JVs pursue measurable programmes which are successful to some extent.

Table 3

## Economic Development Orientation of JVs

Activity	HCC Investment	ED focused Vision	ED focused Objectives	Reporting of performance	Audit of performance	Ownership Structure	Governance
SODA	Investment to date: \$279,000 for building upgrade + \$3500 TEAM advice. Annually \$52K +receives no income from rates, pays 50% of legal costs.	Y	Y	Y	Y Audit NZ NZTE WINTEC Finance Dept.	60% WINTEC 405 HCC  What is legal status?	Independent board & chair
IWL	HCC Grant of \$2m in 2004 & \$2.4 equity in 2010. No annual investment	Y	Y	Y	Y	Limited liability company 80.2% Katolyst, 19.8% HCC	Independent board & chair
RTO	2009-2011 \$390K pa	Y	Y	Y	Y Audit NZ	<i>Ownership status??</i> <i>1005 subsidiary of HIA</i>	<i>Independent board &amp; chair</i>
BID	\$100K for 2 years	Y	Y	Y	?	?	?
Opportunity Hamilton	\$300K for core funding plus up to \$130K for projects	Y	Project based	Y	Y (by whom?)	Charitable trust	?

## Signatories to Strategy

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The issues relating to partners (and potential partners) differ from those of HCC Activities and Agencies. The direct link relating to financing is not present and it more concerned with collaboration. This has both a political and official level. Those interviewed universally mentioned the political leaderships that Council had experienced in recent years and the particular relationship factors associated with this.

The interviews concentrated first on development “engines” and successful economic development initiatives. In Table 3 the responses are recorded. The “engines” appear in column 1, next the number who raised this issue and then comments made. The discussions included Waikato Regional Council, Hamilton International Airport, Chamber Of Commerce, Tainui Group Holdings Limited, New Zealand Trade & Enterprise, AgResearch, Ministry of Social Development, Raupatu Trust and Wintec. It does not include, University, Katolyst.

## How can Council maximise growth engines?

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### Enhance City Image

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- Espouse confidence that Hamilton is a good place to do business. Strengths include safety, security, and access to infrastructure. HCC should continue to improve on these.
- Creating positive stories that residents believe in so when they are talking to people they talk of Hamilton as a positive place.
- Need something that will capture the hearts and minds of Waikato people and the communities. What is our point of difference?
- Hamilton needs a theme/brand. What is Hamilton?
- What do Hamilton residents want/need?
- Improving the perception of the city would increase number of domestic and international students

### Make it easy to do business in Hamilton

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- Reduce red tape. HCC needs to deal with statutory obligations in a manner that allows people to achieve what they need to achieve more easily. Council needs to help business navigate rules, make settling or relocating to Hamilton a positive experience.
- Rating system penalises businesses. Businesses have to pay double the rates and they get fewer services.
- We seem to saying we want to attract businesses but we don’t make it easy – why move here?
- Need one district plan for sub-region. Need to be an investment friendly place and consider broader amenities. The planning service is “diabolical”
- Auckland has 1.5m and working on south-western development, what opportunities does that provide local business?

- Continuing development of infrastructure and support for innovation-based organisations will support all growth engines.
- Avoid time delays with planning approvals
- Several respondents cited the Couplands Bakery experience with moving its business into Hamilton as an example of the unnecessary difficulties Council can create.
- It was also noted that the HCC had recently created a position to be the “one point of contact” for businesses moving to Hamilton.

### Actively develop Collaborations/connections

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- Between local bodies to build regions strengths, is improving and we need to keep building on this
- Region also needs to make connections with districts outside of Hamilton and globally.
- Need to identify strategy in-house and be evidence based in collaboration with others.
- City needs fast internet – Wifi City.
- Better coordination of facilities -city with surrounding districts.
- Introduce a business sector leadership group for CEOs, owners
- A number of large public organisations such as WINTEC, the University and CRIs should have a formal linkage into Economic development.
- Closer relationships between WINTEC, Innovation park, SODA and others should be encouraged.
- Stronger alignment of activities between Opportunity Hamilton, WINTEC, Hamilton City Council and the University.
- Region needs to actively engage with Central government, but one voice. No strong ministerial portfolios in City. Could look to BOP model for engagement with central government.
- Economic Development discussion forums –Council needs to be in touch with large scale business and manufacturing and to have discussions/debates with business on issues.
- Relationships (and setting the tone for strategic relationships) need to be led by the mayor.
- Closer links with Agencies such as MSD (from MSD), need to take the development of people seriously.

### Provide A Grade commercial space-high tech/innovative space in city.

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#### Encourage visitors

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- Trade fairs, conferences, Fielddays and symposiums – more effective at driving economic development than sports and events.

#### Regional ED Strategy

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- Three respondents suggested that economic development is a regional issue and therefore need regional growth strategies. Two organisations put forward a concept of a regional framework or organisation offering a coordinated local approach and one voice to Central government.

- One went further to say that the regional body with an independent board needs a mandate to lead and coordinate regional economic growth strategies –focusing on generating economic growth not value for shareholders. Currently there are lots of providers in ED space but no coordination. This view was also shared by one of the JV initiative leaders.
- Another suggested HCC has an opportunity to demonstrate that it “understands the relationship between the city and its regional context” and that HCC should take a leadership position in developing “a committed relationship with the regional council and the small TLAs to put a Waikato plan in place that transcends political three-year cycles and has financial commitment by all, and make sure the appropriate agencies implement it”.

In Table 4 the views of HCC Partners concerning what does contribute to economic development is presented. There is less than unanimity on these matters but underlying the specifics there is a concern to promote amenities that make it a good place to live and entertainment befitting the population and drawing people in should be pursued.

Table 4

## Successful ED initiatives invested in by HCC

Initiative	Support	Comments
Gardens	1	
V8	2	Provides the city with a “feel good- big event”. Brought 000s here. Everyone who comes to stay, spends money. Economists can’t measure full benefit.
Zoo	1	
Claudelands	2	Attracting lots of things people want to do. Necessary for ‘growing up” of city. Occupancy will improve.
Relationships	1	Connectivity with community is important. Better now but still room for improvement.
River view hotel/BNZ building	1	Earning returns, opportunity to recycle money –put into replacing very old buildings. Wouldn’t have happened without council involvement.
CBD improvements (Hood, victoria, garden place)	1	Positive and negative aspects of work undertaken.
IWL	5	Opportunity to grow further. Should revisit incubator role. To grow internationally it needs to broaden investment base and get more innovative people on board. HCC should provide independence. Need to educate councillors that seeing a dividend isn’t the only way to realise shareholder value.
SODA	2	As incubator for creative space, weightless economy has had a direct impact on economic development in Hamilton.
B2H/Katolyst	1	Better than nothing but gave priority to wrong areas.
World Rowing Champs	1	
Titanium industrial Park	2	Is world class, will lead to growth.
Airport/Aviation	3	Attraction of CTC and through investment in the airport.
Opportunity Hamilton	2	Have done most of the RWC leveraging in a regional sense.
FINZ Spray Drier	1	
Roading	1	E1 Arterial will improve access to Ruakura from within and outside of Hamilton

## Future investment should go to

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- Administrative simplicity and cost effectiveness. To determine what the simplest way is to achieve core requirements.
- Regional ED Strategy & implementation.
- A shared Plan that attracts suitable and sustainable investment into the area.
- Providing opportunity Hamilton the role and mandate of being the city's Economic development agency. This will require governance, funding and other changes.
- Provide leadership to landlords. Encouraging Landlords to be more responsible around CBD and tidy up some of their buildings.
- Getting more people living in CBD, it needs more energy and to be kept clean.
- Retail. Need integrated plan for Chartwell, The Base and CBD. Should complement each other. Attract a top end shopping precinct in CBD.
- Facilities. Claudelands, Waikato stadium, Seddon Park need to complement each other. Have to be sold as an experience and that 'you're going to have a great time'
- Opportunity Hamilton, are not doing economic development, doing business development and not always to help the city.
- Research & innovation. These are big for current government entities, there is funding. Should position ourselves as an Innovative Research led city. Have CRIs, 3 tertiary education providers & 10 private schools. All can benefit from a smart progressive approach. Not unique, other cities will do as well.
- Maintaining young people. We lose lots of young people once they finish tertiary education, how can we keep them?
- Roading & transportation – need eastern bypass. Need to make it work for city and surrounding towns.
- Tourism events/concerts and conferencing.
- Manufacturing. City should be aware of needs of manufacturing. Need an Accord with manufacturing and large business.
- Role of individual organisations
- COC – promote business development, ED role of council.
- TGHL – play a part. Property development portfolio – CBD buildings, residential. The Base. Biggest contribution will be Ruakura estate – capturing of freight and value add.
- WRC – currently developing an economic profile of the region which will include identifying growth sectors for the region and their current state of play. This will assist collective understanding of local economy. We have appointed a Regional strategy manager who has developed a clear strategic direction for WRC providing focus to the 4 well-beings of the region. WRC is interested in how they can help local authorities, region, NZ Inc to work on bigger issues. Have projects and resources in this space (see notes).
- HIA – Is a cog in picture. Deliver approx. 410m of economic benefit to region annually. Growing airport will help economic development. Need regional strategy to identify ED priorities and projects.
- NZTE – working at firm level. NZTE has invested resources into IWL and Aviation Waikato.

- AgResearch – Companies, agriculture industry organisations and central government invest in AgResearch to carry out R&D that helps to grow their businesses, industries and overall economy. The proximity of AgResearch’s Ruakura campus to Hamilton’s agri-food and agritech businesses makes it much easier for those businesses to access AgResearch’s capability than for businesses in other centres where AgResearch has no campus.
- MSD – Work with OH and new businesses to smooth out any problems for new businesses coming to Hamilton. Provide a soft landing approach. Can also access mechanisms to build a workforce to meet requirements.
- Raupatu – employment training programmes, getting tribal members ready for employment opportunities at future developments.
- WINTEC – has a direct interest in economic development in Hamilton and the wider region. We place high importance on a close involvement in inter-organisation bodies (ie Chamber of Commerce, EMA and Opportunity Hamilton) and believe there are opportunities for these organisations to work much more closely together. WINTEC House was specifically upgraded and designed to accommodate these organisations.

### Who else should be involved in ED Strategy?

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- Most cited answer was...Industry representation - “real” businesses. DHB, Gallaghers, TwoA, Fonterra, TGH, NDA, WEL Networks, Stainless Design.
- Others:
- Thought leaders - iwi groups, NZTA, TPK, MED, Gallaghers and others in private sector.
- Other CRIs based in Hamilton.
- One respondent stated the 08/09 EDS has limited benefit, another said they choose not to be involved.
- Another stated it was a partnership document and together the partners pursued, identified, discussed and agreed upon joint projects. A post project review would see 80% achieved.

### Other Comments/feedback

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- One respondent asked, “What is the HCC Economic Development target?” It was suggested that HCC needs a clear measurable target and needs to focus on the need to have and biggest opportunities.
- Investment in Economic Development by local government is high risk and longer term with intangible benefits as providing public good. Need to look at all costs and benefits, not purely the easily measured benefits.
- A number of respondents commented that the WEL trust was absent in Economic Development and they felt this was wrong.
- One remarked that the city needs to be city centric, without avoiding the regions. It should focus on City Metro issues and wealth.
- One respondent suggested that planning for human capital was important from perspective of economic development. The example given was the aviation project, and the report that people had to be brought in from overseas to fill roles.

## Appendix 2- Feedback summaries of HCC Managers

### Events Sponsorship

Organisation:	Information Supplied	Source
<p><b>1. Organisation Vision:</b></p>	<p>For Hamilton to be “recognised for its wide range of events, activities, attractions and entertainment for everyone including iconic events”.</p>	<p>HCC Events Sponsorship – Council policy.(Draft Reviewed July 2011)</p>
<p><b>2. Organisation Objectives</b></p>	<ul style="list-style-type: none"> <li>• To ensure best value from Councils investment and that a fair and transparent process is used in allocation of the event sponsorship funds</li> <li>• To strategically invest in events that position Hamilton as one of NZs events destinations</li> <li>• To further develop the range of existing events to maximise the economic and social benefits to the city and increase Hamilton’s reputation as a destination</li> <li>• Establish a brand leverage strategy for Hamilton to maximise exposure through signage, media partnerships and corporate sponsorship alliances.</li> </ul>	
<p><b>3. What outcome measures are used for these objectives?</b></p>	<p>Criteria used for assessing a sponsorship request:</p> <ol style="list-style-type: none"> <li>1. Exposure and promotion for the city</li> <li>2. Economic benefits to the city</li> <li>3. Promote pride and sense of place for Hamilton residents.</li> </ol>	
<p><b>4. What output measures are used for each objective</b></p>	<p>Event sponsorship Committee assess and monitor the performance of events as per performance measures described in each events contracts.</p> <p>Applicants are expected to deliver data on the following:</p>	

Organisation:	Information Supplied	Source
	<ul style="list-style-type: none"> <li>• Financial performance of events</li> <li>• Economic impact</li> <li>• Attendance</li> <li>• Media coverage</li> <li>• Public satisfaction</li> </ul>	
5. What are the time-frames for each objective		
6. How often are the output measures reported, i.e. is it a quarterly, semi-annual or annual reporting of council?	Hallmark events are sponsored for a 3 yr period. These events “provide significant visitor numbers and destination exposure for the city”. These events are required to report twice a year to the Event Sponsorship Committee, five months prior to and within 2 months after their event to determine level of future funding.	
7. What KPIs are publicly reported?		
8. What KPIs are internally reported to council?	Sponsorship Agreement with Balloons Over Waikato Charitable trust for the Nightglow event states the trust is required to provide a final written report to HCC providing a full set of financials for the event, variances in budget, attendance figures (numbers, place of residence, accommodation/spend figures), media achievements and other quantifiable results. Other events are required to report on similar KPIs which reflect each of their contracts.	
9. Is there an external audit unit that signs off on reported performance		

Organisation:	Information Supplied	Source
measures?		
<b>10. Is there an internal audit unit that signs off on internally reported performance measures?</b>		
<b>11. What is the HCC investment in the vision of the organisation?</b> <ul style="list-style-type: none"> <li>• Annual investment</li> <li>• Tangible assets</li> <li>• Intangible assets</li> </ul>	<ul style="list-style-type: none"> <li>• 09/10 \$2.6m Full breakdown available.</li> <li>• 10/11 \$2.9m</li> <li>• 11/12 \$2.6m</li> </ul>	
<b>12. What value for money for HCC investment are currently used and reported?</b>	\$1.65m has been contractually committed to the ITM400 Hamilton although this figure still remains confidential.	

## Event Facilities

Organisation:	Information Supplied	Source
<p><b>1. Organisation Vision:</b></p>	<p>Event Venue Management Specialists delivering Exceptional Event Experiences.</p> <p><b>Facilities include:</b></p> <ul style="list-style-type: none"> <li>• Waikato Stadium</li> <li>• Seddon Park</li> <li>• Claudelands</li> <li>• Hamilton City Theatres</li> <li>• Waikato Stadium</li> </ul>	
<p><b>2. Organisation Objectives</b></p>	<ul style="list-style-type: none"> <li>• Meet client and customer expectations by continuously improving facilities and services, through maintaining and renewing assets, planning capital projects, monitoring service performance and engaging with stakeholders to capture feedback for improvement.</li> <li>• Maximise venue occupancy and financial goals to meet set targets, through appropriate marketing, business development plans and strategies, whilst ensuring a range of quality events which provide economic and lifestyle benefits to the city.</li> <li>• Ensure proficient delivery of events and activities through good efficient processes and services that are planned, reviewed and improved.</li> <li>• Effective and accurate business process systems and maintained and improved.</li> <li>• Provision of an environment where staff feel valued by ensuring individual growth and development, gaining commitment and engagement, encouraging innovation whilst recognising and rewarding high</li> </ul>	

Organisation:	Information Supplied	Source
	performance.	
<p><b>3. What outcome measures are used for these objectives?</b></p>	<p>For each of the unit objectives, milestones have been developed, a lead role- individual identified, a due date and relevant KPIs identified.</p> <p>KPIs</p> <ol style="list-style-type: none"> <li>1. Business – <ul style="list-style-type: none"> <li>• Occupancy targets – National/local events &amp; international events</li> <li>• Business Plan targets</li> <li>• % of improvement actions implemented</li> <li>• End of year forecasts to annual budget variance</li> <li>• Business reports completed as per timetable</li> <li>• ISO Accreditation achieved</li> <li>• WSMP accreditation achieved</li> <li>• % of hours lost through LTIs</li> </ul> </li> <li>2. Customer <ul style="list-style-type: none"> <li>• Survey CSI targets achieved at Claudelands</li> <li>• Survey CSI targets achieved at Stadia</li> <li>• Survey CSI targets achieved at Theatres</li> <li>• Complaint issues resolved within 7 days</li> </ul> </li> <li>3. People <ul style="list-style-type: none"> <li>• IDPs completed</li> <li>• PPRs completed</li> <li>• Average training hrs per FTE</li> <li>• % voluntary staff turnover</li> <li>• Climate survey engagement score</li> <li>• Climate survey performance index score</li> </ul> </li> </ol>	

Organisation:	Information Supplied	Source
	Each KPI has a measurable target clearly articulated in the 2011/12 unit Plan.	
4. What output measures are used for each objective	Unit Plan	
5. What are the time-frames for each objective	12 months	
6. How often are the output measures reported, i.e. is it a quarterly, semi-annual or annual reporting of council?	Quarterly and annually	
7. What KPIs are publicly reported?	HCC Annual plan reports results of each event facility against targets and how this compared to previous year. Performance issues relate to customer satisfaction and number of events held at each venue.	
8. What KPIs are internally reported to council?	HCC Annual plan	
9. Audit.	AuditNZ and Telarc	
10. Is there an external audit unit that signs off on reported performance measures?	<p>AuditNZ</p> <p>AuditNZ Suggested that wrt to Service performance reports:</p> <ul style="list-style-type: none"> <li>• Further commentary could be provided on the impact of key projects and work that has been undertaken by Council</li> <li>• Performance framework could be supplemented by including measures and targets in four areas including event sponsorship and provision of venues for events.</li> <li>• An independent review be performed of the events listing to ensure that information from the hire agreements has been correctly entered.</li> <li>• Ensure all theatre hire agreements are signed and valid for all agreements</li> </ul>	
11. Is there an internal audit unit that signs off on internally reported	No	

Organisation:	Information Supplied	Source
performance measures?		
<p><b>12. What is the HCC investment in the vision of the organisation?</b></p> <ul style="list-style-type: none"> <li>• Annual investment</li> <li>• Tangible assets</li> <li>• Intangible assets</li> </ul>	<p>Annual Plan opex and capex</p> <ul style="list-style-type: none"> <li>• Asset register and valuation of assets</li> <li>• Residents survey on Qtr basis for perception</li> </ul> <p>Unit plan 2011/12 Total budget</p> <ul style="list-style-type: none"> <li>• Exp \$19.8m</li> <li>• Rev \$15.7m</li> <li>• Net loss \$4.1m</li> <li>• Cap \$627K</li> </ul> <p>Annual Plan (includes Museum) until June 30 2011</p> <ul style="list-style-type: none"> <li>• Revenue \$18m vs \$19m (budget)</li> <li>• Exp \$22m vs \$20K (budget)</li> <li>• Funding required was \$40m vs \$26m (budget)</li> <li>• Funding deficit \$6m vs \$2m (budget)</li> </ul>	
<p><b>13. What value for money for HCC investment are currently used and reported?</b></p>	<p>Not currently gathered.</p>	

## Endowment Fund

Organisation:	Information Supplied	Source
<b>1. Organisation Vision:</b>	<ul style="list-style-type: none"> <li>• To manage the property assets of Hamilton City and the Endowment Fund to provide market returns to HCC</li> </ul>	
<b>2. Organisation Objectives</b>	<ul style="list-style-type: none"> <li>• To freehold Council Domain and Municipal Endowment Perpetual Leases</li> <li>• To provide criteria for the investment and management of the Municipal Endowment Fund</li> <li>• To ensure that the objectives of the Municipal Endowment Fund policy are consistent with the Council's objectives and with the Long Term Council Community Plan</li> </ul>	<p>HCC Long-Term Council Community Plan</p> <p>HCC Policies Municipal Endowment Fund Investment</p> <p>HCC Policies Municipal Endowment Fund Investment</p>
<b>3. What outcome measures are used for these objectives?</b>	<ul style="list-style-type: none"> <li>• Return on Investment Properties</li> <li>• Maximise return on the Municipal Endowment Fund Investment through property rental income and capital appreciation</li> <li>• Maintain the real value of the Municipal Endowment Fund</li> <li>• Manage properties in a professional and ethical manner</li> <li>• Manage the Municipal Endowment Fund investment to minimise specific property and portfolio risk exposures</li> <li>• Have an investment plan for the acquisition of new properties their location and approved tenants.</li> <li>• Lease term/ renewal/review</li> <li>• To provide timely, accurate and understandable information to Council on financial and other matters relating to the</li> </ul>	<p>Investment Properties Strategic Analysis</p> <p>Municipal Endowment Fund Investment Policy</p>

Organisation:	Information Supplied	Source
	<p>Municipal Endowment Fund</p> <p>Investment needs to:</p> <ul style="list-style-type: none"> <li>• Provide returns consistent with market rates.</li> <li>• Consider the financial worthiness of the tenant</li> <li>• Potential to provide future value growth</li> <li>• Investment in HCC boundaries including HIA, Innovation Park and Horotiu Industrial Corridor</li> <li>• Portfolio balance between the sectors</li> </ul>	
<p>4. What output measures are used for each objective</p>	<ul style="list-style-type: none"> <li>• Net Income after operating expenditure from Investment Properties</li> <li>• Yield % on valuation</li> <li>• Lease term/ renewal / review</li> </ul>	<p>Investment Properties Strategic Analysis</p>
<p>5. What are the time-frames for each objective</p>	<p>Differing lease terms 4-12 Years</p>	<p>Investment Properties Strategic Analysis</p>
<p>6. How often are the output measures reported, i.e. is it a quarterly, semi-annual or annual reporting of council?:</p>	<p>The results of the Investment Properties are presented on an annual basis</p>	<p>Investment Properties Strategic Analysis</p>
<p>7. What KPIs are publicly reported?</p>	<p>Achieve an annual gross return on Municipal and Domain Endowment Fund assets that is typical for the Hamilton property market Commercial and retail premises across the MEF portfolio return an annual occupancy level of 90%</p>	<p>Annual Report</p>
<p>8. What KPIs are internally reported to council?</p>	<p>As above</p>	<p>Annual Investment Properties Strategic Analysis Quarterly standing report to Operations and Activity Performance Committee</p>
<p>9. Is there an external audit unit that signs off on reported performance measures?</p>	<p>Audit NZ???</p>	

Organisation:	Information Supplied	Source
<b>10. Is there an internal audit unit that signs off on internally reported performance measures?</b>	Council Finance section	
<b>11. What is the HCC investment in the vision of the organisation?</b> <ul style="list-style-type: none"> <li>• Annual investment</li> <li>• Tangible assets</li> <li>• Intangible assets</li> </ul>		
<b>12. What value for money for HCC investment are currently used and reported?</b>		

## Roading Initiatives

<b>Organisation:</b>	<b>Information Supplied</b>	<b>Source</b>
<b>1. Organisation Vision:</b>	To provide an effective intra city transport network which integrates with the highway provisions of NZTA.	HCC Integrated Transport Plan
<b>2. Organisation Objectives</b>	To complete Hamilton Ring Road (Te Rapa to Cobham) To complete Hamilton Ring Road- 4 Lanning and Extension	Transport Investment Online
<b>3. What outcome measures are used for these objectives?</b>	Projection Completion on Time and on Budget	Hamilton Ring Road Upgrade and Extension Project Status Report 16 August 2011
<b>4. What output measures are used for each objective</b>	<ul style="list-style-type: none"> <li>• Improve transport efficiency</li> <li>• Improve capacity</li> <li>• Relieve congestion</li> <li>• Improved access</li> <li>• Improvements in journey time reliability</li> <li>• More efficient freight supply chains</li> <li>• Provide for alternative transport modes</li> </ul>	HCC Integrated Transport Plan
<b>5. What are the time-frames for each objective</b>	Detailed in individual projects	Transport Investment Online
<b>6. How often are the output measures reported, i.e. is it a quarterly, semi-annual or annual reporting of council?</b>	Monthly	
<b>7. What KPIs are publicly reported?</b>		
<b>8. What KPIs are internally reported to council</b>	<b>Economic Efficiency</b> <ul style="list-style-type: none"> <li>• National benefit cost ratio</li> <li>• 1st year rate of return (%)</li> <li>• Net operational cost savings(\$)</li> </ul>	Transport Investment Online

Organisation:	Information Supplied	Source
	<ul style="list-style-type: none"> <li>• Net maintenance cost savings(\$)</li> </ul> <p><b>Monetised Benefits:</b></p> <ul style="list-style-type: none"> <li>• Travel time cost savings (\$)</li> <li>• Vehicle Operating Cost Savings(\$)</li> <li>• Accident Cost savings (\$)</li> <li>• Seal Extension Benefits(\$)</li> <li>• Driver Frustration reduction benefits(\$)</li> <li>• Risk Reduction Benefits(\$)</li> <li>• Vehicle emission reduction benefits(\$)</li> <li>• External benefits(noise, visual impact etc) (\$)</li> <li>• Walking and cycling health benefits(\$)</li> <li>• National strategic benefits(\$)</li> <li>• Net savings to government(\$)</li> <li>• Traffic reduction/ congestion benefits(\$)</li> <li>• User benefits (\$)</li> </ul>	
9. Audit.		
10. Is there an external audit unit that signs off on reported performance measures?		
11. Is there an internal audit unit that signs off on internally reported performance measures?	<p><b>Monthly Project Status Report:</b></p> <ul style="list-style-type: none"> <li>• Timing</li> <li>• Budget</li> <li>• Risks: low medium and high (Construction damage to Pukete Bridge, Service relocations, contract exceeds approved sum, unsuitable ground, design issues.</li> <li>• Opportunities</li> </ul>	Project Status Report

Organisation:	Information Supplied	Source
	<ul style="list-style-type: none"> <li>• Stakeholder Communications</li> </ul>	
<p><b>12. What is the HCC investment in the vision of the organisation?</b></p> <ul style="list-style-type: none"> <li>• Annual investment</li> <li>• Tangible assets</li> <li>• Intangible assets</li> </ul>	<ul style="list-style-type: none"> <li>• Investment in Hamilton Ring Road Upgrade and Extension spread over a number of years with a budget approvals and contract awarded.</li> <li>• Project then divided out into 4 stages to be completed between 2012 -2014.</li> <li>• Approved budget, actual spend; futures predicted spend 2003-2014.</li> <li>• Details of HCC contribution and NZTA contribution.</li> <li>• Total Spend \$ 90,486,583.19 .1% under budget to date.</li> </ul>	Project Status Report
<p><b>13. What value for money for HCC investment are currently used and reported?</b></p>	<ul style="list-style-type: none"> <li>• The roading initiatives provide clear cross city linkages, linkages to present and proposed industrial developments, linkages with proposed expressway.</li> <li>• Each of these are likely to make a major contribution to the future economic development of Hamilton and the region.</li> </ul>	

## Appendix 3 - Feedback summaries of Associated Entities

### City Heart Revitalisation

Organisation:	Information Supplied	Source
1. Project Vision:	The project seeks to stimulate more growth and development, integrate transport and movement systems with surrounding land uses and overcome identified social issues present within the CBD.	Presentation to HCC by Urbanisplus ltd May 2008.
2. Organisation Objectives	<ul style="list-style-type: none"> <li>• Create a safe attractive CityHeart through a place making approach</li> <li>• Physical redevelopment of Victoria Street, Garden Place/Civic Square CBD, Ward St, link to Claudelands Events centre</li> <li>• Establishment of a business association and raft of non-financial incentives for new businesses and visitors</li> <li>• Provide copy of 'Hamilton City Heart Revitalisation Project' report – May 2008</li> </ul>	ED Strategy. Project updates Dec 09- March10.
3. What outcome measures are used for these objectives?	<p><b>KPIs and related milestones.</b> KPIs include:</p> <ul style="list-style-type: none"> <li>• Establishment of a CityHeart Retail Association</li> <li>• Investigation into the establishment of a business improvement District</li> <li>• Undertaking of a programme of physical works to upgrade public realm in CityHeart.</li> </ul>	
4. What output measures are used for each objective	Examples of 3 projects contracted in 2008/09 were provided. These clearly state the measures and standards used to determine whether project objectives have been met.	Project definition Sheets
5. What are the time-frames for each objective	Dependent on the objective, measures and standards as above.	
6. How often are the output measures reported, i.e. is it a		

Organisation:	Information Supplied	Source
quarterly, semi-annual or annual reporting of council?		
7. What KPIs are publicly reported?	KPIs and milestones are reported in the Flagship project update documents.	
8. What KPIs are internally reported to council?	Monthly project monitoring reports are generated for each CityHeart project. These were originally sent through to the Senior Leadership Team, and are now reported to Council's Finance & Monitoring committee. Provide copy of latest project monitoring report.	
9. Is there an external audit unit that signs off on reported performance measures?	In 2008 Audit NZ was engaged to provide independent assurance in terms of probity and good practice for the procurement of consultants and contractors for Stage 1 of the City Revitalisation project. A positive report was obtained from Audit NZ.	Council Report 21/10/08.
10. Is there an internal audit unit that signs off on internally reported performance measures?	No. However, Council's Senior Leadership Team did review & provide guidance on the project work upon receipt of the Project Monitoring Report. In addition a Project Control Group is set up to provide governance over the programme. This group is made up of internal staff only. Provide Governance structure	
11. What is the HCC investment in the vision of the organisation? <ul style="list-style-type: none"> <li>• Annual investment</li> <li>• Tangible assets</li> <li>• Intangible assets</li> </ul>	<ul style="list-style-type: none"> <li>• Annual investment \$18.2M over 4 years (i.e. 2008/09 – 2011/12)</li> <li>• City Heart project financial overview at July 2011 shows that costs are within budget for Packages 0-4.</li> </ul>	Cityheart Physical Works financial overview –as @ July 2011.
12. What value for money for HCC investment are currently used and reported?	Through the intent set out in Council's procurement policy and accounting for the constraints and issues/risks initially identified for this project a collaborative working arrangement was entered into to maximise the value of money for the physical work projects Provide copy of Council report approving the procurement structure (& initial package of work)	

## Opportunity Hamilton

Organisation:	Information Supplied	Source
<b>1. Organisation Vision:</b>	<b>Mission:</b> Strengthening economic opportunities through business growth and attraction, working in partnership to sustain economic success.	Strategic & Project Plan. June 2011-June 2014
<b>2. Organisation Objectives</b>	<b>Strategies to achieve the mission:</b> <ol style="list-style-type: none"> <li>1. Business &amp; Investment attraction-research based, sector specific strategies.</li> <li>2. Business &amp; Sector development – business survival, growth and international partnerships.</li> <li>3. Infrastructure-active engagement to influence.</li> <li>4. Workforce availability and capability</li> <li>5. Arts/culture/sport/community development – social, environmental and cultural life is what attracts people to urban economy.</li> <li>6. Maori economy –engagement to achieve mutually beneficial social and economic outcomes</li> <li>7. Communication &amp; marketing – Hamilton, the place to live, work &amp; play</li> <li>8. Regional Engagement – Interdependent rural and urban economies delivering local solutions with regional and national resources.</li> </ol> <p>The Service Delivery Contract between HCC and Opportunity Hamilton ( 1 October 2010 – 30 June 2012) signals the appointment of OH as the city’s economic development agency and as such responsible for working with others to implement the economic development strategy(2009), attract businesses to Hamilton, broker partnerships between businesses and respond to other economic development needs as necessary.</p>	Strategic & Project Plan. June 2011-June 2014.
<b>3. What outcome measures are used for these objectives?</b>	<b>The Service Delivery Contract identifies the following areas as core deliverables:</b> <ol style="list-style-type: none"> <li>1. Economic Development Strategy</li> </ol>	

Organisation:	Information Supplied	Source
	<p>leadership</p> <ol style="list-style-type: none"> <li>2. Business attraction &amp; partnership brokering</li> <li>3. Strategic coordination</li> <li>4. OH profile</li> <li>5. New strategic projects based on strategic plan.</li> </ol> <p>KPIs for each of the above activity areas are identified.</p> <p>A Funding Agreement between Opportunity Hamilton and SODA Inc. for 3 projects provides a broad Project overview and KPIs for each project, reporting, operational protocols and termination clauses.</p> <p>Historical Projects (Dec 09 – March 2010). OH was involved in the following projects:</p> <p>Hamilton Business gateway (part 1) Business website*. On March 31st website was to have gone live. Opportunity Hamilton homepage provides information for businesses looking to relocate to Hamilton.</p> <p>Hamilton Business gateway (Part 2). Business attraction Service. By June 2010 2 new businesses were to be “attracted to Hamilton”*.</p> <p>Hamilton Business gateway (Part 3). Business Hub. Re-build and fit out of Business hub. Launched late 2010.</p> <p>Hamilton Skills Action Plan. To map existing active labour market policies, identify gaps in provision and to agree joint responses.</p> <p>Hamilton Economic Development Endowment Fund. To investigate options and report back to the EDS leadership Forum.</p> <p>Hamilton network. To develop a web-based network of Hamiltonians.</p> <p><i>*In 2011/12 HCC Annual Plan, mentions that the 2011/12 targets for the Gateway business initiative will result in 1000 website visits and 2 new businesses attracted to Hamilton. (The average hit rate per month in 2010 following launch was 1000).</i></p>	<p>TBC-not yet signed</p> <p>*In previous paragraph</p> <p>Need to check 2009-20 contract</p>
<p><b>4. What output measures are used for each objective.</b></p>	<p>See</p> <ol style="list-style-type: none"> <li>1. CDC Report- 1 Dec 2009</li> </ol>	

Organisation:	Information Supplied	Source
	2. CDC Report – 22 June 2020 3. CPDC 29 – March 2011 4. CPDC 26 – July 2011 (for 10/11 project funding reporting).	
5. What are the time-frames for each objective	Annual	
6. How often are the output measures reported, i.e. is it a quarterly, semi-annual or annual reporting of council?	<p><b>As per service contract 1 October 2010 t 30 June 2012</b></p> <ul style="list-style-type: none"> <li>• Monthly contract management meetings: Council’s representative and Opportunity Hamilton’s representative meet on a monthly basis to discuss progress on the contract and upcoming work for the following month.</li> <li>• Written reports to the City Development Committee on Opportunity Hamilton’s progress are required on a quarterly basis. These reports are to include an update on OH core activities (\$300K) as well as funded projects</li> </ul> <p><b>Financial report</b></p> <ul style="list-style-type: none"> <li>• Opportunity Hamilton’s representative shall supply a written financial report to Council’s representative at the end of each financial year.</li> </ul> <p>At the completion of the contract a survey of economic stakeholders may be conducted on the performance of OH.</p>	
7. What KPIs are publicly reported?	<p>Opportunity Hamilton’s project funding request and quarterly reports (with KPIs) are available on the HCC web site under agenda and minutes.</p> <p>The committee meetings (where Opportunity Hamilton reports are presented) are open to the media and public.</p>	Cannot find this information, it seems to be restricted access only.
8. What KPIs are internally reported to council?	As above.	

<b>Organisation:</b>	<b>Information Supplied</b>	<b>Source</b>
<b>9. Audit.</b>	Council has copies of the last 2 years audited reports.	
<b>10. Is there an external audit unit that signs off on reported performance measures?</b>	Not on performance measures.	
<b>11. Is there an internal audit unit that signs off on internally reported performance measures?</b>	No.	
<b>12. What is the HCC investment in the vision of the organisation?</b> <ul style="list-style-type: none"> <li>• Annual investment</li> <li>• Tangible assets</li> <li>• Intangible assets</li> </ul>	\$300K for core funding plus up to \$130,000 to cover projects. Monthly instalments of \$25K following presentation of invoice at monthly contract management meeting.	
<b>13. What value for money for HCC investment are currently used and reported?</b>		

## SODA

<b>Organisation:</b>	<b>Information Supplied</b>	<b>Source</b>
<b>1. Ownership Structure</b>	Shareholders Wintec (60%) and Hamilton City Council (40%).	Annual Report 2009 & 2010
<b>2. Organisation Vision:</b>	<b>Accelerating Business Growth:</b> <ul style="list-style-type: none"> <li>• by incubating innovative start-up companies with potential for exponential growth</li> <li>• by encouraging and enabling growth across wider knowledge/creative/digital</li> </ul>	Annual Report 2009 & 2010

Organisation:	Information Supplied	Source
	<p>economies Transforming Hamilton, Creatively</p> <p>SODA is New Zealand's newest business incubator and is a not for profit organisation</p>	
<p><b>3. Organisation Objectives</b></p>	<p>SODA Inc is a business growth centre focused on start-up incubation and cluster development. SODA gives businesses the connections, confidence and capability to grow fast and to go global. SODA helps to accelerate the growth of innovative start-up businesses that have the potential for exponential growth, whilst at the same time encouraging growth across the wider Waikato economy through industry clustering and value-chain development. The fundamental objectives of SODA are to grow and diversify the Waikato and NZ economy creating new jobs and wealth.</p> <p>SODA Inc is a new breed of business incubator that is firmly targeted at supporting early stage creative digital and knowledge-content businesses. These businesses are often called "weightless" as they do not require massive capital investment - unlike other technology-driven sectors. Given New Zealand's location far from international markets, the importance of growing and developing weightless businesses for whom distance from market can be seen as an opportunity rather than a threat is becoming more widely understood and has never been more urgent.</p> <p>SODA's core purpose is to facilitate smarter faster start-ups to enable the growth of emerging creative knowledge-led companies so that those companies become financially successful and sustainable high-growth companies. SODA aims to support and enable the growth of creative knowledge-content businesses that in turn grow jobs and wealth for the city, region and country.</p> <p>Since we first opened for business in June 2009 SODA Inc has:</p> <ul style="list-style-type: none"> <li>• assisted our incubator clients to raise</li> </ul>	<p>Annual Report 2009 &amp; 2010, plus SODA HCC quarterly Report June 2011</p>

Organisation:	Information Supplied	Source
	<p>over \$500,000 of new angel &amp; seed investment</p> <ul style="list-style-type: none"> <li>• helped our incubator clients create over 20 new high-skilled jobs, relocating seven families to Hamilton</li> <li>• secured commercial partnerships with ASB, CISCO, Deloitte, Norris Ward McKinnon, and Velocity Networks</li> <li>• established the Digital Industry Forum as a new cluster accelerator initiative with over 40 participating companies and nearly 300 individual members</li> <li>• achieved NZTE incubator accreditation, meaning we are now recognized as a world-class incubator eligible for NZTE incubator funding</li> </ul> <p>SODA Inc. provides mentoring, coaching, professional support services and access to unprecedented networks for entrepreneurs that are fully committed to achieving major growth targets in their businesses. SODA also gives high- growth export-focused businesses the confidence, tools and networks required to succeed in an increasingly competitive marketplace, giving entrepreneurs what they need when they need it to help maximize their growth.</p>	
<p><b>4. What outcome measures are used for these objectives?</b></p>	<p><b>International NBIA Incubator metrics:</b></p> <ul style="list-style-type: none"> <li>• # total clients</li> <li>• # total graduated clients since inception</li> <li>• # total graduates clients still in business # FTE employees in client &amp; graduate firms</li> <li>• # current wages paid by client &amp; graduate firms</li> <li>• # gross revenues for the most recent full year</li> <li>• # dollar amount of equity capital raised in year</li> <li>• # dollar amount of grant funds raised in year</li> </ul>	<p>BP 2011-13</p>

Organisation:	Information Supplied	Source
	•	
5. What output measures are used for each objective	<p><b>NZTE Incubator KPI metrics:</b></p> <ul style="list-style-type: none"> <li>• # pre-incubation clients co's</li> <li>• # full incubation clients co's</li> <li>• # new entrant inquiries</li> <li>• # new entrant evaluations</li> <li>• # new entrant companies</li> <li>• # FTEs in all client companies</li> <li>• # clients capital raisings</li> <li>• Value of capital raised</li> </ul>	BP 2011-13
6. What are the time-frames for each objective	Monthly Quarterly and Annual	
7. How often are the output measures reported, i.e. is it a quarterly, semi-annual or annual reporting of council?	<p>Monthly Quarterly and Annual</p> <p>Monthly/Bi-Monthly reports to SODA Board. HCC's shareholder representative to the SODA Inc Board is currently Mayor Julie Hardaker.</p> <p>Quarterly report to HCC provides information on achievements. May-July 2011 cited achievements in relation to:</p> <ol style="list-style-type: none"> <li>1. Business Incubation <ul style="list-style-type: none"> <li>• New business Incubation projects</li> <li>• NZTE Audit and benchmarking</li> <li>• Incubator funding</li> <li>• International partnership</li> <li>• Client Workshop</li> <li>• International connections.</li> </ul> </li> <li>2. Cluster development <ul style="list-style-type: none"> <li>• Growth of digital industry cluster by size</li> <li>• Discussions with international industry leaders</li> <li>• Digital exports</li> <li>• Industry leadership</li> <li>• Local Govt NZ connections</li> </ul> </li> </ol> <p>Annual Report to Shareholders and Stakeholders.</p>	Quarterly & Annual Reports

Organisation:	Information Supplied	Source
<b>8. What KPIs are publicly reported?</b>	All SODA's KPI's are reported in the Annual Reports and Business Plans.	
<b>9. What KPIs are internally reported to council?</b>	As above - all SODA's KPI's are reported in the Annual Reports and Business Plans. They are also reported on in the monthly/bi-monthly CEO Reports to the SODA inc Board.	
<b>10. Audit.</b>	<p>SODA Inc has been in operation for two years. SODA underwent its first full audit by Audit NZ in July 2011. No significant issues were highlighted during the audit process. The final report from Audit NZ is due out by the end of September 2011.</p> <p>SODA was also separately audited in 2011 by NZTE and has been benchmarked against the seven other NZTE-funded business incubators in New Zealand including a Q100 audit and presentation to an international expert panel. SODA passed the audit and quality benchmark standards becoming fully accredited for NZTE incubator funding.</p> <p>SODA was recommended for incubator development funding for 2011/12, which has been approved by the NZTE Board.</p>	
<b>11. Is there an external audit unit that signs off on reported performance measures?</b>	Audit NZ & NZTE (as above).	
<b>12. Is there an internal audit unit that signs off on internally reported performance measures?</b>	Wintec Finance Department	

Organisation:	Information Supplied	Source
<p><b>13. What is the HCC investment in the vision of the organisation?</b></p> <ul style="list-style-type: none"> <li>• Annual investment</li> <li>• Tangible assets</li> <li>• Intangible assets</li> </ul>	<p><b>Hamilton City Council made an initial equity contribution of:</b></p> <ul style="list-style-type: none"> <li>a) foregoing rental for the use of the Premises (\$52,000 annually, for 5 years from 2008-2013); and</li> <li>b) foregoing rates and other outgoings except utilities (for 5 years from 2008-2013); and</li> <li>c) payment of one half of the legal fees; and</li> <li>d) payment of pre-commencement costs including: Advice from TEAM (\$3,500)</li> </ul> <p>HCC enabled SODA to operate from The Meteor by undertaking Meteor Theatre Stage One upgrade of \$279,000 to develop upstairs access to the mezzanine level.</p> <p><b>Wintec made an initial equity contribution of:</b></p> <ul style="list-style-type: none"> <li>a) funding of the initial fit-out of the premises (\$210,000); and</li> <li>b) payment of one half of the legal fees; and</li> <li>c) payment of pre-commencement costs including: Suma Demand Analysis (\$25,000); Deloitte Business Plan (\$35,000); Business Links Secondment (\$30,000); and Brand and recruitment launch (\$55,000)</li> </ul> <p><b>Wintec subsequent advances (covers funding shortfalls for operating expenses) as per the Deloitte Business Plan 2007:</b></p> <ul style="list-style-type: none"> <li>a) Year One after commencement date (\$82,000); and</li> <li>b) Year Two after commencement date (\$33,000); and</li> <li>c) Year Three after commencement date (\$27,000) Hamilton City Council additional contributions.</li> </ul> <p>SODA is currently budgeted to become cash flow positive during 2012.</p>	

Organisation:	Information Supplied	Source
14. What value for money for HCC investment are currently used and reported?		

### Hamilton & Waikato Tourism (100% Subsidiary of Hamilton International Airport)

Organisation:	Information Supplied	Source
1. Organisation Vision:	To promote and develop the Hamilton and Waikato Region as an attractive visitor destination to international and domestic visitors in order to grow visitor expenditure in the region to provide sustainable economic, environmental, social and cultural benefits to local communities.	SLA for Regional Tourism Services
2. Organisation Objectives	<p>By 2014</p> <ul style="list-style-type: none"> <li>• Increase in tourism expenditure \$752m to \$865m (MED, TSG)</li> <li>• Grow GDP \$275.3m-\$318.2m (BERL)</li> <li>• Grow Tourism FTEs 4220-4877 (BERL)</li> <li>• Grow Tourism Activities (businesses) 927-1071 (BERL)</li> </ul>	<p>Structure/Strategy Report to 2014.</p> <p>SLA for Regional Tourism Services</p>
3. What outcome measures are used for these objectives?	<p>KPIs for year to 30 June 2012</p> <ul style="list-style-type: none"> <li>• 2.5% growth in total guest nights (Commercial Accommodation Monitor)</li> <li>• 5% growth in Airport arrivals (Stats NZ)</li> <li>• 5% market share of Convention sector (Baseline 2011-12)</li> <li>• 20% growth in website traffic (total visits)</li> </ul>	SLA for Regional Tourism Services
4. What output measures are used for each objective	<p>Objectives, Deliverables and KPIs have been set for the following target areas:</p> <ol style="list-style-type: none"> <li>1. Australian marketing</li> <li>2. Long haul markets</li> <li>3. Domestic marketing</li> <li>4. Digital marketing</li> <li>5. Convention bureau</li> <li>6. Product development</li> <li>7. Stakeholder Relationships</li> </ol>	

Organisation:	Information Supplied	Source
5. What are the time-frames for each objective	Annual	
6. How often are the output measures reported, i.e. is it a quarterly, semi-annual or annual reporting of council?	6 monthly reporting on <ul style="list-style-type: none"> <li>• HWT's performance of the Regional Tourism Services</li> <li>• HWT's delivery of the deliverables</li> <li>• HWT's achievement of KPIs</li> <li>• Current or anticipated issues</li> </ul>	SLA for Regional Tourism Services
7. What KPIs are publicly reported?	Performance measures are identified and included in an annual Statement of Intent required by Council Controlled Organisations by the Local Govt Act	
8. What KPIs are internally reported to council?	KPIs identified in the Service Level Agreements	
9. Audit.	Hamilton & Waikato Tourism will be audited annually by Audit New Zealand	
10. Is there an external audit unit that signs off on reported performance measures?	Audit NZ will consider performance measures identified in the Statement of Intent as part of their annual audit	
11. Is there an internal audit unit that signs off on internally reported performance measures?	Internal control measures are identified and considered as part of the parent company's internal control processes. HWT will abide by policies and internal procedures formally documented by WRAL.	
12. What is the HCC investment in the vision of the organisation? <ul style="list-style-type: none"> <li>• Annual investment</li> <li>• Tangible assets</li> <li>• Intangible assets</li> </ul>	\$390K from HCC. \$790K in total.	SLA for Regional Tourism Services
13. What value for money for HCC investment are currently used and reported?	2009-2011 \$450K from HCC. Leveraged an additional \$900K from central government and private sector.	

## Business Improvement District Programme

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Organisation:	Information Supplied	Source
<p><b>1. Organisation Vision:</b></p>	<p>BID programme is a partnership between a local authority and the local business community to develop projects and services that will benefit the trading environment within the boundary of a clearly defined commercial area. The BID is financially supported by the levying of a targeted rate and collected from all non-residential properties within the defined boundary.</p> <p>In 2009 HCC established a BID policy with the following goals:</p> <ol style="list-style-type: none"> <li>1. To support business creation, attraction, retention and expansion within the commercial districts and business centres</li> <li>2. To promote and encourage the development of locations where businesses want to be based, through marketing, events and promotion.</li> <li>3. To promote urban design and heritage through enhancements to the public realm</li> <li>4. To help contribute to the vibrancy of the BID area</li> </ol> <p>The proposed Strategic business plan 2010-2013 for Hamilton Central Business association provides the following vision:</p> <ul style="list-style-type: none"> <li>• Hamilton’s CBD is a thriving business area that is well recognised for the high quality retail and hospitality experience it offers</li> <li>• People come to the CBD because it is easy to get to, convenient, welcoming and so much more than just another place to shop</li> <li>• There’s always something new and different happening in the CBD to draw in local, regional and international visitors</li> <li>• The CBD is widely considered</li> <li>• as a desirable place to own property, operate a business, and a great place to work</li> </ul>	<p>BID Policy</p>

Organisation:	Information Supplied	Source
	<ul style="list-style-type: none"> <li>The CBD is recognised for the role it has played in driving forward Hamilton's reputation as a confident, modern and progressive city.</li> </ul>	
<p><b>2. Organisation Objectives</b></p>	<ol style="list-style-type: none"> <li>1. Attract more people into the CBD as customers for retail, hospitality and other CBD businesses</li> <li>2. Enhance the customer experience for people visiting the CBD and patronising CBD businesses</li> <li>3. Strengthen core competencies of the HCBA and build our reputation as an effective organisation that delivers for our members.</li> </ol>	
<p><b>3. What outcome measures are used for these objectives?</b></p>	<p>Strategies have been developed to meet the above goals. Each strategy has a timeframe, identifies key partners who will be involved and outlines deliverables/KPIS. KPIS include measurable such as pedestrian activity, visitor numbers, vacancy rates, customer satisfaction surveys.</p> <p>Strategic plan for BID (updated 3 yearly) and an Annual business plan. BID Policy states that KPIS for BID manager against Strategic plan goals.</p> <p>All benchmark and performance measures should be based on best practice management techniques and must be agreed upon by Council.</p> <p>Performance to be reviewed annually.</p>	
<p><b>4. What output measures are used for each objective</b></p>	<p>The proposed strategic business plan for the HCBA includes in Appendix 1 a list of 17 proposed measures for which performance of the association could be measured over a 4 year period.</p>	
<p><b>5. What are the time-frames for each objective</b></p>	<p>Depend on objective, overall performance monitored annually.</p>	
<p><b>6. How often are the output measures reported, i.e. is it a</b></p>	<p>Quarterly</p>	

Organisation:	Information Supplied	Source
quarterly, semi-annual or annual reporting of council?		
<b>7. What KPIs are publicly reported?</b>	KPIs identified in Strategic plan are presented to members annually.	
<b>8. What KPIs are internally reported to council?</b>	<p>By end of November each year the BID Executive committee must provide the Council:</p> <p>A copy of audited accounts and annual report for the previous financial year</p> <p>Any proposed changes to the BID boundaries</p> <p>In January each year the BID Executive Committee must provide Council:</p> <p>A detailed programme and budget for the period 1 July to 30 June (the next financial year).</p> <p>Council will review the performance of the BID against the stated strategic and business plans, KPIs, audited accounts and annual report.</p> <p>Where council has concerns with performance, the targeted rate may be withheld.</p> <p>Every 3 years the Council will commission a citywide BID performance strategy.</p>	
<b>9. Audit.</b>		
<b>10. Is there an external audit unit that signs off on reported performance measures?</b>		
<b>11. Is there an internal audit unit that signs off on internally reported performance measures?</b>		

<b>Organisation:</b>	<b>Information Supplied</b>	<b>Source</b>
<b>12. What is the HCC investment in the vision of the organisation?</b> <ul style="list-style-type: none"> <li>• Annual investment</li> <li>• Tangible assets</li> <li>• Intangible assets</li> </ul>	<p>Y1 &amp; 2 \$100K grant each year</p> <p>A proposition for the central city for the purpose of communication and marketing</p> <p>An advocate and voice for the central city business.</p>	
<b>13. What value for money for HCC investment are currently used and reported?</b>		

### Innovation Waikato

<b>Organisation:</b>	<b>Information Supplied</b>	<b>Source</b>
<b>1. Ownership Structure</b>	<p>Limited liability Company with an independent Board of Directors appointed by shareholders and chaired by Michael Spaans.</p> <p>Ownership: 80.2% Katolyst, 19.80% HCC</p> <p>The company owns and operates Waikato innovation park.</p>	HCC Documents
<b>2. Organisation Vision:</b>	<p>To promote research, development, commercialisation and marketing by new and existing bodies or individuals of new products, processes, quality improvements and related matters by any new or existing research or technology organisation or corporate body or individual.</p> <p>To actively promote economic development by supporting the growth of business that contributes to NZs export economy.</p> <p>“To lead NZ in taking Technology based Ag Bio Commercial opportunities to Global markets”</p>	HCC Documents
<b>3. Organisation Objectives</b>	<ol style="list-style-type: none"> <li>1. To facilitate further development of the Waikato Innovation Park integrating the broader Ruakura campus and the Pastoral foods centre. <ul style="list-style-type: none"> <li>• Complete NZFIW building 3 in 2012</li> <li>• Complete building 4 in 2012</li> </ul> </li> <li>2. Lead the commercialisation of Ag-Biotechnologies offshore with the highest priority being Dairy SolutionNZ followed by Beef SolutionNZ.</li> </ol>	Supplied in writing by IWL

Organisation:	Information Supplied	Source
	<ul style="list-style-type: none"> <li>• Leverage into \$100m of new export and technology earnings</li> </ul> <p>3. Deliver onshore collaborative projects supporting Ag-Bio commercialisation such as:</p> <ul style="list-style-type: none"> <li>• Ag Bio NZ Cluster</li> </ul> <p>4. To support onshore commercialisation through the delivery of the TechNZ regional representative contact and the Greenfield network support contract.</p> <ul style="list-style-type: none"> <li>• \$5m in funding directed through Greenfields by 2012</li> <li>• \$10m in funding facilitated into companies through TechNZ by 2015</li> </ul>	
<p><b>4. What outcome measures are used for these objectives?</b></p>	<p>KPIs for 2009-2014:</p> <ul style="list-style-type: none"> <li>• Five buildings 90% occupied with leading technology driven companies</li> <li>• Projects pursued and secured by DairySolutionNZ or BeefSolutionNZ worth over \$100m in new exports.</li> <li>• Over \$100m capital raised for partner companies and project investment</li> <li>• 600 direct employees within park</li> <li>• Re-engage the incubator function as a collaborative enterprise with key partners.</li> </ul>	<p>Supplied in writing by IWL</p>
<p><b>5. What output measures are used for each objective</b></p>		
<p><b>6. What are the time-frames for each objective</b></p>		
<p><b>7. How often are the output measures reported, i.e. is it a quarterly, semi-annual or annual reporting of council?</b></p>	<p>Annual reports to the IWL Board. Shareholders approve Annual Plan.</p>	<p>DF</p>
<p><b>8. What KPIs are publicly reported?</b></p>		
<p><b>9. What KPIs are reported to council?</b></p>		
<p><b>10. Audit.</b></p>		
<p><b>11. Is there an external audit unit that signs off on reported</b></p>	<p>Finances are audited externally.</p>	<p>DF</p>

Organisation:	Information Supplied	Source
performance measures?		
12. Is there an internal audit unit that signs off on internally reported performance measures?		
<p data-bbox="268 524 544 658"><b>13. What is the HCC investment in the vision of the organisation?</b></p> <ul data-bbox="268 680 544 815" style="list-style-type: none"> <li>• Annual investment</li> <li>• Tangible assets</li> <li>• Intangible assets</li> </ul>	<p data-bbox="580 524 1198 622">HCC Grant \$2m in 2004 &amp; \$2.4m in 2010 (equity –shareholding) Raised \$4m from govt.</p> <p data-bbox="580 680 767 712"><b>Achievements:</b></p> <ul data-bbox="628 734 1129 958" style="list-style-type: none"> <li>• 2 Buildings constructed and tenanted (occupancy rates?)</li> <li>• 50 companies on site at park</li> <li>• 350 people employed within Park</li> <li>• MED \$4m for NZFINW Development</li> </ul>	<p data-bbox="1222 539 1262 571">DF</p> <p data-bbox="1222 748 1362 815">HCC Documents</p>
14. What value for money for HCC investment are currently used and reported?	<p data-bbox="580 987 1198 1357">Company’s growth currently limited by capital, current shareholders and local entities not in a position to increase their shareholding. Proposal on table for Eden Agricapital to become a 50% shareholder in IWL through the issue of new equity at the same level as the company’s current valuation, and a doubling of the value of the company. This could provide approx. \$12m of new funds being made available to assist in IWLs strategic growth plans (subject to independent valuation).</p>	
15. Other		

#### Appendix 4 -Signatories - Growth engines for Hamilton and surrounding region

<b>Growth Engine</b>	<b>No. of respondents</b>	<b>Comments</b>
Rural industry/Agriculture/Agri-tech	6	Need to leverage strengths from agri-sector and take into other industries and/or package to take offshore .Potential for emerging development around high tech innovations.
Health Services (public& private)	2	Region has benefitted from \$100m+ spent on re-development. Major feature for region. Have internationally recognised areas of medical speciality. Private sector also strong.
Education	5	City has outstanding offering of secondary 7 tertiary providers. Success of schools in arts, academic pursuits and sport drives stronger local business and economic growth. Education sector is “organised and productive” and delivering our workforce.
Golden triangle opportunities	1	Opportunity for Hamilton to maximise its position and capture value from Auckland’s excess growth.
Consumer spending	1	As city we need to understand how can we capture more of Hamiltonians spend.
Business services	1	
Food manufacturing	2	
Specialised manufacturing	3	
Aviation	1	
Research	3	Other areas seem to be doing better in growing presence and strengthening of regional capabilities.
Construction	1	More opportunities to come. Need capability and training within region. Closes economic development loop.
Energy	2	Renewable energy, wind, thermal & hydro.
Aquaculture	1	Thames/Coramandel region is going to be a large contributor to the regional economy.

### Appendix 5 - Specific recommendations made include:

Question	Recommendation
1. What sectors contribute and are most likely to contribute most to Hamilton’s economy – the growth “engines” of Hamilton.	Economic development activities should leverage the growth engine sectors of:
2. How does HCC better focus our resources and remove barriers to support these key areas?	<ul style="list-style-type: none"> <li>• Ensure economic development a key driver of goals and objectives throughout the organisation.</li> <li>• A systematic approach, linking strategic thinking to Aims, Goals, Objectives and Key Performance Indicators.</li> <li>• Alignment with Government strategies, e.g Ministry of Economic Development core cities approach.</li> <li>• Creation of structural activities that will enhance the economic development orientation, reducing ambiguities and cost.</li> <li>• Ensure joint initiatives with external agencies; have clearly stated goals and objectives which align with HCC aims in a transparent manner.</li> <li>• Engaging major private sector entities in meaningful dialogue and partnering.</li> </ul>
3. What levers (including policy) does HCC have and how are these better applied? Specifically, we want clarity of what economic development initiatives HCC should support, how and to what extent (scope), including financial envelope range?	<ul style="list-style-type: none"> <li>• Lead local economic development in-house to develop strategies to maximise the cities strengths.</li> <li>• Get the basic infrastructure issues to world class. Leading from the front as a place to do business easily.</li> <li>• Work closely with neighbouring councils to understand strategies and maximise opportunities for the region</li> <li>• Engage private sector in economic development planning to get their “buy-in” from the start and to share plans.</li> <li>• Support key growth clusters as a provider of infrastructure and a ‘voice”</li> <li>• Work closely with Government, e.g. MED to ensure strategies aligned, therefore being in a position to take advantage of Government investments in regional initiatives.</li> <li>• Actively support development of skills and knowledge to support growth engines.</li> </ul>

<p>4. What is the appropriate funding/governance/ownership structure for Council to participate and fund economic development in the future (RTO and EDA)? Should Economic Development be brought in house or is it appropriate to continue to outsource? What is the role of Council to facilitate new commercial property developments in the CBD?</p>	<ul style="list-style-type: none"> <li>• Council should proceed to create an Economic Development and Events Unit.</li> <li>• Council should internalise the economic development activities to get them correctly aligned.</li> <li>• Council should cease contributing money that does not buy economic development outcomes</li> <li>• Council should work with TAs to develop a regional economic development plan, incorporating a regional economic development agency.</li> <li>• The REDA plan should set 3 years in which to have it up and running.</li> </ul>
<p>5. What is the role of HCC to facilitate new commercial property development in the CBD?</p>	<ul style="list-style-type: none"> <li>• Council should use its land and building to advance the Economic Development strategy.</li> <li>• Council should require a minimum rate of return</li> <li>• Council should require transparency concerning returns and not permit subsidies to specific groups.</li> </ul>
<p>6. Are there appropriate effectiveness and efficiency measures, including benchmarks for Council activities?</p>	<ul style="list-style-type: none"> <li>• Require rate of return on all economic development activities.</li> <li>• Ensure that all economic development activities have KPIs to reflect efficiency in operation and output measures to reflect effectiveness</li> <li>• A compendium of output measures drawn from best practice be prepared.</li> <li>• An internal capacity strengthening initiative be implemented to establish appropriate Economic development output measures drawing on international practice as appropriate.</li> </ul>

## Appendix 6 - Economic Development and Tourism Activities of Regional Cities

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### Auckland

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#### ATEED - Auckland Tourism Event and Economic Development Agency

##### *Regional:*

- Sector & bus Development
  - Tourism Destination Management, marketing & visitor service
  - Attraction & delivery of Major Signature Events
  - Developing a compelling brand for Auckland
- One of seven organisations controlled by Auckland Council

### Wellington

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#### Grow Wellington - Wellington Regional Development Agency

##### *Regional*

- Funded by Greater Wellington Regional Council
  - Wellington Regional Growth Strategy
- Developed by 9 local authorities

### Christchurch

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##### *Regional*

- Canterbury Development Corporation
- Christchurch Economic Development Strategy (documents)

### Dunedin

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EDU within Dunedin city Council  
 Each of the councils' contributes; but considers that it is not regionally based

## Survey Responses - New Zealand Regional Tourism Organisations

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Of the 28 RTOs in New Zealand, responses were received from most RTOs. Results of these responses are listed below.

There are three main organisational structures for NZ RTOs

- Trusts. A legal mechanism so Councils can place tourism operations at “arm’s length” to Council municipal functions. This allows independent operations.
- Incorporated societies. In NZ, these are generally community based, membership organisations and are not-for-profit operations
- Council controlled organisation. These RTOs are managed as a division of Council.

There are exceptions as shown below.

Sites are accredited Visitor Information Centres.

#### Destination Northland Operates as a Trust.

The Board of Trustees is appointed by the Regional Council after a public advertising process. Applications are screened by a private consultant firm to establish or confirm their business background as Trustee requirements require a strong business experience. No politicians including Councillors are permitted on the Board.

#### Tourism Auckland Operates as a Trust. Has a membership base.

The Board of Trustees is appointed by the three Councils in the Region. Any Council that contributes more than \$100,000 can appoint a trustee to the Board. All other trustees are appointed by Auckland City in accordance with the Trust Deed, and also rotated in accordance with the Trust Deed. The Board appoints the CEO and the CEO appoints staff.

Apart from the i-SITEs that are required to be self-funding. Councils require that private sector contributions must match local government funding.

#### Tourism Coromandel Operates as an incorporated Society

Board members reflect the nature of membership and stakeholders. Councils as major funders share 3 seats (appointed), industry 3 seats (elected) Information Centres 1 (appointed). Co-opted to the Board but without voting rights are representatives of the Department of Conservation and The Hauraki Maori Trust Board.

There are 8 independent VICs in this region.

#### Tourism Bay of Plenty Operates as a Trust

Selecting the Board of Trustees is a panel comprising two Council representatives and the incumbent Trust Chairman. The Board of Trustees appoints the CEO and staff.

#### Tourism Eastland Not available

#### Destination Rotorua Council managed organisation

Destination Rotorua has two main arms, destination marketing and I-Site operations both managed by the RTO General Manager.

Destination marketing is mainly funded by Council but the RTO does undertake joint ventures with the industry on a project by project basis.

#### Destination Lake Taupo Council controlled organisation.

The RTO operates as a division of Council. Funding is 65% from a General Rate and 35% from a Marketing Development Rate. All funding is to cover destination marketing and two I-Sites.

#### Ruapehu Tourism Not available

#### Venture Taranaki Operates as a Trust.

Venture Taranaki is a combined Economic Development Agency (EDA) and Regional Tourism Organisation (RTO) which covers three areas, New Plymouth, Stratford and South Taranaki. Board of Trustees is chosen by Council

#### Hawkes Bay Inc Operates as a Trust.

Hawkes Bay Inc is a combined Economic Development Agency (EDA) and Regional Tourism Organisation (RTO) for the Hawke's Bay Region, which incorporates Central Hawke's Bay, Hastings District, Napier and Wairoa. The Board of Trustees is selected by Council.

### Destination Manawatu Not available

### Enterprise Coast Not available

### Go Wairarapa Operates as a Trust.

Has a membership base

GO Wairarapa is a trust independent of Council and is responsible for tourism marketing, economic development, enterprise training and Visitor Centres. The RTO receives grants from Councils, central government plus private sector contributions.

The Board of Trustees has three Council representatives (not politicians); three elected representatives from the membership and two appointed members (appointments made by the Board). Council appointees are made on the basis that the local authorities contribute financially. From a management perspective there is no separation between the different activities. The organisation employs people based on their skills and ability to work across all aspects of our operation.

### Positively Wellington Operates as a Trust.

Positively Wellington Tourism (PWT) is a charitable trust that is governed by a board of Trustees. These Trustees are appointed by a Wellington City Council sub-committee. The organisation is a joint venture between the private sector (30 percent of funding) and Wellington City Council (70 percent of funding). PWT focuses solely on tourism marketing and tourism development.

### Destination Marlborough Operates as a Trust.

Board of Trustees is chosen by an Appointments Committee comprising current Board members, a Marlborough District Councillor and sometimes local business representatives. The positions are advertised and suitable applicants interviewed.

### Latitude Nelson Council controlled organisation,

This is company owned by Councils with two shareholders, Nelson City Council and Tasman District Council who each own 50% of the shares. This means that although owned by two Councils, Latitude Nelson is independent. The two Councils agree on the selection of the Directors from the private sector applicants.

### Tourism West Coast Operates as an incorporated Society but is deemed to be a Council controlled organisation.

Funded by three District Councils. The Board comprises 7 members, 6 being Council representatives (3 Councillors and 3 Council nominees who usually have tourism industry experience) and 1 industry representative who is a non-political appointee.

This RTO covers a linear area along most of the West Coast (600 kms long)

### Hurunui Tourism Not available

### Christchurch and Canterbury Marketing Operates as a Trust.

Board of three Trustees (1 from Council & 2 from industry). They appoint a Board of Directors made up of 1/3 of each Council, industry & community representatives, for three year terms. The Board appoints the CEO who in turn appoints staff members. Council provides 50% of the funding, the remainder comes from working with the industry and commissions from product sales.

Mackenzie Tourism Not available

Central South Island Tourism Not available

Lake Wanaka Tourism Operates as an incorporated Society.

Funded by a tourism levy which is collected by Council on behalf of the RTO; also significant revenues earned by the I-Site and advertising revenues from collateral produced by the RTO

Destination Queenstown Operates as an incorporated Society.

Board members are elected by the members at the AGM. Of the RTOs funding, 95% is collected by a targeted rate on commercial properties (a percentage of the capital value). There is a 5% top-up from the residential rates pool. No funding is collected through industry partnerships.

Destination Dunedin Operates as a Trust.

Tourism Dunedin is a Charitable Trust. A Board of Trustees is selected by the Economic Development Unit (EDU) of the Dunedin City Council. The Board reports to the Council through EDU on a quarterly basis. Tourism Dunedin's core funding is provided by the Council by a Grant on an annual basis. Tourism Dunedin's tourism activities are managed by Tourism Dunedin Management and Board under the provision of the Trust agreement.

The Dunedin I-Site is operated and funded separately by Council plus it earns income from commissions and profits from sales of merchandise.

Central Otago Not available Destination

Fiordland is a Joint venture between the Regional Development Agency

(Venture Southland) and an incorporated Society, Fiordland Promotions Assoc.

The Board has representatives from the two organisations plus elected industry representatives who are voted on each year at the Fiordland Promotions Association AGM. The Department of Conservation has two representatives but they have no voting rights.

Venture Southland Tourism Not available

[www.advancetourism.com.au/files/S99JP1LSD1/FK\\_NZ\\_RTOs.pdf](http://www.advancetourism.com.au/files/S99JP1LSD1/FK_NZ_RTOs.pdf)