

QLDC Council**15 December 2016****Report for Agenda Item: 7****Corporate Services****Economic Development****Purpose**

To respond to the community desire for investment by the Queenstown Lakes District Council in economic development - in keeping with the objectives of the QLDC Economic Development Strategy 2015.

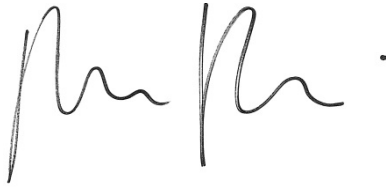
Recommendation

That Council:

- a. **Agree** to grant the Queenstown Chamber of Commerce funds of \$50,000 for the balance of the 2016/17 financial year, and \$100,000 for the 2017/18 financial year subject to a Memorandum of Understanding (MOU) to support business development in the Wakatipu Basin (in keeping with \$100,000 per annum funding granted with the Wanaka Chamber of Commerce).
- b. **Agree** to grant Study Queenstown the sum of \$50,000 for the 2016/17 year to support its Tertiary Education promotion activities.
- c. **Note** that initially (a) and (b) will be funded from monies included in the 2016/17 Annual Plan for Economic Development.
- d. **Delegate** the final terms of the MOU and agreement with the Queenstown Chamber of Commerce to the General Manager Corporate Services.
- e. **Agree** to the creation of a new Council resource (FTE) dedicated to delivering the objectives of the Economic Development Strategy 2015.
- f. **Note** that initially this role and resources will be funded from monies included in the 2016/17 Annual Plan for Economic Development.
- g. **Agree** that Council will consult with our communities through the 2017/18 Annual Plan to establish a contestable Economic Development Funding Round.

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Reviewed and Authorised by:
Mike Theelen



General Manager Corporate Chief Executive
Services

6/12/2016

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Background

- 1 In 2012 the Lakes District community participated in the Shaping Our Future Forums on 'Economic Future'. This was the catalyst for the Council's commitment to consult the community through the 2013/14 Annual Plan to fund an Economic Development Study.
- 2 After a lengthy consultation process the Council adopted a final Economic Development Strategy in 2015.
- 3 During the 2015/16 Annual Plan round the Council agreed to fund a number of Economic Development initiatives, including the Wanaka Chamber of Commerce initiative 'The Cube', the Film Office and Downtown Queenstown.
- 4 In addition to this the Council received requests through submissions for an additional \$630,000 in economic development initiatives.
- 5 The Council decided to set aside \$200,000 for the purposes of economic development.
- 6 In September 2016 Seath Consulting was engaged to facilitate a workshop with some representatives of the community to consider economic development opportunities. This workshop reinforced the objectives of the strategy, in particular in relation to business diversification and the desire to protect and enhance the district's unique environment.
- 7 One clear statement resulting from the workshop was that Council was seen as the 'one' organisation to lead the economic development work. There was also some caution to building on existing structures (i.e. the Chambers).

Comment

- 8 The Economic Development Strategy was the direct result of recognition by this community and Council of a need to understand and influence the district's economic future. In particular the strategy considers the sustainability of the district's dependence on tourism, retail and construction industries. It explores potential industry diversification and the concept of a shift within traditional

industries to higher value activities and it draws together vital information including consideration of the district's enviable growth rates.

- 9 The driving principle behind the strategy is to improve the ability of organisations and people either in our district or considering relocating or establishing business in our district to more productively and effectively respond to opportunities. The aim is an enhanced quality of life for all residents and improved business confidence.
- 10 Given the district's growth and continued business investment, Council has found itself in the enviable position of receiving numerous proposals to support business innovative and diversity. Unlike many communities of a similar size, the district has no lack of employment, nor a lack of business innovation and growth. What it does have however is a perceived dependency on tourism or visitor related industries, making it particularly vulnerable to a downturn in that sector. This lack of diversity also has an indirect impact on the perception of the district to provide a wider range and depth of employment opportunities. One of the key areas that both the strategy and the workshop identified was the opportunity to actively support new and different business initiatives from a wider variety of sources.
- 11 To enable leadership from Council in this context, it is therefore proposed that Council will establish a contestable economic development fund to be contested annually and an in-house resource to: manage the round; administer the funding and accountability; liaise with existing business bodies and build on Council's business stakeholder relationships; build a robust economic database; deliver against strategy objectives and contribute to the development of the future direction and form of economic development in the Queenstown Lakes District.
- 12 This resource will be able to further the associated work streams identified through the workshop process as key areas, namely: education, health and culture. The fourth strand relating to growing Iwi relations will be ongoing and developed at both a governance level and culturally at an organisation level.
- 13 While a number of these initiatives require further consideration, a broader role for education has come through both the strategy and workshops as a major industry opportunity.
- 14 Study Queenstown is a joint initiative to promote Queenstown as a premium education destination for both international and domestic students, utilising both local and international education providers. Study Queenstown employs one full time person and is actively engaged in co-ordinating education providers across the district and working to promote education opportunities internationally. It has a goal of raising the economic contribution of education from \$25m pa to \$67m pa by 2020. At the same time it is looking to increase full time students to 1500 by that date. It is also increasingly looking to target Queenstown as an Executive Education market.
- 15 As part of the Annual Plan, Study Queenstown applied for a grant of up to \$70k to support this work. Study Queenstown currently receives funding from

Education NZ both for core and project funding, as well as \$20k in membership. Part of the work being undertaken this year is to promote the Study Queenstown concept, explore Executive Education opportunities, and increase the breadth of its funding options. It is proposed that \$50,000 be allocated to Study Queenstown for the 2016/17 financial year. This will be funded from the budget established but unallocated as part of the 2016/17 Annual Plan.

- 16 The other area that Council immediately needs to respond to is the ongoing liaison with potential investors, and direct business support to the local community.
- 17 In the Queenstown context, it is proposed to provide funding to the Chamber for two key but related areas of support. The first recognises the role that the Chamber plays in receiving, hosting and facilitating business enquiries on behalf of the district, including the management of a range of businesses and other economic delegations. This is and remains a key element in maintaining the district's 'availability for investment'. The second is to identify and provide these support services for the myriad of small but enterprising businesses in the Wakatipu area. This is similar to the relationship Council has already established with the Wanaka Chamber of Commerce. Funding of \$50k for the balance of this financial year, and \$100k for the next financial year, will parallel the commitment already made by the Council to the Wanaka Chamber. Funding will be dependent on a suitable MOU being reached with the Chamber.
- 18 It is intended that this will be complemented by a new in-house role that will be established to provide a point of contact for Council and a gateway for investors and businesses needing to engage with Council as part of testing business opportunities in the district.
- 19 In the event the proposal to establish a contestable fund meets approval through the Annual Plan 2017/18, it is proposed the round could be held as early as August 2017.

Financial Implications

- 20 The recommendation has no financial implication as the funding has already been set aside. The Council will need to decide how much money it proposes to commit to an annual contestable fund. The proposed business development role will need to be factored into the salary budget in the 2017/18 Annual Plan.

Local Government Act 2002 Purpose Provisions

- 21 Economic development falls within the purpose of Local Government under 10 (1) (b): to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

Council Policies

- 22 The following Council Policies were considered:

- 2015/16 Annual Plan
- Economic Development Strategy 2015

Consultation

23 The Council consulted on the inclusion of funding for an Economic Development Study in the 2013/14 Annual Plan (72% supported the study, 28% opposed). This saw \$80,000 included in the budget which was carried through in subsequent years. This figure was increased to \$200,000 in 2016/17 Annual Plan, based on submissions from the business community. Inclusion of a contestable fund in the Annual Plan 2017/18 will be subject to community consultation.