

QLDC Council
28 September 2017

Report for Agenda Item: 9

Department: Corporate Services

2017/18 Contestable Economic Development Fund proposed principles and process

Purpose

The purpose of this report is to outline the goals, principles and processes for the Economic Development Fund for 2017/18 and seek a decision to proceed.

Recommendation

That the Council

1. **Note** the contents of this report;
2. **Accept** the recommended goals, principles, criteria and processes for the 2017/18 contestable Economic Development Fund in order to proceed with a round of funding in the 2017 calendar year;
3. **Delegate** to the Mayor the appointment of a panel four Councillors to deliberate on applications and make a recommendation to Council on allocation of the remaining Economic Development Fund.

Prepared by:



Peter Harris
Economic Development
Manager

13/09/2017

Reviewed and Authorised by:



Michelle Morss
Corporate Manager (Acting
General Manager Corporate
Service)

13/09/2017

Background

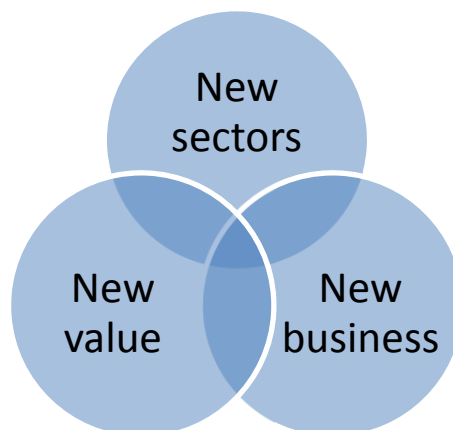
- 1 In the 2016/17 Annual Plan there were a significant number of funding requests that related to economic development that were more aligned to the Economic Development Strategy 2015. The previous Council felt a more considered and structured approach needed to be established around economic development related funding in the district.

- 2 In December 2016 a decision was taken to appoint an Economic Development Manager who is principally focused on delivering the objectives of the Economic Development Strategy 2015, including the development of a contestable economic development fund. A dedicated budget for economic development was first introduced in 2015 and money is available in the 2017/18 Annual Plan budget.
- 3 It is appropriate for the Council to approve the proposed goals, principles, criteria and process for the allocation of a contestable fund from the allocated budget.

Comment

Themes for the 2017/18 Economic Development Contestable Fund

- 4 There are three proposed themes for the contestable fund which align with the objectives of the Economic Development Strategy:
 - i. New Sectors – helping emerging industries grow (i.e. which businesses in the same industry could combine forces to share costs, reduce risks or amplify sales opportunities?)
 - ii. New Value – helping existing businesses boost their scale and margin (i.e. what technology could help local tourism businesses improve their efficiency, or add value to the visitor experience?)
 - iii. New Business – supporting entrepreneurs to launch and grow innovative new businesses (i.e. how can we support people with a business idea to decide whether it is worth launching?)



- 5 Because some projects may cover more than one theme, it is recommended the fund be retained as one budget rather than split into tranches.

Funding principles

- 6 The following principles are recommend to underpin the contestable fund:

- i. *The contestable fund will be initially restricted to the 2017/18 financial year* – The decision about whether it should be repeated in future will be made within the context of the future economic development model.
- ii. *No direct funding will be given to individual businesses* – Funding individual businesses is a high risk approach for local government bodies, given the potential levels of failure surrounding new businesses and initiatives. Individual businesses can seek funding from central government or private investors separately. QLDC backed projects should benefit multiple businesses via improved skills, networks, access to investment etc., but not provide a cash injection for individual businesses.
- iii. *All applicants must agree that the details of their projects and the results can be shared publicly.* While specific business information can be treated as confidential, the details of the project and its benefits should be public.
- iv. *QLDC will only co-fund projects* – businesses and/or other agencies must contribute.

Assessment Criteria

- 7 The panel would assess the applications against the following criteria. To varying degrees the initiative needs to demonstrate that it will:
 - Add new customers, expertise or value to the District
 - Have a clear impact and go beyond ‘business as usual’
 - Benefit businesses across the District
 - Solve a challenge voiced by a specific group/industry/consumer group
 - Receive financial or in-kind support from others
 - Involve experienced and committed people
 - Leverage national and international models and expertise
 - Align with the objectives of the Economic Development Strategy

Fund process and timing

- 8 Applicants will be required to consult with the Economic Development Manager prior to submitting an application. This will help ensure that the criteria are well understood, whilst offering the chance for feedback to be provided in order to strengthen applications.
- 9 Applications will be made online using the same software used for Events funding applications (SurveyMonkey). The application format will be designed to be ensure ease of use and submission.
- 10 A panel of four Councillors determined by Council will consider the applications and make a recommendation to Full Council.
- 11 The proposed timing is as follows;
 - September-October – promote the fund and work with potential applicants

- Monday 6 November – applications close
- Week commencing Monday 20 November – panel considers applications
- Thursday 14 December – Council considers recommended funding allocations

Funding 2017/18

- 12 As outlined Council has included dedicated economic development funding since adopting the strategy in 2015.
- 13 The funding available in the 2017/18 year is a total fund of \$335k. Of that total fund the Council allocated \$150k to both the Wanaka and Queenstown Chambers of Commerce for economic development projects highlighted through the 2017/18 Annual Plan process.
- 14 It is proposed that an additional \$50k be set aside for discretionary economic development projects for the remainder of the year. These minor projects will be delegated for sign off by the General Manager Corporate Services.
- 15 The remaining fund (\$135k) will be treated as contestable through the proposed November funding round.

Significance and Engagement

- 16 This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because it involves relatively small amounts of funding supported by an adopted strategy.

Financial Implications

- 17 The Contestable fund has been included within the approved Economic Development budget in the 2017/18 Annual Plan.

Council Policies, Strategies and Bylaws

- 18 The Economic Development Strategy was considered in the development of this funding approach. The recommended option is consistent with the principles set out in the named policy/policies.
- 19 This matter is not included in the 10-Year Plan/Annual Plan but will be a consideration when Council decides on the appropriate structure, goals and funding for future economic development efforts.

Local Government Act 2002 Purpose Provisions

- 20 The recommended option:

- Will help 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 by encouraging new industries and businesses within our community.

- Can be implemented through current funding under the 10-Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

Consultation: Community Views and Preferences

21 The Economic Development Strategy 2015 and subsequent Annual Plan funding of economic development which inform this proposal have been the subject of consultation with residents/ratepayers of the Queenstown Lakes District community, and local businesses and industry groups.