

QLDC Council
8 August 2019

Report for Agenda Item | Rīpoata moto e Rāraki take: 3

Department: Corporate Services

Title | Taitara Otago Regional Economic Development Strategic Framework

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

1. The purpose of this report is to note the completion of the Otago Regional Economic Development Strategic Framework (OREDS Framework), and the offer from government to support management of economic development projects across Otago.

EXECUTIVE SUMMARY | WHAKARĀPOPOTOTANGA MATUA

2. The Economic Development agencies from all Otago Councils have been working on an overview of the regional economy and themes that offer the most potential for cross-district economic development collaboration. This has been supported by funding and advice from the Ministry of Business, Innovation and Employment (MBIE). The OREDS framework aligns with the goals of the Queenstown Lakes District Economic Development Strategy, including fostering economic diversity. It has been endorsed by both the Otago Council CEO, and Otago Mayoral forums.
3. Under-Secretary for Regional Economic Development Fletcher Tabuteau has invited the region to apply for funding to build capacity, manage the portfolio of projects and support Provincial Growth Fund (PGF) activities across the Otago region. If the funding application to MBIE is approved, an Inland Otago portfolio advisor (hosted by Central Otago District Council) will support projects within the Queenstown Lakes District.
4. Whether or not the funding is approved the process of developing the OREDS Framework has reinforced the benefit of Economic Development Managers across the region sharing resources and projects, and this will continue.

1 RECOMMENDATION | NGĀ TŪTOHUNGA

That the Council:

Notes the contents of this report and the final Otago Regional Economic Development Strategic Framework 2019.

Notes that should the application to MBIE be successful, an Inland Otago Portfolio Advisor will support projects that have a regional benefit. Whether this funding is secured or not, there are no financial implications for QLDC.

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19/07/2019

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26/07/2019

CONTEXT | HOROPAKI

1. In 2018, a project team comprised of Economic Development Managers from across the Otago district (including Central Otago District Council) was formed and has been working with Ministry of Business, Innovation and Employment (MBIE) on the development of the OREDS Framework (see attached).
2. The impetus to develop a framework came from MBIE's advice that it would be advantageous for the Otago region to develop a high-level plan to support applications to the PGF, and other regional economic development funding. Each territorial authority in Otago contributed \$10,000 to the development of the framework, which was matched by MBIE. This funding enabled a consultant to be engaged to support the development of the OREDS Framework.
3. The OREDS Framework was presented to the Chief Executive Forum held on 23 May 2019 and to the Mayoral Forum on 17 June 2019. Both groups have endorsed the framework.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

4. The ORED Working Group (composed of council Economic Development Managers, MBIE and Ministry of Social Development officials) has continued to develop and finalise the OREDS Framework over the last year. The OREDS Framework is intended to:
 - a) Identify and assess the strategic priorities for economic development across Otago
 - b) Provide a tool for the ORED Working Group to identify, assess and recommend economic development activities and projects - including PGF applications within the proposed themes
 - c) Provide a basis for strengthening the partnership between local economic development agencies, Ngāi Tahu, Government and other stakeholders
5. The framework has been informed by the Better Business Case methodology, workshops and interviews with stakeholders (including MBIE) and industry across Otago.
6. The framework is centred on four high level **outcomes**:
 - Our people – improved wellbeing for all
 - Our communities – more vibrant, prosperous and resilient communities
 - Our environment – improved environmental sustainability
 - Our culture - stronger, more productive partnerships with Ngāi Tahu
7. In order to achieve these outcomes, the framework highlights the following **objectives** to focus on:
 - To provide multi-district benefits through economic development initiatives
 - To increase regional productivity

- To assist the Otago region to access the skills and experience it needs to prosper
 - To improve the ability of Otago communities to respond to social, environmental, economic and cultural challenges.
8. The framework highlights five **key themes** that will help us meet our objectives and contribute to the outcomes. These are:
- **Connectivity** – Enabling greater connections between people, between districts, across the region, and nationally and internationally
 - **Productivity** - Fostering innovative new ideas with productivity growth impacts
 - **Talent** – Making Otago the place for skilled and experienced people to live, study, work and invest
 - **Housing** – Improving the availability, choice and quality of accommodation for individuals, families, seasonal and migrant workers
 - **Sustainability** – Improving the resilience of key sectors and the sustainable use of the region’s human, social, economic and natural assets
9. The framework outlines a clear commitment to co-operate and collaborate between districts, with iwi, industry, neighbouring regions and central government. This will be key to successfully achieving good outcomes for economic development in the Otago region.
10. As a first-generation framework, the ORED Working Group will review the framework at the end of the first year. The ORED Working Group will continue to meet in order to monitor, evaluate and report on progress. The group will also track the progress of Otago PGF ideas and applications, ensuring all Chief Executives are fully apprised of developments. The ORED Working Group will work with applicants to assist with application alignment with the OREDS Framework.

Provincial Development Unit: Enterprise Capacity Funding

11. On 2 April 2019 it was confirmed that each region is eligible for \$200,000 per annum for two years to support PGF portfolio management and regional coordination, subject to an express application to the PGF (attachment 2).
12. The ORED working group has submitted an express application to the PGF, to fund the positions of two Portfolio Advisors to support PGF portfolio management and regional coordination.
13. Those positions are proposed to be fixed-term, for a period of two years from 2019/20, as follows:
- a) A **Coastal Otago Portfolio Advisor** covering Clutha, Dunedin and Waitaki, and hosted by Enterprise Dunedin, Dunedin City Council;

- b) An **Inland Otago Portfolio Advisor** covering Central Otago and Queenstown Lakes, and hosted by Central Otago District Council (CODC).
14. Under the proposal, Central Otago District Council and Dunedin City Council will appoint each advisor in accordance with their recruitment policy. The appointments are intended to be rates neutral, and will only be created if MBIE funding is secured.
15. The process of developing the OREDS Framework has reinforced the goodwill amongst the Economic Development Managers throughout the region. Whether the funding for the portfolio advisor this position is approved or not, the QLDC Economic Development Manager will remain in regular contact with other Otago Economic Development Managers to share resources and explore ways to collaborate regionally.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

16. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because the Framework does not have a direct impact on the environment, culture and people of the District. It is consistent with the current Economic Development Strategy and does not negatively affect Councils capability and capacity.
17. The persons who are affected by or interested in this matter are organisations and individuals wanting to access government economic development funding for local or regional projects.
18. The Council will ensure Ignite Wanaka, Lake Wanaka Tourism, Queenstown Chamber of Commerce, Destination Queenstown, Arrowtown Promotion and Business Association, Film Otago Southland, Study Queenstown and Startup Queenstown Lakes are made aware of the Framework.

> MĀORI CONSULTATION | IWI RŪNANGA

19. Members of the ORED Working Group met with local rūnaka regarding the role of Ngāi Tahu in the framework on 16 April 2019. The rūnaka welcomed a partnership approach on the framework and indicated their overall support for the approach and interest in the identified themes.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

20. This matter relates to the Community & Wellbeing risk category. It is associated with RISK 00037 – Lack of Alignment – Key Relationships within the QLDC Risk Register.
21. Noting the OREDS Framework will support the Council by allowing it to retain the risk at its current level. This shall be achieved by the Regional Economic Development Managers group regularly briefing the CEO and Mayoral Forum and maintaining regular contact MBIE. The QLDC Economic Development Manager will ensure regional efforts align with the QLDC Economic Development Strategy and ensuring the QLDC Corporate GM is updated on regional initiatives that could have a local impact.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

22. There are no budget or cost implications resulting from the decision. If the MBIE funding for the Portfolio Advisor roles is approved the role that will support this district will be based within CODC without any expectation of a financial contribution from QLDC. If the MBIE funding is not approved, this work will remain with the local Economic Development Managers, as is the case now.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

- 23. The Economic Development Strategy was considered <https://www.qldc.govt.nz/assets/Uploads/Council-Documents/Strategies-and-Publications//Queenstown-Lakes-Economic-Development-Strategy-Consultation-Document.pdf>
- 24. The recommended option is consistent with the principles set out in the strategy.
- 25. This matter is not included in the Ten Year Plan/Annual Plan. It should be taken into account when the Queenstown Lakes Economic Development Strategy is revised.

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

- 26. 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 leveraging local economic development efforts through cooperation and potential access to central government funding.
 - Can be implemented through current funding under the Ten 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.

ATTACHMENTS | NGĀ TĀPIRIHANGA

A	Letter of project capability funding offer - Under-Secretary Tabuteau
B	Final ORED Strategic Framework