



27 April 2009

Submission to the Rotorua District Council

Long-Term Community Consultation Plan (LTCCP) 2009 - 2019

Introduction

The Rotorua Chamber of Commerce (Inc), (RCC), is an organisation serving the interests of 640 business organisations in the District of Rotorua.

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The RCC acknowledges Council's decision to limit rate increases to within the annual increase in the Consumer Price Index for the next three years. This is reflected in the projected general rate increase for the 2009/2010 year set at approximately 2 per cent.

The RCC also acknowledges to considerable investment by the RDC and its Funding Partnership Programme in infrastructure that will contribute to economic development of the region. Of specific note is the Energy Events Centre, the Rotorua Regional Airport, the Museum of Art and History, the Rotorua District Library and the Civic Centre. The RDC is to be applauded for this investment.

The RCC equally acknowledges the decision to change the Streat to a pedestrian precinct and allow 'al fresco' dining. This is already proving to be a very popular attraction for residents and visitors, both domestic and international.

The RCC believes that these investments should add considerable impetus to the economic and population growth of the City.

Summary of Submission

The RCC makes the following recommendations on the LTCCP.

1. That the growth model be adjusted to 1.0% and that strategies be developed to target that growth.

2. That the emphasis of activity for DRED be moved from economic gardening to economic hunting and that a number of strategies to attract and grow economic investment are developed and included in the plan.
3. That additional funding is allocated to DRED to fund the required 'economic gardening' activities should they be considered necessary.
4. That performance measures for economic development are introduced to reflect quantitative achievement of economic growth.
5. That the RDC continues its investment in the Rotorua airport.
6. That the RDC commission the development of collateral to allow visual representation of a proposed blueprint for Rotorua district development.
7. That the concept of an integrated Central Rotorua be incorporated into the LTCCP.
8. That the resource allocated to the pier project be renamed as an allocation to Central Rotorua Asset and Infrastructure Development.
9. That the development of Victoria Street into an arterial route be brought forward, or at the very latest be defined as occurring in year four of the LTCCP
10. That RDC suspends development contributions for three years and adopts a pro-active approach to attracting new business.
11. That RDC introduces incentive policies such as Initial Rates Holidays to attract new business and commercial developments.
12. RDC removes brown field development contributions.
13. That a performance measure be introduced in the building services activity plan and the environmental planning implementation activity plan that reflects the weighted average for the number of days taken before approval for building and resource consents is given.
14. That a performance measure be introduced in the building services activity plan and the environmental planning implementation activity plan that reflects the number of times that individual applications are submitted before they are finally approved.
15. That RDC introduce a procedure that required Council to receive a monthly report on the number of outstanding consents, their individual value, and the date first submitted.
16. That RDC introduces a timetabled plan of planning documents and legislation consultative requirements spread across the year.

Submission Rationale

Growth targets

The draft plan is based on a forecast population growth average of 0.38% per annum (v1p35). According to the most recent officially verified statistics (NZ Statistics Census) the population growth over the 5 years between 2001 and 2006 has been 2.21 % or 0.44% per annum. This growth rate is lower than that of most other neighbouring communities and the average for New Zealand over the same period.

Population Growth Rates between 01 and 06 Census Selected Bay of Plenty Authorities

	Population 2001	Population 2006	Population Growth	% Growth over 5 years	Annual Growth
New Zealand	3843487	4143279	299792	7.80%	1.56%
Rotorua	64473	65901	1428	2.21%	0.44%
Hamilton	116256	129249	12993	11.18%	2.24%
Taupo	31521	32421	900	2.86%	0.57%
Tauranga	90912	103635	12723	13.99%	2.80%
Waipa	38958	42501	3543	9.09%	1.82%
	342120	373707	31587	9.23%	1.85%

Source - <http://www.localcouncils.govt.nz>

The 0.38% growth model adopted is 14% lower than this achieved growth rate. The RCC acknowledges that RDC needs to be fiscally responsible in establishing its financial targets, and conservative in setting its growth projections. However, this conservatism should be balanced with a minimum of historical achievement supported with a goal of an improved performance generated by infrastructural investment. This infrastructural investment includes the Energy Events Centre, The Museum of Art and History, the Library, and, projected to be of major impact, the Rotorua Airport Development. There is a strong expectation that these developments will add impetus to population and business growth for the city.

Setting such an extremely low target could become self-fulfilling as Rotorua as a community will not be stretching itself to improve economic and population growth. RCC considers that setting a more aggressive growth target sets a positive goal to achieve.

Growth in Tauranga has been considerable (2.8% per annum). The pressure of growth in that territorial authority is considerable and is impacting certain aspects of quality of life and the environment in which to do business. Rotorua does not have many of these challenges and can well benefit by providing a strong alternative for residential and business requirements. The proposed developments along the eastern corridor could provide an attractive option, 5 minutes to the airport, 20 minutes to Rotorua, 40 minutes to Tauranga.

If Rotorua is to be prepared for this growth and prevent the growth challenges experienced by Tauranga, it is important that the growth projection incorporates a realistic target.

The RCC recommends that the growth model be adjusted to 1.0% and that strategies be developed to target that growth.

Economic development

The historical population growth as given in the chart in the previous section suggests that the economic strategies of the past 10 years have not been as successful as desired.

The feedback that the RCC has received from our industry sector focus groups (and which have been shared with the RDC) suggests that the current economic and development policies and processes adopted by RDC have not been encouraging of business growth. A number of major companies have reported their decision to move production and or product sourcing outside of Rotorua. Feedback from the developers' focus group indicated that some would not consider re-investing in Rotorua.

The economic development activity plan (v1p187) lists nine activities for Destination Rotorua Economic Development (DRED). These are: involvement in BEAB; the CBD Strategy; Settlement Support; Film Office; Marketing collateral; provision of business support; BOP Regional Development Strategy; Retail Advisory Group; and regional and national environmental policy lobby. RCC makes a distinction between economic gardening (improving the environment in which to do business in the community) and economic hunting (developing strategies to attract and grow economic investment in the community). The action plans of the DRED have a strong emphasis on economic gardening.

The RCC recommends that the emphasis of activity for DRED be moved from economic gardening to economic hunting and that a number of strategies to attract and grow economic investment are developed and included in the plan.

The RCC recommends that, if the current range of economic gardening activities are seen as important and the responsibility for their achievement unable to be re-allocated to any other service group within RDC, then additional funding be allocated to DRED to enable that unit to continue to fulfil the economic farming activities while placing greater focus on economic hunting. In particular, DRED should ensure that the economic development opportunities of the Rotorua District are strongly represented in the next issue of the BoP Economic Development Strategy. This will include identifying projects that are ready for development and investment, particularly in forestry, tourism and agriculture.

The RCC recommends that performance measures for economic development (v1p188) are reviewed to reflect achievement of economic hunting. Destination Rotorua Tourism Marketing has quantitative measures of number of visitors, number of visitor nights, and average spend. DRTM is not solely responsible for the achievement of these targets; they require a combination of public and private enterprise involvement. But the targets are useful in monitoring the impact of DRTM. A similar set of performance measures should be adopted for DRED.

The following are suggested for DRED:

- Number of new businesses established in the region
- Increase in employment as a result of new business establishment
- Level of vacant retail space in the CBD (similar to Reid and Reynolds survey)
- Level of vacant office space in the CBD (similar to Reid and Reynolds survey)

Funding of infrastructural developments

In recent years there has been a considerable investment by RDC in the development of assets and infrastructure. RDC contributions to the Museum extensions, the Energy Events Centre, and the airport have been considerable. The investment in the library upgrade and the extension of the Civic Centre to include the new Service Centre have also been extensive. The future investment in planned development of the Aquatic Centre and the Convention Centre Theatre involves considerable capital. RCC recognises the tremendous contributions of the RDC and its strong partner programme in adding to the facilities and resources of our city. RCC does not undervalue any of these investments. However, RCC is concerned that the ratepayer contributions to these developments have come from a stagnant population base. Further investment of this scale will place an unreasonable burden on a static ratepayer base. This further supports our view that RDC needs a more active strategy to grow the population and economic base of the district.

Airport funding

The RCC fully supports RDC's ownership of and investment in the Rotorua Airport. The economic stimulus that this will provide will be considerable. The LTCCP suggests that there are three financing options for this development. RCC concurs that a mix of the three options is preferred. It also suggests that the EBoP Regional Infrastructural Development Contestable Fund is increasingly unlikely to provide substantial financial support for the Airport. However, the current territorial authority governance review process may change that position.

Purchase of the cutting rights for high recreational value parts of Whakarewarewa Forest.

The RCC fully supports strategies (v1p9) that will protect the future economic advantages created by the protection of the recreational use of Whaka Forests. RCC suggests that RDC, in the first instance, use all its lobbying power to persuade the owners for the forest to use the forest to meet social and environmental organisational objectives. However, as a last resort, the RCC supports the appropriate investment to secure future recreational access to Whakarewarewa forest

Investment in a Vision

RCC acknowledges the District Vision Statement (v1p27) and considers there are a strong range of values that underpin that statement. This is a philosophical statement that provides a sense of community identity.

However, RCC suggests that there is also a need for the city as a community to have a picture or a blueprint for Rotorua in 50 years' time. There has been a considerable input of combined energy from a wide range of business and other stakeholders to capture this 50 year vision. The CBD revitalisation proposal and submission, the Lakefront Development proposal and submission, The Ngati Whakaue Eastern Development, Ngati Whakaue Lakefront proposal, The Bright Economy Board Future Vision project, and a number of reports from various departments within RDC. RCC suggests that there is a need to bring these all together and develop a composite blueprint for the Rotorua Region of the future (2060). Given all of these proposals, what will the city look like? RCC would support the allocation of resources to the production of a professional visual representation of this blueprint, using the most appropriate media. RCC believes that such a blueprint would provide the community drive and support for the development of the city.

Integrated CBD, Lakefront, and Rotorua Central

There continues to be individual references to three components of the City Centre. Individual plans and concepts have been developed by either the private or public sector for each component. RCC considers that it is timely to integrate all three into a plan for Central Rotorua. We have expressed our concern about the proposed development of Pukeroa Oruawhata's Rotorua Central and its possible impact on what is currently perceived as the CBD. There has historically been a CBD v Rotorua Central – us v them conflict. There is considerable value in the large retail area being adjacent to the strip shopping. The potential for a future retail attraction (for residents as well as for international and domestic visitors) is considerable. RCC recommends that the concept of an integrated Central Rotorua be incorporated into the LTCCP. This integrated Central Rotorua should be included in the vision representation discussed in the previous paragraph.

It is noticeable that the only allocation of funding for the development of the CBD is \$8 million (in 2013) for new pier and a further \$1 million (in 2016). No other funding has been allowed for any other Central Rotorua development (excluding the Eastern arterial referred to below). RCC acknowledges that PPPs or PIPs are a valid funding mechanism to achieve possible asset development projects. However, even given private or iwi investment, there is still the requirement for capital investment in those local government-owned infrastructural assets such as roading, streetscaping, parking and possibly weather protection. The CBD revitalisation consultation identified the goal of emphasising the central spine (Tutanekai Street) and the possible move towards limiting vehicular access. This trend is certainly obvious overseas. The achievement of such a concept even under a PPP or PIP model will require a contribution by the local authority. Similarly, the allocation of the capital resource allocated to the establishment of a pier could also be achieved through a PPP or PIP model. RCC recommends that the resource allocated to the pier project be renamed as an allocation to Central Rotorua Asset and Infrastructure Development. This would enable different models of funding and a variety of asset developments to be considered. Locking in the pier closes the door on the funding of any other developments.

RCC is very concerned about the high levels of vacancy in retail and office properties in the CBD (see the attached Reid and Reynolds report) November 2008 saw the highest level of vacancy in the last 20 years, and this reflected a trend, not a spike. This figure supports the need to include an allocation of RDC resources to projects other than the single designated pier.

Victoria Street arterial

RCC strongly supports the development of the Victoria Street arterial. (v1p231) The current dissection of commercial and retail Central Rotorua by Amohau Street, a state highway, works against the integration of the city centre. RCC strongly recommends that the development of Victoria Street into an arterial route be brought forward, or at the very latest be defined as occurring in year four of the LTCCP.

Rating Policy

RCC has made a separate submission on the proposed rating model.

Development Contributions

Rotorua is suffering from a lack of commercial and industrial development and one of the results is a low rate of population growth. For the city to optimise the opportunity provided by the infrastructural developments such as the airport and Energy Events Centre, it must adopt policies that are going to encourage commercial and industrial investment in the city.

Commercial and industrial investment is justified by the level of return on the investment. Development contribution levies and high rates for the business sector have negative impacts on the return on investment in new or redeveloped businesses.

The lack of new businesses in the Rotorua District and the choice made by many existing business owners to invest outside of the District is testament to the development unfriendly policies currently adopted.

RCC suggests that the imposition of development contributions on brown field developments particularly in the CBD and other established commercial industrial areas is inhibiting the development of improvements to existing plant and buildings. It could well be argued that existing properties have historically contributed through rates to the infrastructural development of the city. This lack of incentive to refurbish or redevelop is evident in the CBD with a number of vacant buildings and other buildings that look quite tired.

RCC is aware of a number of developments that have been aborted or abandoned due to the imposition of development contributions and high business rates.

At a time when numerous agencies are putting their minds to economic growth and stimulating the economy, the lifting of the moratorium on development levies for the Rotorua region, and the raising of the contributions by 8% (v1p21) would appear to be counter-productive.

How many new businesses would the Rotorua District have to attract to provide the rates revenue that would more than compensate for the loss of income from the development levy? The Bright Economy Advisory Board in its presentation to Council suggested that the strategy of promoting Rotorua as a 'development contribution fee region' could provide a unique selling point to attract new business to the city.

RCC recommends that

- RDC suspends development contributions for three years and adopts a pro-active approach to attracting new business
- RDC introduces incentive policies such as Initial Rates Holidays to attract new business and commercial developments
- RDC removes brown field development contributions.

Building and Resource Consents

Building services activity plan identifies a number of methods of measuring achievements (v1p150). Recent discussions with the Mayor and Council have identified the possibility of adding to the KPIs to better reflect the timeliness of the response by RDC to resource consent and building approval processes. Two suggested new KPIs are:

- A measure that will give a weighted average for the number of days taken before approval is given. This will help to ensure that a large number of timely approvals of small projects do not conceal delays in important, large projects.
- The number of times that individual applications are submitted before they are finally approved.

RCC suggests one further KPI:

- A monthly presentation to Council of outstanding consents, their individual value, and the date first submitted.

Planning of consultative processes

The consultative workload on the Council, community and stakeholder agencies is becoming considerable. The proposed activity plan of Council with timeframes is identified in the LTCCP (v1p161). RCC believes that this workload at particular times of the year is impacting on both the number and quality of the submissions made. RCC understands that many of these projects are required under legislation. In the interests of increased stakeholder input, RCC recommends that RDC introduces a timetabled plan of planning documents and legislation consultative requirements spread across the year.

Signed by

Roger Gordon
Chief Executive Officer