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## MANIFESTO FOR A POSITIVE BUSINESS ENVIRONMENT

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## INTRODUCTION

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In February 2010, the Rotorua Chamber of Commerce conducted a programme of consultation with its membership to identify issues that business considered important to create a positive business environment to encourage growth. The process included a member survey, four industry sector focus groups and community group meetings. The participation rate was 27 percent of the membership. Survey respondents were asked to rate the level of importance on a five-point scale and to rate the perceived level of performance by Rotorua District Council on the individual issues. Analysis of this consultation enabled the issues to be ranked from highest in importance to least important.

### **The 10 issues considered most important were:**

- A tourism promotion strategy that positions Rotorua as the premier tourist destination in New Zealand.
- A commitment to improve the water quality of Lake Rotorua and the other lakes in the District.
- A clear, integrated, coordinated and articulated 50 Year Vision for Rotorua
- A visionary and progressive development strategy to drive economic growth, population growth and community prosperity.
- Strong leadership by the Mayor and Council to unite stakeholders to achieve growth.
- A business friendly and supportive approach from Council when dealing with development proposals.
- Developing and implementing a broadband infrastructure strategy for Rotorua.
- A coordinated energy supply and demand strategy for the Rotorua District.
- A commitment to reduce the size and cost of local government.
- A commitment to improve the quality of Rotorua's air.

The Chamber approached interested stakeholders in the business community to comment on these issues and identify recommendations for consideration by the Rotorua District Council.

The following report provides a guide to Rotorua District Council to create a positive environment for business growth.

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## A TOURISM PROMOTION STRATEGY THAT POSITIONS ROTORUA AS THE PREMIER TOURIST DESTINATION IN NEW ZEALAND

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Tourism is a fundamental driver of New Zealand's economy. The sector is the front window for the country, has PM John Key as Tourism Minister and through the 100% Pure campaign has positioned NZ globally as one of the most desirable destinations. Tourism contributes close to 10% of New Zealand's gross domestic product as well as directly and indirectly employing nearly one in ten New Zealanders. In Rotorua that ratio is closer to one in five and, combined with growing local investment, highlights the importance of tourism to the Rotorua economy.

Recent engagement across the Chamber's membership identified the need for a clear promotional strategy that positions Rotorua as New Zealand's premier tourist destination. This is considered the leading outcome for business over the next three years.

For a population of just under 70,000, community investment in tourism-related infrastructure and agencies is substantial, both in terms of capital invested and ongoing resourcing and associated costs. This includes facilities such as the Rotorua Museum and Convention Centre, Tourism Rotorua Marketing, the Energy Event Centre and most recently the Rotorua Airport.

Accordingly, expectation by the business community for a strategy that articulates a clear tourism direction is well warranted. Such a strategy needs to encapsulate a vision for Rotorua that articulates aspirations, identifies key objectives and sets performance milestones to encourage accountability. This needs to occur to build confidence among Rotorua's community and the growing tourism sector that includes public, private and iwi entities and investors.

The most critical business issue now is sustaining trans-Tasman air services that began in December 2009. The immediate challenge is to maintain the passenger loadings needed to sustain twice weekly Air NZ flights between Rotorua and Sydney in this first year of operation. Beyond that, the goal will be to not only secure flights long-term, but to grow capacity and routes servicing other destinations. To achieve this, the responsible divisions of Council will need to improve engagement with and co-ordination of tourism and business interests. A case in point is the recently announced creation of a second Rotorua website to attract industry advertising dollars in support of the trans-Tasman services: the pitch made on 27 April 2010 came almost six months after services started in December 2009.

## RECOMMENDATIONS

- Establish a wider representative model for Rotorua's tourism industry. Creating formal structures that allow tourism stakeholders to provide better governance and leadership with Council and its agencies will mean truly collaborative strategies can be developed, focussed on measurable outcomes that are accountable to a wider cross-section of business and the community.
- Commit to Rotorua becoming the Mountain Bike mecca of Australasia. Council commitment to this goal will encourage increased investment and collaboration across sectors and stakeholders. This will bring improvements to community facilities, the creation of additional festivals and the development of new ventures. Becoming a truly bike-friendly town, through improvements such as linked cycle-ways and purpose-laid smooth road surfaces, will improve the region's appeal and bike reputation globally.
- Consider examples of destinations that truly engender positive reactions from visitors. This is about our ability to deliver great visitor experiences in a genuine can-do way through destination management, planning and regulating in a pro-visitor environment that serves their needs through such issues as trading on public holidays, retail trading hours, recycling facilities in public places, and access to wireless broadband.

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## A COMMITMENT TO IMPROVE THE WATER QUALITY OF LAKE ROTORUA AND THE OTHER LAKES IN THE DISTRICT

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The Rotorua Te Arawa Lakes are a unique collection of waterways set in spectacular topography which includes volcanic mountains and geothermal activity. Water quality in these lakes has national, regional and district significance and affects the economic potential of the region. The perception of New Zealand's clean green image is greatly affected by water quality.

The Rotorua Te Arawa Lakes Strategy Group (RTALSG), a joint committee comprising members of Environment Bay of Plenty (EBOP), Rotorua District Council (RDC) and the Te Arawa Lakes Trust, is charged with restoring and protecting the 12 significant lakes in the district.

The Resource Management Act (RMA), the Regional Policy Statement, the Water and Land Plan and the District Plan are the key public policy instruments for managing and protecting the lakes.

The state of each lake is monitored by a Trophic Level Index (TLI) which measures nitrogen, phosphorus, water clarity (Secchi) and chlorophyll. Each lake is influenced by natural and human activities in its catchment. The human activities that impact on water quality are sewage and intensive pastoral farming. At present 10 of the 12 lakes are not achieving their TLI targets.

The Rotorua District Council has begun a successful programme to implement sewerage schemes around all the lakeside settlements. This programme is ongoing and essential.

To restore Lake Rotorua there must be a large reduction in the nutrients being lost from farm land into the ground water and ultimately into the lake. "Best farming practices" to minimise nutrient leaching and runoff need to be implemented immediately. This alone will not restore the lake. To achieve the targets about one third of the farmland must change to organic lifestyle blocks, forestry or bush. This can be greatly facilitated by appropriate subdivision rules over most of the catchment. This will change our rural environment and outlook but is essential to restore Lake Rotorua.

An immediate initial improvement of water quality in Lake Rotorua will come from measures to capture water-borne nutrients before the water enters the lake. These interventions are under the control of EBOP, but District Councillors' support is critical.

The future of the region depends heavily on policies which promote economic growth and prosperity. The health of the Rotorua Te Arawa Lakes is fundamental to achieving such goals.

## RECOMMENDATIONS

- Continue to implement all planned sewerage schemes around all lake settlements. The Lake Tarawera sewerage scheme should be commenced and completed within the next five years.
- Within the Lake Rotorua caldera allow the creation of rural residential subdivisions. This will enable a reduction in farm-based nutrients discharged from land.
- Require all farming to be a consented activity within the lake catchments, using best farming practices to minimise nutrient leaching and run-off.
- Ensure that Lake Action Plans are completed and adopted by 2010/11 for all 12 lakes and are dynamic working documents which the community can use as its benchmark and guidance for Council action.
- Encourage and promote the Rotorua Te Arawa Lakes District as a unique, pristine environment for living and recreation.

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## A CLEAR, INTEGRATED, COORDINATED AND ARTICULATED 50 YEAR VISION FOR ROTORUA

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Successive Councils have invested strongly in developing the infrastructure of the city. The resources include the expanded airport providing trans-Tasman services, the Energy Events Centre offering the third largest convention centre in New Zealand, a soon to be completed extended Museum of Art and History, a refurbished convention centre and theatre, a new regional library building, an international rugby stadium offering the best playing surface outside the major centres and a soon to be completed international standard hospital. Add to this the investment in city beautification recognised by awards in five of the last 11 years.

A number of important reports and studies have been commissioned by RDC over the past five years. These include the CBD Revitalisation Plan, the Lakefront Development Concept and the Eastern and Western Corridor plans. The disestablished BrightEconomy Advisory Board completed a substantial report that collated views and opinions of a progressive Rotorua from a range of interested stakeholders.

The challenges faced by neighbouring authorities, Tauranga, Hamilton and even Auckland, are creating a selling point for Rotorua as an attractive alternative for business investment. To promote this unique destination, a strong vision of the Rotorua of the future is needed to provide the guiding principles on which to base a marketing and economic strategy. The planned development of further infrastructure, residential, commercial and industrial precincts to provide for a population of 150,000-plus will provide potential business investors and new residents with a sense of certainty and security for their investment.

Rotorua needs a strong foundation on which to build a vision that aspires to a growth rate of 1.5 percent per year. This growth rate would be built into a vision that describes a future where things move faster and planned developments occur. It will work as a true incentive for RDC and business interests to work together for a positive future for Rotorua. It is this vision that should be the underlying roadmap that informs and directs the Rotorua District Planning documents, the District Plan, the 10 year plan (LTCCP) and Annual Plans.

### RECOMMENDATIONS

- Create a progressive 50-year vision for our city that is based on an aspirational growth rate of 1.5 per cent per year.
- Clearly articulate this vision and its principle concepts in physical collateral to motivate and inspire all stakeholders towards its attainment
- Champion the achievement of the vision through both administrative and elected arms of the Rotorua District Council.

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## A VISIONARY AND PROGRESSIVE DEVELOPMENT STRATEGY TO DRIVE ECONOMIC GROWTH, POPULATION GROWTH AND COMMUNITY PROSPERITY

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The Council actively promotes the District as a great place to work and do business. However, some sectors of the business community perceive that opportunities to develop new and existing businesses are being lost due to Council processes that put barriers in the way of business development, growth and economic development.

It would appear that, rather than encouraging investment, new businesses and employment opportunities to the region, Council processes are seen to be unresponsive and opportunities are often met with little enthusiasm or encouragement.

Council's development of infrastructure such as the Energy Events Centre, the airport, the refurbishment of the Convention Centre and the proposed developments on the lakefront are great initiatives in developing tourism opportunities for the city. However there appears to be very little in the way of encouraging new businesses to the region. Nor is there any impetus to develop other business sectors. Whilst tourism is a large part of the economic fortunes of the city, when faced with events such as the recent recession this is one of the harder hit industries, increasing the risk to a region that is based heavily on one sector for its employment opportunities.

Encouraging new businesses to establish in Rotorua should be a key component of the District's economic strategy. A focus on establishing such business sectors as high value innovation and technology development and IT sector organisations will add high value jobs to Rotorua that will increase employment opportunities and add to the social and economic wellbeing of the region.

A strategy is needed to actively target economic and population growth toward the 50-year vision. This will provide strong employment opportunities, long-term growth and wellbeing of Rotorua's citizens, generate increased productivity and require less reliance on social services.

Cultural, social, economic and environmental benefits are realised from a progressive economic strategy. These include a sense of ownership and a feeling of pride, a sense of purpose and wellbeing, lower unemployment and increased job choices, reduced crime and increased security, greater personal wealth and income levels that support everyday needs, and living in a healthy and caring community.

### RECOMMENDATIONS

- Work with stakeholders to develop an economic growth strategy based on an aspirational 50-year vision.
- Establish a 'partnership for growth' economic development agency that harnesses the energies of all stakeholders from the public and private sectors.
- Identify and address the barriers to growth within the Rotorua business and community.
- Foster a positive culture that enables new business development in Rotorua.

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## STRONG LEADERSHIP BY THE MAYOR AND COUNCIL TO UNITE STAKEHOLDERS TO ACHIEVE GROWTH

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The past three years have seen a deterioration in the cooperative approach between business, community groups and the District Council working together to achieve economic growth for Rotorua. The BrightEconomy Advisory Board has been disestablished. Business attempts to work with the District Council to develop an alternative relationship have been thwarted. The Rotorua Tourism Board has identified the need to change the governance model in that sector.

Although there have been opportunities created for District Council to meet with industry advisory groups, major stakeholder groups and representative organisations through the Rotorua Business Leaders Group there has been questionable commitment to meaningful discussion.

On the positive side there have been some creditable achievements. The realisation of the trans-Tasman service through the Rotorua airport, the consolidation of the Energy Events Centre as one of New Zealand's major convention facilities, enhancement of the Rotorua Convention Centre and the Rotorua Museum of Art and History, the development of the Eat Street restaurant precinct and the establishment of the Thursday Night Market are all contributing to a positive environment for growth.

Responsibility for achieving positive growth should not rest solely with the District Council. A 'whole of community approach' to advancing the wellbeing of Rotorua is a proven strategy. Strong, consistent leadership towards clear goals is needed. Responsibility rests with the District Council, as the political leaders of the district, to unite all groups. The Mayor and elected Councillors have a role to bring together the various stakeholder groups to harness the combined energies in a focus on the development and growth of Rotorua.

### RECOMMENDATIONS

- Actively encourage a cooperative and unified "whole of community" approach to achieving the economic growth vision for Rotorua.
- Re-establish a strong partnership arrangement with business to achieve common ownership of visionary growth strategies.
- Provide leadership to maintain momentum towards the vision.

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## A BUSINESS FRIENDLY AND SUPPORTIVE APPROACH FROM COUNCIL WHEN DEALING WITH DEVELOPMENT PROPOSALS

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The Rotorua community needs both private sector investment and the public safeguard and strategic direction of leadership and regulation of Council. Business needs a clearly articulated understanding of where Rotorua is going and the policy direction of Council to get us there. The big issues need to be clearly defined. The community including business needs to be fully informed about the critical constraints and opportunities for growth, investment, and development. Well justified reasons for identifying constraints and opportunities will greatly assist business to understand and contribute to positive development of Rotorua.

The big picture and understanding of constraints and opportunities need to be communicated to business and understood thoroughly by all levels of planning and other Council staff whom businesses deal with so that there are consistent messages and a co-operative approach to all consents, including those that are not big enough to get high level attention.

Council needs a clear focus on the big issues facing the District and less intervention on non-critical matters. Too much detail is subject to control by Council.

New regulation such as the District Plan provides an opportunity to achieve optimal regulation – enough to provide the safeguards but no more than is necessary. There must be a clear rationale for intervention, and the intervention needs to be aligned to risk. Intervention needs to be performance-based, providing scope for a wider range of compliance methods. It is essential that the starting point for assessment of applications is that development proposals should be encouraged. Only if it is clearly inconsistent with the strategic direction set by Council should a proposal be discouraged.

The move towards customer service provides an opportunity to encourage excellence in customer care – seek input and feedback, including constructive criticism and debate. Best practice can be developed and achieved on both sides of consent and other regulatory processes through open and cooperative dialogue and debate, recognising benefits of long-term relationships between the business sector and Council.

The development contributions policy presents significant risk to development. The timing of payment unfairly rests with developers. Transparency is needed about the method of assessment and the timing of payment from subdivision through to building compliance and service connection. It should allow for self-assessment so there are no surprises for investors.

### RECOMMENDATIONS

- In line with a progressive vision for the District, maintain effective communication to inform the community and business of the critical constraints and opportunities for growth and investment.
- Review the building and resource consent processes to address the perception that the current regime inhibits growth.
- Encourage the development of best practice amongst all contributors to consent and regulatory processes.
- Review the development contributions policy and consider establishing a more transparent, self-managing and less inhibitive development process.

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## DEVELOPING AND IMPLEMENTING A BROADBAND INFRASTRUCTURE STRATEGY FOR ROTORUA

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The business environment has changed greatly. The web has become an essential component of business marketing and its importance will continue to grow with increasing emphasis on global markets and export-led strategies. Demand for convenience has increased with business connectivity through laptop connections and mobile phones. No longer are there confines of a physical office location. Geographical location and international time zones are no longer inhibitors to business growth – on the contrary, they can present opportunities for new and exciting markets. Competitive, successful organisations use Internet portals to keep abreast of product development, market trends and research.

The Government has indicated that it considers the expansion and development of broadband as a vital component of New Zealand's economic growth through productivity improvements and a wider strategy to increase New Zealand's global competitiveness. In this context high-speed broadband is important to the growth of Rotorua. It is important that the Rotorua District Council acts as a strong enabler of high-speed broadband by working with the installation agencies in the Rotorua District.

Although current government installation initiatives focus on existing networks and supply it is important that local initiatives build on this provision and enable future broadband supply in all industrial, commercial and residential growth developments. This will be achieved by a requirement within the District Plan for broadband access capabilities for all future developments.

### RECOMMENDATIONS

- Work with broadband installation agencies to enable fast and efficient installation of broadband in the Rotorua district.
- Investigate methods of optimising the regional broadband network and improving intra-region connectivity to the main Auckland-Wellington broadband highway.
- Include a requirement in the District Plan for broadband access capability in reticulation of utilities to new commercial, industrial and residential developments.
- Facilitate the extension of broadband capability to the rural areas of the Rotorua district.

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## A COORDINATED ENERGY SUPPLY AND DEMAND STRATEGY FOR THE ROTORUA DISTRICT

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Climate change remains a serious global issue affecting us all. The rate of climate change can only be dealt with by countries, communities, and individuals doing everything in their power to minimise the effects. Rotorua District Council must acknowledge this by actively reducing Council's carbon emissions and providing guidance and direction to the broader community to reduce carbon emissions. With the Council and community working together Rotorua can significantly reduce the District's carbon emissions and add a "carbon-friendly" facet to the tourism portfolio. Rotorua has the opportunity to become a leader and gain significant benefit from the process.

Energy is a critical resource for the economic growth of the region. Increased demand, cost and availability of the traditional forms of supply are bringing challenges. Future energy security can be enhanced by managing both the supply and demand dimensions of this valuable resource. The security of regional economic growth will be enhanced by the Rotorua District becoming self-sufficient in electricity generation and being able to assure that the local network can sustain projected growth.

The Rotorua District Council should show leadership in this important dimension of economic growth. Close relations should be developed and maintained with the local energy network companies to ensure that Rotorua's economic and urban development is sufficiently catered for with energy infrastructure maintenance and development plans.

A number of Maori Trusts in the District have aspirations to develop geothermal power stations. The Rotorua District Council should encourage and support these developments.

### RECOMMENDATIONS

- Develop an energy management strategy that includes a published energy management policy and plan for the Rotorua District Council.
- Adopt best practice for energy use in Council buildings and developments and publish details to establish the Rotorua District Council as a positive role model in energy management.
- Support and actively enable new local energy management initiatives.
- Set strict energy and carbon reduction targets for the Rotorua District Council and develop an action plan for their achievement.
- Develop and support the increased use of renewable energy, particularly geothermal and biomass.
- Develop close relations with local energy network companies to align development models.

## A COMMITMENT TO REDUCE THE SIZE AND COST OF LOCAL GOVERNMENT

A core function of local government is funding and, where appropriate, providing local public goods. These comprise democratic, representative and governance processes, infrastructure including roading, water supply, storm water and wastewater systems, lakes water quality, and community-wide services such as rubbish removal, parks and reserves, certain library services, and public health and safety such as the control of contagious diseases and food safety.

Rotorua District Council is involved in a number of services that have high private good elements. They include the Rotorua Regional Airport Limited, the Rotorua Energy Events Centre, the Rotorua Aquatic Centre, the Tourist Information Office, the Forestry Information Centre and the Organiser event management company.

The District Council is considering the establishment of a Council Controlled Organisation (CCO), a limited liability company that will allow Council to form subsidiary companies to assist in developing, providing and delivering non-core services. This will be a further extension of the private good involvement of RDC.

While infrastructure development is crucial to the growth of Rotorua, the management of those that have a high level of private good and considerable commercial opportunity should be divested to private interests while retaining community ownership of the asset and generating a return to ratepayers on the investment.

Over the past six years, RDC staff has grown from 450 FTEs to 522 FTEs, a growth of 16 per cent. Total wages and salaries paid have increased by 35 per cent. Although staff engaged by the CCO and its subsidiary joint venture units may be external to Council it is possible that contracting of support services to these entities could occur, resulting in a further increase in the corporate footprint of the RDC.

Reducing the Rotorua District Council's involvement in non-core activities and services that provide a high level of private good or offer commercial opportunity will reduce the size of the Rotorua local authority and its cost to ratepayers.

### RECOMMENDATIONS

- Review Council units that provide private goods and services to the public to ensure they operate effectively and efficiently. The review should consider different management models and the benefits of divesting commercially viable activities to private enterprise while retaining a return on the investment.
- Reduce the size, scope and cost of local government by focusing on core activities.
- Desist from moving into areas of commercial operation that compete directly with private interests and expose Council to commercial risk.
- Establish a clear commercial exit policy from commercial ventures, including future joint ventures, developed on the basis of assessment of risk, capital involved and RDC core business focus.

## A COMMITMENT TO IMPROVE THE QUALITY OF ROTORUA'S AIR

Rotorua was the sixth worst city in New Zealand for air pollution in 2008, breaching national standards 45 times that year. These breaches continue in 2010, contributed to by industrial emissions, vehicle exhaust fumes and home heating with solid fuel burners.

This poor air quality, in the form of high levels of airborne particles, has been shown to affect health, particularly for the elderly, the young and those with respiratory and other chronic disease. Poor air quality will also limit economic development by lowering positive public perception of Rotorua, restricting economic investment as low air quality limits reduce the likelihood of resource consents being granted in future years, and reducing amenity values.

Particulate emissions must drop to levels where national standards are not exceeded at all, for the improvement of the health of Rotorua's residents, the protection of visitors (a vital component of Rotorua's future economic growth) and the continued development of key industries in the city.

RDC, in conjunction with Environment Bay of Plenty, have committed to do this by reducing the number of non-compliant solid fuel burners in domestic dwellings within the Rotorua airshed and working with industry to reduce their emissions.

### RECOMMENDATIONS

- Actively support EBOP in achieving their Air Quality Action Plan for the improvement of air quality.
- Monitor compliance to the Air Quality Control Bylaw and regularly use the enforcement mechanisms to strongly indicate the commitment to the improvement of air quality.
- Encourage non-complying dwellings not due for sale to change their heating supply using existing regional and central Government assistance funding.
- Continue to develop relevant bylaws to reduce industry emissions, particularly from any new industrial or commercial developments.

