

Rotorua Sustainable Economic Growth Strategy

PREPARED BY: STRATEGY PROJECT REFERENCE GROUP & ROTORUA DISTRICT COUNCIL (RDC)
ADOPTED BY: RDC ECONOMIC AND REGULATORY SERVICES COMMITTEE 13 SEPTEMBER 2011



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Rotorua feel the spirit Manaakitanga

It's our catch cry ... and it holds a pretty
powerful promise as well as an invitation to
experience the essence of our extraordinary
slice of New Zealand



AUCKLAND

234km

HAMILTON

108km

WAITOMO CAVES

166km

WHAKAPAPA / SKI FIELD

177km

WELLINGTON

460km

TAURANGA / PORT

86km

● ROTORUA / INTERNATIONAL AIRPORT

● TAUPO

80km

● NAPIER

223km

Rotorua's proximity to major population centres means fast growth and skilled labour opportunities:

- 240,000 people within 1hr drive
- 600,000 people within 2hrs drive
- 2 million people within 3hrs drive



1.0 Introduction

1.1

OVERVIEW

This report forms part of the basis for a 2011 refresh of the Rotorua Economic Strategy. This report and related materials were developed through a high level review of information and a series of workshops with Rotorua stakeholders throughout 2010/11. The refresh process was triggered by a desire for increased communication and collaboration between Rotorua District business leaders and key agencies, including Rotorua District Council (RDC), and agreement around the need to lift the overall economic performance of the District. The consultation and planning process was assisted by guidance and support from a Project Reference Group of representatives from RDC and the Rotorua Business Leaders Group.

1.2

PURPOSE

The purpose of the Strategy is to:

1. Set a clear, communicable direction for economic development in Rotorua, which has the general agreement of key stakeholders.
2. Prioritise the allocation of scarce resources to achieve optimal outcomes.
3. Clarify roles in delivering on the Strategy including appropriate agencies, accountabilities and performance monitoring.
4. Define measures and processes for monitoring performance against the Strategy.
5. Link and align the Strategy to wider regional and national policies and strategies.

The Strategy is a **living document** that has been crafted as a report in progress. Key elements contained within it will be reviewed annually to assess relevance and performance.

The Strategy focuses on outcomes which Rotorua can actually influence and where best to allocate its resources, rather than concentrating on wider issues that contribute to the macro-economic environment. This is a non statutory document and is intended to be noted by organisations that have an interest in Rotorua's economic development.




Rotorua is a world-class mountain biking destination.

1.3

What ^{are} we ^{trying} to achieve?



Regional development is the application of economic processes and resources available to a region that result in the sustainable development of, and desired economic outcomes for a region and that meet the values and expectations of business, residents and visitors" (Stimson, Stough and Roberts, 2006 'Regional Economic Development: Analysis and Planning Strategy. Revised Edition', Berlin, Springer.) 

1.4

APPROACHES TO ECONOMIC DEVELOPMENT IN ROTORUA

There have been a number of shifts globally in economic development as follows:

1. A shift from comparative advantage to competitive advantage; and more recently from competitive advantage to the notion of collaborative advantage (Stimson, Stough and Roberts, 2006).
2. Acknowledgement of the need to recognise sustainable economic development.
3. An initial shift from strategic planning to integrated strategic planning and more recently into multi-sector integrated strategic planning.
4. A shift in local and regional government roles from a policy setting role to that of a facilitator, broker or catalyst in economic development.
5. In the context of New Zealand's national growth agenda, the Bay of Connections strategy and Rotorua Sub-regional strategy.
6. Acknowledgement of the need to focus on developing export-ready businesses to ensure sustainable wealth creation.

As a result of considering the changes around approaches to economic development, RDC and the Rotorua Business Leaders Group (facilitated through Rotorua Chamber of Commerce (RCoC)) agreed to form a Project Reference Group (PRG) to guide the formation of the Strategy. Terms of reference for this group have been agreed by RDC and the Rotorua Business Leaders Group. It is noted that the PRG has a limited life solely around the formulation of a growth strategy for Rotorua District.

The basis of this work includes:

1. Consideration of national and international best practice.
2. Analysis of current District economic performance.
3. Collaboration with key stakeholders and partners.
4. Analysis of growth options.
5. Formulation of a growth plan including potential implementation structure and the role of key organisations (eg, RDC and RCoC).

The approach to the Strategy recognises
the significant influence, potential and

future
impact of Iwi/Māori

on economic development in Rotorua. It is with this in mind that the Strategy does not seek to limit Iwi/Māori to specific sectors or strategies, but rather to focus on the main drivers of the Rotorua economy that are key to all communities. This approach has been recognised by Iwi/Māori stakeholders in Rotorua.

GOVERNMENT ECONOMIC GROWTH AGENDA

The following information is derived from the Ministry of Economic Development website and outlines the current key focus areas of the New Zealand Government.

"The government's goal is to deliver greater prosperity, security, and opportunities to all New Zealanders by fostering economic development". As part of that goal the government is aiming to catch up with Australia's income per person by 2025. The government also wants to increase our exports to 40 percent of our GDP.

These are significant challenges. The export target requires New Zealand to nearly treble the value of our exports, from \$60 billion to nearer \$160 billion over 15 years.

New Zealand cannot rely on business as usual to reach these goals. We need a step change in our performance. That is the basis of the government's Economic Growth Agenda.

The Economic Growth Agenda encompasses six main policy drivers: a growth-enhancing tax system; better public services; support for science, innovation and trade; better regulation, including regulations around natural resources; investment in infrastructure; and improved education and skills.

The aim is that over time:

- More New Zealanders will be employed in high-paid goods and services sectors, both in those sectors in which New Zealand has core strengths and in new areas.
- New Zealand is more productive, with an increased number of innovative NZ firms participating in the global economy, while keeping high value jobs and profits here.
- New areas of strength will emerge as we have seen in high tech manufacturing, software, film production and international education.

Progress has been made across all six drivers and on broad issues such as the work of the Capital Markets Development Taskforce, a more vigorous approach to trade negotiations and building business confidence by enhancing confidence in security of electricity supply. Barriers to growth have been addressed through changes to the Resource Management Act and aquaculture reform.

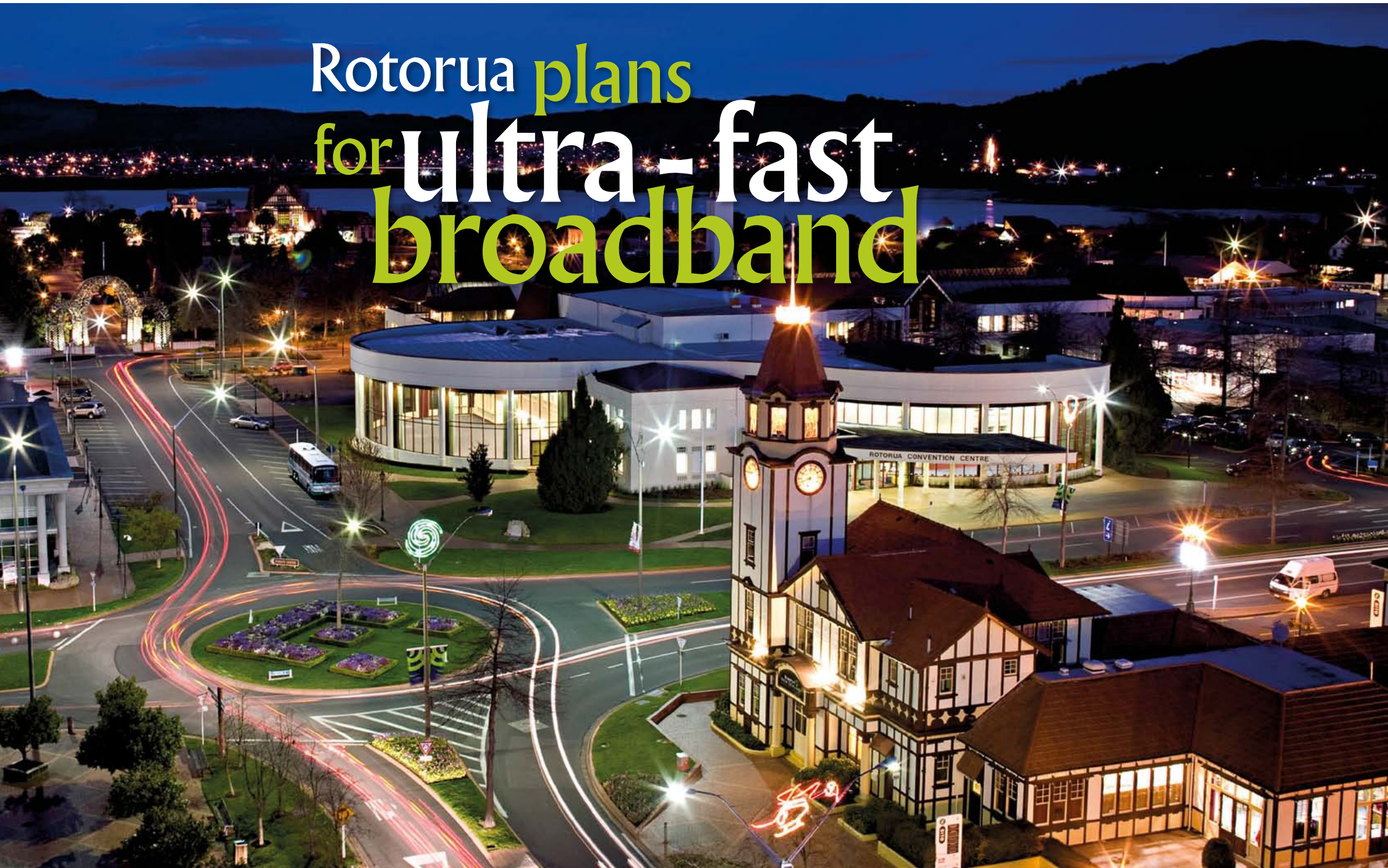
Tax changes, including cuts in company and personal tax, will help economic growth and help tilt from consumption to savings and investment.

The government has launched the Primary Growth Partnership, started to focus CRIs on enhancing their economic contribution, and fast tracked investment in broadband and transport infrastructure. It is introducing major new initiatives to foster business R and D.

In relation to the science, innovation and trade driver (which is work led by MED) the government has a three-pronged approach:

- addressing high priority cross-cutting issues, specifically R&D incentives, workforce capacity and skills, and improving access to capital.
- focusing on high priority sectors – eg dairy, food, high value manufacturing and services, and petroleum and minerals.
- applying a growth focus across all areas."

Rotorua plans for ultra-fast broadband



1.6

STRATEGY OUTCOMES

A key element of the Strategy as outlined earlier is to get organisations involved in supporting the work of the Strategy to ensure that:

1. There is business buy in and support for the strategy (eg, investment occurs).
2. Funding for economic development occurs in areas where it will have the greatest effect.
3. Relevant stakeholder organisations provide clarity in roles and implementation of the strategy from their perspective, which is aligned to the plan.
4. Annual measures are monitored and achieved.
5. A strong sense of partnership exists between key stakeholders such as the community, RDC, Te Arawa entities, Waiariki Institute of Technology, BoPRC, Government Agencies, Rotorua Chamber of Commerce and key organisations such as Scion.

1.7

SITUATIONAL ANALYSIS

Refreshment of the Rotorua economic development strategy was based on the need to lift economic performance of the Rotorua District. The situational analysis aims to establish where Rotorua currently sits as a District, with respect to the macro-economic environment.

Rotorua has not achieved the economic and population growth that many stakeholders and partners believe that the District is capable of, given the infrastructure and services to support a higher level of business activity and resident population. Anecdotally, reasons for this range from poor perception and reputation management to low skill levels and socio economic status of residents (and therefore lower purchasing power), restricted range of high skilled and well paid jobs, and restricted range of services available.

Rotorua has a relatively diversified economy as reflected by a tress index score of 72.4. Between 2000 and 2010, the Rotorua District tress index dropped by 1.7 percentage points, which indicates that the economy has become more diversified. Over the same period the national economy became less diversified, with a tress index score increasing from 69.8 to 71.9 (Infometrics 2011).

The tress index is a measure of the level of concentration or diversification of a region's economy. Values close to zero indicate a totally diversified economy whereas values closer to 100 signal a more concentrated or vulnerable economy. For more information refer to Meintjes, C.J. (2001) 'Guidelines to Regional Socio-economic Analysis': www.dbsa.org/Research/Documents/GuidelinestoRegionalAnalysis.pdf.



Capability to support higher levels of business activity

Rotorua is home to Scion – an international leader in forestry plantation research



Rotorua's Red Stag is the largest saw mill in Australasia

While the economy has become more diversified over the past decade, economic performance has been languishing.

Between 2009 and 2010:

- District GDP fell by 1%, compared to a national fall of 0.4% (ranking Rotorua 44th out of the 72 territorial local authorities or TLAs).
- Agriculture grew by 0.6% compared to national growth of 2.4%.
- Tourism accommodation declined by 3.1% compared to the national fall of 1.5%, and estimated tourism sector production declined by 2.8% compared to the national fall of 1.9%.
- Transport and logistics production fell by 11.2% compared to the national fall of 6.2%.
- Machinery and equipment manufacturing declined by 19.5% compared to the national fall of 16.3%.

Notably, employment growth fell by 3.8% against the national fall of 2.5% (ranking it 63 out of 72 TLAs). Also, while estimated District population grew by 0.6% to 68,600 in 2010, New Zealand's population grew by 1.2% over the same period.

From a business growth perspective, the number of businesses declined by 2.8% in Rotorua, while nationally the fall was only 1.7%. However over the same period, forestry and wood processing grew by 14% compared to the national growth of 5%.

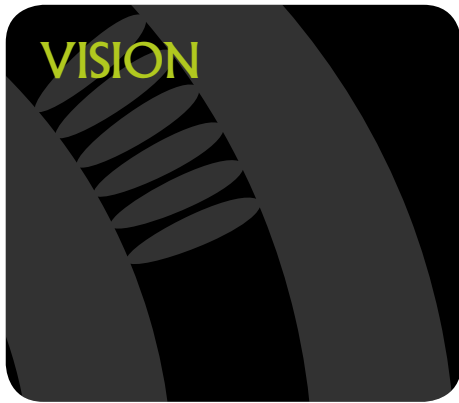
While District performance has been sub optimal there are a number of key factors that provide an indication of emerging economic performance as follows:

1. Many hapu and iwi have been involved in settlements under the framework of the Treaty of Waitangi. These groups are now in a position where they would like to invest in projects that will provide greater returns than previously achieved.
2. There has been a significant investment in infrastructure that will provide wider commercial returns to the District (eg, Rotorua Airport and Events Centre) and planning for infrastructure to support population growth and environmental enhancement (eg, east and west structure plans and lakes nutrient reduction plans).
3. Large tourism and wood processing companies have recently completed, or are planning, new investment to leverage greater value (eg, Rainbow Springs, Red Stag, Skyline Skyrides and Te Puia).

There is a realisation and commitment that the Rotorua District can do better. As a result of this, the Rotorua Business Leaders Group and RDC are seeking to identify ways to work together better to ensure the Rotorua economy grows faster than it would otherwise.

2.0

Vision objectives and principles



Rotorua: living the dream

world class
in every
way

2.2

OBJECTIVES

will
Change
reputation

Rotorua,
over the next five years,
will have an extra
557 new businesses,
2,761 jobs and
3,887 more people
in the District
(refer to Appendix One).

will
Lift
performance

will
Raise
standards

1. Change the reputation of Rotorua to be:

- Acknowledged as a leader in the tourism, forestry and wood processing, agriculture and geothermal industries.
- A preferred choice as a lifestyle destination.
- Known as an innovative and sustainable District across all industry sectors, with a focus on primary industries such as agriculture (including dairy farming).
- Known as a place where it is attractive to invest and easy to do business.
- A District with an enabling regulatory environment.

2. Lift the performance of the local economy by:

- Having an increased number of start-up companies ahead of the national average growth rate.
- Developing and implementing an active strategy around business retention.
- Increasing employment annually by 0.1 percentage points ahead of the New Zealand average growth rate (currently 1.3 points behind).
- Generating greater demand in the economy by increasing population annually by 0.1 percentage points ahead of the New Zealand average growth rate (currently 0.6 points behind).
- Increasing the average room nights and spend to at least equal to the national average annual rate of growth from both domestic and international visitors.

3. Raise living and skills standards by:

- Having average household income increase faster than the national average growth rate.
- Having a reduction in the percentage of households in the bottom quartile of national income.
- Increasing the level of skills in the workforce relative to the national average.

2.3

PRINCIPLES AND PROCESSES

Entities involved in implementing the Rotorua Sustainable Economic Growth Strategy will contribute to these objectives by (listed alphabetically):

1. Acknowledging the initiatives of other agencies in achieving the District's sustainable economic outcomes.
2. Corroboratively working with communities, businesses, trusts, iwi, local and central government politicians and key organisations.
3. Ensuring that key players and strategic sectors are considered.
4. Focusing on strategic opportunities – the organisational responses to these will be a second stage involving implementation.
5. Focusing strategic direction and actions to areas where a difference can be made and avoiding areas that are not able to be effectively influenced by outcomes locally.
6. Investing in areas that will add value to the District or bring a return in the short, medium or long term.
7. Learning from experience on activities and actions that are successful and unsuccessful.
8. Prioritising effectively, avoiding replication and duplication of effort, and acknowledging the limited resources available (ie, looking for cost effective solutions where there will be positive outcomes).
9. Providing an adaptive management programme around its activities.
10. Recognising work also being undertaken concurrently in the review of the regulatory framework (eg, District Plan) (note that this is a separate process from the strategy work).
11. Using innovative techniques to achieve outcomes.
12. Working with key economic growth agencies at a local, regional and national level.

Rotorua is New Zealand's leader in tourism innovation and success



3.0 Swot analysis





A review of Rotorua's strengths weaknesses, opportunities and threats was undertaken based on the key drivers of the Rotorua economy. The detail is presented in summary below with the detailed analysis outlined in Appendix 2.

At a high level, Rotorua has a unique set of characteristics that provide strategic opportunities as follows:

1. Its location with access to large population centres within 3 hours of driving (also there is a real focus on the upper North Island and with more than 52% of New Zealand's population living North of Taupo, Rotorua is uniquely placed to leverage off the growth in other neighbouring centres. It is noted that an inter-regional agreement for the upper North Island has been initiated to cover land use, planning, infrastructure and a range of other issues).
2. A built environment and focus on a unique range of tourism products and services including geothermal, Maori culture and hospitality.
3. With its relatively small size and collaborative approaches with key organisations, there is a willingness to work together to achieve agreed outcomes.
4. A diverse economic base with a global profile in tourism and forestry and wood processing.
5. Established roading, airport, sewerage, water and IT infrastructure to support higher levels of growth.
6. A range of treaty settlements and commitment by iwi to invest in areas producing economic outcomes.
7. A stated commitment by Rotorua District Council to provide a "business friendly environment" with a "can do attitude".

Also at a high level, there are a number of areas which have constrained the economic performance of the District in the past including:

1. Environmental issues, including lakes water quality and Rotorua urban area air quality.
2. The skill base of many employed and unemployed not being sufficient to meet the needs of business.
3. Issues around reputational management and the perception of Rotorua as a less than safe city.
4. Low socio economic status of the bottom quartile of society and general lack of demand generated for products and services.
5. A legacy of lower levels of business start-ups, underinvestment in business and lower levels of employment growth.
6. A perception as a less than business friendly environment.
7. Land available for commercial and light manufacturing development purposes.



Rotorua is home to Verda – a leader of high quality and innovative outdoor timber products

In summary form, an overview of key drivers, constraints and opportunities for economic growth are as follows:

Forestry and wood processing

Rotorua has an established and large forestry resource. It is managed sustainably and land ownership is not likely to change. Opportunities exist around further investment in the industry particularly value-added forest processing, and for greater vertical integration. High values of log prices are a disincentive for onshore processing investment. There will likely be long-term opportunities around bio-fuels and bio-materials.

Tourism

Tourism in Rotorua is a well-established brand based on Maori culture, geothermal attractions, lakes and the natural environment. The brand currently appears to be suffering from a lack of innovation and clarity. Investments should be targeted towards redefining and repositioning the brand, as well as leveraging it for economic development initiatives. A more strategic approach to new product offerings and marketing initiatives is required. New investments in infrastructure will further attract complementary industry and lifestyle sectors, promoting Rotorua as a premier destination in which to live, work, and invest. There is potential for Rotorua to position itself as a sustainable, environmentally-conscious eco-city.

Geothermal

Rotorua has successfully leveraged its geothermal resources for tourism purposes, however relatively little has been done to tap them as energy sources. Opportunities exist to further investigate geothermal, hydro and other alternate forms of sustainable energy as well as to integrate geothermal supply into emergent industries such as bio-fuels and bio-refinery processes. Utilising the geothermal resource to enhance the quality of living, and the possibility of geothermal heating schemes, should also be explored.

Research and Development (R&D)

Rotorua is situated in a prime location for R&D opportunities in terms of access to commercial opportunities, natural resources and a strong employment pool. The region is highly representative of national issues for Intellectual Property development and is strong in Mātauranga Māori opportunities. However, the provincial location of R&D organisations and the absence of a local university can serve as obstacles to attracting leading international researchers. Links should be established between research outcomes and wider commercial opportunities, with a focus on health and the environment. Local investment capital and establishment incentives could also be provided.

Lakes Environment

The lakes play a key role in establishing Rotorua as one of New Zealand's top tourist destinations. Challenges in this area include lack of new investment highlighting the attractive lifestyle prospects in these environments, and degradation of lake water quality. Working with landowners and regional authorities to influence sustainable land-use and manage the impact of development should be prioritised, in order to enhance lake water quality. Opportunities exist to develop a range of new recreational activities, business and residential services around lake environments.

Waiariki is a national leader for tertiary studies like forestry management and nursing



Education

Rotorua District's local education providers have established track records in vocational training courses, often linked to regional outcomes. There is high potential for increased innovation in education, greater collaboration with research organisations and higher-level tertiary providers, and furthering existing links with businesses, industries and local providers. Opportunities for growth can be found in the development of international markets as well as matching international students' skills to local and regional requirements.

Agriculture

Dairy, sheep, beef and other farming are established industries operating with scale in the Rotorua District. Care should be taken that these meet environmental requirements. The value of local milk and meat processing is not necessarily recognised at a strategic level. Investment in new plants including boutique product processing, should be considered. Rotorua's established farm servicing industry is not adequately recognised as a centre of expertise and service provision in the District. Building value around sustainable farming practices can raise the profile of the servicing industry. Further opportunities exist in areas such as low nutrient farming, organic farming and waste-to-energy processes.

Regional city scale

Rotorua has established social and health services and is recognised as a regional centre for health, due to established capability and high levels of investment in the sector in recent years. There is good infrastructure capacity to support both the local and visiting population, though infrastructure can be further improved to support environmental and social outcomes. Rotorua International Airport should capitalise on its position as the regional airport and its contribution to the regional economy should be maximised. The city also suffers from a lack of investment in the CBD. Opportunities exist for the city to support a much larger population base. More targeted investment opportunities should be identified and the potential to secure the energy and water supply in the long term should be investigated.

Location

Rotorua is central to areas of high population and those with high recreational amenity, and enjoys access to international connections. However, its central location has not been adequately capitalised on. Increased understanding around location factors that would provide greater value to business development is needed. The District has an established road network and port and is committed to developing the airport. Further investment is required to maximise the role of the transportation network in economic development. An upgrade to the regional roading system would facilitate greater mobility and allow Rotorua to capitalise on its strengths. Significant opportunities exist to create collaborative projects with surrounding regions.



Priorities^{4.0} for growth

Opportunities
exist for
geothermal
as a **sustainable**
energy
resource
and for integration
into emergent
industries such
as bio-fuels and
bio-refinery
processes.

Driver	Driver subsector	Core asset of the Rotorua Community (high/medium/low)	Generates significant economic activity with value capture in the District (high/medium/low)	Point of difference Competitive advantage (yes/no)	Potential to generate significant additional employment growth and economic output (high/medium/low)	Total rank
Forestry and Wood Processing	Forest asset	High	High	Yes	Medium	1
	Wood processing	Medium	High	Yes	Medium	
	Services	Medium	High	Yes	Medium	
Tourism (Product and Infrastructure)	International brand strength	High	High	Yes	High	2=
	Infrastructure	High	High	Yes	Medium	
	Service sector	Medium	Medium	No	Low	
	Events	High	Medium	No	High	
	Natural resources	High	High	Yes	Medium	
Geothermal	Tourism feature/wellness	High	Medium	Yes	High	2=
	Energy supply	Low	Low	No	High	
	Living environment	Medium	Medium	Yes	High	
Agriculture	Dairy/sheep and beef and other	High	High	No	High	2=
	Processing	Medium	High	No	High	
	Services	High	High	No	Medium	
Research and Development	Intellectual Property	Medium	Low	Yes	High	3
	Commercialisation	Low	Low	Yes	High	
Lakes environment	Lifestyle product	Medium	Medium	No	High	4
	Tourism and other development	Medium	Medium	Yes	Medium	
Education	Skills development and Innovation	Medium	Medium	No	High	5
	International students	High	Medium	No	Medium	
Regional city scale	Services (business/social)	Medium	Medium	No	Medium	6
	Infrastructure capacity	High	Medium	Yes	Medium	
	Availability of development opportunities	Medium	Low	Yes	Medium	
Location	Centrality (ie, proximity to market)	Medium	Medium	No	Medium	7
	Infrastructure	High	Medium	No	Medium	

An aerial photograph of a coastal airport. A long, straight runway with white markings extends from the foreground towards the background. To the left of the runway is a small town with houses and trees. To the right is a large body of water, likely a lake or bay, with a green shoreline. In the far background, there are rolling hills and mountains under a blue sky with some clouds.

5.0 Economic development strategies

Rotorua is so accessible and regarded as
New Zealand's "10 minute" city

5.1

Key elements of successful economic development strategies



It is useful to assess what characteristics the Rotorua District would exhibit if it were to achieve sustainable economic development. The following model economic development requirements have been modified from 'The Business of Cities' (Greg Clark) for a Rotorua context, as defining successful characteristics of cities and districts in the short to medium term:





- i. Connectivity and accessibility.** The District will have integrated information technology, port, airport and road networks, particularly for access to the Port of Tauranga, Auckland and Rotorua international airports, and the markets of the Bay of Plenty, Waikato, Auckland and Sydney. These networks will provide the capacity to successfully transport people, goods and information (broadband) inwards and outwards without congestion and allow for an affordable and accessible IT environment.
- ii. Economic breadth.** The industrial/economic structure of the District will be sufficiently diversified (ie, recognises the strengths of the economy in forestry, tourism and agriculture) and effectively organised to accommodate a strong services provision alongside suitable infrastructure for the emerging knowledge economy.
- iii. Quality of life, place, and amenity.** Rotorua will provide a high-quality living environment for local residents that is rich in culture and entertainment. This includes high levels of environmental amenity and infrastructure (eg, roading, water, sewerage, gas and IT) alongside appropriate services required for residents (eg, access to schools, health, reserves and other services).
- iv. Skills of labour force.** A key issue at a global level has been the emergence of 'bimodal' labour markets, characterised by a sharply divergent two-tier pattern of job prospects. A challenge is how to align the labour markets with job seekers, capitalise on the current level of unskilled people in the District, and ensure there are minimal job-skill mismatches.
- v. Innovation and creativity.** This is a key area particularly around utilising the innovative potential of the knowledge economy during this period of economic transformation. Scientific and Research and Development industries, together with cultural and creative clusters, are decisive levers to redevelopment.
- vi. Business environment, entrepreneurship and city cost-base.** The cost of residential, commercial and industrial land and buildings and ease of doing business will inevitably affect where firms decide to locate. Rotorua will have to be competitive in different markets to support specific industry sector developments and provide a business friendly environment that is open to inward investment.
- vii. Image and identity.** Many districts and regions suffer a significant gap between performance and perception due to lack of marketing and promotion. Reputation management through brand management and targeted marketing (eg, differentials between tourism and business attractant marketing) will be crucial to achieve sustained levels of investment. In addition, other initiatives such as events and conferences provide potential national and international profile and add to the reputation of the district and long term brand strength.
- viii. Leadership and implementation of strategy.** Few districts and regions have a strong track record of successful strategic planning according to realistic time scales. Many are victims of being the subject of too many plans, conceived at different times and implemented over different time scales by different agencies, such that any coherent and overarching strategy becomes somewhat obscured. Related to leadership is the effective alignment of national, regional and local strategies and work streams. Rotorua will need clarity in its plans, effective implementation through clear structures, focussed governance, resource management and a commitment from key agencies (eg, accepting ownership of outcomes and/or working collaboratively/partnering where required) to support the plans.

5.2

GUIDING PRINCIPLES FOR STRATEGY IMPLEMENTATION

The Strategy sets a clear, communicable economic development direction for Rotorua that has been generally agreed upon by key stakeholders in the District. The Strategy will be incorporated into the annual and long-term planning process of Rotorua District Council, and will be further elaborated on in the business plan for the roles identified for RDC in the implementation of this strategy. The business plan will be guided by a framework of seven core considerations, as follows:

- Does the proposed activity support the Strategy vision and objectives, and help align resources to this end?
- Does the proposed activity support the generic strategies, and help align resources to this end?
- Does the proposed activity support the sector-specific strategies, and help align resources to this end?
- Does the proposed activity address the causes and consequences of market failure?
- Does the proposed activity achieve an additional environmental and/or social objective?
- Do the benefits outweigh the costs?
- Will the proposed activity investment enable sustainable change?

In addition, the business plan will integrate effective communications around articulating Strategy activity, as well as enabling stakeholders to engage in implementing and revising Strategy processes.

5.3

GENERIC STRATEGIES FOR ECONOMIC GROWTH

For the purpose of this document, sustainable economic growth strategies have been grouped into two key areas, being those that are:

- a. Generic strategies that form a priority focus for the District in the immediate future and will add value in a range of areas across the District; and
- b. Strategies which are more specific to an industry sector or activity.

At a generic level, for the Rotorua District to achieve sustainable economic growth, the following specific outcomes should be achieved (listed alphabetically):

1. Adoption of new technologies and a path whereby research can be converted to commercial success.
2. Greater levels of infrastructure and institutional capacity.
3. Higher levels of skills development, education and innovation.
4. Increased levels of regulatory efficiency.
5. More developed levels of industry and economic development leadership.
6. Ongoing levels of sustainable economic growth.
7. Rising levels of entrepreneurship reflected by increased business start-ups and less industry churn.

Changing
reputation lifting
performance
raising
standards



The following table lists twelve generic strategy focus areas—including related instruments/activities, organisations responsible, and targeted outcomes—to achieve sustainable economic growth in the Rotorua District.

Generic strategy area (listed alphabetically)	Instrument/activity	Lead – and other organisations	Targeted outcomes	Outcomes from 5.3 above (number indicates key characteristic outcome)	District benefits (from list in 5.1)	Link to strategy objectives (from list in 2.2)
1. Alignment with local initiatives and central and regional government economic development goals. Note that currently Rotorua will focus on the upper North Island economic driver links to Auckland, Northland, Waikato and Bay of Plenty regions.	Adjustment of policy and other settings to align with regional and central government outcomes including alignment with the Bay of Connections Economic Development strategy. Ensuring that Rotorua is engaged in the economic development activities and planning of the neighbouring regions, including the Upper North Island Strategic Alliance.	RDC – NZTE, other territorial authorities of the North Island in particular BoPRC, WRC and AC	High level of alignment with economic development programmes and other plans (eg, regional and upper North Island spatial plans). Ongoing collaborative working relationships with key EDAs, TLAs, government agencies (W&I, DoC, DoL) and stakeholders in neighbouring regions.	All are applicable	All are applicable	1 (all), 3c
2. a) Attracting investment and industry	Marketing of Rotorua as an investment destination to markets to which Rotorua has a defensible value proposition. This will leverage off tourism marketing brand and activities of the district. Note this also includes a need for effective communication to the local and various target markets.	RDC – NZTE, other key industry partners	Increased profile of and business investment in Rotorua.	7,3	ii, v	1,2,3 (all)
b) Resident attractant	Effective marketing of the District for lifestyle and business reasons focussing on the attraction of skilled workers. Focus on key target markets such as Auckland and international markets where Rotorua has a competitive advantage for lifestyle. This will leverage off tourism marketing brand and activities of the district.	RDC – RCoC, other key industry partners	Increased profile of Rotorua as a destination to live and work for skilled workers, resulting in increased population.	6	i, iii, vii,	1b, 1c, 1d, 2c, 2d, 3c
3. Business development	Provision of business advice and support through business development services.	RCoC – RDC, MSI, NZTE, other entities	Lift business capacity and capability. More export-ready businesses.	7,3	ii	1a, 1c, 1d, 1e, 2b, 3c
4. Business start-ups	Access to good start-up advice, government programs and capital.	RCoC – RDC, NZTE, other entities	Increased business start-ups. Greater levels of entrepreneurship.	7,3	ii	1c, 1d, 1e, 2a, 3c

Generic strategy area (listed alphabetically)	Instrument/activity	Lead – and other organisations	Targeted outcomes	Outcomes from 5.3 above (number indicates key characteristic outcome)	District benefits (from list in 5.1)	Link to strategy objectives (from list in 2.2)
5. Commercialisation of IP (note that this is linked strongly to initial research outcomes and the relationship to commercial opportunities that may follow).	Formation and implementation of a plan to capitalise on the commercialisation opportunities presented by SCION's activities where the region has a defensible value proposition, such as: Targeting the attraction of companies to the SCION and/or surrounding business park area that would add value to the informal SCION-based forest science cluster. Looking for early opportunities to work with SCION in targeting investment into some of their pipeline technologies where Rotorua and/or the region have a defensible value proposition. Formulation of a plan to capitalise on the commercialisation opportunities presented by lake water quality activities in the region.	SCION – RDC, MSI, NZTE, other key industry partners and specialised entities	Translation of research outcomes into commercial products and services that create value to Rotorua District.	1,3	v, vi	1a, 1c, 3c
6. A go-ahead District Council with a business friendly and can do attitude as evidenced by:						
a) The development of District infrastructure to support growth	Development of infrastructure to support economic growth (eg, roading and IT network) initiatives including wider regional infrastructure linkages.	RDC – BoPRC, WRC, Central Government, NZTA	Built infrastructure (eg, roading, water, sewerage, information technology, and other utilities) to support growth.	2	i, iii	1b, 1c, 1d
b) A District Plan that has a major focus on sustainable economic growth.	Use of District Plan and other regulatory and planning documents to achieve sustainable economic growth. Note that in terms of structure, hard infrastructure and regulatory and strategy documents should be aligned.	RDC – BoPRC, WRC	Sustainable district economic growth environment and resources available (eg, land) to achieve sustainable growth.	6	vi	1 (all)
c) Having enabling regulatory functions including alignment of planning and policy documents to create investor certainty.	Plans and policies aligned and embedded into Council operations.	RDC	Sustainable district economic growth as shown through clear performance measures.	6	vi	1d, 1e, 2b
d) The integration of this plan into Council annual and long-term planning processes and structures.	Council annual and long term planning is aligned with the objectives and parameters of this document.	RDC	Council has a clear economic development strategic direction that is integrated into their planning and is demonstrated through their actions and allocation of resources.	5, 6	vi	1c, 1d, 1e
e) The provision of effective, efficient and friendly services.	Council develops and maintains services to meet the needs of the Rotorua community and measures the delivery of services from a customer perspective.	RDC	Council is recognised as a customer-friendly organisation	6	vi	1c, 1d, 1e

Generic strategy area (listed alphabetically)	Instrument/activity	Lead – and other organisations	Targeted outcomes	Outcomes from 5.3 above (number indicates key characteristic outcome)	District benefits (from list in 5.1)	Link to strategy objectives (from list in 2.2)
7. Industry development including ensuring availability of land and provision of targeted interventions to support specific industry activity. This will include a priority focus on the CBD.	Facilitation of industry and business support to support strategic initiatives. This could include interventions in retail, tourism, commercial and industrial land zones to promote investment. Implementation of the urban design framework including the formulation of an incentive package for CBD.	RDC – RCoC, NZTE, key industry partners	Reduce risk of businesses failing or leaving Rotorua and positioning Rotorua as a business friendly investment destination. Increased levels of investment in buildings, plant and equipment. Enhanced positioning of the Rotorua CBD as the 'Heart' of the city and a 'shop window' to be proud of to the residents and visitors to the city.	4	ii, vi	1 (all), 2a, 2b, 3c
8. Industry retention	Connect with industry and have regular dialogue around key industry and local concerns.	RDC (Regulatory & Infrastructure) – RCoC (Advocacy)	Reduce risk of businesses failing, or leaving Rotorua. Increasing the RDC understanding of the issues and needs of the Rotorua business community and possible solutions.	6	ii	1c, 1d, 1e, 2b
9. Land use change	Review of land uses in sensitive lakes catchments to promote a high level of sustainable land use. This will be aligned to reducing nutrient loads in lakes while achieving sustainable economic and environmental land use options.	RDC – BoPRC, land owners	Clarity of sustainable land use options. Land use change that contributes to lake water quality, while maximising commercial returns.	4, 6	viii	1b, 1c, 1e
10. Leadership and strategy implementation	Organisations to provide leadership, focus, resources and accountability for delivery of economic development outcomes contained within the strategy.	RDC – RCoC, RBLG	Leadership and activity to achieve district economic development outcomes.	5	viii	1,2,3 (all)
11. Provision of high quality economic research and information to inform both public and private sector investment in the region	Robust and relevant research aligned to industry sectors and Rotorua developmental opportunities.	RDC – BoPRC, WRC	A better informed public and private investment community to assist with decision making around the needs of the Rotorua business environment.	All are applicable	All are applicable	1 (all)
12. Education and Skills development – post school	Ensure resident young people gain vocational skills in the District.	MSD DoL – Waiariki, Rotorua Schools	Rotorua young people continue to develop skills aligned to industry need and are better prepared to enter into/contribute to the workplace.	3	iv	1c, 2c, 3(all)



Education and skills development



Rotorua is New Zealand's leader in forestry and wood processing innovation and success

Industry and sector strategies for economic growth

Driver	Industry scale (large/ medium/low)	Competitive environment (international/ national/regional)	Regional leverage opportunities (note: the region size is flexible given the nature of the driver)	Industry/sector strategies
Forestry and Wood Processing				
Forest asset	Large	International	Align with BoC regional strategy objective to establish Rotorua as the Australasian hub—and ultimately the global centre—for R&D and commercialisation of natural materials initiatives. Generate greater industry efficiencies in management with contiguous forests.	Support for initiatives that maximise opportunities around enhancing sustainable asset management and development. Support work on adding value to other plantation species.
Wood processing	Large	International	Greater level of local processing from local wood supply.	More value added on processed wood products that relate to the Radiata Pine resource (eg, timber mouldings, plywood, kitset houses and niche packaging materials).
Services	Medium	National	Undertake input-output analysis of industry in wider region to assess sector growth opportunities.	Assess whether there are other opportunities for services to add more value to the industry from being located in Rotorua.
Tourism (product and Infrastructure)				
International and domestic brand strength	Large	International	Align with the Rotorua Tourism Committee business plan for Destination Rotorua Marketing as a priority. Work with the BoC integrated regional tourism strategy and action plan that seeks to build on the brand being developed by Rotorua International Airport. Opportunities exist for joint marketing leveraging Rotorua's infrastructure and the Tauranga cruise ship market, as well as joint event bidding and regional tourism promotion. Greater regional collaborations (eg, Sydney, Central Park, Auckland).	Aggressive targeting of priority markets: Auckland and Australia (Eastern Seaboard), Asia. Leverage off Rotorua tourism brand for economic development initiatives (eg, effective use of the various media channels).
Infrastructure	Large	International	Profile Rotorua Infrastructure to support larger scale conferences/ events in neighbouring areas including linkages with Australian markets.	Lack of ongoing investment from industry perceived as reflecting a dated tourism product. Investment in infrastructure to support industry growth (eg mountain biking (National Cycling Centre of Excellence), New Zealand cycleway, walking).
Service sector	Medium	National		Work more at a strategic level around new investment and market initiatives (eg, spa – health advice, detox, nutrition, massage therapies).
Events	Large	National	Greater regional collaboration.	Have a more targeted strategy to attract and retain events. Utilise more local goods and service providers to add value to events.
Natural resources	Large	International		Complacency, lack of synergy in regulatory authorities, lack of clarity for investors. Ability to significantly capitalise on lakes, geothermal, forests and bush to attract complementary industry and lifestyle sectors.

Driver	Industry scale (large/ medium/low)	Competitive environment (international/ national/regional)	Regional leverage opportunities (note: the region size is flexible given the nature of the driver)	Industry/sector strategies
Geothermal				
Tourism feature/wellness	Medium	International		Further developments of new products and services, accompanied by new investment.
Energy supply	Small	National	Align with BoC regional strategy in developing the extensive geothermal resources in and around Rotorua to be utilised as sources of sustainable energy. Investigate sustainable municipal heating and household geothermal bathing opportunities.	Relatively undeveloped energy industry and therefore opportunities to investigate further geothermal, hydro and other sustainable energy generation. Minimise possible risks to tourism industry and competition for use of resource. Also review utilisation of waste energy (eg, 12 month heating for horticultural crops).
Living environment	Small	National	.	Ensure integration with resource use opportunities for sustainable resource use.
Agriculture				
Dairy/sheep and beef and other	Large	International	.	Assessment of further opportunities in areas such as low nutrient farming, organic farming. Ensure industry can meet sustainable farming outcome requirements. Work with local trusts and other Maori land owners to realise potential for multiply owned Maori land.
Processing	Medium	National		Investment in new plants including boutique market opportunities. Consideration of more opportunities for value adding.
Services	Medium	Regional	.	Recognition by the industry of Rotorua as a centre of expertise and service provision. Ability to build and add value around sustainable farming practices.
Research and development				
Intellectual Property	Medium	International		Wider sphere of R&D outside of biomaterials and forestry and wood processing to health and environment.
Commercialisation	Low	International	Enhance collaboration with Crown Research Institutes including NIWA and GNS.	Link between research and local and wider commercial opportunities. Look at other R&D developments around health and environmental outcomes.
Link with local R&D issues including environmental enhancement	Low	National/ International	Link with regional work in R&D Liaise with DOC's Aquatic and Threats Unit.	Assess conversion of R&D into areas of interest (eg, lakes water quality, sustainable geothermal energy) to specific business development opportunities (eg, koura production, lakes water quality research centre).
Maori Economic Development and Resource Utilisation	Large	Regional/National	Work with the pilot Te Arawa Land Use Futures Incubator initiated by Rotorua Lakes and Land Trust, aimed at providing a targeted group of Maori landowners with administrative capacity and resources to engage in future land-use planning decisions around Rotorua lakes	Incorporate Maori Economic Development into sector projects and skills/education initiatives. Collaborate and co-ordinate partnerships between public agencies and iwi to foster economic development, and capitalise on strengths and opportunities. Establish tools to enable Maori to diversify their land use, skills, succession planning and commercial leadership.


Driver	Industry scale (large/ medium/low)	Competitive environment (international/ national/regional)	Regional leverage opportunities (note: the region size is flexible given the nature of the driver)	Industry/sector strategies
Lakes environment				
Lifestyle product	Medium	National	Focus around lakes, forests and other environments for lifestyle opportunities.	Ensure alignment in District and regional planning. Challenges around developments given GFC and recessionary economic environment. Transformation of perception of environmental degradation into an area as a lifestyle and business attractant. Increase the value placed on Public Conservation Lands and their contribution to the local economy (eg, DOC's strategy aims to increase visitors to Rotorua, generating opportunities for social, economic and conservation outcomes, as well as increase value in the geothermal resource). Work with landowners and the regulatory authorities of the region to influence sustainable land-use change to enhance the lake water quality.
Tourism and other development	Medium	International		Development of a range of new businesses in lakes environments from golf, walking and mountain bike activities to spa, lifestyles services and residential development (eg, rural environment services companies).

Rotorua is home to New Zealand's successful Croucher Brewing – fine crafted beer



targeted
strategies
across the
board

Driver	Industry scale (large/ medium/low)	Competitive environment (international/ national/regional)	Regional leverage opportunities (note: the region size is flexible given the nature of the driver)	Industry/sector strategies
Education				
Skills development, education, research and Innovation	Medium	Regional	Align with BoC regional strategy to progress the development of partnerships with targeted tertiary research institutions that support and accelerate innovation and entrepreneurship, and assist to internationalise local businesses. Look at synergies between local and higher level tertiary providers for skills development, education, research and innovation.	Ensure support locally for ongoing initiatives in ensuring all young people and those second chance learners are appropriately educated and skilled. Greater levels of collaboration with research organisations and higher level tertiary providers.
International students	Medium	International		Minimise loss of reputation through national and local conduct. Ongoing development of international markets.
Regional city scale				
Services (business/social)	Medium	Regional	Review opportunities around leveraging Rotorua International Airport further (eg, transport and services hub).	Continuing aggregation of services at a larger-scale regional and national level. Opportunities for city to support a much larger population base.
Infrastructure capacity	Medium	Regional	Work collaboratively with other Bay of Plenty regional TLAs to assess infrastructure requirements around a regional spatial plan including the linkages to the main upper North Island markets of Waikato and Auckland.	Opportunities for city to support a much larger population base. Minimise ongoing costs of maintenance of existing infrastructure, and development of new infrastructure.
Availability of development opportunities	Medium	National	Work with Tauranga and Hamilton to assess "twin" and "triple" city models around regional growth.	
Location				
Centrality (ie proximity to market)	Medium	National	Promote centrality for business location for servicing other neighbouring locations such as Eastern Bay of Plenty, South Waikato and Taupo.	Understand more around locational factors that might provide greater value to business development.
Infrastructure	Medium	Regional	Review opportunities around leveraging Rotorua International Airport further (eg, transport and services hub). Upgrade to regional roading system to facilitate greater mobility and allow Rotorua to capitalise on its strengths (eg, affordable housing compared to much of Western Bay of Plenty).	Investigate a "Green Business Park".



APPENDIX ONE

Strategy objectives versus current rates of growth

Objective	Current Situation – 2011	3 yr outlook at status quo growth rate	5 yr outlook at status quo growth rate	3 yr outlook at target rate	5 yr outlook at target rate	Differential – target rate compared to status quo – 3 years ahead	Differential – target rate compared to status quo – 5 years ahead
1. Change the reputation of Rotorua to be: * Figures in this section are from 2006							
a) Acknowledged as a leader in the tourism and forestry and wood processing and geothermal industries.	Tba	Tba	Tba	Tba	Tba	Tba	Tba
b) A preferred choice as a lifestyle destination.	41.3%	50.0%	65.0%	60.0%	80.0%	10.0%	15.0%
c) Known as an innovative and sustainable District across all industry sectors, with a focus on primary industries such as agriculture (including dairy farming).	Tba	Tba	Tba	Tba	Tba	Tba	Tba
d) Known as a place where it is attractive to invest and easy to do business.	57.8%	66.7%	75.0%	72.0%	85.0%	5.3%	10.0%
e) A District where there is an enabling regulatory environment.	49.3%	58.0%	75.0%	65.0%	85.0%	7.0%	10.0%
2. Lift the performance of the Rotorua economy by:							
a) Average annual growth in the number of start-up companies (ie, business units) is 0.1% faster than New Zealand's historic-10 year average annual growth rate.	7,206 geographic units	7,385 geographic units	7,506 geographic units	7,711 geographic units	8,067 geographic units	326 extra geographic units	561 extra geographic units
b) Developing and implementing an active strategy around business retention.							
c) Average annual growth in the number of people employed is 0.1 percentage points faster than New Zealand's historic 10-year average annual growth rate (currently 1.5 ppts behind).	32,021 people employed	32,766 People employed	33,271 people employed	34,383 people employed	36,053 people employed	1,617 extra people employed	2,782 extra people employed
d) Generating greater demand in the economy by achieving average annual population growth which is 0.1 percentage points faster than New Zealand's historic 10 year average annual growth rate (currently 0.6 ppts slower).	69,364 people	69,781 people	70,060 people	72,105 people	73,991 people	2,323 extra people	3,931 extra people
Guest nights							
i. Increase the TSG projected av. ann. rate growth rate in the number of <u>domestic</u> guest nights (ie, 0.18% p.a) by a factor of 1.5 (ie, achieve 0.26% p.a.)	2,007,753 nights	2,018,385 nights	2,025,505 nights	2,023,715 nights	2,034,427 nights	5,330 nights	8,923 nights
ii. Increase the TSG projected av. ann. rate growth rate in the number of <u>international</u> guest nights (ie, 2.56% p.a) by a factor of 1.5. (ie, achieve 3.84% p.a.).	1,523,156 nights	1,643,101 nights	1,728,268 nights	1,705,366 nights	1,838,794 nights	62,265 nights	110,526 nights
Annual visitor expenditure							
iii. Increase the TSG projected av. ann. rate growth rate (ie, 1.85% p.a) in annual total <u>domestic</u> visitors' nominal expenditure by a factor of 1.1 (ie, achieve 2.03% p.a.)	\$302.6 million	\$319.6 million	\$331.6 million	\$321.4 million	\$334.6 million	\$1.7 million	\$3.0 million
iv. Increase the TSG projected av. ann. rate growth rate (ie, 4.23% p.a.) in annual total <u>international</u> visitors' nominal expenditure by a factor of 1.1 (ie, achieve 4.65% p.a.).	\$285.3 million	\$323.0 million	\$350.9 million	\$326.9 million	\$358.0 million	\$3.9 million	\$7.1 million



Rotorua offers great value lakeside, rural, suburban and city living

3. Raise living and skills standards by:	Current Situation	Target NZ	Differential between Rotorua and NZ
a) Attaining faster historic five-yearly average annual gross annual household weekly nominal income growth than at the national level. <i>From June 2005-to June 2010:</i>	Av. 3.0% p.a. As at June 2010: \$1,314 per week per household	Av. 3.5% p.a. As at June 2010: \$1,484 per week per household	0.5 percentage points \$128 per week per household.
b) Attaining a reduction in the percentage of households in the bottom quartile of national income.	As at June 2010: 30.5%		5.5 percentage points.
c) Increasing the level of skills in the workforce relative to the national average.			

Notes: (1) Figures shown in the table may not sum/multiply to the stated totals because data used in calculations to populate the table were more precise (ie, used more decimal places) than the data shown in the table. (2) Figures under Objective 1 (a-e) have been taken from the 'Perceptions of Rotorua' surveys conducted in 2006, more current data is unavailable at present. Percentages represent the proportion of respondents who felt that the identified sectors were performing at an 'average or above' level. (3) For sections a, b and c an actual 2010 value was grown by Rotorua's historic 10-year average annual growth rate for one year to obtain a figure for 2011.

Five year outlook for TSG projected av. ann. growth rate at target growth in annual total domestic visitor's nominal expenditure:

\$334⁶million

Five year outlook for TSG projected av. ann. growth rate at target growth in annual total international visitor's nominal expenditure:

\$358million



APPENDIX TWO

Strengths weaknesses opportunities and threats

The following analysis provides details of key drivers of Rotorua with a summary assessment of SWOT (strengths weaknesses, opportunities and threats) for each of the drivers.

Driver	Strengths	Weaknesses	Opportunities	Threats
Forestry and wood processing				
Forest asset	Established and large scale resource, land ownership not likely to change. Emissions Trading Scheme. Sustainable forestry management practices.	Lack of vertical industry integration. Changes in industry ownership mean that it will take time to get clarity in strategies and investment.	Further investment in industry value chain (ie, greater vertical integration).	Lack of investment, overharvesting, further disaggregation in industry. Competition with log exports restricts feedstock availability and creates price barriers.
Wood processing	Number of processors in the District including one of scale. Geothermal resource provides low footprint heat and power source for processing. Proximity of pulp and paper processors for residue uptake means material use efficiencies possible.	Lack of scale wood processing activities. Conservative industry for innovation uptake with low levels of available investment.	Greater level of local processing. More added value wood processing. Extension of iwi ownership and control down value chain. Integration of biofuels and wood-derived biochemicals manufacture within existing pulp and paper infrastructure. Supply of building materials for wood-based rebuild of Christchurch.	Continued focus on processing offshore. Lack of ongoing investment. Cross laminated pine and other manufacturing being focused in other centres.
Services	Established companies. Proximity to servicing many key industry companies. Access to port for added value exports. Local access to leading forest and wood processing research organisation (Scion).	Industry reliant on outcomes of plantation and processing activities.	Assessment whether there are other opportunities for services to add more value to the industry from being located in Rotorua.	Disaggregated industry leading to long term underinvestment. Ensuring that industry is connected to strategic initiatives happening at an industry and R&D level.
Tourism (product and Infrastructure)				
International brand strength	Established brand based on Maori culture, geothermal, lakes and the natural environment.	Brand currently suffering from a lack of freshness and clarity as to brand values in some key markets.	To reposition and refresh the Rotorua brand proposition. Leverage off tourism brand for economic development initiatives including Rotorua as a destination to live, work, invest and do business.	Lack of investment in the brand proposition and destination marketing initiatives.
Infrastructure all built environments	Significant investment over a long period of time from both the public and private sectors.	Infrastructure not necessarily aligned to market opportunities (low level of ongoing investment relative to industry scale and activity).	Investment in infrastructure to support industry product growth (eg, mountain biking, walking, increased role of airlines in market access).	Lack of ongoing investment from industry perceived as reflecting a dated tourism product. Lack of acceptable commercial returns. Lack of public sector investment in infrastructure impacts on the accessibility of the destination.

Driver	Strengths	Weaknesses	Opportunities	Threats
Service sector	Developed services that support industry.	Lack of ongoing investment in refreshing services.	Work more at a strategic level around new investment and market initiatives (eg, spa – health advice, detox, nutrition, massage therapies, customer service, qualmark).	Lack of investment possibly due to lack of perceived returns and industry complacency.
Events	Significant events infrastructure and strong national position in events market.	Difficulty in overall planning to reduce conflicts between events and to ensure a balanced annual event calendar.	Develop a more targeted strategy to attract and retain events that target specific events that fit target markets.	Lack of investment in facilities and new product. Other destinations in the market are particularly aggressive (complacency).
Natural resources	Abundant range of natural resources that provide a sustainable competitive advantage for the destination. (eg, geothermal, lakes, forest etc...)	Degradation of resources over time suggests that careful and integrated management of resources is required.	Ability to significantly capitalise on lakes, geothermal, forests and bush to attract complementary industry and lifestyle sectors.	Complacency. Lack of synergy in regulatory authorities, lack of clarity for investors including complex ownership structures.
Cultural resources	Recognised home of New Zealand's Maori culture and associated tourism product.	Maori culture product has suffered from a perception of a lack of fresh product offerings.	To evolve the Maori culture product to one that is more experientially based.	Lack of investment in the product offering and failure to reposition the cultural experience in key markets.
Geothermal				
Tourism feature/wellness	Unique resource with history of use and cultural recognition.	Lack of new investment to leverage beyond existing attractions in this area.	Further developments of new products and services, accompanied by new investment.	Complacency, inability to leverage off the natural resource.
Energy supply	Relatively untapped resource.	Lack of investment, lack of clarity of investment opportunities.	Relatively undeveloped energy industry and therefore opportunities to investigate further geothermal, hydro and other sustainable energy generation. Integrate geothermal supply into emergent industries, such as biofuels, biorefinery and municipals waste to energy systems	Possible risks to tourism industry and competition for use of resource.
Living environment	Legacy of use of geothermal resource.	Use of geothermal resource not utilised as a lifestyle attractant for Rotorua. Lack of clarity around possible geothermal heating schemes.	Lack of investment and certainty around opportunities for sustainable resource use.	Complacency, lack of integration with resource use opportunities.

Driver	Strengths	Weaknesses	Opportunities	Threats
Agriculture				
Dairy/sheep, beef and other	Established industries operating with scale in the District.	Ensuring alignment of industry outcomes with District environmental requirements.	Assessment of further opportunities in areas such as low nutrient farming, organic farming and waste-to-energy processes.	Inability to meet sustainable farming outcome requirements, lack of industry returns, lack of industry investment.
Processing	Established milk and meat processing in the District.	Value of local processing not necessarily recognised at a strategic level.	Consideration of more opportunities for value adding. Possible boutique product processing (eg, cheese).	Lack of scale, underinvestment in new plants including boutique market opportunities.
Services	Established farm servicing industry.	Lower profile service industry.	Ability to build and add value around sustainable farming practices.	Lack of recognition by the industry of Rotorua as a centre of expertise and service provision.
Research and development				
Intellectual property	Established presence of Scion in Rotorua and GNS at Wairakei. Available local resources and issues (municipal and industrial waste, lakes health, forestry and geothermal) have been a catalyst for innovation. Region is highly representative of national issues for IP development. Matauranga Maori opportunities strong in this District.	Perceived lack of connection between research outcomes and local District activities. Provincial location of R&D organisations can sometimes hinder attraction of world-leading researchers.	Wider sphere of R&D outside of biomaterials and forestry and wood processing to geothermal, health and environment. Encourage local students – especially Maori – to pursue R&D careers through scholarships etc. Location is very attractive for international student internships.	Lack of structure. Complacency. Lack of a local university makes it more likely Scion/GNS will partner with academic organisations elsewhere.
Commercialisation	Location of commercial opportunities in the District. Appropriate access to natural resources and employment pool should incentivise establishment here.	Inability to leverage off commercial research and development outcomes generated locally. Lack of local investment capital or establishment incentives sees IP taken elsewhere.	Link between research and local and wider commercial opportunities. Look at other R&D developments around health and environmental outcomes. Greater role of iwi partnerships for R&D development and commercialisation.	Lack of structure. Complacency. Lack of a local take up of IP makes it more likely Scion/GNS will partner with commercial organisations elsewhere.
Lakes environment				
Lifestyle product	Abundance of key elements of lifestyle attraction (lakes, geothermal, forests, recreation opportunities).	Degradation of lakes water quality and lack of investment in capitalising on the lakes lifestyle point of difference, in particular as it relates to proximity to the Auckland, Hamilton and Bay of Plenty markets.	Work with landowners and the regulatory authorities of the region to influence sustainable land-use change to enhance the lake water quality. Transformation of perception of environmental degradation into an area as a lifestyle and business attractant.	Complacency, lack of alignment in District and regional planning. Challenges around developments given global financial crisis (GFC) and recessionary economic environment.
Tourism and other development	Established destination.	Lack of ability to capture new investment in past few years and management of the impact of development on lake water quality.	Development of a range of new businesses in lakes environments from golf, residential, walking and mountain bike activities to spa, lifestyle services (eg, rural environment services companies).	Complacency, lack of investment. Regulators take a 'lock it up and protect it' approach.

Driver	Strengths	Weaknesses	Opportunities	Threats
Education				
Skills development, education and innovation	Local providers with established track record of education in vocationally applied courses linked to regional outcomes.	Perceived lack of innovation occurring locally.	Greater levels of collaboration with research organisations and higher level tertiary providers. Further develop the established linkages between business, local providers and industry organisations.	Lack of support locally for ongoing initiatives in ensuring all young people and second chance learners are appropriately educated and skilled.
International students	Growing markets and success in attracting students.	Ensuring that the District embraces international students and their requirements.	Ongoing development of international markets. Potential to link international students with local and regional skill requirements.	Loss of reputation through national and local conduct.
Regional city scale				
Services (business/social)	Established social and health services. Recognised as regional (Rotorua and Taupo) centre for health. High levels of health investment in recent years.	Relatively high requirements of health and social services due to Rotorua's low health and socio economic status.	Opportunities for city to support a much larger population base.	Aggregation of services at a larger scale regional and national level without deriving value within the District.
Infrastructure capacity	Good services and infrastructure for a city of current population and economic base, in addition to servicing visitor activity.	Lack of infrastructure to support environmental and social outcomes in all communities.	Opportunities for city to support a much larger population base. Potential longer term security of energy and water supply.	Ongoing costs of maintenance of existing infrastructure. Development of new infrastructure.
Availability of development opportunities	Ongoing development of infrastructure is providing a good platform for investment.	Lack of investment in CBD. Balance of private to public sector investment. Being seen as a smaller regional town (golden triangle).	Identification of more targeted investment opportunities. (Golden triangle being changed to shining star, ie, add Rotorua to Auckland, Hamilton, Tauranga linkage).	Complacency, continued low levels of investment and business performance. "Just the right size". People don't want change.
Location				
Centrality (ie proximity to market)	Central to high population areas (more than half of New Zealand's population is within a 3 hour drive). Central to international connections. Central to areas with high recreation amenity.	Lack of perceived ability to capitalise on central location of all sectors.	Understand more around locational factors that might provide greater value to business development. Significant opportunity to create collaborative projects with surrounding regions (Bay of Plenty, Waikato, Auckland).	Complacency.
Infrastructure	Established road network and port and commitment to airport development. Commitment to high speed broadband. Road network to Auckland Airport. Eastern arterial routes due to start shortening the connection between the twin cities of the Bay.	Lack of acknowledgement of important role of transportation network in economic development (eg Bay of Plenty roading network and Port of Tauranga).	Upgrade to regional roading system to facilitate greater mobility and allow Rotorua to capitalise on its strengths (eg, affordable housing compared to much of Western Bay of Plenty).	Underinvestment. Inability for business to be able to add further value to the public infrastructure investment in additional value.

contact details

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