

# **BUILDING A BETTER BAY**

Creating value and better  
business through collaboration



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## INTRODUCTION

As a region we are united in our differences. We have prepared this document to describe the diversity of the communities of our region, and equally, outline the many ways that we work together to achieve our collective vision for better business in the Bay of Plenty.

The communities of the Bay of Plenty stretch from the sparkling waters of the Pacific to the geothermal geysers of the central plateau. This ever changing natural environment across the region provides the backdrop for the rich tapestry of local communities.

Interconnected to their natural attributes and locational differences, each individual community has its own economic drivers. The port of Tauranga provides a regional focus for trade and transport, rich soils and a temperate climate drive horticultural sector in the Western Bay of Plenty, and the stunning natural features of Rotorua and Taupo support a burgeoning tourism industry.

Each of our local communities also has its own unique cultural and social identities. The 2013 census showed that over 50 percent of the population of the Opotiki District identified themselves as Maori, compared with 15 percent for the rest of New Zealand. Tauranga City has strong population growth forecast, while other communities are facing population decline.

Our many differences and the histories which have helped shape them give us our individual identities and strengths, however, they do not define us looking to the future. The landscape between Taupo and Rotorua is changing with over 24,000 hectares of forest converting to dairy and dry stock farming. The hydroelectric power stations in South Waikato remain, but communities historically built on forestry are now adapting to pastoral farming. In Kawerau greater manufacturing efficiencies are resulting in job losses in parts of the community whilst much local emphasis is placed upon industrial symbiosis and new opportunities. Further to the east Opotiki is seeking to embrace the growing potential in the aquaculture sector.

The unique position of local government means our councils are well placed to facilitate and lead the changes in our communities. Responding to the individual needs of communities is important and can only be achieved through those communities having the ability to debate and make decisions for themselves. Enabling people to influence the decisions that really affect them creates a common sense of purpose and builds community resilience.

There are, however, times when we need to work collectively to achieve more regionally significant outcomes or because it can be more efficient doing things together. We do this through the informal collaboration that takes place between councils, and we do it through more formal groups.

Bay of Plenty Local Authority Shared Services (BOPLASS) was formed in 2008 and provides the councils with the ability to procure services from outside providers. Our ability to combine our expertise and buying power has resulted in savings across areas like office supplies, postal services and insurance.

We also work closely with central government entities through Collaboration Bay of Plenty (CoBOP). Collectively we recognise that local and central government have complementary roles and responsibilities to deliver better outcomes for our communities. Knowing and understanding each other has created a platform for best combining our resources and expertise to manage complex issues.

Invest Bay of Plenty is a recent initiative where eight of the council's in the region have combined resources and know-how to develop a shared spatial plan. Once completed the plan will guide the region's development over the next 30 years. In this way local decisions by communities can be made in the context of the issues and opportunities in the wider Bay of Plenty.

In summary, each of our communities has its own identity, challenges and opportunities for continuing growth. Our role is to harness those individual strengths and work together to build resilience in our communities while collaborating to grasp the opportunities of the future, through creating value and encouraging better business.



# WHO WE ARE

## TAUPO DISTRICT COUNCIL

The Taupo District encompasses much of the North Island's central plateau and is centered around Lake Taupo. It stretches from Mt Ruapehu in the south to Mangakino in the north and includes much of the Kaingaroa forest to the east.

The town of Taupo contains the bulk of the district's population and the other main centres are Turangi, Mangakino and Kinloch. Taupo District lies predominantly in the Waikato region and its geographical location lends itself well to cross-boundary collaboration.

Tourism is a mainstay of the district's economy, with farming and forestry also significant. There are also a number power stations, both geothermal and hydro, within the region,

Taupo District Council is led by Mayor David Trewavas and 10 councillors.



### Some key facts about Taupo (July 2013)

\*Compiled by LGNZ based on information supplied by councils

**Land area** 6,354 square kilometres

**Population** 32,907

**Rating units** 22,013

**People per rating unit** 1.5

**Population per elected member** 2,992

**Median income per household (NZ median \$28,500)** \$28,200

**Rating revenue** \$53.99 million

**Total operating revenue** \$69.92 million

**Operating expenditure** \$79.31 million

**Total assets** \$1,256.63 million

**Net debt** \$82.13 million

Tourism is a mainstay  
of Taupo District's economy,  
with farming and forestry  
also significant



# ROTORUA DISTRICT COUNCIL

The Rotorua District is based around the city and lake which bear the same name, with another 14 lakes and numerous geothermal areas within the district boundary.

Most of the district's population live in the city of Rotorua or around the lake. The district lies mostly within the Bay of Plenty region, with a small section included in the Waikato region.

Rotorua is a noted destination around the world and attracts large numbers of international and domestic visitors. Tourism, driven largely by geothermal and cultural attractions, is a key driver of the economy. Other significant industries in the district include farming and forestry.

Rotorua District Council is led by Mayor Steve Chadwick and 12 councillors.

Rotorua is a noted  
destination for  
both international  
and domestic  
tourists

## Some key facts about Rotorua (July 2013)

\*Compiled by LGNZ based on information supplied by councils

**Land area** 2,615 square kilometres

**Population** 68,900

**Rating units** 28,953

**People per rating unit** 2.4

**Population per elected member** 5,300

**Median income per household (NZ median \$28,500)** \$26,900

**Rating revenue** \$71.24 million

**Total operating revenue** \$108.98 million

**Operating expenditure** \$121.93 million

**Total assets** \$1,131.64 million

**Net debt** \$156.09 million



# TAURANGA CITY COUNCIL

Located in the Bay of Plenty, Tauranga has been one of New Zealand's fastest growing cities, with the population doubling over the past 20 years. Urban growth is occurring across the city's boundaries, from Bethlehem in the north to Pyes Pa in the west and Papamoa in the south. Tauranga's temperate climate has seen it become a popular destination for retirees, with more than a fifth of the population over 60.

The strong population growth is forecast to continue, and the Council says that on average 60 per cent of its annual capital spending is related to this. The 2013 census showed that Tauranga is New Zealand's sixth largest city, just behind Dunedin.

Tauranga's growth has been supported by the expansion of its port, which is New Zealand's largest export port. Tauranga is the main service centre for the Bay of Plenty region, which has some of the country's prime horticultural land with kiwifruit and avocados among the main crops.

Tauranga is also popular with domestic tourists from around the upper North Island, attracted by its expansive beaches.

Tauranga City Council is led by Mayor Stuart Crosby and 12 councillors.



## Some key facts about Tauranga (July 2013)

\*Compiled by LGNZ based on information supplied by councils

**Land area** 168 square kilometres

**Population** 114,789

**Rating units** 51,430

**People per rating unit** 2.2

**Population per elected member** 10,435

**Median income per household (NZ median \$28,500)** \$27,100

**Rating revenue** \$104 million

**Total operating revenue** \$169 million

**Operating expenditure** \$171 million

**Total assets** \$3,302.88 million

**Net debt:** \$377 million

60 per cent of Tauranga's annual capital spending is related to the city's strong population growth which is forecast to continue

# WESTERN BAY OF PLENTY DISTRICT COUNCIL

The Western Bay of Plenty District surrounds Tauranga City and includes much of the Bay of Plenty's prime horticultural land. Despite being largely rural it has experienced strong population growth on the back of Tauranga City's expansion.

The population is spread across the district with the main towns Waihi Beach, Katikati, Te Puke and Maketu. Western Bay of Plenty is bounded by the Pacific Ocean to the east and the Kaimai Range to the west.

The economy of the Western Bay of Plenty is dominated by the horticulture sector and related service industries, with tourism and manufacturing also significant.

Western Bay of Plenty District Council is led by Mayor Ross Paterson and 11 councillors.

The economy of the  
Western Bay of Plenty  
is dominated by the  
horticulture sector

## Some key facts about Western Bay of Plenty (July 2013)

\*Compiled by LGNZ based on information supplied by councils

**Land area** 2,120 square kilometres

**Population** 46,000

**Rating units** 20,054

**People per rating unit** 2.3

**Population per elected member** 3,833

**Median income per household (NZ median \$28,500)** \$26,300

**Rating revenue** \$50.01 million

**Total operating revenue** \$73.94 million

**Operating expenditure** \$74.58 million

**Total assets** \$1,173.12 million

**Net debt** \$140 million



# WHAKATANE DISTRICT COUNCIL

The town of Whakatane lies in the Eastern Bay of Plenty, with the district itself stretching west and south to encompass the rural settlements of Matata, Edgecumbe and Murupara.

The town of Whakatane lays claim to being New Zealand's sunniest town, and the adjoining beach at Ohope is rated among the country's best, making the district popular with domestic tourists.

The 2013 census showed that 43.5 per cent of the population of the Whakatane district identified themselves as Maori, compared with 15 per cent for the rest of New Zealand.

The economy of the Whakatane district is diverse, with horticulture, farming, forestry and tourism all significant. The district has a significant natural resource base to underpin economic development and, with the climate, lifestyle opportunities are also plentiful.

Whakatane District Council is led by Mayor Tony Bonne and 10 councillors.

## Some key facts about Whakatane (July 2013)

\*Compiled by LGNZ based on information supplied by councils



**Land area** 4,450 square kilometres

**Population** 34,200

**Rating units** 15,635

**People per rating unit** 2.2

**Population per elected member** 3,109

**Median income per household (NZ median \$28,500)** \$25,600

**Rating revenue** \$34 million

**Total operating revenue** \$54.45 million

**Operating expenditure** \$59.1 million

**Total assets** \$679.2 million

**Net debt** \$45.94 million

The economy of the Whakatane district is diverse, with horticulture, farming, forestry and tourism all significant

# KAWERAU DISTRICT COUNCIL

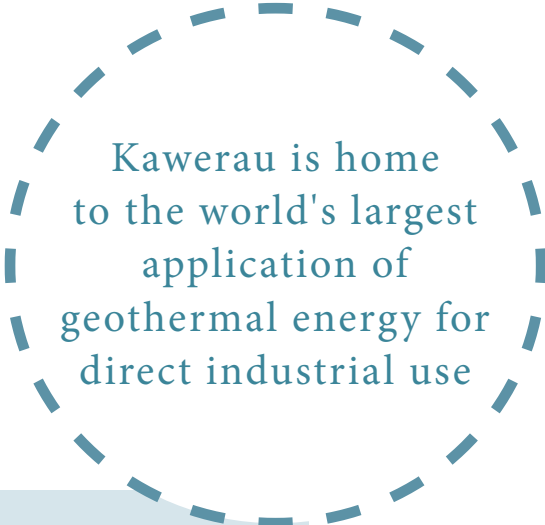
The Kawerau District is made up almost entirely of the small industrial, wood processing and manufacturing town of Kawerau, in the central Bay of Plenty. The Kawerau District is bounded on all sides by the Whakatane District.

The town of Kawerau was founded in 1953 to service the Tasman pulp and paper mill that was built to process wood from the vast Kaingaroa forest. The site was chosen due to the availability of water from the Tarawera River, energy output from a geothermal field, and proximity to feedstocks and the Port of Tauranga.

Since formation the district's economy has been dominated by the mill. However in recent times the maturing of the newsprint industry and greater efficiency in manufacturing has seen reductions in the workforce. The natural resources that first drew industry to the district, combined with some of the warmest temperatures in the country, are creating new growth in sports and adventure tourism, energy generation and retirement living.

At 22 square kilometres Kawerau is the smallest territorial authority in New Zealand by land area, and with just over 6,000 people, one of the smallest by population.

Kawerau District Council is led by Mayor Malcolm Campbell and eight councillors.



Kawerau is home  
to the world's largest  
application of  
geothermal energy for  
direct industrial use



## Some key facts about Kawerau (July 2013)

\*Compiled by LGNZ based on information supplied by councils

**Land area** 22 square kilometres

**Population** 6,357

**Rating units** 2,930

**People per rating unit** 2.2

**Population per elected member** 706

**Median income per household (NZ median \$28,500)** \$18,800

**Rating revenue** \$8.17 million

**Total operating revenue** \$9.82 million

**Operating expenditure** \$9.95 million

**Total assets** \$66.4 million

**Net debt** \$61,000

# OPOTIKI DISTRICT COUNCIL

The Opotiki District lies in the eastern Bay of Plenty area. Much of the population lives in the coastal town of Opotiki, while the district itself stretches a long way east and south into sparsely populated areas.

The district contains a lot of rugged bush country and has an average population density of three people per square kilometre.

Farming and horticulture are mainstays of the local economy.

The 2013 census showed that over 50 per cent of the population of the Opotiki district identified themselves as Maori, compared with 15 per cent for the rest of New Zealand.

Opotiki District Council is led by Mayor John Forbes and six councillors.

## Some key facts about Opotiki (July 2013)

\*Compiled by LGNZ based on information supplied by councils

**Land area** 3,098 square kilometres

**Population** 8,500

**Rating units** 5,630

**People per rating unit** 1.5

**Population per elected member** 1,214

**Median income per household (NZ median \$28,500)** \$20,700

**Rating revenue** \$8.21 million

**Total operating revenue** \$12.09 million

**Operating expenditure** \$11.97 million

**Total assets** \$187.35 million

**Net debt** \$2.86 million

Farming and  
horticulture are  
mainstays of the  
local economy



# SOUTH WAIKATO DISTRICT COUNCIL

The South Waikato District is centred around the farming and forestry service towns of Tokoroa, Putaruru and Tirau.

In the northern part of the district dairy farming is the predominant activity, while much of the southern part of the district is forestry land. The western part of South Waikato also includes some of the Waikato River's hydroelectric generation plants.

According to 2013 census data the population of the South Waikato district has declined slightly since 2001. Approximately half of the district's population lives in Tokoroa.

South Waikato District Council is led by Mayor Neil Sinclair and 10 councillors.



## Some key facts about South Waikato (July 2013)

\*Compiled by LGNZ based on information supplied by councils

**Land area** 1,795 square kilometres

**Population** 22,071

**Rating units** 10,104

**People per rating unit** 2.2

**Population per elected member** 2,006

**Median income per household (NZ median \$28,500)** \$23,700

**Rating revenue** \$20.69 million

**Total operating revenue** \$32.34 million

**Operating expenditure** \$28.34 million

**Total assets** \$369.45 million

**Net debt** \$23.07 million

South Waikato District  
is centred around  
farming and forestry  
service towns

# BAY OF PLENTY REGIONAL COUNCIL

The Bay of Plenty Regional Council area covers a long stretch of the North Island's eastern coast, encompassing Tauranga, Whakatane and Opotiki as well as further inland to Rotorua and a small part of the Taupo District. Other recognisable land marks include Mount Tarawera, Mount Maunganui and White Island.

The cities and towns of Rotorua, Tauranga and Whakatane make up the bulk of the region's population.

The region's economy is based around tourism, agriculture and horticulture, and its port in Tauranga is one of the biggest in the country.

Bay of Plenty Regional Council is led by chairperson Doug Leeder and 13 other elected members that represent each area of the region and Maori.

## Some key facts about the Bay of Plenty region

(July 2013)

\*Compiled by LGNZ based on information supplied by councils

**Land area** 12,253 square kilometres

**Sea area** 9,583 square kilometres

**Population** 267,741

**Rating units** 119,588

**People per rating unit** 2.2

**Population per elected member** 20,595

**Rating revenue** \$30.19 million

**Total operating revenue** \$63.25 million

**Operating expenditure** \$78.61 million

**Total assets** \$500.71 million

**Net debt** \$0



The region's economy  
is based around  
tourism, agriculture and  
horticulture, and its port  
in Tauranga is one of the  
biggest in the country



**TOGETHER**  
**WE ARE**

## TOGETHER WE ARE

For more than a decade local authorities throughout the Bay of Plenty and central North Island have been working together to achieve better outcomes for their residents by sharing knowledge and resources.

This collaboration has taken various forms across a range of organisations, but the focus has always been greater value from existing resources.

Over the past few years these collaborative arrangements have grown and adapted to acknowledge the objective laid down by central government that organisations funded by taxes and rates should be continually striving to deliver better results without an increase in spending.

Local authorities in the region have been leading the way in developing collaborative models to deliver results across a range of outcomes.

## BOPLASS

BOPLASS Ltd (Bay of Plenty Local Authority Shared Services) was officially formed in 2008 and is jointly owned by:

- Taupo District Council
- Rotorua District Council
- Tauranga District Council
- Bay of Plenty Regional Council
- Western Bay of Plenty District Council
- Whakatane District Council
- Kawerau District Council
- Opotiki District Council
- Gisborne District Council

The focus for BOPLASS is the procurement of services from outside providers for two or more of the member councils with the key outcome being that it adds value.

It does this through the use of advisory groups made up of representatives of the different councils interested in a particular service. Each group is service specific; the participants initially decide the scope of the project and the desired outcomes and work together to achieve them. BOPLASS can therefore benefit from the expert knowledge of the various Councils' staff and involve them in the process.

BOPLASS assists with facilitation and also provides a legal entity, representative of all the councils, able to enter into contracts and agreements with the councils and external suppliers.

An important requirement for BOPLASS is that it adds value to the process.

The exact form of the agreements will vary depending on the particular service and BOPLASS may include options to customise arrangements to get the best solution.

Member Councils pay a small annual levy, depending on their size, to run the legal entity that is BOPLASS, with the main contribution being resources, in particular staff time.

Services obtained by members through BOPLASS run on a user pays system where each Council pays for its share of any particular service.

Decisions about potential projects or services are made by the nine directors of BOPLASS, who are the nine councils' chief executives, with input from the relevant advisory committee.

**Insurance:**  
\$2 million saved for  
BOPLASS members  
over two years

Over the past few years BOPLASS has completed joint procurement projects across services such as office supplies, postal services, insurance, GIS software, advertising and telephony.

A 2010 case study identified the following savings that had been achieved:

- Classified Advertising: 10-12 per cent
- Office Supplies: 8-10 per cent on average but smaller councils have saved more.
- ESRI licenses: \$20,000 across the region
- Sophos Anti Virus: 25 per cent discount
- Insurance: \$2 million over two years

Areas identified for future initiatives include civil works contracts, infrastructure and property valuation, IT and rates collection.

## COBOP

Collaboration Bay of Plenty (CoBOP) is a group of 26 local and central government entities whose goal is to promote community development through the cooperation and collaboration of resources.

The member organisations work together in clusters covering social, economic, environmental and cultural outcomes.


A steering group made up of three local government and four central government signatories guides the ongoing work of the clusters and provides leadership and direction for the whole network. Assisted by a strategic coordinator, this group meets four times a year, and works towards priorities identified by the CoBOP Strategic Direction.

CoBOP seeks to advance the Bay of Plenty region by:

- Fostering active and ongoing relationships
- Sharing and communicating information
- Proactively seizing opportunities and add value
- Promoting thought and incubating ideas
- Connecting up and removing barriers
- Using its collective influence

Over the next two years CoBOP has set the following five keys targets to advance its goals for the region:

1. Build on our success and mandate without resting comfortably.
2. Be responsive and resilient as the public sector changes with government.
3. Build a culture of collaboration in the network and within our own organisations.
4. Recognise and grow our ability to collectively push regional projects of significance.
5. Realise our need to expand external relationships and reconnect internal relationships.



CoBOP's goal is to promote  
community development  
through the cooperation and  
collaboration of resources

# INVEST BAY OF PLENTY

Invest Bay of Plenty consists of eight local authorities that are developing a shared spatial plan to guide the region's development over the next 30 years.

The goal of the Invest Bay of Plenty plan is to provide an overall framework which will help guide planning decisions made by individual authorities throughout the region. This in turn will help streamline planning processes and promote economic growth in a way that provides benefits across the region.

Throughout 2014 the member organisations are gathering information and discovering the focus areas for the plan, with the process of drafting expected to be later this year.

The initial work has provided seven key themes which Invest Bay of Plenty's leadership group has agreed to work on as a priority:

- **Settlement patterns:** Predicting and managing where people choose to live and work so that future needs for utilities and services, such as health and education, can be readily determined.
- **Employment:** Projecting where there will be future labour shortages and surplus. This will assist industry, the tertiary sector and others to take advantage or respond to the labour market.
- **Infrastructure:** Identifying regional priorities to help plan for and set sustainable levels of service.
- **Ageing:** Gaining a more detailed understanding of how trends in spending, services demand and supply and other factors will change as a result of the aging demographic.
- **Maori Economy:** Improving understanding of how Maori can and will use their assets to generate wealth for their people in the post-Treaty settlement environment.
- **Environment:** Predicting what natural resource limitations may affect future economic growth, and identifying opportunities to enhance the social and economic benefits of environmental enhancement work.
- **Lifestyle:** Gaining greater understanding of migration drivers to better predict settlement and population change and how these can be influenced.



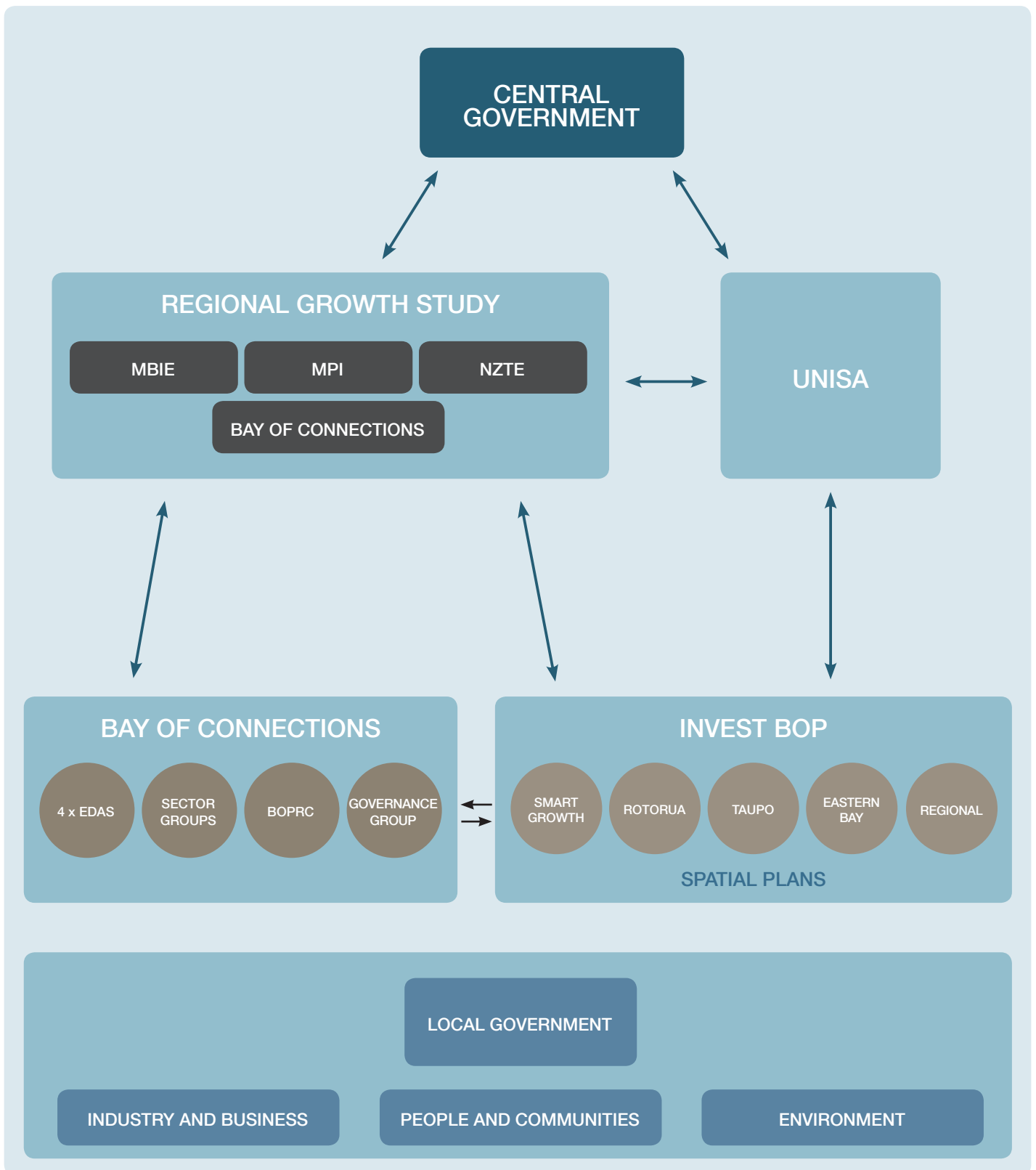
# UPPER NORTH ISLAND STRATEGIC ALLIANCE (UNISA)

The Upper North Island Strategic Alliance was formed in 2011 to establish long term collaboration between territorial local authorities and regional authorities from Northland to the Waikato and Bay of Plenty.

The purpose is to respond to and manage major inter-regional and inter-metropolitan investment issues using an evidence-based approach. This agreement is a radical commitment for significant collaboration across an area containing 53 per cent of New Zealand's population and 52 per cent of its Gross Domestic Product (GDP).



The UNISA agreement is a radical commitment for significant collaboration across an area containing 53 per cent of New Zealand's population and 52 per cent of its GDP



- A fluid and constant exchange of ideas and information between Central Government, Invest BOP, Bay of Connections, Local Government and the Regional Growth Study.
- Every group is connected for the benefit of the region.
- Bay of Connections maintains the link between the region and the Growth Study Partners, and is the link from the region to Central Government.
- The Territorial Local Authorities are connected through the EDAs and Invest BOP. They are the foundation for the region.

**WE ARE  
MORE THAN  
JUST NUMBERS**

## WE ARE MORE THAN JUST NUMBERS

Unfortunately when it comes to public interest in Local Government, much of it revolves around the figures.

A number of commentators have tried and failed by taking a one size fits all approach when it comes to assessing local authorities financial scorecards because a broad brush just simply does not work.

Every council is different. We have different rating systems, different financial strategies and different funding mechanisms. The way we serve our communities and the groups of activities and services we provide is often also different. Trying to compare apples with apples from a financial perspective when it comes to Local Government could be likened to trying to fit a round peg into a square hole. It may look like it fits but often there is a less than perfect result.

### THE BAY OF PLENTY COUNCILS' FIGURES (AS AT 1 JULY 2013)

The population of the Bay of Plenty region, including South Waikato and Taupo, was 334,000 and there were 157,000 rating units.

Land areas of the district and city councils vary considerably with Taupo (6354 square kilometres) the biggest and Kawerau (22km<sup>2</sup>) the smallest.

Tauranga had the highest population density at 683 per square kilometres and Opotiki the lowest at three.

Median income is highest in Taupo at \$28,200 and lowest in Kawerau at \$18,800. In comparison the New Zealand Median income was \$28,500.

The land value in the region was \$46.3 billion and the capital value was \$78.6 billion.

The total value of physical assets owned by the councils was \$8.2 billion, with Tauranga and Western Bay owning 55 per cent of the assets.

The value of these assets owned by each person across the region was valued at \$24,500 with Taupo the highest at \$38,200 and Kawerau the lowest at \$10,450. The highest by rating unit was Tauranga at \$64,200 and the lowest was in Kawerau at \$22,700.

Net debt across the region (excluding the regional council's investment in Port of Tauranga) was \$804 million with Tauranga and Western Bay accounting for 64 per cent of this total.

The value of this debt for each person was \$2400, but highest in Tauranga at \$3300 and lowest in Kawerau at \$10. While Tauranga was the highest debt per rating unit at \$7330, it also had the highest asset value and community equity value by rating unit at \$64,220 and \$56,930 respectively.

The total revenue for the councils was \$530 million which included \$350 million in rate revenue.

The highest revenue per rating unit was Rotorua at \$3760 and lowest was Opotiki at \$2130. Tauranga was \$3,286. The operational expenditure of the councils' amounted to \$556 million. The highest average expenditure by rating unit was \$4200 and the lowest was Opotiki at \$2130. Tauranga was \$3325.

The ratio of elected members to population was lowest in Tauranga at one member to 10,435 people and highest in Kawerau at one member for 706 people.

*Refer to Table 1 (right)*



**TABLE 1: REGIONAL MAKEUP AND FINANCIALS**

Numbers at 1 July 2013 \$000s	SOUTH WAIKATO	REGIONAL	OPOTIKI	ROTORUA	WESTERN BOP	WHAKATANE	KAWERAU	TAUPO	TAURANGA	TOTAL
<b>AREA STATISTICS</b>										
Population	22,071	267,741	8,500	68,900	46,000	34,200	6,357	32,907	114,789	333,724
Rating Units	10,104	119,588	5,630	28,953	20,054	15,635	2,930	22,013	51,430	156,749
People per Rating Unit	2.2	2.2	1.5	2.4	2.3	2.2	2.2	1.5	2.2	2.1
Land Area (km2)	1,795	12,253	3,098	2,615	2,120	4,450	22	6,354	168	20,622
Non Rateable Land Area (km2)	127	-	2,169	520	?	1,792	3	2,248	19	6,878
Number of People (per km2)	12	22	3	26	22	8	289	5	683	16.2
Median Income (census 2013) NZ Median \$28,500	23,700	-	20,700	26,900	26,300	25,600	18,800	28,200	27,100	26,357
Land Value (\$000)	2,599,629	31,478,088	1,103,875	6,300,000	7,215,765	3,798,000	93,542	6,795,258	18,434,400	46,340,469
Capital Value (\$000)	4,600,894	-	1,832,539	12,100,000	12,525,083	7,317,000	498,886	12,673,621	27,044,524	78,592,547
Land Value/Capital Value	1.77	n/a	1.66	1.92	1.74	1.93	5.33	1.87	1.47	1.70
<b>FINANCIAL STATISTICS</b>										
Total Assets (\$000s)	369,450	500,712	187,348	1,131,638	1,173,116	679,219	66,440	1,256,626	3,302,882	8,166,719
Assets per person	16,739	1,870	22,041	16,424	25,503	19,860	10,451	38,187	28,774	24,471
Assets per Rating Unit	36,565	4,187	33,277	39,085	58,498	43,442	22,676	57,086	64,221	52,101
<b>BORROWINGS AND INVESTMENTS</b>										
Net Debt	23,066	0	2,858	156,092	140,023	45,936	61	82,129	377,000	804,099
Net Debt per person	1,045	0	336	2,265	3,044	1,343	10	2,496	3,284	2,409
Net Debt per Rating Unit <sup>2,283</sup>	2,283	0	508	5,391	6,982	2,938	21	3,731	7,330	5,130
Credit Rating (if rated)	n/a	n/a	n/a	n/a	A+	n/a	n/a	AA-	A+	
<b>COMMUNITY EQUITY</b>										
Equity (\$000s)	355,263	449,883	178,045	961,794	977,702	618,909	64,531	1,062,772	2,927,752	7,146,768
Equity per person	16,096	1,680	20,946	13,959	21,254	18,097	10,151	32,296	25,506	21,415
Equity per Rating Unit	35,161	3,762	31,624	33,219	48,753	39,585	22,024	48,279	56,927	45,594
<b>REVENUE</b>										
Total Rate Revenue	20,688	30,186	8,217	71,239	50,013	34,002	8,171	53,994	104,000	350,324
Rate revenue per person	937	113	967	1,034	1,087	994	1,285	1,641	906	1,050
Rate revenue per Rating Unit	2,048	252	1,460	2,461	2,494	2,175	2,789	2,453	2,022	2,235
Total Operating Revenue (excl DC/FCs and Vested Assets)	32,369	63,257	12,086	108,980	73,941	54,451	9,818	69,916	169,000	530,561
Total Operating Revenue per person	1,467	236	1,422	1,582	1,607	1,592	1,544	2,125	1,472	1,590
Total Operating Revenue per Rating Unit	3,204	529	2,147	3,764	3,687	3,483	3,351	3,176	3,286	3,385
<b>EXPENDITURE</b>										
Operating Expenditure	28,376	78,610	11,968	121,931	74,578	59,102	9,947	79,308	171,000	556,210
Operating Expenditure per person	1,286	294	1,408	1,770	1,621	1,728	1,565	2,410	1,490	1,667
Operating Expenditure per Rating Unit	2,808	657	2,126	4,211	3,719	3,780	3,395	3,603	3,325	3,548
<b>REPRESENTATION</b>										
Total number of Elected Members	11	13	7	13	12	11	9	11	11	87
Population per elected member	2,006	20,595	1,214	5,300	3,833	3,109	706	2,992	10,435	3,836

## 2012/22 10 YEAR PLAN TRENDS (Sourced from Councils' 2012-2022 Long Term Plans)

Capital expenditure for the councils is predicted to total \$2.6 billion over the 10 years. Of this 38 percent is renewal work while 62 per cent will be invested in vested assets, growth related expenditure and new capital projects.

Revenue over the period is forecast at \$6.8 billion of which 54 per cent will be rate revenue funded, 37 percent user fees and other revenue sources and only eight per cent from development or financial contribution revenue.

A total of \$1.6 billion of growth development and new capital expenditure is predicted to be spent but only half a billion dollars of development contribution revenue is predicted, which places pressure on debt levels to provide interim funding for development and new assets for growing populations.

Expenditure will total \$5.9 billion of which 46 per cent will be directly related to the capital expenditure programme to fund interest, depreciation and debt repayment as operational costs. A total of 29 per cent will be salary and employment costs and 25 percent is other expenditure to provide the services to the communities.

### ACTIVITY INFORMATION FOR THE CONSOLIDATED BAY OF PLENTY AND SOUTH WAIKATO

- The councils own \$8 billion of physical assets.
- The Waters “business” (Water, Wastewater and Stormwater (incl Flood Management)) has assets of \$2.2 billion. Transport (incl roads) owns \$3.8 billion and Leisure (including Parks and Open Spaces) is \$0.85 billion. This equates to 86 per cent of the total assets.
- The cost to deliver these services is \$619 million per annum.
- 69 per cent of this total is incurred by the Waters, Transport, Leisure and Waste Management activities of the Councils.
- Water, Wastewater and Stormwater (including Flood Management) cost \$150 million to operate per annum and Transport (including the roading network) is \$114 million. Leisure facilities, Parks and Open Spaces cost \$132 million.
- \$44 million is spent each year on governance and democracy services.
- \$32 million on regulatory services.
- \$25 million on economic development in the region.
- Other activities and support amount to \$34 million or 6 per cent of the total cost.

*Refer to Table 2*

TABLE 2: ACTIVITY INFORMATION FOR CONSOLIDATED COUNCILS  
– INCLUDING DEPRECIATION AND SUPPORT COSTS

(Sourced from Annual Reports 2012/13)

ACTIVITY	COST OF DELIVERY (TOTAL FOR ACTIVITY) (\$'000)	VALUE OF THE ASSET BASE (\$'000)	% OF TOTAL COST	% OF ASSET BASE
Water Supply	51,885	584,432	8%	7%
Wastewater	62,030	813,292	10%	10%
Stormwater and Flood Control	36,359	815,081	6%	10%
Transport (incl Parking Management)	113,729	3,774,783	18%	47%
Economic Development	24,336	9,735	4%	0%
Waste Management	29,593	34,221	5%	0%
Emergency Management	2,608	624	0%	0%
Airport	7,760	176,824	1%	2%
Libraries	20,138	42,476	3%	1%
Leisure Facilities and Recreation (incl Arts & Events)	65,585	227,870	11%	3%
Parks & Open Spaces (incl Sportsfields)	46,920	588,937	8%	7%
Governance & Democracy Services	43,887	102,433	7%	1%
Policy & Planning	24,074	43	4%	0%
Regulatory	32,272	1,422	5%	0%
Support	19,126	127,358	3%	2%
Other (Total Remaining)	15,417	697,424	2%	9%
Environmental Protection	23,229	12,906	4%	0%
<b>Total (if relevant)</b>	<b>618,948</b>	<b>8,009,861</b>	<b>100%</b>	<b>100%</b>

# KEY OPERATING COSTS ACROSS ALL COUNCILS

Table 3 presents the operating cost, including depreciation and allocated support costs, for each significant activity within each Council. This information is then used to derive a cost per person in each district (Table 4) and a cost per rating unit in each district (Table 5). While the Councils have different methods for service delivery across many of their activities the actual operating cost should be independent of these service delivery decisions.

There are clearly many reasons why the cost per person and/or cost per rating unit may differ but there are some interesting ranges which may be worth considering further (refer to Table 6).

Relevant factors could include the provision of a level of service in only part of the district and/or catering for a higher number of people than the usually resident population.

**TABLE 3: OPERATING COSTS OF ACTIVITIES FOR EACH COUNCIL**  
(INCLUDING DEPRECIATION AND SUPPORT COSTS) FROM 2013 ANNUAL REPORTS

Annual Reports 2012/13 \$000s	TAURANGA	TAUPO	KAWERAU	WHAKATANE	WESTERN BOP	ROTORUA	OPOTIKI	REGIONAL	SOUTH WAIKATO	TOTAL
Water Supply	17,294	7,149	1,117	3,977	9,877	9,018	1,275	-	2,178	51,885
Wastewater	20,102	13,270	1,391	1,744	12,193	10,282	421	-	2,627	62,030
Stormwater and Flood Control	11,964	1,547	219	3,361	4,385	3,496	281	10,541	565	36,359
Transport	29,788	15,994	1,492	8,264	23,372	10,666	3,367	13,986	6,800	113,729
Economic Development	1,998	3,761	994	190	853	11,100	584	2,775	2,081	24,336
Waste Management	2,728	4,153	1,267	5,476	1,208	11,245	1,223	-	2,293	29,593
Emergency Management	589	-	-	-	-	699	-	1,320	-	2,608
Airport	2,739	597	-	195	-	4,196	11	-	22	7,760
Libraries	7,922	1,922	452	2,705	2,364	3,220	238	-	1,315	20,138
Leisure and Facilities	23,533	15,295	2,421	7,756	-	13,897	-	-	2,683	65,585
Parks and Open Spaces	16,666	7,333	-	-	5,764	14,930	1,582	645	-	46,920
Governance and Democracy	2,157	3,892	475	2,343	2,397	16,816	569	4,959	10,279	43,887
Policy/Planning	6,615	1,986	83	1,692	1,746	3,317	511	6,978	1,146	24,074
Regulatory	6,112	724	824	2,692	4,198	8,954	845	6,145	1,778	32,272
Support	-	-	-	471	3,768	9,145	-	5,742	-	19,126
Other	314	2,080	788	1,088	2,454	5,498	1,236	3,535	-	15,417
Environmental Protection	-	-	-	-	-	-	-	23,229	-	23,229
<b>TOTAL</b>	<b>150,521</b>	<b>79,703</b>	<b>9,947</b>	<b>41,954</b>	<b>74,579</b>	<b>136,479</b>	<b>12,143</b>	<b>79,855</b>	<b>33,767</b>	<b>618,948</b>

TABLE 4: OPERATING COSTS PER PERSON OF KEY ACTIVITIES FOR EACH COUNCIL  
(INCLUDING DEPRECIATION AND SUPPORT COSTS) FROM 2013 ANNUAL REPORTS

ANNUAL REPORTS 2012/13 \$000s	TAURANGA	TAUPO	KAWERAU	WHAKATANE	WESTERN BOP	ROTORUA	OPOTIKI	REGIONAL	SOUTH WAIKATO	AVERAGE BOP
Water Supply	151	217	176	116	215	131	150	0	99	165
Wastewater	175	403	219	51	265	149	50	0	119	187
Stormwater and Flood Control	104	47	34	98	95	51	33	39	26	66
Transport	260	486	235	242	508	155	396	52	308	326
Economic Development	17	114	156	6	19	161	69	10	94	77
Waste Management	24	126	199	160	26	163	144	0	104	120
Emergency Management	5	0	0	0	0	10	0	5	0	2
Airport	24	18	0	6	0	61	1	0	1	16
Libraries	69	58	71	79	51	47	28	0	60	58
Leisure and Facilities	205	465	381	227	0	202	0	0	122	211
Parks and Open Spaces	145	223	0	0	125	217	186	2	0	128
Governance and Democracy	19	118	75	69	52	244	67	19	466	92
Policy/Planning	58	60	13	49	38	48	60	26	52	47
Regulatory	53	22	130	79	91	130	99	23	81	86
Support	0	0	0	14	82	133	0	21	0	33
Other	3	63	-124	32	53	80	145	13	0	36
Environmental Protection	0	0	0	0	0	0	0	87	0	0

TABLE 5: OPERATING COSTS PER RATING UNIT OF KEY ACTIVITIES FOR EACH COUNCIL  
(INCLUDING DEPRECIATION AND SUPPORT COSTS) FROM 2013 ANNUAL REPORTS

ANNUAL REPORTS 2012/13 \$000s	TAURANGA	TAUPO	KAWERAU	WHAKATANE	WESTERN BOP	ROTORUA	OPOTIKI	REGIONAL	SOUTH WAIKATO	AVERAGE BOP
Water Supply	336	325	381	254	493	311	226	0	216	332
Wastewater	391	603	475	112	608	355	75	0	260	374
Stormwater and Flood Control	233	70	75	215	219	121	50	88	56	140
Transport	579	727	509	529	1165	368	598	117	673	639
Economic Development	39	171	339	12	43	383	104	23	206	156
Waste Management	53	189	432	350	60	388	217	0	227	241
Emergency Management	11	0	0	0	0	24	0	11	0	5
Airport	53	27	0	12	0	145	2	0	2	34
Libraries	154	87	154	173	118	111	42	0	130	120
Leisure and Facilities	458	695	826	496	0	480	0	0	266	422
Parks and Open Spaces	324	333	0	0	287	516	281	5	0	249
Governance and Democracy	42	177	162	150	120	581	101	41	1017	190
Policy/Planning	129	90	28	108	87	115	91	58	113	93
Regulatory	119	33	281	172	209	309	150	51	176	182
Support	-	0	0	30	188	316	0	48	0	76
Other	6	94	-269	70	122	190	220	30	0	62
Environmental Protection	-	0	0	0	0	0	0	194	0	0

TABLE 6: RANGE OF OPERATING COSTS PER PERSON AND PER RATING UNIT

ACTIVITY	RANGE BY OPERATING COST PER PERSON	RANGE BY OPERATING COST PER RATING UNIT
Water supply	\$99 (South Waikato) to \$217 (Taupo)	\$216 (South Waikato) to \$493 (Western Bay)
Wastewater	\$50 (Whakatane, Opotiki) to \$403 (Taupo)	\$75 (Opotiki) to \$608 (Western Bay)
Stormwater	\$26 (South Waikato) to \$104 (Tauranga)	\$50 (Opotiki) to \$233 (Tauranga)
Transport	\$155 (Rotorua) to \$508 (Western Bay)	\$368 (Rotorua) to \$1165 (Western Bay)
Economic development	\$6 (Whakatane) to \$161 (Rotorua)	\$12 (Whakatane) to \$383 (Rotorua)
Waste management	\$24 (Tauranga) to \$199 (Kawerau)	\$53 (Tauranga) to \$432 (Kawerau)
Emergency management	\$0 to \$10 (Rotorua)	\$0 to \$24 (Rotorua)
Airport	\$0 to \$61 (Rotorua)	\$0 to \$145 (Rotorua)
Libraries	\$28 (Opotiki) to \$79 (Whakatane)	\$42 (Opotiki) to \$173 (Whakatane)
Total leisure, parks and open spaces	\$122 (South Waikato) to \$688 (Taupo)	\$266 (South Waikato) to \$1028 (Taupo)
Governance and democracy	\$19 (Tauranga) to \$466 (South Waikato)	\$42 (Kawerau) to \$581 (Rotorua)
Policy and planning	\$13 (Kawerau) to \$60 (Taupo, Opotiki)	\$28 (Kawerau) to \$129 (Tauranga)
Regulatory	\$22 (Taupo) to \$130 (Rotorua, Kawerau)	\$33 (Taupo) to \$309 (Rotorua)
Environmental protection	\$87 (Regional)	\$194 (Regional)

## NEW ZEALAND TAXPAYERS' UNION FIGURES

In April this year, the New Zealand Taxpayers' Union, in collaboration with Fairfax Media, launched *Ratepayers' Report* which was hosted by Stuff.co.nz.

The *Ratepayers' Report* was reported to 'build on the work of local government expert and financial analyst, Larry Mitchell and his work in previous years comparing New Zealand's 67 territorial authorities'. The data was pulled together by the Taxpayers' Union and supplied to Fairfax Media. Fairfax checked the data independently and supplied it to councils for viewing before its publication.

However, the method used failed to recognise some of the complexities involved in comparing local councils and it was acknowledged that "Calculating an 'apples with apples' figure for residential rates is extremely difficult". The methodology councils were asked to use to calculate the figures disclosed in *Ratepayers' Report* is available at <http://ratepayersreport.co.nz>.

Furthermore the report recommended that "The average residential rates figure should be a guide only. It does not, for example, factor in the councils reliance on commercial rates. It also puts unitary authorities at a disadvantage. Unitary authorities (Auckland Council, Nelson City Council, Gisborne, Tasman, and Marlborough District Councils and the Chatham Islands Council) perform the functions of a regional council and can therefore be expected to have higher rates than other territorial authorities".

## THE LGNZ RESPONSE

Local Government New Zealand commissioned an independent report in response to the Taxpayers' Union commentary on local authorities which showed councils were in a sound overall financial position.

Analyst Grant Thornton reviewed key financial factors for councils across the country to produce an accurate overall picture of local government financial health.

The report, *Local Government: A Financial Snapshot*, shows that the vast majority of councils scored well in metrics relating to their balance sheets, such as debt levels relative to their asset base, debt levels relative to their population, ability to repay debt and ability to cover interest (finance cost) obligations.

The report's "Ability to Service Debt" measure looks at the soundness of a council's ability to service both its debt principal and interest costs, using an equivalence of operating cash. It shows that, in relation to their ability to service debt costs, all metropolitan and regional councils are sound; and the large majority of rural and provincial councils are all sound or very sound.

LGNZ President Lawrence Yule said the report provides conclusive evidence that the overwhelming majority of councils are in good financial health and are using best-practice financial management.

"The local government ratio of debt to assets is at a prudent 9 per cent. This is the equivalent of a \$36,000 mortgage on a \$400,000 home," Mr Yule said. "Accordingly, the local government sector continues to have the lowest debt of any sector in New Zealand."

As at 30 June 2012 local government collectively owned \$121 billion of infrastructure, investments and other assets against \$11 billion debt. In comparison central government owns \$241 billion of assets \$181 billion debt, while the business sector has assets of about \$1,233 billion with liabilities in excess of \$800 billion. (See the February 2013 Government report *Building Capital Markets*.)

Mr Yule stated that it is vital to understand the appropriate context when analysing the financial situation of any local authority. The analysis needs to account for the different pressures faced by individual councils, for example, whether they are planning for an increasing or decreasing population base.

"Debt per se is not bad. On the contrary it is an appropriate funding tool for intergenerational assets such as roading and water infrastructure," Mr Yule says.

Any council debt needs to be considered alongside the council's asset base and it is necessary to look at what specific intergenerational projects the debt is being used to fund, the services councils provide and population change. *Local Government: A Financial Snapshot* applies appropriate metrics for sector analysis.

"This report sets the record straight about the current council financial position," Mr Yule says. "Overall, New Zealand's councils are in overwhelmingly sound financial health."

## LARRY MITCHELL FINANCE & POLICY ANALYST (LOCAL GOVERNMENT)

Local Government commentator Larry Mitchell has compiled a 'league table' for the sector for the past five years. His findings have been widely publicised by the media but again the methodology used is a compare apples to apples approach that doesn't take into account some intricacies found in local government. An example of this is the gross debt approach which failed to take into account any investments held by councils resulting in a much higher debt per ratepayer figure. The latest league table can be found at <http://www.kaiparaconcerns.co.nz>.





**‘MORE FOR LESS’**



## SHARED SERVICE STRATEGIC CONTEXT -

The strategic context for these stories is the debate about the future form of local and regional government, with central Government's broader agenda of building a more competitive and productive economy and improving the delivery of public services. There are two contrasting strategic options:

- 'Top down', involuntary, economies of scale restructuring of councils for aggregation
- 'Bottom up', voluntary, outcomes-driven Radical Shared Service Collaboration (RSSC) – creating and leveraging partnerships that can achieve outcomes more pragmatically, faster, and cheaper than conventional processes.

The literature shows that there is a place for aggregation. For example, Central Government cabinet papers have received various proposals for merging particular government departments for financial benefit. A major example in Wellington has been the formation of the Ministry of Business Innovation and Employment from three departments.

But cabinet has also appointed the State Services Commission, Treasury, and the Prime Minister's Department to jointly lead outcomes-based collaboration across government departments and agencies via the 'Better Public Service' programme. The centre piece of this strategy is the Prime Minister's 10 Results Goals for NZ. The clever design is that none of the 10 goals can be achieved by any one department, but only by collaboration and trade-offs between two or more departments. Also the accountability for the result goals being delivered lies with one designated Chief Executive of a lead department, together with the Chief Executive's of the (forced) collaborating departments.

Local government was not included in the Better Public Service scheme even though goals nine and 10 (on-line services to business and households) are identical to what territorial local authorities are independently pursuing. It is important to note that many of the Better Public Service project results have involved collaboration between government and local councils. <http://www.ssc.govt.nz/bps-results-for-nz>.

## THE STORIES IN THIS SECTION ARE IN FOUR CATEGORIES:

### 1. Long Term Infrastructure Investment

These stories are about a variety of asset investment projects aimed primarily at economic growth and job creation.

The Western Bay Inroads PBC contract was an innovative 10-year contract for the maintenance of the Western Bay roading network. This contract saved \$30 million using a partnership between the council and the New Zealand Transport Agency, which sparked the formation of three-way contractor collaboration. It has been so cost effective that a new contract is currently under tender.

The UNISA Freight Story is a radical collaboration between the councils that form the Upper North Island Strategic Alliance, the NZ Transport Agency and Kiwi Rail. The aim was to ramp up the logistics productivity by upgrading the network to accommodate larger truck payload between cities and ports. The Tokoroa Road Rail siding is a complementary smaller private-public capital investment which also focusses on logistics efficiency and cost saving for companies, and ports, delivering savings and job creation.

Invest Bay of Plenty involves the region's eight local authorities working together with the New Zealand Transport Agency, to develop an evidence-based future spatial plan that reduces risk and increases certainty for investors and residents across for the entire Bay of Plenty.

The contestable Regional Infrastructure Fund provides capital funding for projects that increase jobs and economic growth. These include the Opotiki aquaculture harbour transformation in the Bay of Plenty with the capacity to create 200 new jobs, the Tertiary Campus and Marine Precinct projects in Tauranga, and the Scion Innovation Centre in Rotorua.

Finally, the Ozone Customer Group is a partnership led by 12 councils who formed a collaboration with an ICT vendor. This saved millions of dollars in new software development by adopting a joint development funding to fix a software package which was not performing,

rather than throw it out and have to invest in expensive new platforms.

## **2. Community Outcomes Gamechanger Partnerships – Growth, Jobs, Environment, Housing**

These growth projects include forestry and geothermal, Maori housing investment, job pathways, the Smart Growth system, event tourism, public/private collaboration, and research investment to find innovative solutions to pressing challenges.

The Industrial Symbiosis Kawerau project involves a number of partners working together to drive gamechanger investment that creates value from the combining of forestry, geothermal, pulp and paper. Over in the Western Bay the SmartGrowth project has created a radical collaboration structure between the Tauranga, Western Bay and regional councils, Maori, developers and the community that aims to achieve a smooth pathway of investment that ensures that development supply of building land meets rising demand over the long term.

The Tokoroa Trade Training Centre is a business led partnership facilitated by council to ensure the supply of skilled labour is delivered to meet the demand for that labour from local companies.

By contrast the Papakainga Maori Housing project in Western Bay is focussed on building and leveraging partnerships to get iwi families into affordable homes on ancestral land, overcoming the many hurdles that have frustrated this aspiration in the past.

Meanwhile, in Taupo, the community has perfected a winning strategy and infrastructure for major events based tourism with the council acting as a catalyst with event promoters and sponsors, as well as the local community and business interests, to create growth that consolidates the economic future of the district.

## **3. 'More For Less' Customer Service Delivery**

One element of 'more for less' customer service is the migration from over the counter to online service delivery, with the twin goal of enhancing service and saving cost. In Taupo, the council listened to the needs of residential and commercial property investors and delivered an online automated LIM service which has been well received. Rotorua and Hamilton councils found by accident they were both commissioning the same online changes so they decided to collaborate, thus saving development cost, and speeding up their respective projects.

Industrial investors, such as Fonterra, can transform local economies via investments in plant expansion or new plants. But they face a very complex set of processes for consenting. South Waikato have experimented with appointing a 'Business Case Manager' to coordinate the processes to help reduce unnecessary cost and delay.

Smaller councils in large rural areas face the problem of finding cost effective ways of delivering services with limited staffing. In the Eastern Bay of Plenty 'necessity has been the mother of invention' as council staff, and other local agencies have found pragmatic and cost effective ways to collaborate to deliver all that is required.

This approach also is needed in providing an efficient local health service in rural areas. In Tokoroa, the council acted as catalyst in a collaboration between the Waikato DHB and local health service providers in Tokoroa to secure a future comprehensive service at lower cost.

## **4. Local/Central Government Partnerships**

There are substantial cost savings to be gained from closer collaboration between local and central government in individual communities. Sometimes this is unplanned as in the sudden announcement of the national bikeways project in 2010, which caught all councils by surprise. None had a bikeway project but they were faced with the opportunity for unexpected funding from Central Government if they made quick decisions and delivered winning tenders. One council to 'seize the day' was Opotiki which rapidly formed a partnership between iwi, the Department of Conservation, the regional council, and others, to successfully construct the Motu Trails bikeway at low cost to local ratepayers, and with the prospect of long term economic benefit.

One key preoccupation in New Zealand is the protection of lakes and waterways from pollution, which denies future generations the access to the quality of the waterways that is expected.

For Great Lake Taupo, the challenge has been the gradual damage caused by the change of land use from tussock to pastoral farming, which produces nitrogen leakage into the lake. The Lake Taupo Protection Trust has been a remarkable process of research to produce an evidence base, regulation to trigger action, and the positive engagement of landowners to find solutions.

The eco-system of lakes and waterways, and the sea, requires constant investment in scientific research, which enables an evidence base to be created and updated which can guide regulation and solutions. The Bay of Plenty Regional Council has invested in two professorial Chairs to direct access to the advancement of this knowledge to serve the protection of the waterways, and the coast.

Finally the interface between central government and local government regulation is a concern of many councils given the risk of unexpected cost burdens falling on territorial authorities with debatable community benefit. The Prime Minister has very recently (July 22 2014 LGNZ conference) announced addressing this problem through the formation of a regulatory committee to 'unwind' some of the more unjustifiable rules. However it should be noted that this alone is not a solution but just a part of the ongoing work that needs to be done in partnerships across the board in government/local government/NGOs/iwi/ and the private sector to get 'NZ Inc' to a cost effective balance of regulation and benefit.

Another related issue for reform is the standardisation of bylaws and processes which vary between councils in the same area, and which can drive unnecessary costs for business and householders. The Waikato has begun a project to standardise bylaws and has proven in a pilot project that it is possible to get agreement for standardisation between councils much more quickly than was ever expected.

## CONCLUSIONS

The collaborative projects in this report were by definition voluntary, rather than involuntary. As such they were developed between leaders:

- who rate, trust, and like each other
- who have identified the same challenge or project as a priority, namely that it is urgent and important
- who have each decided that there is a significant value in working cooperatively rather than independently - are clear on the business case to do so
- who have worked out there is an unacceptable risk, and cost, in not working cooperatively

Some of the lessons from the stories described here are:

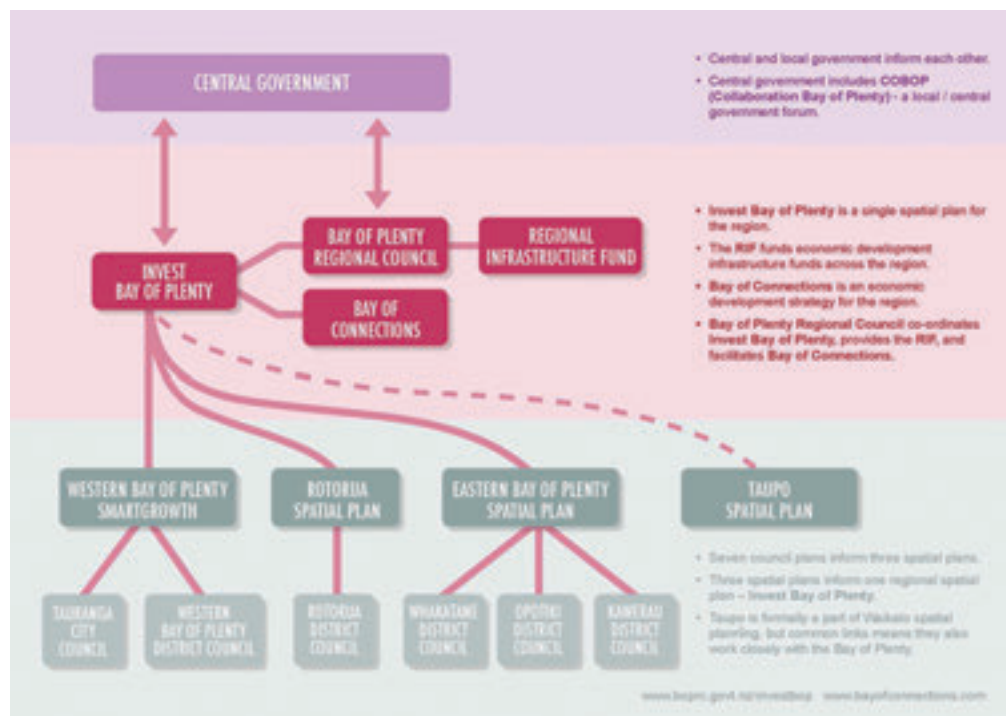
- Collaboration projects can often be cheap and fast
- Get your best people onto them
- A sudden unplanned crisis or major opportunity can trigger an urgency to collaborate
- Asset Management projects offer the biggest financial savings and risk reduction
- Game changer projects offer the greatest value creation through jobs and community benefit
- Working in partnership projects with central government saves money and time, and reduces the risks from ill considered central government regulation
- Household ratepayers and businesses can be assumed to expect the modern service standards and access, including online, that are available from other service suppliers

# 'MORE FOR LESS'

## LONG TERM INFRASTRUCTURE INVESTMENT

# INVEST BAY OF PLENTY

## TACKLING TRANSFORMATIONAL TRENDS WITH COLLECTIVE STRENGTH



Invest Bay of Plenty is a joint project which involves the region’s eight local authorities working together with New Zealand Transport Agency to create an integrated spatial plan for the entire Bay of Plenty. Invest Bay of Plenty is taking a region-wide view of economic and social challenges and opportunities across the Bay.

Through the project, the partners are developing a common set of population, labour force and economic projections, a unified and clear picture of regional priorities and a shared, proactive approach to solving current and future problems.

The Invest Bay of Plenty regional spatial plan will drive change and reduce uncertainty for business and communities in the Bay of Plenty by:

- Confirming our common future
- Ensuring alignment and efficiencies across local and central government organisations
- Identifying priorities for funding and resources
- Promoting economic growth in the region’s most productive and sustainable sectors

To date, local and Central Government agencies have been planning in relative isolation, using different data about population and employment trends, and based on different priorities.

The Bay of Plenty comprises areas of rapid growth and relative wealth, severe deprivation and disparities in access to a range of goods and services. Some of these differences occur across jurisdictional boundaries which may mean one organisation is not aware of the challenges of another.

Each district has its own priorities and challenges, but our communities and businesses are interdependent on each other across the region.

The future is uncertain but indications are that a strong population aging trend will significantly change the types of business activities, housing, social services and infrastructure that are in demand, and bring new challenges for employers and public funders.

## THE SOLUTION AND PARTNERS

By working to a common set of projections and goals, the collective skills, experience and influence of project partners and other business, government and community investors can be harnessed to create the best possible future for the whole of the Bay.

Development of the Invest Bay of Plenty plan will provide a mechanism for local and sub-regional communities to articulate their issues and their priorities in a Bay of Plenty-wide setting. It will enable each district to more fully realise the benefits of their strengths by leveraging those in the context of the wider region.

Collaborating across the region to identify and fill gaps in infrastructure and community services will enable each district to make savings and focus their investment in areas that will generate the greatest benefits to their communities.

The plan will help Central Government decision-makers to understand the wider and relative benefits (and costs) of particular projects in a more strategic way than is currently possible.

The plan will work across existing legislation, including the Land Transport Management Act, Resource Management Act and the Local Government Act, and is being developed in parallel with local planning processes, so that each can inform and support the other.

Project partners are Bay of Plenty Regional Council, Tauranga City Council, Rotorua, Kawerau, Opotiki, Whakatane, Western Bay of Plenty, Taupo and South Waikato District Councils.

The partners are represented through a Leadership Group (appointed by the Triennial) comprising the Mayors of Rotorua District, Kawerau District and Tauranga City councils, Bay of Plenty Regional Council Chair and the Chief Executives of Tauranga City, Bay of Plenty Regional and Opotiki District Councils.

The Leadership Group is supported by a Senior Officials Group of senior managers from each of the nine partner councils as well as NZ Transport Agency.

## RESULTS

The leadership group agreed to work together on seven focus areas:

- **Settlement patterns:** Predicting and managing where people choose to live and work so that future needs for utilities and services, such as health and education, can be readily determined.
- **Employment:** Projecting where there will be future labour shortages and surplus. This will assist industry, the tertiary sector and others to take advantage or respond to the labour market.
- **Infrastructure:** Identifying regional priorities to help plan for and set sustainable levels of service.
- **Ageing:** Gaining a more detailed understanding of how trends in spending, services demand and supply and other factors will change as a result of the aging demographic.
- **Maori Economy:** Improving understanding of how Maori can and will use their assets to generate wealth for their people in the post-Treaty settlement environment
- **Environment:** Predicting what natural resource limitations may affect future economic growth, and identifying opportunities to enhance the social and economic benefits of environmental enhancement work.
- **Lifestyle:** Gaining greater understanding of migration drivers to better predict settlement and population change and how these can be influenced.

Research which provides robust predictions and detailed information about key challenges and opportunities for the region associated with each of these focus areas is now complete.

Options analysis based on that information is now being incorporated into local and regional planning processes.

*Photo: How Invest Bay of Plenty works*

## 'MORE FOR LESS'

### LONG TERM INFRASTRUCTURE INVESTMENT

## PAYING LESS, GETTING MORE

### THE INROADS STORY



Every Territorial Authority faces the hard question of how to manage the investment and maintenance of its roading network cost-effectively without compromising on service.

In 2002 Western Bay of Plenty District Council collaborated with NZ Transport Authority to develop a unique ten-year road maintenance contract model aimed at providing more quality for less cost.

In-depth research gave the parties confidence they would avoid the classic problems (such as contractors cutting corners) by an open-book, transparent approach to working with the chosen contractor – InRoads.

InRoads is a collaboration between Opus, McBreen and Downer Works. It is located close to council offices to maximize the working relationship between contractor and council.

The end result of this unique performance based contract is a \$30 million saving for the community and smarter road maintenance and higher quality for lower cost.

### THE PROBLEM FACING WESTERN BAY

The Western Bay District has 150km of state highway, 715km of sealed local roads and 325km of unsealed local roads. In the late 1990s, Western Bay was experiencing consistent growth (around 5 per cent) and a growing backlog of infrastructure. In addition, Council was being urged to find ways of making savings and encouraging innovation from staff to get more for less.

### GETTING THE PRICE RIGHT

Council's management was aware of the need to thoroughly research relevant matters before entering the tendering process. This was to prevent some of the classic pitfalls that can arise from long-term (ten-year) performance based contracts. These pitfalls arise from a lack of understanding about the nature of the asset and its maintenance and this can result in either under-pricing or over-pricing the contract.

In the development of PBC-01, Council invested approximately \$3 million in data gathering, condition assessment, risk identification, setting up performance measurement criteria and the tender process. This was essential in order to ensure asset management results could be monitored on a cyclic basis by objective data.



## COUNCIL'S PARTNERSHIP WITH THE TRANSPORT AGENCY

The Council entered into a joint-principals' contract with NZTA (Transit) to maximise efficiencies in maintaining the whole of the herringbone road network, of which state highway (SH2) was the backbone, and to share the benefits that would accrue from the joint contract's economies of scale.

Roading system research delivered an engineering total estimate of \$174.85 million for the 10-year maintenance of Western Bay roading, of which Council services were \$135.35 million and Transit services were \$39.5 million.

### SOLUTION: 10-YEAR PERFORMANCE BASED CONTRACT – PBC 01

The solution was to develop a lump sum performance-based contract. Although the lump-sum concept forms the basis of Performance Specified Maintenance Contracts (PSMC) used by NZTA, the Council's Performance Based Contract (PBC-01) has extended the concept to include most of council's roading assets and operations. This is to maximise the opportunity for the contractor to derive benefits through innovation.

Key PBC elements include:

- Performance or outcome based.
- Lump sum pricing with inflation adjustment, providing cost certainty.
- Risk transfer to the party best able to manage it.
- Transfer of operational decision-making based on pre-determined levels of service. This gives Council staff more time to focus on the strategic bigger picture which has proved important in the rapidly growing Western Bay of Plenty.
- Engagement of a single service provider.

### SUCCESSFUL TENDER – INROADS CONSORTIUM

Considering the potential risks, extra effort and expense of entering into a previously untested Performance Based contracting structure, Council decided that it would only be justified if very significant savings would be made. A tender hurdle was set at 93 per cent of the estimate and the actual tender price came in at 78 per cent - \$105 million.

The successful tender was an alliance between Opus International Consultants, Downer and Transfield - known collectively as Inroads. PBC-01 began in 2002 and was a unique roading maintenance contract in New Zealand due to management of both local authority roads and state highways coming under a single performance based contract.

### SETTING PERFORMANCE MEASURES

The most important task was correctly choosing levels of service and setting the right targets. Setting up performance levels (KPMs) forces the principal to make a thorough assessment of what is necessary and affordable to meet the requirements of customers and to ensure long-term sustainability of the asset.

If levels of service are too high, resources may be directed to tasks that are unnecessary and do not contribute to customer satisfaction or the long-term benefit of the asset.

### MORE FOR LESS – A \$30 MILLION SAVING

Over the ten years of PBC -01, Council has saved \$30 million which was derived from its original investment of \$3 million. This has allowed Council to accelerate its seal extension programme which amounts to 100km over the 10 years.

Financially Council was satisfied it was paying less. The next question is - did it get more?

### IN SUMMARY

- Asset management understanding has improved through improved inventory data collection and analysis.

- Specified levels of service have been attained or exceeded.
- Costs have been contained.
- Effects of growth have been accommodated.
- Optimised effort between asset groups has been possible.
- The contractor has been consistently meeting its Performance Measure obligations.

## LESS FOR MORE - IMPROVED CONDITION OF THE ROADING ASSET

The condition and performance of the asset has improved:

- Average road roughness has improved.
- Smooth travel exposure has improved.
- Surface condition (SDI) has improved.
- Condition of ancillary assets and structures has improved.
- Provision and efficiency of street lighting has improved.
- Roads are safer than those of peer group local authorities.
- Customer service has improved.

## SUCCESS FACTORS

- Choosing the KPM's and setting the right targets enables collaboration while also enforcing stretched targets
- The project was well set up and well managed to enable collaboration and trust for people to work together, share knowledge, solve problems jointly and maintain a strong relationship as a professional team.
- It had clever technical input into asset management and sophisticated cutting-edge engineering techniques
- Inroads is based in a purpose-built office, close to the Western Bay of Plenty District Council offices and with easy access on to the network. With the entire Inroads team based at the same location there is a real sense of team spirit and ownership.

## EXTERNAL RECOGNITION

The Customer Service team at Inroads was recognised for its achievements when named as joint winner of the 2011 NZ Transport Agency's GEM (Going the Extra Mile) Award for Maintenance Project Customer Care Systems.

The success of the model was also acknowledged at the 2013 Ingenium Awards when the joint clients, Western Bay of Plenty District Council and the NZ Transport Agency, won the national excellence best practice award for collaborative management of the local road and state highway network in the Western Bay District.

The award recognises excellence in public infrastructure management and Bay Roads was the only entrant to make the finals in the toughest of five categories - Innovation in Asset Management Planning. This award was administered by the National Asset Management (NAMS) steering group.

## NEXT LUMP SUM CONTRACT 2014

The lump sum contract continues to provide a winning solution for all the parties involved. The initial ten-year timeframe of the Inroads-managed PBC-01 contract has come to an end and there has been agreement to a two-year extension to align the next contract to a 2014 commencement date.

## SOURCES

» *Western Bay of Plenty District Council website, Inroads website, Finn and McDougal- 'Assessing the Effectiveness of KPMs, Council Management interviews*

## 'MORE FOR LESS'

### LONG TERM INFRASTRUCTURE INVESTMENT

## UNISA 'FREIGHT STORY' COLLABORATION REDUCING THE COST OF DOING BUSINESS IN NEW ZEALAND



Could the Councils covering over 50 per cent of New Zealand's population and GDP, collaborate in strategic Planning of the major assets which underpin economic growth and competitiveness?

The Upper North Island Strategic Alliance (UNISA) was formed in 2011 to establish a long-term collaboration between the TLAs and Regional Authorities from Northland to the Waikato and Bay of Plenty. The purpose was to respond to and manage major inter-regional and inter-metropolitan investment issues using an evidence-based approach. This agreement is a radical commitment for significant collaboration across an area containing 53 per cent of New Zealand's population and 52 per cent of its GDP.

In early 2012 UNISA, prompted by Auckland council's Port planning requirements, decided to form a partnership with Kiwi Rail, NZ Transport Authority, the Ports Freight operators and others to focus on how to reduce the short and long term cost of doing business via freight movements. The project, called the Freight Story, carried out an extensive study of the freight movements and connections to the ports in the upper north island. A key finding of this study was that the upper North Island port network (covering the Ports of Auckland, Tauranga and Whangarei) does have the capacity to meet the projected freight demand over the next 30 years provided that efficiency gains, incremental investments in infrastructure, and the uptake of already consented works are undertaken in a planned and timely manner'.

This project not only provides a template for more projects which explore other key issues including waste, water, population movements, and international connectivity. It also provides a roadmap and urgency for member councils to work together with each other and other agencies to deliver practical implementation. An example is to accelerate the HPMV programme (High productivity Motor Vehicle) to increase the efficiency of the network by upgrading it to carry 80-tonne trucks.

## THE PROBLEM

The Upper North Island has just over half of the population and of the GDP of New Zealand. The efficiency and effectiveness of the infrastructure is critically important for the economic growth of the whole country. Investments such as roading, ports, airports, as well as major water and wastewater reticulation involve billions of capital, and the optimal sequencing and timing of major investments are critical to the long-term wellbeing of the whole community.

While democratic governance divides the upper north island into territorial authorities and regional authorities the economists draw attention to the larger economic systems in play for which arbitrary boundaries are less significant than the interconnectedness of sub-systems across sectors and value chains.

System thinking suggests that the strategic efficiency and investment issues of the upper north island are best considered via collaboration and open discussion, and sharing of high quality research between the CEs and governance leaders. But is it possible for such leaders to work together in a frank way leading to collaborative decisions and action, rather than just patch protection and talkshops with little significant action? Could they work together with to improve the long-term efficiency and economic effectiveness of the freight network of roading, rail, and ports of the upper north island?

## THE SOLUTION- THE UNISA ALLIANCE

The UNISA alliance is made up of the councils of Whangarei, Auckland, Hamilton, Tauranga, and the Regional councils of Waikato, Northland, and bay of Plenty. The focus for discussion was how to ‘reduce the cost to do business in New Zealand’.

UNISA chose as ‘first order’ priorities for inter-regional collaboration:

- economic development linkages
- transport, including rail, roads, freight
- ports, including inland ports
- tourism
- emergency preparedness
- waste
- water
- population and settlement patterns, liveability
- commercial and industrial land development
- international connectivity and competitiveness – air, sea, broadband
- energy security, climate change, including greenhouse gas emission reductions.

## FREIGHT STORY -EVIDENCE BASED DECISION MAKING

The UNISA Mayors and Chairs endorsed work to investigate current and future freight demand and supply and scenarios to meet that demand, in the context of ports and port-related infrastructure. This project was named ‘The Freight Story’ and began with a major study of the freight and port linkages system which could provide the evidence base for informed decision making on land use, infrastructure and investments. The story is a collaboration between UNISA and key strategic partners (KiwiRail, Auckland Transport, and The NZ Transport Agency.)

‘The primary objective of the study was to develop a credible and consistent understanding of the upper North Island’s freight and port supply chain system. It is a technical, evidence based demand and supply study’

The Freight Story reports summarise the Critical issues and brings together a comprehensive evidence base of data and analysis regarding each issue:

- Strategic road and rail network constraints
- Delivery of the High productivity (HPMV) programme
- Utilisation of industrial land

- Lack of strategic integrated land use and transport planning and investment
- Lack of shared and accurate data
- Need to understand freight supply chain costs for significant industries
- Challenging local government and central government funding structures

The overall key finding of the Freight Story report was that the upper North Island port network does have the capacity to meet the projected freight task over the next 30 years, provided that efficiency gains, incremental investments in infrastructure and the uptake of already consented works are undertaken in a planned and timely manner. One element of this is the HPMV programme which as a result of the UNISA Freight Story project has moved ahead rapidly over the past two years:

1. Technical Working Group- completed a high level HPMV overview with detail on each route
2. NZTA, UNISA, and Auckland Transport- worked with local authorities to ensure a 'One Network' approach
3. NZTA- delivered and 'whole of network' (state highways and local roads) HPMV programme for New Zealand
4. NZTA- communicating the programmes with relevant partners and industry

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- » <http://www.nzta.govt.nz/planning/process/doc/upper-ni-freight-story-shared-evidence-base.pdf>  
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## 'MORE FOR LESS'

LONG TERM  
INFRASTRUCTURE  
INVESTMENT

## JOB CREATION OPOTIKI TRANSFORMATION AQUACULTURE PROJECT



Opotiki is a remote, mountainous district with 75 per cent of the land area in conservation estate and therefore unrateable. The 8000 strong population is spread along the coast, with roughly half living in the township. The district has persistently figured among the most highly deprived populations in New Zealand when compared to other populations through the Index of Deprivation. The median income is nearly one third less than the New Zealand median income, and there's been a high social welfare spend for decades.

But this community is not sitting on it's laurels. Local iwi, Whakatohea, have invested heavily in a practical project which has the potential to create local jobs and wealth, by creating a modern industry based on the sea. And the local Council has got right in beside them, with huge community support, as both an advocate, and provider of enabling infrastructure.

Through many years of hard work, Whakatohea are the majority shareholders in the largest piece of consented water space in the southern hemisphere for farming multiple marine species. More than a decade of trials have resulted in a comprehensive and compelling business plan for New Zealand's first offshore marine farm.

World demand for seafood is increasing rapidly and the target of the NZ Aquaculture industry, supported by government policies is to grow into a billion-dollar industry by 2025. Opotiki is poised to contribute to that growth via the development of aquaculture farming with a consequent dramatic effect on job creation and economic development for the Eastern Bay of Plenty community. This will add \$34 million to the sub-regional economy, an additional \$7M to the wider regional economy, and create 450 full time jobs.

## INVESTMENT FUNDING

Research has proved that the water flowing through the bay is highly productive which will enable a scaling up of the aquafarming capacity over time. There are significant opportunities for spat (baby mussel) production to support the Aquaculture industry nationally, and the potential is also of particular attraction for the ever growing Chinese demand for high quality seafood for its burgeoning middle class.

To enable the aquaculture industry, twin training walls and associated works, are needed to create an all year-round navigable harbour entrance at Opotiki. The harbour development will ensure a minimum channel depth of about four metres, and create access to the Harbour for larger vessels. This will allow Opotiki to become a service and processing base for the aquaculture industry. Underpinning this project is a strong commitment from local community leaders, including iwi and Council, to focus on community economic development and generating jobs for local people.

Other harbour options to service the marine farm have been eliminated due to cost and conflicts of use. The lack of direct return on the training walls themselves mean that there is little to no opportunity for private investment and therefore public funding is needed. The aquaculture and the harbour projects are inextricably linked, relying on each other, and having interdependent timeframes.

## INVESTMENT PARTNERS

The infrastructure cost for the harbour development is \$52 million. This is well beyond the capability of the local community (with a current economy of \$180 million GDP), and external support is needed. The Council has committed \$5.4 million which along with other projects takes Council to its (prudent) debt cap. Last year, Bay of Plenty Regional Council pledged \$18 million to the project with a potential commitment to a further \$2 million in a subsequent Annual Plan process. A further \$25 million has been sought from central government.

The Council has also worked hard to find other partners. BayTrust have been a significant financial supporter through the resource consent process and business case development process. Council and BayTrust have a Memorandum of Understanding that recognizes shared objectives that has allowed certainty over successive years.

The Bay of Plenty Regional Council, and Bay of Connections has supported both the aquaculture and harbour development projects through their various functions – science, investigation, regulation, planning, appeals strategies and more recently through the Regional Infrastructure fund. Other funders of the broader projects have been NZTE, MED, and MSD.

## CHALLENGES, AND PERSISTENCE

In the early years this project seemed unlikely and there were many doubters, particularly from outside the district. Offshore Aquaculture was unheard of in 2001 when the applications were lodged. Early environmental sustainability concerns were quelled by a significant offshore marine modelling project carried out by BOPRC and part funded by MED.

Finding the best solution to train the harbour was technically challenging. The first experts to carry out feasibility assessments were pleasantly surprised with the outcome of their investigations. A collaborative interagency peer review panel provided valuable assurance.

Over time the certainty around the project has incrementally stepped up. In 2008-2009 the Aquaculture project withstood an Environment Court hearing and a High Court judicial review, taken by fishing interests from outside the region. The Harbour consents were a challenge to manage with 196 submitters in support!

The funding gap between the cost of the project and the affordability locally was known from earlier days, and significant effort by Opotiki ensured successive governments have been briefed throughout the course of the project.

Entrenching a \$52 million project in the Councils Long Term Plan proved challenging and was only successful second time around. Both harbour and aquaculture proposals are now cemented in various Council strategies.

The Christchurch Earthquake and the Global Financial crisis have created a much more difficult environment in which to secure funding. The projects have faced many barriers along the way that have been overcome. The remaining hurdle is the final tranche of the funding.

Expected results/the case for public funding

Community support for these projects have been galvanized over the 14 years of their development. Successive public surveys show the level of support and the willingness (and inability) to pay to make the projects happen.

The expected results from the projects are:

- Building the harbour infrastructure will leverage a total investment package of \$230 million.
- 318 to 450 FTEs
- Improved social statistics and reduction in the circa \$20 million social welfare spend per year in the Opotiki District
- Revenue payback via tax in four to five years, and every two years thereafter
- Benefit to cost ratio - \$7.30 for every \$1 invested in the harbour
- Substantially increasing average household incomes.
- Support for the national industry by lifting national production by 20% and providing a much needed spat source.
- Linkage to our tertiary and innovation sector for raised value products.

## CONCLUSIONS

The success of this project has come about through a shared vision between Whakatohea and Council leaders and the support and determination of a local community. It builds on a proud Whakatohea history of trading through coastal shipping. Funding partners have recognized the strength of the partnership, the stepped change that the Harbour Transformation will enable locally and regionally, and the potential contribution to an aspirational Aquaculture industry.

The final piece needed to enable this project is government support.

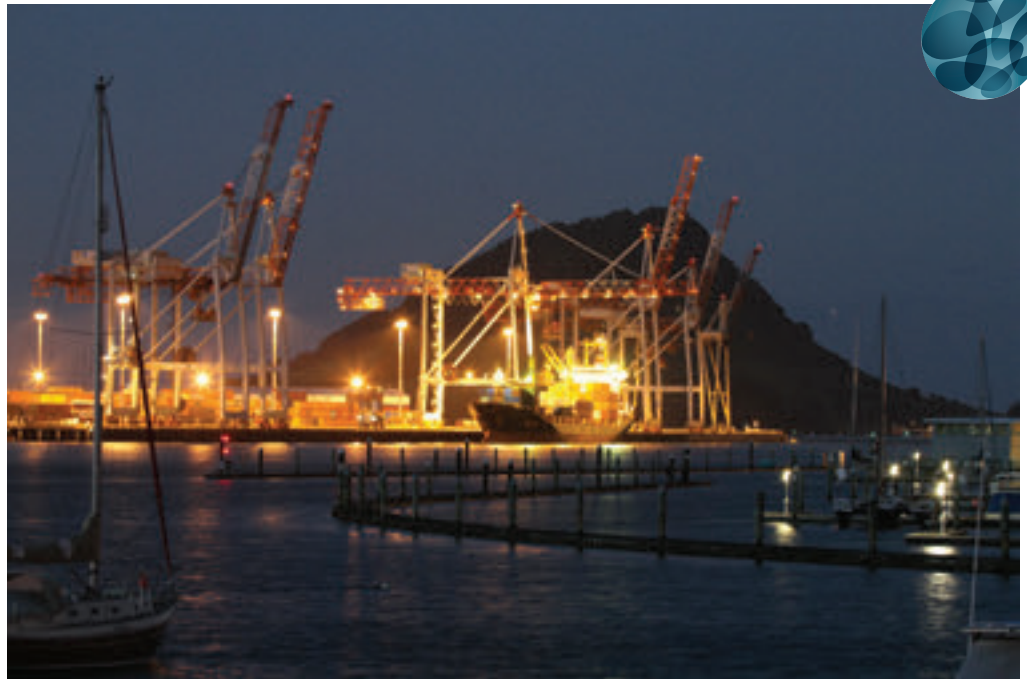


# 'MORE FOR LESS'

## LONG TERM INFRASTRUCTURE INVESTMENT

# REGIONAL INFRASTRUCTURE FUND

RATE-FREE COUNCIL INVESTMENT IN ECONOMIC GROWTH



Bay of Plenty Regional Council has leveraged its port and other investments to help fledgling regional infrastructure projects to take flight, without tapping into property rates.

The contestable Regional Infrastructure Fund was established to provide capital funding to help accelerate and improve outcomes and quality of regional infrastructure projects. Projects are chosen for funding based on their potential to create jobs and other economic benefits.

Money for the fund was raised through a share issue in Bay of Plenty Regional Council's wholly-owned Quayside Holdings Ltd through which it holds its investment in the Port of Tauranga.

Four projects were chosen in 2013 for investment of up to \$40.5 million. These include an Innovation Centre at Scion's Innovation Park in Rotorua, a shared tertiary campus in Tauranga, a Harbour Marine Precinct for Tauranga City and transformation of the Ōpōtiki Harbour.

The 2013 allocation unlocks total infrastructure investments of \$96.7 million across the region that are expected to help generate thousands of jobs and increase export earnings by up to \$1 billion.

## THE PROBLEM

Bay of Plenty Regional Council wanted to use its assets to grow the region's economy. Over a number of years Council carefully considered how it could further assist the sustainable economic development of the region by using its 100 percent shareholding in Quayside Holdings Limited – a council controlled organisation.

A binding ruling from the Inland Revenue Department set boundaries for how Council could use the funds raised through a public share offer. It said that Council could only spend the funds on certain types of infrastructure.

## THE SOLUTION AND PARTNERS

In January 2008, 200 million perpetual preference shares (at \$1 each) in Quayside Holding Limited were offered to the public.

Through the Ten Year Plan 2012-2022, Council decided to allocate \$38 million of the

\$200 million raised to third party infrastructure projects and formed the contestable Regional Infrastructure Fund.

The Regional Infrastructure programme in the 10-Year Plan is funded 100 percent by investment income, which means property rates are not used to fund external infrastructure projects.

Expressions of interest were called for from prospective investment partners. A total of 47 were received, from which 19 progressed to a full application. The total amount applied for was \$126 million.

Four projects were chosen in 2013 for investment of up to \$40.5 million. These include an Innovation Centre at Scion's Innovation Park in Rotorua, a shared tertiary campus in Tauranga, a Harbour Marine Precinct for Tauranga City and transformation of the Opotiki Harbour.

The 2013 allocation unlocks total infrastructure investments of \$96.7 million across the region that are expected to help generate thousands of jobs and increase export earnings by up to \$1 billion.

Investment partners include Opotiki District Council, NZ Forest Research Institute Ltd (Scion), Tauranga City Council and the Tertiary Education Partnership (University of Waikato, Bay of Plenty Polytechnic and Te Whare Wananga o Awanuiarangi).

## RESULTS

We are now working with each of the successful applicants to establish contractual agreements. The projects are:

### Scion Innovation Centre

Scion and Regional Council signed a funding agreement in April 2014 to build an innovation centre at Scion's Te Papa Tipu Innovation Park. The centre's purpose is to foster innovation in forestry and wood processing industries. It will be a business and innovation cluster similar to, for example, the Ag-biotech hub at Waikato Innovation Park.

The planned Innovation Centre will be a shared space for growing businesses and small development teams within Scion's Innovation Park. It will seek to attract high-tech businesses that are targeting new markets for forest and wood-derived products and services.

Based on NZIER research, the Scion Innovation Centre could help create thousands of jobs and increase export earnings by up to \$1 billion.

The Regional Infrastructure Fund is providing up to \$2.5 million towards the Innovation Centre's construction and fit-out. The project is scheduled for completion in late 2015.

### Tauranga shared tertiary campus

Bay of Plenty Polytechnic, Te Whare Wananga o Awanuiarangi and the University of Waikato make up the Bay of Plenty Tertiary Education Partnership. The project involves construction of a new, purpose-built shared tertiary campus in the Tauranga CBD.

This will provide more pathways through tertiary education and will attract more young people, particularly Maori, into tertiary education. Attracting young people to the Bay of Plenty is crucial to develop employment, education, and business opportunities.

The project partners estimate that over its three stages of construction, the tertiary shared campus will provide: over \$49 million in direct construction expenditures; \$47 million in flow-on effects for suppliers and households; an estimated 427 construction jobs, and 272 tertiary operations jobs.

The Regional Infrastructure Fund is providing up to \$15 million towards the construction of stage one, a new purpose-built campus by 2018. Following that, stage two will see a second building on the campus by 2022.

### **Marine Precinct at Sulphur Point**

This project involves construction of a purpose-built marine servicing facility and related infrastructure at Tauranga's Sulphur Point. Tauranga City Council is the project owner and estimates up to 100 jobs could be created by development of a Marine Precinct.

Over the longer term, a Marine Precinct will create significant opportunities for long-term economic development, business and job creation, and will provide a hub for the sub-regional marine sector.

The Regional Infrastructure Fund is providing up to \$5 million towards construction. Tauranga City Council will provide \$4.2 million through its 2014/15 annual plan, and stage one is scheduled to start in 2014.

### **Ōpōtiki Harbour Transformation Project**

The Opotiki Harbour Transformation Project will create new harbour infrastructure that enables all weather, all tide access in and out of the harbour. This will be crucial to developing the off-shore aquaculture industry in the eastern Bay.

The Opotiki Harbour Transformation Project aligns with the objectives of the Bay of Plenty aquaculture strategy to be a world class aquaculture region by 2025.

Estimates are that the mussel farm producing 16,000 tonnes of mussels a year would create 236 jobs, and increase GDP by \$33.5 million in the sub-region.

The Regional Infrastructure Fund is providing up to \$18 million towards the Opotiki Harbour Transformation Project. Money is also being sought from central government, and construction is scheduled to start in 2017/18.

## 'MORE FOR LESS'

LONG TERM  
INFRASTRUCTURE  
INVESTMENT

## ECONOMIC GROWTH ACCELERATOR

A ROAD/RAIL TERMINAL INLAND DISTRIBUTION HUB CONNECTING KINLEITH, TOKOROA AND THE PORTS



Tokoroa has a high unemployment rate (10.1 per cent) and ranks as one of the poorest in the country in terms of the Deprivation Index, and one that risks continued population decline because of lack of jobs. In an attempt to make the community more economically vibrant and less reliant on government services, the South Waikato District Council has chosen two main strategic objectives - more jobs and better district promotion. They need to focus on the real opportunities in the district that will create jobs and economic development in the local farming, forestry and engineering sectors.

Over the next three years, the move to a road/rail solution is expected to: increase container handling from 2600 to 4750 TEUs (standard container size for a ship); reduce road transport kilometres by 850,000 km p.a; and KiwiRail estimates an increase in their revenue of \$1 million p.a.

The road/rail terminal project is forecast to create more than 30 new jobs for the district. The improved transport connection to the Port of Tauranga, along with the changing economic makeup of the district, is also expected to be the driver for new industry (such as for dairy processing) to consider Tokoroa as a viable location. It will provide much needed new opportunity for economic growth in one of the district's key areas of opportunity - the development of a logistics hub for dairy, forestry and engineering.

This will capitalise on the district's strategic advantages of central location for farming and forestry, access to State Highway 1 and rail, low cost and available industrial land, proximity to ports, a thriving and innovative engineering sector and a willing and business-friendly Council.

The project builds on local company RJ Lincoln Logistics' successful transport and bulk storage operation in Tokoroa using a rail facility at Kinleith. Due to the growth of freight volumes the current operation needs to now relocate to Tokoroa to remain efficient, reduce costs and handle further volume growth. The rail siding at Kinleith provides proof that a freight and storage road/rail terminal will work in the South Waikato. It has shown that there is potential for growth if a full road/rail terminal in Tokoroa is developed. This will allow direct container loading and unloading off rail to generate employment, transport and storage business opportunities, encourage new business and provide an efficient freight solution that reduces the cost of doing business.

The project investment case is backed by a public-private group of investor; the current partners are RJ Lincoln Logistics (RJL), KiwiRail and the South Waikato District Council.

## THE PROBLEM

The South Waikato District has a high level of unemployment that relates to the rise and fall over recent decades of the local pulp and paper industry. Tokoroa's population in the 1980s at the height of the pulp and paper industry was 18,000, but by 2013 that had declined to 13,300. By 2013 the unemployment rate in the district was 10.1 per cent, compared to 6.8 per cent for New Zealand. In addition to this, the number of beneficiaries in the South Waikato increased by 14.5 per cent in the year to March 2013, however the number of beneficiaries throughout New Zealand decreased by 10.6 per cent. This is demonstrated by Figure 16 below (Infometrics, 2014).

The New Zealand Deprivation Index (2013) indicated significant deprivation scores in parts of Tokoroa which had either deteriorated or stayed the same since the 2006 results. Tokoroa residents will be a high consumers of social services and therefore government funding.

In an attempt to make the community more economically vibrant, and less reliant on government services, the South Waikato District Council has chosen two main strategic objectives - more jobs and better district promotion. But the investments that could generate more jobs will need to be based on the District's strategic advantages of: farming and forestry, central location, access to State Highway 1 and rail, low cost and available industrial land, proximity to ports, a thriving and innovative engineering sector and a willing and business-friendly Council.

Just over 50 per cent of the South Waikato's GDP comes from agriculture, forestry and manufacturing industries associated with agriculture and forestry. These industries generate a high volume of export products. Any gains in efficiencies associated with distributing goods will result in financial benefits.

## THE OPPORTUNITY

In the past decade, there has been significant growth in dairying in the South Waikato through the conversion of forestry to dairy farming. At least 30,000 hectares of land has been converted from plantation forest to pasture in the central North Island of New Zealand between 2000 and 2010. Recently, in one purchase, a further 14,000ha of forestry land in the South Waikato District will be converted from forestry to a range of uses including dairy farming on suitable land. Significant areas of conversion have also taken place in the Taupo and Rotorua Districts. The impact of this has been there have been significant increases in the demand for freight movements in this area, both in volume and frequency.

In addition, both the forestry and farming industries have looked at how they can produce higher value products and products that cater towards the needs of developing Asian markets. The volume of logs exported to China has been increasing and in 2013, the number of logs exported continued to increase. In the month of October in 2013 alone records were set for the number of logs exported. There were over 1.6 million m<sup>3</sup> of logs exported, with 1.25 million m<sup>3</sup> of this exported to China. 700,000m<sup>3</sup> of the total number of logs (43 per cent) were exported from the Port of Tauranga. Construction in China is expected to increase, continuing to drive demand for logs (Agrifax, 2014). The location of the rail siding at Tokoroa presents an easily accessible location to transport the logs to the Port of Tauranga, without increasing the number of trucks on the roads.

This change will drive new freight flows both inbound and outbound. The changes also are an opportunity for the district and the surrounding area to lift the amount of goods being exported, by volume and value. This will support the Business Growth Agenda's goal of lifting NZ's exports from 30 per cent to 40 per cent of GDP by 2025.

Over the next three years, the move to a road/rail solution is expected to: increase container handling from 2600 to 4750 TEUs (standard container size for a ship); reduce road transport kilometres by 850,000 km pa; and KiwiRail estimates an increase in their revenue of \$1 million p.a.

In that context Tokoroa is in a key central location - state highway 1, KiwiRail line, access to port of Tauranga and Tainui inland port. Tokoroa can become a freight distribution hub for the immediate and surrounding districts using both road and rail for the primary industries of farming, forestry and power generation and associated secondary manufacturing and engineering industries.

## INCREASED EFFICIENCY OPPORTUNITY

RJL operates the current road/rail operations which are centred at the rail siding at Kinleith. The trains pass by the proposed site in Tokoroa out to Kinleith. It then shunts the containers into the siding at Kinleith, which is located a few kilometres down the railway. Trucks are then used to load containers and bring them back into Tokoroa by road. Containers are then uplifted from the trucks, unloaded and then the empty containers are returned by truck to Kinleith. While the current practice has shown the benefits of operating this road/rail model, its current location is inefficient in the additional time and cost of trucking back to Tokoroa. The current Kinleith site will also not be able to handle the expected increases in volume.

There is no further rail link to communities south of Kinleith, so the proposed rail siding and potential for storage and handling can also present an economically viable option to any import/ export business in the Taupo, Western Bay/Tirohonga areas.

The road/rail terminal proposal includes developing a rail siding, hardstand, local road connection and a container loading and unloading facility managed by RJL. An important aspect of the project is that it will be available for all existing and new businesses to use. RJL will provide land and equipment and run the operation under an access and handling contract with South Waikato District Council/South Waikato Investment Fund (SWIF) Trust that will allow anyone to access and utilise the rail siding at the terminal. The SWIF Trust will own the improvements and the land under the container loading/unloading area.

## EFFICIENCIES FROM A ROAD/RAIL TERMINAL SOLUTION

A number of freight owners and logistics operations in New Zealand are looking at how they might make more use of rail to find economies of scale. Rail offers significant efficiency benefits when moving goods over longer distances, or when road access is more congested, and when the volumes of freight can be consolidated at one point. This model is then supported by road undertaking the local task of bringing in and/or distributing the freight.

The road/rail terminal is most effective when a number of businesses can co-locate at the terminal and create larger and more regular volumes of inbound and outbound freight.

An example of this kind of development is shown below:

The model works particularly well in moving goods to or from a port as the movement of a single train can create efficiencies in both loading and unloading, reduction in truck queues and waiting time and lost driver hours. This is one of the reasons why a disproportionate number of containers are moved to and from the Port of Tauranga by rail rather than road. (Ministry of Transport – Freight Information gathering System).

Use of rail would also reduce the need for local freight owners and transport operators to invest in additional trucks and to find experienced and capable Class 5 truck drivers who are in short supply. The road/rail terminal would reduce this pressure, as it would allow local and regional businesses to distribute goods via rail. The ability to efficiently make use of the rail network to and from the Port of Tauranga will potentially attract additional businesses to establish in the area and cluster around the terminal site. This clustering will, in turn, create both employment and training opportunities for local people.

## SUMMARY - PROJECT OBJECTIVES

- Provide Tokoroa with a road/rail terminal to allow a direct rail link to and from the Port of Tauranga, with loading and unloading to and from road to provide local road access to businesses in and around Tokoroa.
- Generate economic activity, and therefore employment, for the South Waikato, from the development of a road/rail terminal, through:
  - › additional transport and storage network connection opportunities for new and existing businesses

- › more efficient freight transport and storage for users
- › the targeted development of specific businesses that are looking to use rail transport eg milk processing.
- Provide viable solutions and choices for industry to manage the increase in New Zealand's freight task by making better use of existing network infrastructure so that efficient freighting decisions can be made.

The estimated cost is \$2.5 million (excluding the \$0.4 million contribution from RJL for land and their additional investment of \$1 million in equipment). Council is committed to this project but funding 100 per cent of the \$2.5 million is overwhelming for our small community. A significant part of this will be funded from the Council's South Waikato Investment Fund (old PowerCo shares). Council is still working to source funding from other organisations and government agencies

Council has strong support from the key stakeholders: RJL, KiwiRail, New Zealand Transport Agency (NZTA) and Port of Tauranga and the local business community, that all see major economic development from the project.

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## 'MORE FOR LESS'

### LONG TERM INFRASTRUCTURE INVESTMENT

## OZONE USER GROUP

### MAJOR COST SAVING FROM PUBLIC-PRIVATE COLLABORATION



In 2008 a number of councils had become very unhappy with their ICT regulatory and financial system service quality, and lack of response from the vendor to fix problems. The Ozone financial regulatory integrated package is used by 12 councils in the central north island (Tauranga, Rotorua, Whakatane, Western Bay, Opotiki, Kawerau, Palmerston North, Manawatu, Ruapehu, Taranaki Regional and Horizons Regional.)

Collectively the councils would have needed to spend perhaps \$25-30 million to exit a poor performing product; instead they have spent only \$1 million and have not only got the product fixed but also the major benefit of a process of continuous innovation of the product and of council performance. It had cost Rotorua over \$2 million to put a system in. Palmerston would have been facing \$2-2.5 million in external costs, licensing and consulting, plus 20 staff internally over 2 years.

So the real costs for a large council would be between \$3-4 million, and for a medium council such as Whakatane \$1.5-2 million.

### THE PROBLEM

The aim was to get high performance financial and regulatory processing without incurring additional major costs. Some councils were sufficiently unhappy to be considering pulling out of Ozone, incurring the large expense of installing a new system. The alternative was to pull Ozone customers together to see if there was another option whereby councils could get the product improvement and service quality they wanted - but without the cost and disruption of a new system provider.

The solution was a radical collaboration between the vendor company and the council customers. The Ozone Client Group (OCG) was set up in 2009 to work together with the company to agree on priority improvement projects, help fund them, and work closely with the vendor to ensure the development process was speedy, user-informed, and meeting the quality standards required.

### CHALLENGES TO COLLABORATION

To get a shared view, the 12 councils were surveyed on their satisfaction with Ozone systems. The small councils were not unhappy, and neither was Tauranga which had worked closely with Origen and had the elements it wanted already built in. But there were six unhappy councils struggling with the product and service, and who were potentially ready to quit it. Many were financial managers who had come from other sectors and were used to higher quality.



RDC, WBOPDC, TCC and Whakatane DC got together to look at a pilot around improving a Resource Consent process. They thought of driving it through BOPLASS but wanted it to be open to all Ozone customers instead of just those in BOP.

In April 2009, the OCG was formed. The initial project was to fix the problems with the financial system and to bridge the gap in Origen's professional services.

Both Palmerston North and Whakatane had been ready to replace Ozone because they could not get Origen to address their concerns, but they switched to supporting it as the problems were fixed. Then Origen started to experience benefits from the customer group - they were not being pushed and pulled in different directions by different councils because of the single voice of the OCG. So Origen had more time to focus on the agreed briefs from OCG.

They also found they were getting more revenue, as council members were prepared to spend some budget in a collaborative development process. So there was a larger quantum of development money available. Also they were learning from their customers around documentation and procedures. The councils were happy because they were able to tell them what was needed and get progress.

Then the smaller councils and Tauranga City Council opted in.

## RESULTS

- Saving a maximum of \$25-30 million in additional IT funding
- Developing the trust and relationships that can support continued radical collaboration across 12 councils
- Data Integrity solved - The OCG has addressed a number of burning software issues that were causing user councils problems. By using a collaborative approach the underlying data integrity issues in the product have been addressed. Also a full review and enhancement of financial functionality has been completed.
- Sharing Risk - Completing the porting of the product off legacy computing components has been undertaken as a group, something no individual council was willing to attempt.
- Repeatable Project Methodology - An effective and highly repeatable project methodology has been refined providing the confidence for the OCG to take on more and bigger collaboration projects.
- Saving by Sharing Development Costs: OCG councils have funded \$1 million in development, shared between the councils over the period since 2009. That has increased the level of service and efficiency of quite different councils and their teams. Origen has also put 'skin in the game' in development, and has officially given us a 50 per cent discount.

In mid 2014 Origen has been sold to Datacom so that Ozone council customers now have a good product, and a huge organisation backing it.

## LESSONS LEARNED

- No council has to collaborate with another council, there has to be a good business case to do so. In this case the cost savings from collaboration versus the high costs from not doing so made the decision logical
- But logic is not enough - there had to be the development of trust, respect, and agreements on what the projects were, and how the governance of the OCG should work. A crucial element was that the option to opt out and no pressure to opt in - but an invitation to come back in if it later suited, as was the case with Tauranga City Council
- As we went forward one principle was to respect each other's sovereignty. Everyone had the choice to participate or not in OCG. Initially the largest council, TCC opted out, and that was okay.

*Photo: Charles Burns (Information Services Manager, Rotorua District Council) and Roy Simpson (Director of Origen) sign a contract with JP Gaston witnessing.*

## 'MORE FOR LESS'

COMMUNITY  
OUTCOMES  
GAME-CHANGER  
PARTNERSHIPS

## INDUSTRIAL SYMBIOSIS KAWERAU

GENERATING INCREASED WEALTH FROM  
GEOTHERMAL, FORESTRY, AND TIMBER



The Eastern Bay of Plenty has a land area of 7,562km<sup>2</sup> and is bounded by the Western Bay of Plenty to the North and Taupo and Wairoa Districts to the south, containing major resources in one of the world's most prolific geothermal areas, and fastest growing radiata pine forests. But it is a region seeking a long term strategy to create more economic value from its resources than are available from the commodity price cycles for export logs, and wholesale prices for geothermal electricity generation.

In 2010 NZTE Investment commissioned Australian Climate Economist Ben McNeil – author of the “Clean Industrial Revolution” – to write a paper on the business case for attracting energy intensive business investment in New Zealand. This investigation led naturally to the Bay of Plenty region with its abundance of sustainable forestry and renewable energy resources and more specifically to Kawerau.

NZTE began investigating Industrial Symbiosis which is an economic model based on looking for synergies between processes and the recycling of waste streams to capture multiple sources of value, and thus increased returns on investment.

After a series workshops with stakeholders to explain the symbiosis thinking a coalition called Industrial Symbiosis Kawerau [ISK] was formed as a regional partnership between NZTE and Kawerau District Council [KDC]. Kawerau is home to the world's largest application of geothermal energy for direct industrial use.

No sooner had the initiative got underway when NZTE had to respond to a major threat of the possible closure of the SCA Hygiene Australasia Tissue Mill in Kawerau. The creative solution was to gain an indepth understanding of the multinational's decision drivers beyond the financials. NZTE, working closely with KDC, was able to showcase and leverage the sustainability value embedded in geothermal energy.

Importantly, the work and approach taken by the team has provided a blueprint and an investment perspective for how the wider region can cooperate to attract significant investment in businesses that are future focused on value-added, low carbon products that can generate jobs.

A number of projects are being investigated for Kawerau based on these principles including 'Stump to Pump', which is a feasibility study to determine whether it is commercially viable to convert forestry residues into biofuels at the Kawerau Mill site, and has partners Norske Skog, Z Energy, and the Ministry for Primary Industries.

## THE PROBLEM

The Eastern Bay of Plenty is a spectacular region of lakes, forestry plantations, rolling farmland, geothermal reservoirs, volcanoes, rivers and the fertile waters of the Bay of Plenty. The landscape supports a number of resource based 'commodity' industries including geothermal energy, forestry and log production, beef and sheep farming, dairy conversions, and tourism.

However these sectors are not big providers of job growth and thus many small communities in the Eastern Bay region have experienced a lack of economic growth, investment, and job creation. This is reflected in high ratings in the New Zealand Social Deprivation Index. The region also faces the threat of population decline from the lure of Auckland, and the aging of residents.

## THE SOLUTION – INDUSTRIAL SYMBIOSIS THINKING

Most agricultural and manufacturing industries have traditionally made their money from 'linear value chains'. - source raw materials, grow or manufacture a product type, and sell it. As an example, energy companies sell electricity generated from turbines driven by high pressure steam from geothermal fields. The excess fluids are reinjected back into the reservoir but the excess heat is thrown away. Forestry companies grow trees, and tend to harvest the logs for export to other countries for further processing (with some local production), leaving much of the residues in the forest.

By contrast Industrial Symbiosis is a fundamental change in the company's business model based on 'closed loop value chains', where instead of the waste streams from each process being discarded there is an attempt to re-use them to create more value, such as:

- Using the geothermal heat directly for cost effective processing of wood and biomass into high value products for export and local markets
- Using the waste heat from geothermal electricity production for low grade heat opportunities such as district heating, horticulture, fish farming, etc.
- Mining the waste geothermal fluids for valuable minerals and metals such as silica, lithium and rare earth metals

Transforming the Tasman Mill site at Kawerau into a model for industrial symbiosis will involve a collaboration between a number of different companies with expertise in the different value chains to create a closed loop local economy. The clear advantage of this type of thinking is the capacity to increase the return on investment and thus make it more commercially attractive for investors, which is of particular importance when the funding has to compete with other industrial site investment projects elsewhere in the world.

## STUMP TO PUMP

One example of an ISK project, albeit still at an early stage, is 'Stump to Pump' which is a partnership between Norske Skog, Z Energy and the Ministry for Primary Industries to investigate the feasibility of converting forestry residues into liquid fuels and ultimately build eight bio-refineries across New Zealand that could replace a significant proportion of imported fossil fuels. It however faces a significant challenge to compete on price with the oil industry.

Projects like Stump to Pump are more likely to succeed if they are supported by other projects upstream and downstream that make up a matrix of projects within Kawerau and across the wider region.

## REGIONAL SYMBIOSIS THINKING

Regional Symbiosis involves applying the same principles and collaborative thinking and practices across a range of locations to deliver shared value and economic opportunities.

Whilst regions with similar opportunities and industries historically compete for attention – build it here, not there – what is possible is to set aside this natural predisposition and for a region to work collaboratively to develop a more strategic and higher value integrated

approach.

“The opportunities are far more numerous than any one region can capitalise on and by working together a more detailed and nuanced perspective can be reached that in turn can lead to tailored investment opportunities in a number of locations. Together they will make a compelling story – one that central government, international and local investors/businesses is likely to sit up and take notice of”.

The challenges to the forestry and wood processing sector realising its full potential are well documented. Overseas pension funds along with our own Super fund own the cutting rights to our largest forests yet have expressed little or no interest in local processing. High log prices, tariff differentials and currency volatility are driving many wood processing companies to the wall.

“However, proven [In Europe] engineered wood technologies aligned to rising regional energy costs and constraints, concerns around building affordability, carbon intensity and seismic performance of steel and concrete mean that there is a generational opportunity to re-position New Zealand Radiata pine from trash pine [which is how it has been regarded in some of our traditional log export markets] to treasured pine”.

Therefore the most obvious opportunity for regional symbiosis is shared investment promotion and facilitation in primary wood processing, focusing on utility grade logs destined for China and other Asian markets. Instead, these can be converted into engineered wood products such as cross laminated timber (CLT) for these export markets and our own domestic market – Auckland and Christchurch and across the Tasman where there is growing demand for these products.

Local government can take the lead to help create a seismic shift in the forestry and wood processing sector: by taking a united approach, there is far greater probability of influencing policy and the major investor stakeholders as well as unlocking government support and programmes e.g. Primary Growth Partnership funding for research and NZTE Capital team resource/funding for investment facilitation.

There are a number of existing local government mechanisms or initiatives that can support this:

**Bay of Connections** – The three priority strategies are Energy, Forestry and Transport and Logistics.

**Upper North Island Strategic Alliance** – The UNISA Alliance encompasses Waikato, Bay of Plenty, Auckland and Northland regions. Focusing on investment in the development and adoption of locally produced engineered wood building solutions ticks nearly all of the UNISA boxes and plays to the supply side [Bay of Plenty /Northland/Gisborne] and demand side [Auckland/Hamilton/Tauranga] dynamic within this group.

## REFERENCES

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# 'MORE FOR LESS'

COMMUNITY  
OUTCOMES  
GAME-CHANGER  
PARTNERSHIPS

## WESTERN BAY SMARTGROWTH

COLLABORATIVE GROWTH PLANNING  
TO GUIDE REGIONAL INVESTMENT



In the western Bay in 2001, 135 people each week were coming from outside the area to live - putting enormous pressure on the inadequate infrastructure in both urban and rural areas. Both Tauranga City and Western Bay District Council realised they needed to collaborate to be proactive in planning for this growth, rather than just have to react as it happened to them, and thus risk incurring much higher costs in investment in expensive uncoordinated infrastructure such as roading and wastewater. Considerable research was undertaken to understand the demand forces in play, and to develop the best quality forecasting methods which were vital for investment planning for such things as water, roading, waste etc. The end result was a leading edge approach called SmartGrowth, which has been very successful in saving millions by giving councils, and developers, an evidence base to guide District planning policy and investment decisions

### WHAT WAS THE PROBLEM?

Councils are required to forecast population movements and related infrastructure investment demand within their territorial boundaries. But the reality is that regional patterns of growth (and decline) of population, investment, economy, and business cut across TA boundaries. For sensible investment decisions to be made there are two key requirements. Firstly a comprehensive and proven evidence base to fully understand the complex inter-relationships between population movements and land use growth to make reliable long-term forecasts to underpin financial investment decisions.

Secondly there needs to be a collaborative sub-regional/regional approach to planning across the TL boundaries. This is particularly pressing when there is a rapid influx of population, jobs, and investment. In 1999 high growth was of real concern in the western Bay of Plenty. There was no real understanding of the quantum of growth, and of the demand drivers. Without that knowledge it is very hard for the TLAs to plan and zone land. Tauranga city, Western Bay District, and the Regional Council met informally for over 12 months to find a collaborative approach which would reduce each council's risk of either under-investing, or over-investing in assets such as roading, wastewater, and community facilities to support anticipated growth.

## NECESSITY OF AN INDEPENDENT STRUCTURE

The three councils of western Bay tasked their staff to developing a high level approach, which would avoid the risk of just creating a 'talkshop'. A key to success is was clarity around governance and management which was put in place in 2000:

1. An independent working structure and process to maximize collaboration and trust, and to provide management and governance
2. Maori partnership from Day 1
3. The development of a first class research evidence base

SmartGrowth is a collaboration that has is driven outside of the partners. The advantage is that it does not get captured by the processes of local government. The successful SmartGrowth structure includes:

### Governance:

- Independent Chair- whose job is to constantly liaise with all the stakeholders, including Central Government, maintaining trust and information flow
- Joint Committee- three mayors, two other elected members from each council, three tangata whenua representatives- this committee will pass tasks to the CEs to do - such as 'tell us how you are integrating the SmartGrowth Strategy into your 10 year Plans'
- CEs' Advisory Group – meets monthly

### Management:

- A full time Implementation Manager- who reports to the Chair-
- Implementation Management Group (IMG):
  - › Meets monthly - 2<sup>nd</sup> and 3<sup>rd</sup> tier staff from each of the partner councils and NZTA
  - › They also provide resources and undertake work in each of the partner councils
  - › Culture - there is an ongoing problem in keeping the culture when staff keep changing from the councils. 3,4,and 5<sup>th</sup> tier staff find it hard to grasp the culture of collaboration, of partnership and understanding the SmartGrowth commitment

### External SmartGrowth Forums:

The interaction with regional stakeholders has been pivotal in ensuring that the SmartGrowth planning is grounded in reality, and has the support of those with the capacity to help implement it. They include:

- Strategic partners
- Housing affordability
- Social factors
- Developers
- Population aging and technical advisory

## THE UNDERPINNING EVIDENCE-BASED RESEARCH

A comprehensive research programme was undertaken in 2001-3 to inform the 2004 Strategy. More recently the research has been updated and upgraded to provide the 2013 Strategy. A Research Working Group was established to oversee this process with an External Reference Panel which included representatives from the health sector, the development community, planning specialists and an economist was also established in order to peer review the research, provide input and identify challenges for implementation.

New research was undertaken in the following areas:

- Growth management key issues
- Business land
- Residential land
- Residential intensification
- Housing affordability

- Social and community wellbeing
- Population ageing
- Development viability
- Infrastructure
- Transport
- Tangata whenua aspirations
- Tsunami hazard

## COLLABORATION BETWEEN COUNCILS AND CENTRAL GOVERNMENT

SmartGrowth is wider than local government. The strength of the Strategy is in large part due to the proactive role of community and strategic partners. The partnership is heavily dependent on a range of Government and non-Government agencies and community groups to help with implementation. The existence of an agreed sub-regional long-term investment plan such as SmartGrowth reduces risk for Central Government in making its own investments in schools, roading, and a multitude of regional agencies in western Bay. T

## RESULT – A LONG-TERM SMARTGROWTH PLAN TO GUIDE INVESTMENT

The first SmartGrowth plan was published in 2004. SmartGrowth established a single blueprint for growth, "The Settlement Pattern" which covered the whole of the western BBay and identified the future growth areas as well as the infrastructure and funding requirements to enable their development.

SmartGrowth 2013 has evolved from a land use growth management plan into a comprehensive spatial plan, which involves the community and includes aspirations and actions across all the well-beings and multiple stakeholders. It is a mechanism to harness the collective impact of local government, iwi, business, Central Government agencies, key industries and the community. It provides a shared pathway to guide us all towards a single vision - making western Bay 'a great place to live, learn, work and play'.

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## 'MORE FOR LESS'

COMMUNITY  
OUTCOMES  
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PARTNERSHIPS

## TOKOROA TRADE TRAINING CENTRE

BUSINESS AND COMMUNITY COLLABORATION TO TRAIN SCHOOL LEAVERS IN LOCAL TRADES AND PLACE THEM IN JOBS LOCALLY



Many rural communities face the problems of declining population, social deprivation and lack of job prospects for young people. The 10.1 per cent rate of unemployment in Tokoroa is much higher than the national average; hard hitting for young people who are trying to start work in markets where experience and credentials are important. South Waikato communities like Tokoroa do not want to see their youth leaving the district in order to find work and create their own future. Council and Mayor Neil Sinclair have developed a twin overarching strategy- 'create jobs' and 'promote the district'. But how can a council create jobs? The short answer is it can't; only business investment can create new jobs. So what can a council do to encourage that investment?

South Waikato Council believes that the leaders of a community must work together to identify and progress investment projects, and that a council is uniquely obligated to bring those parties together to make this progress. These leaders include iwi, community organisations, local businesses, local politicians, and the local leaders in Education, Health, Police, Social Welfare, churches and many others who, by working together can collectively pull a big project over the line.

Part of the South Waikato strategy for job creation was to conduct a study of demand and supply to establish what the needs were of the different employers and sectors in the district, and what were their forward projections for skills and labour. The results of this research showed there was a clear benefit for the establishment of a Trade Training Centre which 'matched' the needs of employers for the rights skills and work disciplines with the needs of school leavers for the right training and practice in the kind of work environments which they could work in.

Council acted as a catalyst to bring together interested parties, most notably the business owners of local companies who wanted to ensure a supply of the right labour at the right time and support the future of the community. Other key stakeholders were the local schools, Waiariki Polytechnic, and others who could help create a Trade Training Centre in Tokoroa. The aim was for local business companies to ensure that local youth could be trained in the skills and attitudes that local companies needed, and thus to make themselves attractive for full time employment locally.

The Centre started with training in the engineering trades, and has been so successful that it has extended into, automotive and is soon to expand in to welding as a specialist subject. Work is currently being undertaken to use the same model to cater for the local health sector.



## THE PROBLEM

Business leaders in the South Waikato District had been concerned for a long time about the lack of skilled labour available locally to support their expanding businesses. Issues continued to arise throughout 2005 and in 2006 research was undertaken. Results of the research clearly indicated that the skills gaps across the country were also severely affecting key companies and organisations in the district.

Around the same time research on youth issues indicated there were few avenues available for youth to move into employment and career opportunities within the district. On reviewing these concerns Council acted as a catalyst by asking all the businesses to forecast the jobs and skills they needed over time as a precursor to developing a Skills Gap Strategy for the district.

Each sector submitted an action plan and a document was created listing appropriate activities to retain youth and get them trained and skilled to fill the specific needs of local industries. It quickly became apparent that the district's engineering sector was enthusiastic about establishing a Trade Training Centre. Models for training centres were evaluated and some aspects were incorporated into the programme.

## THE SOLUTION

The Trade Training Centre was established in 2008 between the South Waikato District Council, Waiariki Institute of Technology, Mayor's Taskforce for Jobs and South Waikato industry leaders. The collective goal of the Trade Training Centre is to promote trades training and provide practical work experience within the South Waikato District.

Council negotiated a site with the South Waikato Education Centre Trust and provide \$60,000 for machinery for a Trade Training Centre. The first training sector chosen was Engineering. From the start in 2007, the engineering trade companies put a lot of time into making the training centre happen – and they remain heavily involved today. Some large local employers are committed to the centre including Waratah, which is owned by John Deere), South Waikato Precision Engineering Holsters and Industrial Valve Engineering. Beyond engineering the centre moved to include automotive engineering and Council dedicated another \$30,000 for the new course component in 2009. Representatives from the automotive sector also joined the group at this time.

School leavers are provided training free of charge and the engineering and automotive firms are committed to employing local youth from the programme. Currently the Trade Training Centre focuses on engineering/automotive, with carpentry and agriculture training also offered. In addition Council is providing new funding of \$120,000 for welding equipment this financial year 2014/2015, so that a welding course can be incorporated.

The model created for the Trade Training Centre can be duplicated for any industry where specific issues are better solved by working collectively. Promotion is vitally important- the annual Nuts and Bolts Newsletter is produced by South Waikato District Council and aims to profile the success of students and acknowledges the commitment of participating firms to the Trade Training programme.

## RESULTS

Since the first course, close to 80 students have graduated from the programme with a number now employed with participating engineering firms. All students have gained valuable hands-on work experience in local engineering workshops and have the opportunity of being employed in apprenticeships based on their individual results. A good example is Mark Strange (Putaruru) and Ashley Haywood (Tokoroa) who competed in the Worldskills competition as Tool Blacks and in Mark's case won - both having gone through the Tokoroa Trade Training Centre programme and mentored by South Waikato Precision Engineering.

## SOURCE

*This story is edited from <http://www.southwaikato.com/index.php/projects-sw/25-trade-training-centre>, and an interview with Cindy Kent, Strategy manager*

## ‘MORE FOR LESS’

COMMUNITY  
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## PAPAKAINGA HOUSING IN WESTERN BAY A TOOLKIT TO DRIVE COLLABORATION



Papakainga is a form of housing development which occurs on multiply owned Maori or ancestral land. Traditionally the literal meaning of papakainga housing is ‘a nurturing place to return to’. The possibility of building papakainga housing on their ancestral land is something Maori have long been calling for.

The concept of papakainga is not new to the Western Bay sub-region but it has previously been associated with Maori housing in a marae setting. A new Western Bay model takes a revolutionary approach to enable all Maori – both hapu and individuals – to play a part in building a home on their land.

A Maori housing initiative begun in 2004 by the Western Bay of Plenty District Council, in collaboration with several non-governmental agencies, was a joint response to the increased difficulty for Maori to access affordable housing. The resulting model has been successful in helping a number of Maori families to raise their dream to live in their own house. It has also formed the foundation of a national template being used by hapu and iwi.

### THE PROBLEM

The problems for Maori in realising the ambition to own their own house on their own land include the difficulty of obtaining loans for land that is multiply owned since banks are reluctant to lend on this type of land as it is very difficult to place a capital value on it. Therefore if properties are built they cannot effectively be sold on the open market as banks are wary of their security if owners default on mortgage payments.

There are also issues of affordability in isolated rural areas of the costs of the construction of infrastructure such as sewerage, stormwater, roading, power and phone, as well as consenting.

### THE SOLUTION – COLLABORATION TO CREATE A TOOLKIT VIA A JOINT AGENCY GROUP

Integral to the papakainga model has been the development of the Maori Housing Toolkit – Te Keteparahamo nga Papakainga – a five-step practical guide to help Maori plan for and develop papakainga (whanau housing) on their land. The seed for action was sown in May 2004 at a meeting of the Western Bay of Plenty District Council Maori Forum, held on Hei Marae in Te Puke.

At this meeting a request was made for the Council to address the increasingly urgent issue of developing housing on multiple-owned Maori land. Access to finance, a culture of distrust among Maori toward banking institutions and bureaucracy were seen as barriers preventing Maori achieving home ownership and economic land use.

In July 2004 another Maori Forum meeting was attended by all key agencies involved in the development of housing on multiple-owed land. At that Forum meeting it was agreed that a “whole of government response” approach was needed.

Workshops were held to identify the barriers to building on Maori land and practical solutions were developed that included collaboration between the agencies and landowners (the latter being mainly Maori Trusts). The Joint Agency Group (JAG) was formalised. It comprised the key agencies: Housing New Zealand, New Zealand Maori Land Court, Te Puni Kokiri, Social Housing Unit, and the SmartGrowth Combined Tangata Whenua Forum. KiwiBank and the Maori Housing Forum were later to become part of this group.

JAG has been fundamental to the success of the papakainga housing project. The JAG representatives understand the issues facing Maori regarding accessing affordable housing and, over the past 10 years, have been principal advocates for those hapu and iwi preparing papakainga developments.

Western Bay of Plenty District Council completed a report in 2004 entitled “A Project to facilitate the development of Affordable Housing on Multiple-owned Maori Land”. As the lead agency, Western Bay of Plenty District Council took ownership of the project and developed a staged approach of which the first was the development of the papakainga toolkit. Stage One was completed in April 2005 and distributed to the agencies.

The 2004 report identified the following issues:

- Need to reduce bureaucracy
- Reduce the length of time it took to undertake housing development
- Improve access to agencies and agency information
- Need to work with landowners in the early stages to increase capacity by providing information, training and support
- Land zoning was too restrictive
- Financial contributions added significant cost
- Restrictions associated with borrowing against Maori land
- Inability to repay mortgages based on low incomes and affordability. (At that time \$76,000 was the average loan given by the Housing Corporation of New Zealand)
- Costs of building a house were in excess of what could be loaned, based on the ability to pay.

## SMART GROWTH AND COLLABORATION

In 2005 the project was brought under the umbrella of SmartGrowth – the 50-year growth management strategy for the Western Bay sub-region (2001-2051).

Bringing the papakainga project under SmartGrowth’s action programme was a strategic move. It meant the joint agency groups could benefit from SmartGrowth’s ability to leverage Central Government, take advantage of the Strategy’s strategic framework and access the significant resources committed to SmartGrowth by the SmartGrowth partners (Tauranga City Council, Western Bay of Plenty District Council, Bay of Plenty Regional Council and tangata whenua).

## MAORI HOUSING AN UPHILL BATTLE

Within the sub-region of Tauranga and Western Bay there is approximately 22,035 hectares of under-developed or undeveloped multiple-owned Maori land, of which 646 hectares were zoned residential – thus providing the opportunity for affordable housing. The Maori population in the Western Bay sub-region is expected to treble by 2051 – to 60,000. Maori household incomes are reducing, 55 percent of Maori households have an annual income less than \$50,000 and 32 percent have less than \$30,000 annually. The average weekly net income is \$550.

Against this – 81 per cent of new homes being built are above the median house price of \$340,000. Since 2009 only five kainga whenua loans have been approved and on average only one house per year has been built on Maori land in the past decade. There is the potential to build more than 1500 homes on Maori land in the Western Bay sub-region.

## PILOT PROJECT TESTS MODEL

In 2005, a report to the SmartGrowth Implementation Committee indicated that a pilot project for papakainga housing development was an essential second stage of the joint agency progress.

This pilot project was to be done within the Western Bay of Plenty district to “test” and refine the development process. A potential pilot project area was identified at Tapuika Iwi near Te Puke. In September 2005 pilot project stakeholders met at Western Bay of Plenty District Council. Attendees comprised members from Tapuika Iwi, observers from other iwi, a housing consultant, representatives from Te Puni Kokiri, Housing NZ, Maori Land Court, SmartGrowth, Tauranga Moana Trust Board, Western Bay of Plenty District Council (Council had made a commitment to initiate the pilot project) and a project consultant. Tapuika and Ngati Tuheke hapu confirmed their interest in being the pilot project.

In June 2006 a Memorandum of Understanding was signed between the agencies. Principles in this MOU were:

- Support the outcomes of the 2005 report to SmartGrowth
- Support the co-operative and co-ordinated approach
- Accept that parties would work creatively and innovatively to bring about affordable solutions
- Commit to agreed implementation actions including funding and resourcing work in good faith to generate solutions
- Acknowledge that the initiative is a SmartGrowth action.

In August 2006 approval by Tapuika and Ngati Tuheke was given to a concept plan of development. The Te Puke-based iwi, Tapuika, in conjunction with Ngati Tuheke, Makahae Marae and Rangiuuru 2G Trust agreed to utilise their own ancestral land for papakainga housing. This was a significant milestone in moving from a governance-strengthening phase for Tapuika and the agencies to a development-planning phase.

## TOOLKIT GUIDES THE WAY

Parallel to the planning for this pilot programme was the continuing development of the Maori Housing Toolkit - Te Keteparahamo nga Papakainga. This toolkit was also incorporated as an action under SmartGrowth and it provided an over-arching understanding of the total process and was designed for a wide and general audience. It was designed in sections so that completion of one section was necessary in the planning of a housing development before beginning the next.

In 2008 the pilot papakainga project was officially launched on Makahae Marae near Te Puke and the toolkit was also formalised as the template for developing papakainga housing on Ngati Tuheke land. In 2009 the 61 Western Bay of Plenty Maori land trusts formed the Western Bay of Plenty District Maori Housing Forum. The purpose of this Forum was to meet with other Trusts to discuss and resolve common housing issues.

## RESULTS - WHAT HAS BEEN ACHIEVED?

The Western Bay papakainga concept is an example of the strength that comes from developing strategic connections. It is testimony to overcoming barriers through effective relationships between Maori and non-government and government agencies.

This journey has proved how collaboration works to achieve results.

It has been a successful example of how dialogue, increased understanding and political will can overcome barriers previously considered insurmountable. By May 2013 there were applications for \$12.5 million for 10 papakainga projects over the next five to seven years

(i.e. \$4.5 million 2013-14; \$4.3 million 2014-16; \$3.8 million 2015-17). The Trusts involved are Pukekohatu Trust in Papamoa; Mangatawa Papamoa Blocks; Oikemoke Te Puna; Ngati Kahu and Te Pura in Bethlehem/Te Puna; Reweti and Te Pere Whanau Trust in Tauranga.

## ECONOMIC OUTCOMES RESULTS (BERL)

This joint report (Western Bay of Plenty District Council, Te Puni Kokiri and Maori Housing Forum) was requested on the economic impacts of the proposed 10 projects for papakainga housing in the Bay of Plenty.

- Funding the infrastructure to support the construction of 252 new homes will provide immediate and direct benefits to 252 families and potentially 1222 individual residents by providing quality affordable housing
- Productive use of Maori land
- Improved whanau wellbeing: reduce health problems, improve education and employment opportunities
- An estimated capital housing construction spend of \$63.8 million
- Generates \$53.1 million in additional GDP
- Supports 1128 full time equivalents (FTE) i.e. jobs
- Potentially from 25 new families (10 per cent) coming to Tauranga. They will spend \$1.13 million per annum, generating \$1.08 million additional GDP and support an additional 19 FTE's.
- Increase the weekly discretionary income for the 252 households
- Increase in capital land value of equal to at least the value of the 252 new homes built, an estimated \$30 to \$42 million
- Potential annual rates income of \$71,082.88.

## MAORI HOUSING FORUM 2013-2014

The Forum continues to work with Maori Land Trusts and papakainga workshops are held regularly. Government Cabinet Ministers visit Tauranga and Western Bay to meet with the Forum. A Memorandum of Understanding has been reached between the Maori Housing Forum and the Social Housing Unit.

The relationship with SmartGrowth is maintained.

There is continued collaboration between all stakeholders to build homes on Maori land.

## SOURCES

- » *SmartGrowth; Western Bay of Plenty District Council; WBOP Maori Housing Forum - Papakainga Update March 2013 (Vicki Kingi)*
- » *Toolkit Video-- <http://www.westernbay.govt.nz/services/Te-Keteparaha-Mo-Nga-Papakainga---Maori-Housing-Toolkit/>*
- » *[http://www.westernbay.govt.nz/Documents/Services/Papakainga\\_Toolkit/Papakainga\\_Brochure.pdf](http://www.westernbay.govt.nz/Documents/Services/Papakainga_Toolkit/Papakainga_Brochure.pdf)*
- » *[http://www.nzherald.co.nz/bay-of-plenty-times/news/article.cfm?c\\_id=1503343&objectid=11282889](http://www.nzherald.co.nz/bay-of-plenty-times/news/article.cfm?c_id=1503343&objectid=11282889)*

## 'MORE FOR LESS'

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## COASTAL CHAIR AND LAKES CHAIR

PERFECTING THE SCIENCE BEHIND PROTECTING OUR WATER



Bay of Plenty Regional Council is responsible for effective management of the coastline from Lottin Point in the east to Waihi Beach in the west, as well as the iconic Rotorua lakes in the central North Island. Both areas are of considerable economic and cultural significance, and both are under threat from changing land uses, increased pressure from a growing population, recreation and tourism.

The Regional Council needs robust science and a deep understanding of both coastal and lake processes so it can manage these precious resources effectively. Establishing the University of Waikato Chairs in Lake Management and Restoration and Coastal Science ensures ground-breaking research into the processes which shape these vital areas, and informs the projects established to protect and restore them.

Working in partnership with Rotorua District Council and Te Arawa Lakes Trust, the Rotorua Te Arawa Lakes Programme is responsible for improving and protecting the district's lakes, and is leading the way to improve and protect the region's lakes with innovative, experimental projects. The programme is supported by proven science, and involves both short and long-term actions, in-lake and land-based work.

The value of having robust coastal science and monitoring data immediately available was proven when the MV Rena grounded in October 2011. Even before oil began coming ashore, baseline environmental information about the state of the Tauranga Harbour was already recorded, giving a clear picture of a "pre-Rena" state.

### THE PROBLEM

The Rotorua lakes are ecological, cultural and tourist assets of enormous worth. But changing land use and increasing population in their catchments, along with heightened public expectation, has meant these increasingly fragile systems are under threat.

Restoring the lakes to their previous water quality poses challenges to environmental managers, politicians, developers and ecologists. The Regional Council recognised a need to better understand processes in and around the lakes and their catchments.

In 1998 a Lakes Strategy Working Group of the Chair of Te Arawa Maori Trust Board, Chair

of (then) Environment Bay of Plenty and the Rotorua Mayor began developing a lakes management strategy, an important step in addressing problems arising from a lack of coordination between those managing the lakes.

They united efforts and focused resources to agree on a vision – ‘The lakes of the Rotorua district and their catchments are preserved and protected for the use and enjoyment of present and future generations, while recognising and providing for the traditional relationship of Te Arawa with their ancestral lakes’. The Rotorua Te Arawa Lakes Programme is responsible for meeting water quality targets in 12 lakes.

The Crown has contributed half of the \$144 million needed to help restore four priority lakes, with the other half funded by the two councils.

The Regional Council is also responsible for the region’s coastline, which includes the Tauranga and Ohiwa harbours and five estuaries. Tauranga Harbour is the largest seaport in New Zealand, and is highly valued for recreational use as well as its significant cultural importance. It too is under threat from a rapidly increasing population, contamination flowing in from streams and the need to cater for larger cargo ships.

The surrounding land running down into the harbour is used extensively for urban, horticultural and agricultural purposes. The Tauranga area is also one of New Zealand’s fastest growing residential areas.

## THE SOLUTION AND PARTNERS

Recognising the need to refine its understanding of coastal and lake processes, the Regional Council established the University of Waikato Chair in Lake Management and Restoration in 2002, and the Chair in Coastal Science in 2009.

The Chairs of these two disciplines carry out programmes of research and teaching on their subjects, based in the Bay of Plenty. They provide leadership at the University, participating in teaching from undergraduate to post graduate level and supervise student research into the sciences. They also promote education and understanding of these processes through public and community outreach, and publish in academic journals.

The Lakes Chair was established to explore development of a centre of excellence and focused research, as well as encourage research with management and restoration objectives. It encourages collaboration between the University, territorial and regional government, the community and iwi on lake issues.

The Coastal Chair fosters a multi-disciplinary approach to coastal marine research and ecological management of the coastal environment. It also encourages an active partnership between the University and others on coastal issues.

The Regional Council pays the majority of the Chairs’ salaries, and provides financial and other support for post graduate student research. The University covers administration costs, provides office and laboratory space and access to equipment.

The Lakes Chair agreement runs until 2017 and the Coastal Chair agreement until 2019. The current Lakes Chair is Professor David Hamilton, and the Coastal Chair is Professor Chris Battershill.

The appointments formalise the long-standing relationship the Regional Council has with the University on lakes, coastal and estuarine research; the Council had previously funded numerous ad-hoc research projects. The relationship also provides huge leverage, allowing the Council to influence the direction of research at the University, particularly in Tauranga Harbour where the science demands are increasing rapidly.

The Council also benefits from the Coastal Chair’s link to Intercoast, a world-class research programme and multidisciplinary collaboration between the University of Waikato and University of Bremen in Germany. It brings doctoral students to New Zealand to study the marine systems of the Bay of Plenty and better understand significant changes in the coastal environment, while Waikato students conduct similar research around the North Sea in Germany.

Both Chairs provide robust and independent science advice to support the Regional Council’s management of the lakes and the coast.

## RESULTS

Professor Battershill has been instrumental in conducting the Rena Long Term Recovery Plan monitoring programme, with positive results reported back to the community and widely publicised in December 2013.

This report covered two years of survey and scientific results, and was the result of a unique Te Mauri Moana collaboration of more than 15 projects with eight partners led by the Coastal Chair. The multi-disciplinary research and training group focuses on ecotoxicity and coastal environmental recovery and restoration. This group has attracted many iwi students where 'western' science is interspersed with Mātauranga Māori in the first effective working model of its type globally.

The Coastal Chair works with a range of disciplines, including ecologists, coastal morphologists, modellers, water quality specialists, lawyers and social scientists. Research collaborations have even been developed on marine biotechnology to develop drug leads from marine organisms.

Other research organisations have been involved, including the University of Bremen, Bay of Plenty Polytechnic and Te Whare Wananga o Awanuiarangi. Professor Battershill has also presented to many public seminars and forums. Significant coastal research comes from the Intercoast partnership.

A range of Masters and PhD projects are underway, and a 'House of Science' was launched in Tauranga in December 2013 to provide educational opportunities to those who teach science and school students interested in science.

As part of the research partnership between the University of Waikato and the University of Bremen, the German Government has awarded €3.5m for the second phase of the Intercoast Programme. An agreement has also been signed with the Yantai Institute of Coastal Zone Research to look into nuisance sea weeds, such as the sea lettuce, which plagues the Tauranga coastline for biofuel and agricultural feed uses.

The Coastal Chair, Tauranga coastal group and chemistry colleagues are also part of a New Zealand collaboration with three local and international institutes to develop novel therapies for diabetes and cancer.

Third year marine ecology and second year BSc aquaculture courses are taught from Tauranga. New cross-disciplinary courses are proposed, and professional accreditation through the Institute of Marine Engineering, Science and Technology is in discussion.

The University of Waikato has developed the Centre for Biodiversity and Ecology Research (CBER) and the Environmental Research Institute (ERI) as centres of excellence. ERI takes a collaborative, systems-level approach to environmental research to develop insights and expertise for improving and sustaining the quality of New Zealanders' natural and physical environment. The CBER facilitates an integrated approach to research into biodiversity and ecology, provide consultancy and advocacy services, and to educate.

The Regional Council has addressed the direct discharge of sewage, piggery and other effluent and industrial waste into the Tauranga Harbour, and works with landowners to reduce diffuse run-off of sediment and nutrients from their land. Catchment action plans are in place for the harbour's 16 sub-catchments, identifying priorities for improving water quality, protecting biodiversity, controlling pests and reducing nutrient and sediment run-off into waterways.

The Lakes Chair and university scientists have worked across a range of disciplines to foster an integrated approach to improving lake water quality.

Modelling of Lake Rotorua integrates climate, catchment land-use, nutrient losses, stream and groundwater flows and in-lake processes to predict a future state using a range of land-use and intervention scenarios. This modelling has been crucial to inform policy development and an interventions framework to support Lake Rotorua's restoration.

Some of the Lakes research is leveraged through other funding sources, such as the lake restoration Outcome Based Investment (OBI) programme, which focuses on harmful algal blooms and pest fish management.

The University of Waikato's research on lake management and restoration is recognised



nationally and internationally. The OBI programme has been allocated \$10 million over 10 years to research harmful algal blooms and pest fish.

Professor Hamilton sits on the Rotorua lakes Technical Advisory Group and attends meetings of the Regional Council, Lakes Water Quality Society, Te Arawa Lakes Trust and many other organisations as well as community group meetings. Community outreach is significant, with regular public seminars to present science findings and involvement in a range of community meetings, conferences and events.

Some of the scientific insights are achieving promising results in the lakes. Water quality is improving in Lakes Rotorua, Rotoiti and Rotoehu, and water quality is stable in Rotoma, Okareka, Tikitapu and Rerewhakaaitu.

A trial using zeolite to remove nitrogen from geothermal sources in Lake Rotorua is complete. Seven detainment bunds have been installed in the Lake Rotorua catchment to trap phosphorus during storms. Land use change agreements have been signed for 501 hectares in the Lake Rotoehu catchment, removing four tonnes of nitrogen. There has also been a successful trial of aeration devices in the lake.

*Photo: Students sampling on Papamoa beach after the Rena grounding*

## 'MORE FOR LESS'

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## PULLING TOGETHER TO SAVE TAUPO TOWN CENTRE



Taupo was facing the very real threat of an out-of-centre retail park developing at a time when the town centre was poorly positioned to respond. In the years leading up to 2009, the town was struggling with the impacts of the global financial crisis, construction of the East Taupo Arterial bypassing the town was nearing completion and the flexible zoning of land along the bypass provided the potential for large scale retailing.

*Taupo District 2050* (2006), the district-wide growth management strategy, had laid the foundations for future land-use pattern in the district. An important element in that strategy was the East Taupo Arterial. The new road would effectively reposition State Highway One making it possible to reroute inter-regional traffic. Complementing the regional goals around improved travel times, were local objectives for improved connectivity between the town and the lakefront. State Highway One severed the town centre from the lakefront and major recreational areas, as well as separating the main visitor accommodation areas from the prime lakefront. For a town with such a strong reliance on the visitor industry, this severance was a major impediment.

A partnership with the New Zealand Transport Agency to build the bypass road opened up real possibilities to break down the historical severance issues and reconnect the town with the lakefront. However, the new road also brought some challenges for the town.

The initial threat was the shifting of potential customers from the route through town out to the new bypass. Although much of the emphasis had been on “getting the trucks out of town”, the more direct route also offered a faster alternative to other travellers. This concerned many retailers in the town centre who rely on the passing trade.

The less obvious threat to the town centre was the new attractiveness of the land along the bypass route for commercial business activity, particularly large format retailing. While not so obvious to the community, the flexible zoning provisions in the district plan, made the risk of a large format retail park a very real probability. Examples in other areas such as Hamilton and Whakatane had demonstrated the damage that out-of-centre retailing can inflict on traditional town centres.

## FOSTERING CRITICAL RELATIONSHIPS

Council identified the need for a comprehensive and integrated approach to addressing the future commercial and industrial growth needs for the town. This also needed to be anchored in the District Plan if it was to provide long term certainty to the community and the market. After several years of discussions with landowners, retailers and interest groups, the Taupo Urban Commercial and Industrial Structure Plan was commissioned in 2009 to provide the strategic direction.

Council recognised early on that gaining widespread community understanding of the problems and support for addressing them would be critical to success. Right at the genesis of the project, Council went to the key community drivers to seek their help to focus the scope of the structure planning on the issues that really mattered. Their input helped identify the impediments to business growth in the town centre and crystallised the potential threats along the bypass route. Instrumental in this process was Town Centre Taupo, the representative group for the town centre landowners and retailers, and the Taupo Chamber of Commerce.

This early engagement also provided an opportunity for Council to reconnect with two of its major partners, Contact Energy and the NZ Transport Agency. Contact Energy has significant interests in the Wairakei-Tauhara geothermal field that underlies part of the town and stretches to the east and north-west of the town. There was the potential for their electricity generation activities to be impacted by urban growth, and as a result, they were strongly involved with the development of Taupo District 2050 and the establishment of the future land-use pattern.

Similarly, NZ Transport Agency had had a major part to play in the formation of the land-use pattern for the town. They were particularly concerned about the potential for future urban growth to compromise the efficiency of the East Taupo Arterial route.

Both Contact Energy and NZ Transport Agency were able to provide Council with clear guidance on their potential issues and the broader regional and national objectives.

Taupo's economic development agency, Enterprise Great Lake Taupo was also a key partner through the structure plan process. EGLT had been struggling to provide an appropriate platform for commercial development (certainty and zoning), whilst undertaking what good development looked like, and where. The structure plan process enabled technical information and community aspirations to come together to identify what land was available for what economic growth for the next 20 years.

The clarity that Council was able to achieve at the outset of the structure plan development meant that resources could be effectively directed at the issues that really mattered. It also meant that the key partners were engaged in the process and its outcomes.

## ALONG FOR THE RIDE

To ensure that the momentum built at the start of the project was continued, Council established a strategic partners' forum. The forum represented a wide range of stakeholders who had significant interests in the commercial and industrial growth issues being addressed by the structure plan. Along with Town Centre Taupo, Contact Energy and NZ Transport Agency, there were other community partners such as Maori trusts, the regional tourism organisation, community and environmental groups, landowners and other agencies such as the Department of Internal Affairs and Waikato Regional Council.

The strategic partners' forum provided Council with a valuable place to test ideas during the policy develop process. This meant issues were identified quicker and the collective expertise and experience of the partners could then be brought together to find innovative solutions.

However the major benefits from the forum were found in the balancing of different perspectives and in the support that they were able to generate in the wider community. In developing such far reaching policy, Council often faces interests groups in the community who have very different views and expectations. This can often lead to polarisation and increasing entrenchment of views as the process moves on. In this situation, having the strategic partners around the table engendered a collaborative approach to issues and a much deeper understanding of the differing perspectives around the table. Ultimately, this led to solutions that had strong support across the partners.

In turn, this strong support from Council's strategic partners transferred into support among the wider community. Those partners, particularly Town Centre Taupo, changed from being passive participants to active supporters alongside Council. This united front became invaluable when it came to communicating Council's objectives and proposed solutions to the community.

## THE CHALLENGES

In a planning sense, Council was trying to balance objectives around proactively opening land for future industrial growth, and removing potential impediments to business development, with concerns over the potential for a flexible regime to enable an out-of-centre retail park.

The district plan had taken a very "effects based" approach to land-use management. In practice, this meant that the industrial zoned land adjacent to the East Taupo Arterial route enabled any activity, including retail, as long as some very basic performance standards were met. A shift in the philosophy of the district plan was required if Council was to effectively manage the distribution of retail activities across the urban area.

In the background, Council had been fielding requests from number of developers looking to secure land and development rights in the new industrial areas for a large format retail park. The risk was real and quantifiable however it increased in scale when a developer signalled a desire to shift the Pak'nSave supermarket out of the town centre to sit next to a new Mitre 10 Mega. These two stores would anchor a new retail park with an additional 5000m<sup>2</sup> of large format retail.

## PROVIDING COMMUNITY AND MARKET CERTAINTY

With a strategic direction on future commercial and industrial growth identified in the structure plan and supported by the strategic partners, Council moved quickly to embed the outcomes in the district plan. Plan changes 28-33 were developed and publicly notified in August 2011, six months after the structure was formally adopted.

This quick plan development process was only possible because of the strong stakeholder and community support generated through the structure plan process and the collaborative strategic partners' forum.

The plan changes provided a completely new set of zones for the town centre, which removed a number of previous impediments to development such as parking and bulk and location controls, and provided more certainty to the market. They also rezoned extensive areas of industrial land on the eastern side of the town. Importantly, the plan changes introduced a very clear strategy for managing the distribution of business activity in the town. The primacy of the town centre as the commercial heart of the town was confirmed and corresponding restrictions on retail and office activity locating in other areas were put in place.

The plan changes made it very clear that large format retailing would be very closely managed with an imperative to locate in the town centre.

## SUCCESS AND ITS KEY INGREDIENTS

Council's strategy embedded in the plan changes was confirmed in a very strong set of recommendations (December 2012) from a panel of three independent commissioners who heard the submissions on the plan changes. Their recommendations emphasised the importance of the town centre to Taupo and the undesirability of an out-of-centre, large format retail park.

The Council decision was appealed to the Environment Court by the retail park developer and the National Trading Company (Pak'nSave). Hearings on the appeals took place in May 2014. Of note, and as a direct result of the extensive community buy-in and support to the process, as well as the quality of the technical information relied upon, no appellant challenged the objectives of the Plan Change – the argument was simply if the proposed developments were better at achieving those outcomes or not.

The Environment Court issued an interim decision in June 2014, and the Court's conclusions provided unequivocal support to Council's strategy for the management of business distribution, and clearly articulated the inappropriate nature of a substantial out-of-centre, large format retail park in the industrial area.

There were many ingredients that combined to create this successful outcome, however at their heart was the support that Council received from its strategic partners. Council focused on getting these partners involved very early on in the process. By enabling them to help scope the nature of the problems that needed to be addressed, Council engendered an early sense of buy-in and also enabled time and people to focus on the aspects that really mattered.

Council's ability to bring the partners along for the journey was critical in building understanding as the strategy for managing business distribution developed. These partner organisations also proved to be very effective at distributing information throughout the community, and importantly, in feeding ideas back to Council.

By bringing them together on a regular basis through the strategic partners' forum, Council was able to test policy development with a wide variety of perspectives. This saved valuable time and ensured that the partner organisations gained an appreciation for the difficult job that Council faces balancing the different views and expectations within the community. As a result of that greater understanding, the strategic partners became some of Council's strongest supporters for the policy changes during the periods of community consultation and then through the formal hearings processes.

## 'MORE FOR LESS'

COMMUNITY  
OUTCOMES  
GAME-CHANGER  
PARTNERSHIPS

## TAUPO – EVENT CAPITAL OF NEW ZEALAND



Events are recognised as being an important part of the identity, economy and energy of the Taupo District. Taupo is known as the events capital of NZ and that is a reputation we wish to keep.

We have built this reputation due to the world class nationally/internationally recognised events hosted in Taupo including Cycle Challenge, New Zealand Ironman, Taupo Summer Concert, Oxfam Trail Walker, Great Lake Relay, Erupt Arts Festival, Sika Show as well as a multitude of Motorsport, Equestrian, multisport and many other events.

We have a positive event culture and reputation for event support that is second to none in New Zealand. So much so that Taupo was recognized in 2010 for its caliber of events delivery by winning the International Festivals and Events Association's (IFEA) World Festival and Event City Award (population under 100,000 category).

Events form a very significant part of the Taupo districts identity and source of pride. Taupo District Council (TDC) is a major driver and supporter of events across our District as events provide significant economic benefits, a positive profile, community cohesion and help make Taupo a great place to live.

To achieve this we work across all aspects of event delivery:

- Venue provision;
- Investment – both feasibility & seed funding as well as provision of non-monetary support such as equipment provision;
- Marketing; and
- Advisory.

However our position as Events Capital has not only happened because of the vision of Taupo District Council it has come out of ongoing strong relationships & collaboration between ourselves event entrepreneurs, local businesses, the community, regional government, National government and international partners. Without these partnerships we would not be in the position we are today.

## GOAL

Events are recognised as being an important part of the identity, economy and energy of the Taupo District. Taupo is known as the events capital of New Zealand and that is a reputation we wish to keep. By investing in events we are looking to maintain this reputation and to increase tourism yield and social capital in Taupo.

## PARTNERSHIPS

While establishing Taupo as the Events Capital of NZ was initially a vision of the Taupo District Council, this was not something that we could achieve in isolation.

Events are inherently collaborative and we would not be in the position we are today without partnerships across all sectors, from the local community to international relationships, government agencies to NGO engagement.

The table below outline the various types of groups we collaborate with and are the key

<b>EVENT OWNER</b>	Private Entrepreneurs Event Committees Local clubs & interest groups Mixed
<b>COMMUNITY ENGAGEMENT</b>	Local sports clubs & interest groups Volunteers
<b>LOCAL BUSINESSES/ IWI ENGAGEMENT</b>	Sponsorship Bulk deals Event industry partnerships
<b>TAUPO DISTRICT COUNCIL</b>	Feasibility funding Seed funding Marketing (RTO Partnership) Venues Advisory
<b>REGIONAL</b>	Regional TLAs Sport Waikato Regional sporting bodies
<b>NATIONAL</b>	NZ Major Events Tourism NZ Sport NZ National sporting organisations
<b>INTERNATIONAL</b>	Embassies International sporting/interest federations

to our success. This is followed by a case studies table on the next page.

## CASE STUDIES

	Chinese Women's Hockey Test	Cycle Challenge	Phoenix Football	Ironman NZ
EVENT OWNER	Taupo Hockey Club in partnership with Hockey NZ & Taupo District Council	Lake Taupo Cycle Challenge Trust	Taupo District Council & Wellington Phoenix	World Triathlon Corporation
COMMUNITY ENGAGEMENT	Taupo Hockey Club <ul style="list-style-type: none"> <li>› Volunteers</li> <li>› Turf</li> <li>› Coordination</li> </ul>	Volunteers	Volunteers	Volunteers
LOCAL BUSINESSES/ IWI ENGAGEMENT	Accommodation deals Event sponsorship & deals	Event sponsorship	Accommodation Sponsorship	Event sponsorship Tuwharetoa Maori Trust Board
TAUPO DISTRICT COUNCIL	Seed capital Free equipment Advisory & coordination Local marketing	Venues Advisory Marketing	Seed capital <ul style="list-style-type: none"> <li>› Free equipment</li> <li>› Advisory &amp; coordination</li> <li>› Local marketing</li> </ul>	Funding Free equipment Advisory Venues Marketing (FMLs, local, VIP hosting)
REGIONAL	Sport Waikato <ul style="list-style-type: none"> <li>› Coordination</li> <li>› Gates &amp; ticketing</li> </ul>		Rotorua DC: passed Phoenix opportunity to us	
NATIONAL	Hockey NZ <ul style="list-style-type: none"> <li>› Coordination</li> <li>› National marketing</li> </ul>	Tourism NZ Bike NZ <ul style="list-style-type: none"> <li>› Promotion</li> <li>› Sanctioning</li> </ul> NZ Major Events Sport NZ (growing numbers study)	Football NZ: <ul style="list-style-type: none"> <li>› Officials</li> <li>› Competitors</li> </ul>	Major Events <ul style="list-style-type: none"> <li>› Retention study</li> </ul> Tri NZ
INTERNATIONAL	Chinese Ambassador & business delegation (TDC hosted)	UCI Golden Bike Series Australian events contra marketing		

## RESULTS

- Event participant number growth 2013/2014 – 5 per cent
- Major events retention & retention of profile as Events Capital of New Zealand
- New events in Taupo: Young Farmers Contest Grand Final, Brazil Women's Football Test, NZ Rugby Under 19s, Chinese Women's Hockey Test, Phoenix Football



# 'MORE FOR LESS'

## CUSTOMER SERVICE DELIVERY

# THE CITIZEN BUSINESS MODEL FOR E-SERVICES COST SAVING

HAMILTON AND ROTORUA ALLIANCE



As more and more customers become used to the web interfaces of other organisations such as TradeMe, online retail, airlines, electricity companies and banks the question is raised 'why can't councils offer the same level of 24/7 access and fast service'? Central government has invested many millions in the large scale service delivery departments such as IRD, ACC, WINZ, and others. Local Government, especially the larger councils, is also responding to the challenge.

In 2009 RDC was in the process of implementing an aspect of its IS Strategic Plan and had commissioned consultants to develop a Digital Platform Strategy to provide an online customer service. Coincidentally HCC had engaged the same consultants at the same time to answer the same question.

The key managers of each council met and agreed to explore a business plan to work collaboratively rather than independently. A shared business case was drafted and accepted by both councils.

It was decided to choose a project to act as the pilot test for the alliance. A pressing issue was the migration to an online service for dog registration – the biggest single (one week) annual customer service event for any TLA – which has obvious cost saving and service improvement benefits for customers and councils. Following the successful rollout the project was extended to develop a suite of other additional services called Citizen, which are available for other councils to license at low cost.

## THE MANDATE

For Rotorua District Council the key focus of the 2012-2022 Long-term Plan (LTP) is:

- **Theme 1:** Economic prosperity - council investment focused on contributing to the district's economic growth.
- **Theme 2:** Environmental improvements - a sustainable and targeted contribution to improving the district's natural and built environment.
- **Theme 3:** Continuous business improvement - a council that is focused on customer services with continuous productivity improvement.

RDC's partnership work with HCC and its new approach to continuous improvement is clearly stated in the LTP under Theme 3. Keeping rates increases at low levels and improving services is also intended to support economic prosperity in the district.

RDC has also adopted the Lean Thinking productivity and continuous improvement business concept which means doing things 'better, faster, easier and cheaper.' Strategic projects

identified in the LTP include the investment RDC is making in the council's website, making it easier to interact and do business with the council on-line.

RDC has signalled to its community a change from general shared service development to direct partnerships with other councils – noting this work with Hamilton City. Business process improvements and rationalisation across councils will provide more opportunities in the future to share services and reduce costs.

While TLAs are pursuing 'more for less' change management strategies, so is central government via the 'Better Public Service' programme and the Prime Minister's Result Goals. The following BPS goals are directly applicable to local government:

**Goal 9.** New Zealand businesses have a one-stop online shop for all government advice and support they need to run and grow their business.

**Goal 10.** New Zealanders can complete their transactions with the government easily in a digital environment.

The issue for TLAs is how to migrate customers from 'postal and over the counter services' to online service delivery at lowest cost? Since all TLAs are required to deliver essentially the same services, what would be the most cost effective approach for the development and implementation of e-services to replace postal and 'face to face' over-the-counter services? Certainly councils vary by size and complexity, but most would accept that collaboration possibilities, to save money between councils with very similar requirements, should be explored.

## THE SOLUTION – THE CITIZEN E-SERVICES DEVELOPMENT ALLIANCE

As is well known, the ICT development costs for fit-for-purpose agency solutions can be extremely expensive, and in some cases turn into a cost/benefit disaster. The leaders of this project wanted to minimise the cost in development, hold the projects accountable for return on investment, and avoid paying to reinvent the wheel. So HCC and RDC jointly established an e-services 'alliance' to work together to save costs and increase service - the 'more for less' mantra. Discussions were held with the Department of Internal Affairs and Department of Building and Housing during project definition to understand the role of central government in the establishment of online services for local government.

The decision to pursue a series of online services together was based on the key anticipated benefits of:

- A higher level of customer service to the community through provision of an additional and alternative service delivery channel
- Long term cost savings (efficiency gains) enabled through a self-service mechanism (eg less manual and in-person handling of transactions)
- Short and long term cost savings from sharing resources and development costs
- Standardised common business processes leading to business efficiencies
- The potential to provide the service to other councils

The pilot project Dogs Online service went live in Rotorua on 1 June 2012 and in Hamilton on 18 June 2012. In each territory 25% to 30% of dog owners registered their dogs using the new service. A post implementation review has since been conducted revealing that the pilot has met its financial targets

## THE CITIZEN BUSINESS MODEL – AVAILABLE TO OTHER TLAs

Hamilton and Rotorua have developed Citizen as a suite of e-services with a common user interface, albeit within two different council systems. This creates an opportunity for 'centres of excellence' to arise between the councils with one potentially providing an end-to-end processing service on either system.

Also, a unique business model for Citizen has been developed by which funding of any new project must justify itself in terms of return on investment to both councils.

It also allows other councils to get access to the platform and save their own development costs, and the risk of reinventing the wheel.

- TLAs own the product so you can join the club in order to access the product via a service – which is very economical. The users are the client group that oversees the continued development of the product.
- IP ownership was retained in the shared services entity to maintain control over product evolution and prevent vendor lock-in
- The services are hosted in an All of Government approved data centre provided by Revera.

## WHERE TO FROM HERE - A REFERENCE ENTERPRISE ARCHITECTURE FOR LOCAL GOVERNMENT?

The Citizen project has been successful in the benefits it has already delivered to Hamilton and Rotorua councils and their customers.

But just like other customer-centric sectors we all need to leap ahead in our thinking and foresee where communications technology and user behavior will be in 5-10 years' time. For local government to be truly efficient and effective for its customers, to be truly low-cost, it needs a vision of the future backcast to today, rather than just be developing solutions that will be out of date.

So given the ever increasing speed of technology disruption from innovation in applications and mobile devices, what does the future hold for local government?

- Cloud computing will become ubiquitous, technology management will become increasingly a non-issue - your IT system could be split between a system for documents in Singapore, one for Finance in Sydney, etc - a government app store will eventually evolve with options around a suite of pre-integrated solutions.
- In 10 years a small council in New Zealand can get on an iPad and select its pre-configured application suite. You won't need an ICT department to implement or integrate. Standardisation and best practice will be taking the complexity out of local government.
- The development of a reference enterprise architecture for the local government sector of New Zealand will facilitate this evolution.

### REFERENCE DOCUMENTS

- » *RDC Information Systems Strategic Plan*
- » *Transformation Through Shared Services HCC and RDC Business Case*
- » *Memorandum of Understanding Relating to the Information Technology Shared Services Programme between Rotorua District Council and Hamilton City Council*

### CONTACTS FOR FURTHER INFORMATION

#### **Rotorua District Council**

- » *Jean-Paul Gaston, Group Manager, Strategy & Partnerships*  
07 351 8302  
[jean-paul.gaston@rdc.govt.nz](mailto:jean-paul.gaston@rdc.govt.nz)
- » *Charles Burns, Information Solutions Manager*  
07 351 8171  
[charles.burns@rdc.govt.nz](mailto:charles.burns@rdc.govt.nz)

#### **Hamilton City Council**

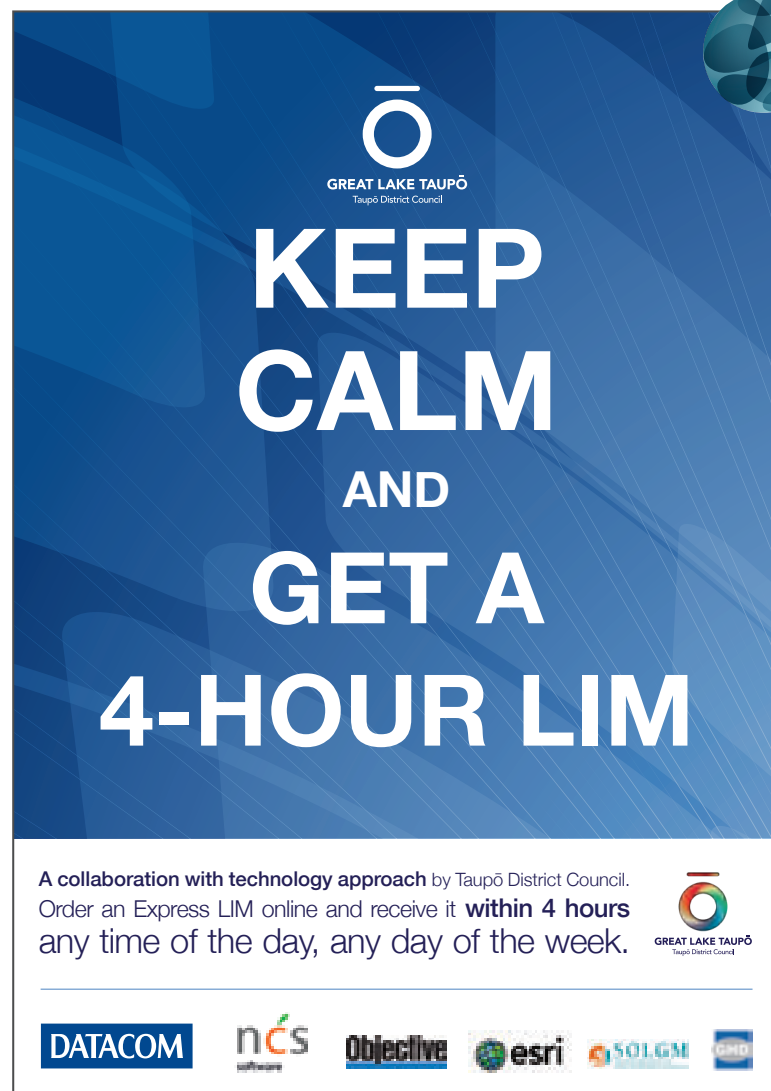
- » *Oliver Whiu Te Ua, General Manager, Organisational Development*  
07 838 6626  
[Olly.TeUa@hcc.govt.nz](mailto:Olly.TeUa@hcc.govt.nz)
- » *Eion Hall, Chief Information Officer*  
07 838 6531  
[eion.hall@hcc.govt.nz](mailto:eion.hall@hcc.govt.nz)

**'MORE  
FOR LESS'**

**CUSTOMER  
SERVICE  
DELIVERY**

## DELIVERING FULLY AUTOMATED LIMs

A COLLABORATION WITH TECHNOLOGY APPROACH



**KEEP CALM AND GET A 4-HOUR LIM**

A collaboration with technology approach by Taupo District Council. Order an Express LIM online and receive it **within 4 hours** any time of the day, any day of the week.

DATA COM ncs Objective esri SOLGM GHD

Prior to the launch of the new online Land Information Memorandum (LIM) service, Taupo District Council (TDC) was exceeding the statutory 10 day service delivery timeframe on a regular basis and the average time to produce a LIM had increased significantly resulting in customer complaints. As the demand for LIMs continued to increase and the service levels further decreased we had two options:

- Add extra staff resources to produce LIMs faster
- Use technology to meet the demand

The Council decided to proactively investigate how technology could deliver a fully automated LIM service. The goal was to deliver a LIM within four hours 24/7. This meant every component of a LIM had to be available in an electronic format. The new solution not only has the capability to generate a LIM with no staff input at all, but also means customers can apply online and choose the service they require. An added bonus is that customers with an existing Council debtor account can charge it back to that account, which provides a streamlined automated process with no staff input.

The service has been well received by the public and the real estate industry. Bayleys Taupo Director Yvonne Westerman says the service has quickened the processing of sale and purchase agreements conditional upon a LIM, which make up 99 per cent of sales. “I congratulate Taupo District Council on their efforts which have made a huge difference to real estate agents in Taupo and Turangi with ordering LIMs,” she says. “This streamlined service offers agents a quick turnaround.”

Council Chief Executive Rob Williams says it is a great achievement that shows Council is at the forefront of emerging technology and working hard to use it. “This has been several years in the making and reflects the hard work and dedication of Council staff in finding innovative ways to do things,” he says. “Council’s proactive approach to property information has made this possible.”

## STRATEGIC CONTEXT

The organisation’s vision and strategic direction is to provide online services with technology automation to improve the customer experience introduce new service levels improve efficiency.

This project delivered the above and also had the following benefits:

- Introduced two additional service delivery options (express four-hour, 24/7 and urgent 3-5 business days)
- Improved business processes to ensure data quality
- Data proactively reviewed to meet demand prior to a LIM application being submitted
- Achieved service delivery timeframes
- Offered alternative ways for customers to receive their LIM
- Improved customer satisfaction and user experience
- Environmentally friendly (delivering LIMs via an online solution)

## THE SOLUTION

The project developed a solution that delivered collaboration automatically, which included using the document management system and also relies 100 per cent on information held within the three core IT systems.

The new solution does however have risks associated to it. The ‘express service’ relies on the data being up-to-date on the particular property otherwise customers may receive incorrect information.

TDC recognised that when data is ‘reviewed’ and marked as clean, it does not mean it will continue to stay that way as areas across the business are continually adding and changing information across all the systems.

To mitigate the risk the project developed a report to identify ‘reviewed’ files where information had been added since the date the data was last checked so that the data would be continually audited and updated. This is a key process to ensure on-going data integrity and the report will only grow over time as more properties are ‘reviewed’.

This also aligns with the Councils strategy to improve the data integrity rate and also provide open clean data

## FAST DELIVERY USING AGILE METHODOLOGY

The project was delivered in under a year using Agile Methodology. It also required heavy involvement from three vendors which required close collaboration between all the teams and a high level of project management to meet deadlines across vendors and internal council teams. This was to ensure the delivery of customer expectations. It also required the commitment of the organisation business time and everyone to work as a team.

The delivery of the project as a shared service was imperative, as was the development of the solution to include the requirement to put our property files online. It has achieved both.

## CHANGE MANAGEMENT

Due to the change of process to produce a LIM and the new solution the staff members who previously produced LIMs had to adapt to the new way of doing things which involved a change of process and understanding of data. The solution has provided the role to become far more focused on data integrity and data management. This has been a success as we are

finding staff to be more passionate about the data they are involved in throughout their day at work which also results to educating other staff across the business.

Due to the project being delivered using the Agile Methodology it meant understanding the requirements and breaking down the development needs. This involved a range of business, vendor and customer workshops which also included external customer validation. This involved meetings and demonstrations with local businesses that would be using the online service.

To keep track of all the different vendors' developments and what needed to be done internally the project team had weekly meetings (Agile stand ups) at TDC which senior leaders and stakeholders were invited to attend. It also included monthly project updates to the senior leaders.

Closer to the project going live the team began holding additional meetings (stand ups) to manage the testing phase. This meant the project manager was fully informed of what was and was not being worked on, and could address any issues.

In the lead up to the project's launch, TDC involved internal and external customers in user groups to include their final feedback on the finished product in order to make the finishing touches.

As we worked with a range of different vendors located out of Taupo, processes had to be clearly outlined at the beginning of the project to understand how we would communicate project updates and issues as we came across them in testing. It also required the Project Manager to coordinate vendor communication. We managed an in-house task tool along with an Agile stand-up board and used vendor's issues registers.

## BETTER SERVICE AT LOWER COST

Before the LIM project was delivered TDC only offered a 10-day service on LIMs, which was being exceeded on occasion. TDC had also only budgeted for one staff member to produce LIMs but the process was using 2.5 staff members to meet the demand. The staff preparing the LIM would check and make changes to the data on the LIM template for that particular LIM, but not fix the source data. Now with the data being fixed at the source the quality of the information is improving and future LIMs will become more and more automated.

The new LIM solution has not only reduced the staff involvement to one staff member, but also offers a 3-5 day urgent LIM service. TDC is the first council to offer a 4 hour, 24/7 LIM service, which means customers can order a LIM outside of council hours on selected properties that have been proactively reviewed. To do this, staff use TradeMe to search the latest property listings to then proactively review them as these have a high chance of requiring a LIM. Local agents also let us know if they have a popular property they would like us to proactively review.

The service was made possible by TDC's proactive approach to property data collection. This involved reviewing all current data stores and moving it to one of the three core systems - e.g.: engineers previously worked out of spreadsheets. If the information is incorrect or not managed in the right way in each of the databases then it is required to be fixed at the source of the truth. The new four-hour express service is the first to be introduced in Australasia and processes LIMs 24/7 online. It's a super fast service that can only be accessed online.

The project has been available to the public for 1 year now and this has immediately saved the time of 1.5 staff that would have otherwise been required in the LIM production team. We have received applications for the new express four-hour service from customers coming across the service via our website. Along side this we have also seen an increase in the relationship between LIM sales and house sales altered slightly. In 12/13 LIMs represented only 77 per cent of house sales. In 13/14 LIMs had increased /house sales had dropped so LIMs represent 84 per cent of total house sales. The gap has closed. More LIMs, less house sales.

The project was delivered on-time, within budget and meets customers expectation.

This project has required a huge amount of commitment to change business practices in a positive way regarding information management. Staff now understand the need to ensure all information is saved in the correct place, named the correct way and also updated at the source. It has become evident through out the project and now in business as usual that staff

are more passionate about their data and truly understand why data is the most important part of the future of LIMs.

Interest in the project from Councils, vendors and customers has been positive, with many requests for demonstrations from both NZ and Australia. Importantly it has proven that what is for many councils a complex manual process has been solved using tools and technology. The Taupo solution is not an online form, there are no 'smoke and mirrors' it has achieved the back end systems integration needed to smartly deliver an automated solution.

## 'MORE FOR LESS'

CUSTOMER SERVICE DELIVERY

# COUNCIL ACCOUNT MANAGER FOR NEW BUSINESS INVESTMENT



South Waikato Council has two overarching goals- creating new jobs, and promoting the District. Of critical importance is the ability to attract new business investment. It is vital to stand in the shoes of the potential investor to understand what the issues are their point of view as to whether a decision to invest is positive or negative.

Companies report a key factor in a decision is the consenting process with all of its various strands from environmental issues, District Plan, building regulations, and many other considerations.

South Waikato Council wondered whether it could make it easier for companies to get through the processes, particularly with big investments, which can deliver significant job creation. From an investor point of view the cost and complexity of the consenting process can be a deal breaker. One reason is the complexity, from the company's point of view, of having to deal with many different people in council, who each hold the responsibility for just one part of the whole process. Council noted that it is common commercial practice B to B (business to business) for a supplier to appoint an account manager for a significant customer. The advantage for the customer is that there is one person dealing with all the matters applying to that account, rather than he or she has to deal with managers in different departments across the supplier company.

Council decided to trial a similar approach for potential investors. It appointed Craig Hobbs, CEO of the Council, to be Business Case Manager for the largest investor in the region, namely Fonterra which was considering a possible major investment at its Lichfield plant, near Tokoroa. The role was to liaise with the company's management through the various regulatory processes within Council departments required for an investment to get consented and thus able to be approved by the Board of Fonterra.

This commitment by council has been a positive factor for the recent decision by Fonterra to commit to build another large milk powder drier at Lichfield in Waikato, creating 50 jobs, (Radio New Zealand -June 21). This plant will be the biggest of its kind in the Southern Hemisphere.

## THE CONSENTING CHALLENGE FOR COMPANIES LOOKING TO INVEST

One of the South Waikato District Council's goals is job creation. It is acutely aware that a corporate Board decision to invest is driven by many factors which collectively create an assessment of overall Risk and Return on investment on which the decision is made. One of the key factors for a manufacturing company like Fonterra is assessing the risk and cost of a successful consenting process, which covers all the different regulation compliance and consents required including land use, construction, water, waste, roading, noise, air emissions etc.



From the company's point of view the process is very complex and involves dealing with a variety of council staff and management in different departments, as well as Regional council and other authorities. Companies worry about the costs of the process, but they really worry about the out of pocket costs, but of even more concern is the cost of the time involved, and the risks of significant delays in the process. The diagram below from Ministry of the Environment shows some of the complexity involved.

## FONTERRA- JOB CREATION OPPORTUNITY

Fonterra is a major investor in rural New Zealand, including the Waikato. It is the world's largest exporter of dairy commodities. In June 2014 it forecast lower milk payouts to farmers which will add about \$2.6 billion to the NZ economy in the next 18 months.

The diagram below shows the range of those investments especially in milk powder and cheese production plants, including Lichfield in the South Waikato.

The growth in dairy farming in New Zealand has been a remarkable success story. Internationally the demand for dairy products has experienced a rapid growth in the past decade. Jacqueline Chow, director of Global Brands and Nutrition at Fonterra, says 'demand for milk shows no sign of abating with the world expected to require another 100 billion litres by 2020. Consumption is being driven by a burgeoning middle class in emerging economies, ageing populations, a move towards natural, high protein food sources and scientific innovation in dairy...China is an obvious source of this demand, but it is happening across the globe, particularly in developing nations that do not have a local supply to meet the dairy demands of their own populations,' she said.

## BUSINESS CASE MANAGER

The South Waikato district council has appointed its CE, Craig Hobbs, to act as a single point of contact with Fonterra instead of the company having to deal with multiple points of contact given the many different aspects of the total consenting and compliance process. Communications manager Kerry Fabrie said 'we want to drive efficiencies for both the customer, the council, and ultimately the community by realizing our strategic objectives'.

Fonterra are exploring a potential investment at its Lichfield plant which could generate hundreds of jobs for South Waikato and signal a major investment in the district's future. The estimated \$300 million upgrade to the dairy company's plant involves installing a new milk powder drier and could be a ticket to full-time employment for 50 people on completion but around 800 during its construction phase. The major development has been in the pipeline for months but Fonterra recently submitted a resource consent to the South Waikato District Council to move ahead with the project.

South Waikato mayor Neil Sinclair said he would be surprised if the project did not go ahead and said it would be a "major investment" for the district and the industry. 'It's a recognition of the dairy industry here.'

Fonterra Central Waikato operations manager Julio Rodriguez said labour and contractors would be sourced from the district. He said there was no way to put an exact figure on the total cost of the project but compared it to Southland's Darfield dryer. The D2 dryer at Darfield is the largest milk powder dryer in the world. "To have a development like this at my facility is exciting, a 4.5 million litre drier is just fantastic," Rodriguez said. The project is yet to gain approval from Fonterra's head of directors but he said there had been positive response from every direction. (Waikato Times June 24 2014)

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# 'MORE FOR LESS'

## CUSTOMER SERVICE DELIVERY

# HOW TO OPERATE SUCCESSFULLY WITH LIMITED RESOURCES

## COLLABORATIVE LATTICEWORK IN EASTERN BAY OF PLENTY



What really drives collaboration and connectedness between councils? One powerful driver is where the councils concerned are small and thus have to 'cut their cloth', but still deliver appropriate services that a community wants and is willing to pay for. The eastern Bay of Plenty is made up of the Whakatane, Opotiki and Kawerau District Councils which have developed a complex latticework of collaboration, cooperation and generosity enabling them to serve their communities well without compromising their governance independence. It is interesting to note that all these arrangements are designed to save on costs via economies of scale as well as 'finding cheaper ways to get the result', and still improve customer service.

Like other small communities in New Zealand the eastern Bay perspective is different, by necessity, from its city and regional council cousins. Small councils have a much smaller workforce, which means people may have to 'muck in' and multi-task to get the job done, rather than just follow their job description. This can lead to a higher level of innovation and flexibility than in larger councils; 'necessity being the mother of invention'. It also means that bigger, better-off neighbour councils may need to help out at times with specialist staff expertise which can be difficult to attract for part time roles. This includes ICT, Planning, Consenting, HR, Communication and other corporate service areas.

Small Councils also provide a learning opportunity for specialist staff from larger councils who can find themselves in sole charge roles, with a greater level of decision-making ability, and a wider responsibility than they may be used to. This process also helps to promote consistency across a region, and allows skills to be more widely shared. It also helps the larger Council to maintain scale and broader expertise in key functions.

### THE EASTERN BAY 'LATTICEWORK'

The eastern Bay sub-region consists of the Whakatane District Council, Opotiki District Council and Kawerau District Council as shown in the map above. Recently these councils in conducted a stocktake of the many shared service arrangements and collaborations currently occurring. Findings of this stocktake were that:

- There were a lot more operating arrangements than most people had realised;
- The collaboration covered a very wide range of local government functions;
- The arrangements in place included governance structures, major Joint initiatives and management initiatives;
- Bay of Plenty Regional Council staff sharing arrangements with smaller councils were highly cost effective, as well as having unexpected benefits for the Regional Council;
- Things worked best for all concerned where there was a practical approach taken to address the challenge at hand, a willingness to do what would work best and concern for cost effectiveness, rather than simply following tradition;
- The most successful shared services had an undercurrent of generosity of spirit between the people and organisations concerned.

## GOVERNANCE STRUCTURES

There are a wide range of governance structures in play covering such things as economic development, Civil Defence, transport, road safety etc. These structures are generally supported by an agreed terms of reference, and an appointment process. The joint governance structures in place range in scale and scope, and involve elected members. These include:

- A range of LGNZ structures (National Council, sectors, zones etc)
- Upper North Island Strategic Alliance (four northern regions)
- Triennial Forum (Regional plus Taupo and South Waikato)
- BOP Civil Defence and Emergency Management Group (Regional)
- Land Transport Committee (Regional)
- Bay of Connections Governance Group supported by a management group (Regional and wider).
- Eastern Bay of Plenty Joint Committee (sub-Regional)
- Eastern Bay of Plenty Road Safety Committee (Sub-regional)
- Rangitaiki River Forum (BOPRC, WDC and relevant iwi)
- Ohiwa Implementation Forum (BOPRC, WDC, ODC and relevant iwi/hapu), supported by a group of staff (Ohiwa Strategy Implementation Group).

## MAJOR JOINT INITIATIVES

There are a number of major Joint Initiatives across the member councils. These generally have some sort of Memorandums of Understanding or some other formal agreement or mandate.

- Equip- National 'Centre of Excellence for Infrastructure and Service Provision';
- Local Alcohol Policy (LAP) development, District Licensing Committee and operational procedure for the Sale and Supply of Alcohol function;
- Eastern Bay of Plenty Spatial Plan development;
- Motu Trails (Partnership between Opotiki District Council, Whakatohea, Gisborne District Council and Department of Conservation);
- BOPLASS – a shared procurement and services company owned by the Councils of the Bay of Plenty, Gisborne and Taupo;
- Toi-EDA – Economic Development Trust with decision-making board and staff resourcing;
- COBOP – a network of cross sector managers.

## MANAGEMENT INITIATIVES TO ADD VALUE

A range of existing management initiatives also seek to add value by sharing activity costs, ensuring efficiencies, or providing access to specialist expertise. Management initiatives will also usually have contracts or service level agreements. At a less formal level (and not captured in this list) there are a range of staff forums that provide for information sharing.

#### IT Provider for ODC/KDC

- Bay of Plenty Regional Council provides all IT and phone systems (except Ozone) through a level of service agreement
- This provides access to an enhanced level of expertise, including business solutions
- Electronic document management system support
- Integration of systems and software enables other staff support more efficiently.

#### Human Resources Advisor

- Bay of Plenty Regional Council provides a Senior Human Resources Advisor one day per week to ODC and KDC.
- The benefits include access to specialised expertise as needed on a cost basis, databases, templates, policies, procedures etc. on a cost recovery basis.

#### Communications Advisor

- Bay of Plenty Regional Council provides a Senior Communications Advisor to ODC and KDC for one and a half days each per week.
- This provides access to existing media relationships, contacts etc.
- Enables joint coverage of common issues at shared cost.
- Benefits in Civil Defence situations when the advisor becomes a Public Information Manager.
- Website, social media, internal systems easily accessible to Communications Advisor.

#### Civil Defence Service

1. Group Emergency Management Office at Bay of Plenty Regional Council. This is mandated by statute, and managed by a Joint Committee of Managers (CEG), including non-Council, and governed by a Joint committee of Mayors and Regional Chair (noted in Governance structures above). All Councils contribute to the costs and management of the Group office.
2. Shared Eastern Bay of Plenty Arrangement: Shared staff member employed by WDC, and KDC.
3. A pool of cross delegated controllers is being developed to provide increased capacity.

#### Road Safety Service

1. Governance provided by a joint committee, including elected members.
2. Contracted service of a shared officer and programme across Eastern Bay of Plenty. This is managed by WDC.

#### Economic Development

1. Bay of Connections Governance Group supported by a Management group.
2. Toi -EDA
  - › A high calibre board
  - › Employs a secretariat and consultants on an as needed basis
  - › Opportunities to share ED staff across the sub-region.

## BUILDING AND CONSTRUCTION

#### Lakes Coast Building Cluster Group

This cluster group was initially formed to develop a consistent approach in the preparation of quality manuals and associated systems and processes for building consent authorities to achieve registration and accreditation and for other building control functions.

The group has continued to develop consistent approaches to the delivery of forms, policies and manuals. KDC has a shared service agreement with WDC for delivery of building control functions supported by a contract (also with WDC) for delivery of services beyond the scope of the agreement, such as complex building types.

ODC has a contract for backup support with the Western Bay of Plenty and Gisborne District Councils and is in discussion with WDC for similar contract.

### **Eastern Bay Local Alcohol Policy (LAP)**

The eastern Bay of Plenty councils have developed a LAP which specifies opening hours and location restrictions for on license and off-license liquor outlets, and a shared District Licensing Committee (DLC). While the DLC holds delegation under the Sale and Supply of Alcohol Act, the Councils entered into a Terms of Reference (ToR) with the committee that ensures issues such as the approval of new premises licenses must have a representative from the affected community on the DLC. The ToR provides advice on what matters should be considered and what types of applications should have a public hearing.

### **Rural Fire**

The three eastern Bay of Plenty Councils are party to an agreement which allows each party to seek assistance for fire suppression within the Pumiceland Rural Fire Authority. There is also a separate MOU between DOC and WDC and ODC for fire suppression backup. All Councils have agreed to develop a Central North island enlarged rural fire district proposal.

### **HSNO**

- KDC, ODC and WDC have a joint contract with a private consultant to provide response and advice in responding to Council's responsibilities under the Hazardous Substance and New Organism Act.
- This contract enables each Council to have access to a resource with the necessary expertise to assist in the relatively rare occasions that service is required.

### **Sports NZ - Active Communities Partnership**

- The 'Take the Lead' project is a WDC led initiative in partnership with Sport NZ, Sports BOP and the other eastern BOP Councils
- This Project aims to develop sports leadership skills in 13 to 20-year -old girls.
- 'Virtually on Track'- a Sports BOP project with TLA's to promote outdoor activities on Council/DOC infrastructure

### **Environmental Programmes**

- BOP Coast Care is a partnership between four coastal district councils (including ODC) and Bay of Plenty Regional Council
- Ohiwa Harbour Management Strategy – partnership between ODC, WDC, BOPRC and Iwi to provide integrated governance and management of Ohiwa Harbour.

### **Shared Office and Facilities**

ODC shares its i-Site facility with DoC, Nga Whenua Rahui, and Bay of Plenty Regional Council.

### **Rates**

- All three TAs collect rates on behalf of Bay of Plenty Regional Council.
- Procurement of rating valuation services.

## **CONCLUSION**

The eastern Bay sub region has developed over time a latticework of collaborative and shared service arrangements and structures delivering many of the benefits of standardisation, economies of scale, efficiencies and cost saving which are the goals of all councils. The underlying driver is finding a way of delivering services that the local community want, in a cost effective way, while retaining local governance and close access by the community to its elected representatives and the people delivering the services.

## 'MORE FOR LESS'

### CUSTOMER SERVICE DELIVERY

## SOUTH WAIKATO MEDICAL HUB

REFRAMING A POSSIBLE LOSS OF A LOCAL HOSPITAL INTO AN OPPORTUNITY TO IMPROVE HEALTHCARE FOR THE COMMUNITY



When the DHB announced a decision that they were looking at the financial viability of the Tokoroa hospital, the community felt insecure about possibly losing a secondary healthcare service, particularly with hospital care in Hamilton a daunting 90 kilometres away. Added to that was the under-utilised facility and the spread of health care services in Tokoroa. The Mayor and CE decided to take leadership by acting as facilitator with the wider health community of providers to explore their issues in their individual practices. They identified that despite the population decline in Tokoroa there has been no drop off in the health needs particularly amongst its Maori and Pacific Island communities. Diabetes, cardiovascular disease, congestive heart failure, and rheumatic fever are all at a higher prevalence than the national average. It was therefore critical for the community to fight to retain a local hospital service if at all possible.

But could the threat of closing the hospital be reframed as an opportunity to re-consider the method provision of all health services, and open up new benefits? Was there a combined solution which would also 'tick the boxes' of each party, including the community?

Discussions between the key players, including Raukawa and Pacifica groups generated an idea that had not been considered before, namely bringing the different health practices together onto the Hospital site. Benefits included cost reduction and the multiple synergies for practitioners as well as for patients that arise from different health practitioners operating from the same facility. The solution crystallised into a proposition for Tokoroa Hospital to become a full Medical Services Hub which attracted new investment funding from the DHB of \$2.1 million. This would gather all the key services and providers under one roof, and in so doing create a win-win business case which avoided the need to shut the hospital.

### THE PROBLEM

Tokoroa Hospital was opened in 1969. It sits on a large campus which includes a range of other buildings, several of which are tenanted by community groups.

Two ward areas were added to the main hospital block in anticipation of a higher volume of inpatients but were never used to their full extent, as the focus of health has increasingly moved from long stays in hospital to prevention, early detection and where possible care management in the community.

For this reason, Wards 3 and 4 were under-used and eventually “moth-balled” to conserve resources.

The Ministry of Health needed to shut the hospital in Tokoroa to save costs but this would deprive the local community of substantial benefit in access to secondary health care. The population of Tokoroa had decreased from 18,000 to 13,000 over the past two decades, reflecting the decline of the pulp and paper industry which had reduced demand for secondary and tertiary care. The community had also been facing a primary care problem common to rural areas – population aging, general practitioners approaching retirement, and difficulty of attracting younger doctors to replace them.

## THE SOLUTION - SOUTH WAIKATO HEALTH CENTRE

There had been growing efforts from Tokoroa community to look to the future of its health needs and how those could be met. The South Waikato District Council was able to act as a catalyst to bring the many parties together across the health care spectrum from prevention, primary care, specialist services, community services, and secondary care. This included:

- Raukawa Trust Board
- Midlands Health Network - a Public Health Organisation (PHO) with three GP practices in Tokoroa , and numerous other practices in the central north island
- South Waikato Pacific Islands Community Services
- South Waikato District Council and Mayor
- Waikato DHB

This solution fitted with the Ministry of Health’s strategy for clinical integration - providing joined up care across primary and secondary services, with resources flowing to where they are most effective so patients get their care sooner and close to home. The local stakeholders realized that the situation could be reframed from ‘shutting down an uneconomic unit’ to ‘fulfilling the national strategy for clinical integration’. On this basis the DHB made the decision to make a new investment of \$2 million in facilities at Tokoroa, rather than shutting it down.

This reframing meant that the two unused wards could now be an advantage rather than a problem because they could be refurbished for the use of new tenants who would come into the hospital, thus saving the cost of building new buildings.

The South Waikato Health Centre was opened in January 2014 as and all indications show that it is a real success - both tenants and patients have been enjoying the benefits of the new facility. A major threat to the community has been successfully reframed through coordinated collaboration; translating into a far better outcome for the long term benefit of the community and it serves as a model for rural health care service delivery.

South Waikato Health Centre brings together Tokoroa Hospital, GP practices, a new pharmacy and several other health services into a modern campus that will help meet the current and future needs of Tokoroa and the wider South Waikato community. With almost \$2.1 million capital investment from Waikato DHB (which will be received from tenants as lease costs), two unused wards have been refurbished into modern facilities that house a medical centre and a family GP practice, a pharmacy, and a wide range of other primary health services. The total site is now home to:

- Tokoroa Medical Centre (three combined Midlands Health Network medical practices)
- Community Dental Clinic
- Tokoroa Health Ltd GP practice
- DHB’s hospital and community physiotherapy team (and gym)
- Plunket
- Independent midwives
- Te Puawaitanga o te Pua room “time shared” by Raukawa’s mirimiri massage, a community podiatry clinic and some South Waikato Pacific Islands Community Services (SWPICS)
- DHB blood test collection and sample drop-off
- A new Unichem pharmacy

## RESULTS AND BENEFITS

When the decision was made by GPs to co-locate, one doctor cautioned 'if you jump into bed with an elephant, you could be squashed. The elephant doesn't intend to squash you, to be fair to the elephant'. But after a few months it looks as though the marriage is going well. All of the health providers who have joined in the new facility have experienced many benefits, including:

- reduced property costs for practitioners, as well as the hospital which now has rents from tenants it did not have before
- services are gathered in one place easier for the community to access
- more opportunities (formal and informal) for sharing information and professional knowledge, and inter-professional learning and practice
- upgraded physical and technical environment
- opportunities to improve ways of working (the Tokoroa Medical Centre operates the new Midlands Health Network model of care)
- easier to attract new health professionals to a "health hub"
- improved support for chronic patients who frequently use secondary services through improved engagement among secondary, primary and community clinicians
- potential for a multidisciplinary team approach and the development of agreed patient flow pathways
- improved connectivity with the local community through stronger links with Maori and Pacific health providers and potential for collaboration.

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# 'MORE FOR LESS'

LOCAL/CENTRAL  
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## MOTU TRAILS CYCLEWAY

SEIZING THE DAY



In 2009, Prime Minister John Key announced a commitment to construct a national cycleway through New Zealand arising from the Job Summit. The Ministry of Economic Development then launched the New Zealand Cycle Trail project, Nga Haerenga, with a limited contestable fund to support it. The main objectives of the project were to:

- Generate short and long term economic benefits – including employment
- Provide a high quality asset that offers a world class cycling experience and enhances New Zealand's competitiveness as a visitor destination
- Maximise complimentary benefits e.g. health, environment, commuters and events sectors and Engage local communities

Opotiki District Council saw this project as an unexpected and one-off chance to create jobs, a new recreational resource for the community, and a potential tourism opportunity. But there was an enormous challenge to be overcome in just getting a local project off the ground, which would make the difficulty of actually constructing the cycleway look minor in comparison. The Motu Cycle Trail project was unplanned and unbudgeted, and would require a complicated partnership to be formed between different organisations who would need to work closely with each other, and make quick decisions. It would have to be planned well in order to create a winning proposal for the contestable funding, and it would need to find wide support in an impoverished community who had not asked for it, and would now need to help pay for it. The challenge facing the project to move from an idea into a reality was described whimsically by Project Leader Mike Houghton as 'could a fish ride a bicycle'?

But against all odds the proposal was successful. A partnership was quickly formed with Opotiki District Council as lead agency, responsible for liaison with MED. The other key partner agencies and co-funders who committed to the project were Gisborne District Council, the Department of Conservation and the Whakatohea Maori Trust Board. All those concerned were excited by the vision to really do something special for the area, being fully aware that this was a one-off opportunity where delays and time consuming processes could potentially sink the project. The partners worked for three years on the project which has constructed a 120 kilometre recreational cycle trail traversing Opotiki and Gisborne Districts, and linking seven small rural communities.

## THE CHALLENGE

Councils work to Annual Plan budgets that are consistent with a 10-year Long Term Plan which in turn are reviewed every three years. The Cycle Trail Project and the associated limited contestable fund was as unexpected as it was unplanned and unbudgeted. Multiply that across four Partner Agencies none of whom had anticipated the project in their strategies. Further complicate this by considering the Partner Agencies consist of a Unitary Authority; a Territorial Authority; a Government Department and an Iwi Trust Board each enabled and constrained by quite different legislation and each with separate Strategic Plans. To get the agreement of the four agencies and the Feasibility Study (or funding application) completed within three months seemed extremely unlikely.

## THE SOLUTION – SEIZE THE DAY

In order to be in with a chance of being awarded the MED funding the partners had to produce a winning plan in just three months. It was this ‘burning platform’ which became the driver for all the partners to work together at an abnormal speed because the project had to be escalated to being a priority or it was not worth even trying. This meant staff had to make the time to do it, on top of existing workloads .

Opotiki quickly appointed one of their managers to lead the process. A concept plan was formulated which caught the interest of the Ministry. Each agency found linkages in their LTPs or strategic plans to keep the project alive. Planned goals such as; provision for walking or cycling infrastructure or active/ healthy communities; visitor assets; supporting, community aspirations, culture or the environment were able to be incorporated within the Motu Trails project plan. Whilst the MED funding was crucial it was however assisted by co-funding contributions from the Partner Agencies against already budgeted items – items that were already included in the various Annual Plans albeit without any knowledge that the NZ Cycle Trail was coming round the mountain.

The wheels started spinning and the proposal was refined eventually linking an almost forgotten trail through DOC administered conservation estate, a coastal Dunes Trail and backcountry that celebrated our region’s rich culture and history.

A detailed Feasibility Study was completed in mid-2010 that identified the expected benefits of the project:

- Six new full time employees during construction
- Economic benefits of \$580,000 in year one growing to \$820,000 by year 5
- \$2.2 million investment in the local economy
- Significant recreational asset that will assist promotion of the region.

## THE FINISHED PRODUCT

Motu Trails was opened in May 2012. The construction directly employed more than 15 people plus a range contract services. The opening of the Trail has sparked tourist interest in the backcountry, which did not exist before. In 2012 Gisborne District Council in 2012 won MED support for an NZ Cycle Trail ‘Expansion Project’ which will link Gisborne city to Matawai and the Motu Trails.

Upon completion an economic evaluation was conducted by Angus & Assoc to measure the patronage and success of the Trail and also recommend improvements. No surprise to us – users ranked Motu Trail very highly in terms of experience and satisfaction. The evaluation also identified work to be done to grow the associated business opportunities – economic development opportunities do not stop once construction is complete. We have to face that we have a visitor industry that is in its infancy with a massive opportunity to grow fed by a world class cycle experience.

## SUCCESS FACTORS

The Cycleway is not so much about bike ride as it is about telling our story – the Trail provided the vehicle to celebrate our heritage and our history. Cutting through the whenua of Whakatohea Iwi and linking to Te Aitanga a Mahaki at Matawai - old tribal affiliations were rekindled and forgotten stories shared so they wouldn't be forgotten again. Pioneering tales of hardship and privation endured by early settlers breaking in the land – when the daily toil was driving bullock teams, droving and timber milling by bushmen and their families when access was by the Pakihi horse trail. One look at the rugged landscape and reading these tales makes the effort of pedaling the odd hill pale into insignificance.

Pragmatic project structure - which separated governance from management and enabled quick fire decision making; close communication maintained across agencies and locations while all the time retaining strong sense of accountability both financially and trust. The foundation was an Inter -agency partnership MOU, appointment of a Governance Group (monthly meetings), appointing a Project Manager and a Working Group who met regularly.

Getting onside with our community – the surprise of the national cycleway project, the funding involvement of central government, and the accelerated timetable short circuited the 'death by consultation' our communities had come to expect from us. The project was not expected, involved large sums of money and even larger set of promises and was not Council's 'core business'. We worked long and hard to successfully work through these issues so that consents were granted without a single notification of appeal.

## REFERENCE AND CONTACTS

*This story is abridged from the SOLGM Local government Excellence Award Submission 2012 'Joined Up Local Government' Project Report. For more information contact:*

### **Opotiki District Council**

» Mike Houghton  
mikeh@odc.govt.nz

### **Gisborne District Council**

» De-Arne Sutherland  
Dearne@gdc.govt.nz

### **Whakatohea Maori Trust Board**

» Danny Paruru  
DannyParuru@whakatohea.co.nz

### **Department of Conservation**

» Steve Brightwell  
sbrightwell@doc.govt.nz

## 'MORE FOR LESS'

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# HOW TO SAVE LAKE TAUPO

MULTI-STAKEHOLDER COLLABORATION



A group of key stakeholders with conflicting interests have found a way to work together to save Lake Taupo from the damage caused by nitrogen pollution.

For decades the future of the lake was threatened by gradual changes in land use with the introduction of pasture farming in areas which were once just tussock. The nitrogen from animal farming, and housing development, was leaching slowly into the ground water, and eventually washing into the lake and damaging the eco- system.

'Lake Taupo is one of New Zealand's national treasures. Despite that, the health of the lake was threatened by urban and rural land development that increased the amount of nitrogen reaching the lake and reduced the quality of the lake water by increasing algae and nuisance plants.

A partnership comprising Central Government, Ngati Tuwharetoa, Taupo District Council and Environment Waikato prepared a management regime to protect the quality of Lake Taupo. The management regime contained regulatory and non-regulatory methods to protect the lake, including the establishment of a public fund of \$81.5 million to reduce nitrogen levels in the lake by 20 per cent by 2020.

A public fund is being collected over a period of 15 years with the cost being shared by all New Zealanders via central government (45 per cent), ratepayers of the Waikato region (33 per cent) and Taupo District Council (22 per cent).

*The Lake Taupo Protection Trust is a charitable trust formed to administer the public fund and has the responsibility for effectively and efficiently reducing nitrogen levels by 20 per cent. The Trust reports to a joint committee comprising equal membership from Central Government, Ngati Tuwharetoa, Taupo District Council, and Environment Waikato. (Lake Taupo Protection Trust Strategic Plan 2008-11, p.3)*

This describes what was achieved, but what is perhaps even more interesting is how it was achieved via the development, over time, of a shared commitment among stakeholders with contrasting interests, perspectives, and responsibilities.

## THE PROBLEM

Essentially the problem with nitrogen levels rising in Lake Taupo is directly related to changes in land use - from bush/scrub to farming and the increasing popularity of lakeside living. The map above shows the change in land use from the 1840's to the 1996 which show how much tussock was replaced by pasture and forestry.

What causes the nitrogen run-off into the Lake? Sue Yerex has published in 2009 a very detailed report on the players, the history of the landuse, and strategies over forty years for the protection of the lake. She says, 'Urban storm water runoff and sewerage wastewater make up 7 per cent of the manageable load but pastoral farming contributes 93 per cent. It is now known that nitrogen leaches from urine patches (from cattle and sheep) when high or prolonged rainfall causes water to drain through the soil', (Sue Yerex- 'Protecting Lake Taupo- strategy and lessons' 2010)

The protection of the Lake had its roots in the 1960's from the Lake Taupo shore Reserves proposal. The thinking was that the negative effect of farmland development could be reduced by increasing the proportion of the land surrounding the Lake by the creation of reserves of both Maori and Crown owned land.

Modern science has shown that there is a long time lag between nitrogen being deposited on the land and it appearing in the lake. The current best estimate is that the 'additional load of nitrogen what will eventually enter lake Taupo as a result of land use activities in the past is equivalent to between 30-40 per cent of the load that is currently entering the Lake' (Sue Yerex p 11).

After decades of varying levels of concern it was only in 1998 when the nitrate levels issue escalated into a crisis. What was the trigger? As Tony Petch, Group Manager of Environment Waikato at the time, said, 'in 1998 the government's 'State of the Environment' stated the impact agriculture was having on the environment. At the same time the results of decline in the Lake's water quality became statistically significant. We had recorded a trend we were unable to defend'. This triggered a process engaging the involvement of EW politicians, MFE, TDC and central government including the Minister Marion Hobbs. Something had to be done!

Environment Waikato entered into an MOU with Tuwharatoa Trust Board in 1998, and the Taupo Nui a Tia Action Plan 2020 was developed as an iwi based commercially driven initiative, which included a plan, by Environment Waikato to explore a regulatory solution.

The bombshell hit when Environment Waikato notified the farmers that in effect 'they were polluting the lake, painting them as pariahs in their own community'. However what was far more threatening was the potential loss of threat their livelihood, and the depreciation of their key asset, namely land'.

## THE SOLUTION- JOINED UP PLANNING

The farmers reacted by forming Taupo Lake Care to bring together all the farmers in the catchment. Four alternative options were developed for discussion but in 2001 EW decided to pursue the option to reduce existing land use causing nitrogen runoff and prevent further farming intensification. The breakthrough came when it became clear that EW consulting farmers on proposals and then ordering compliance was unacceptable, the parties had to work together, as partners in 'joined up planning', to find a viable solution. So EW pursued a partnership approach from 2001 -2005 as it broadened the engagement in solution finding with all the parties with a stake in the eventual outcome. Tuwharetoa are the local iwi, and own approximately 70-75 percent of the entire Lake Taupo catchment. They preferred to deal directly with Government, seeing the situation as a Treaty Partners issue and wanted a relatively high-powered Government delegation to deal with.

## MULTI FACETED EVIDENCE BASE

It was appreciated that one of the keys to success was having a strong evidence base of scientific, economic, and business research to fully understand the problem, generate well-founded solutions options, and identify the impacts on stakeholders of those options.

To this end research was commissioned from many agencies in order to develop a scientific evidence base including a cost benefit analysis on protecting the Lake, which indicated that the benefits were well in excess of the cost; the cost (mostly to farming) was put at \$116m, while the benefit (to tourism) was \$394 million. In 2005 farmer Mike Barton became chair of TLC which coincided with completion of his MBA thesis which modeled the economic impact of a regulatory cap on six farms in the catchment.

'Eventually in 2004, EW proposed a variation to their regional plan (EPV5) which would cap the nitrogen flow at current levels from all sources, and reduce by the manageable nitrogen by 20 per cent, equating to a 9 per cent reduction in total nitrogen inflow....but the Lake is likely to deteriorate for several decades before it improves back to 2000 levels due to the long time lag in the flow of the historical nitrogen through the groundwater systems' (Ministry for the Environment- Case Study of Lake Taupo)

The complex engagement process of workshops, meetings, and debate between stakeholders continued into 2005, involving:

- six-way discussion involving EW, TDC, government, Tuwharetoa, forestry interests, and pastoral land owner interests
- two-way discussions involving government and Tuwharetoa on Treaty-related issues
- three-way discussion involving EW, TDC, and government on funding, RMA, and administrative issues.

The EPV5 was duly promulgated in 2004 and the Lake Taupo Protection Trust was established in 2007 with funding over ten years of \$81.6 million from Government, Environment Waikato and Taupo District Council.

## RESULTS

The Lake Taupo Protection Trust has a mandate to reduce nitrogen levels from land uses by at least 20 per cent of present levels by 2020. Its key strategies are:

- Purchasing nitrogen/land
- Facilitating business joint ventures for land conversion with effective decline in nitrogen
- Invest in research to achieve viable commercial low nitrogen land uses
- Communication and advocacy

The Trust has had significant success in reducing nitrogen in the catchment including:

- 2009 –conversion of 930 hectares from farmland to forestry
- 2010- a series of agreement with Tuwharatoa to reduce 84,000 kilograms of nitrogen leakage in the lake, out of a target of 153,000

## TAUPO BEEF INNOVATION

Another notable outcome from the process has been the emergence of Mike Barton's farming venture, Taupo Beef, which uses low nitrogen farming practices and has enabled him to create a successful high margin range of premium beef products into leading restaurants. This is a classic demonstration of an entrepreneurial farmer converting a threat (to pastoral farming under traditional methods) to an opportunity for business growth (using innovative sustainable methods).

## OVERALL PROJECT SUCCESS FACTORS

The Ministry for the Environment published a case study which suggested that the success factors in the Lake Taupo Protection project included:

- Effective community goal setting process
- Using cost benefit analysis to aid decision making
- Using science to underpin policy decisions

- Central government involvement
- Agreeing Guidelines for funding

## LAKE TAUPO PROTECTION TRUST - LESSONS LEARNED

The following are a sample of the key practical lessons from those who went through the Lake Taupo project process:

- 'Brave, forward thinking, passionate leadership is needed from stakeholders and affected communities. Having sound integrity, playing with 'open hands', recognizing the wider implications, and staying 'solutions focussed' are all essential qualities
- Understand the issues and be able to articulate a clear vision, look for common ground, and build trust and credibility
- Building strategies for complex problem solving- using a consultative and collaborative common sense approach takes a lot of time and energy. Allow that time
- Get the 'right ' people in the room representing stakeholder and community groups. Strong communication and listening skills needed on all sides
- Build relationship and trust through regular, well run, and recorded meetings
- Language is very important. Emotive language causes conflict
- Understand the need for time and process when dealing with Maori landowners and representatives
- Bring in appropriate outside people to the team to assist, broker, interpret communication, and to help propose new ideas and possible solutions
- Every stakeholder's position should be understood and able to be articulated by others. Put yourself in their shoes.
- Keep meeting groups small, ideally under ten people, and promote as much role consistency as possible, keeping staff and officials changes to a minimum'.  
(Sue Yerex Report p67-68)

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## 'MORE FOR LESS'

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REGULATION

## STANDARDISED BYLAWS FOR WAIKATO COUNCILS



'There are 628 policies and bylaws in the Waikato- all looking at dealing with similar matters including Building Regulations and Permitting, and District Plan formats. 'We have to develop relationships with one another and work together to standardize processes', Mayor Neil Sinclair of South Waikato.

Standardising bylaws and council processes in general is an attractive objective for customer service, cost saving, and simplification although it has to be balanced with the constraint on individual council governance. There is a natural tension between voluntarily agreeing to standardisation versus each council going their own way.

So can a group of disparate councils- cities, towns, districts/villages- develop a standardised policy framework? What would be the best way of working together to get that agreement? How quickly and cost effectively can that be done?

In May 2014 the Waikato LASS and Mayoral Forum requested Craig Hobbes (CE of South Waikato Council) to lead a Regulatory Policy and Bylaw workstream aimed at better alignment of council policies, bylaws and other regulations. A senior manager from Hamilton City and South Waikato District acted as facilitators working with a group of 'champions'- a representative from each of ten council. They were able to develop an agreed draft generic policy template for regional use, design a replicable collaboration process for future collaborative policy development and set in place a Waikato Significance and Engagement Policy template (to meet the requirements of the Local Government Act Amendment) and get agreement in record time - four months. These templates will also be made available for any other councils across the country who wish to utilize them, thus saving them money and broadening the standardization across NZ.



## THE PROBLEM

Proposed changes to the Local Government Act 2002 required all councils to have, from December 1 2014, an approved Significance and Engagement Policy which specifies the appropriate level of consultation and engagement to be applied for different levels of council decision-making.

The basic principle is to create a policy model which specifies higher levels of engagement for decisions which have higher significance for the community, and less engagement for decisions of less significance.

The problem is that traditionally each council would normally develop its own policy, incurring the cost of doing essentially the same thing that every other council is doing. The opportunity facing councils is a choice between each council developing its own Significance and Engagement Policy, or the option to collaborate to produce one that all can live with- thus saving considerable staff time, and creating all the benefits of standardisation.

## THE SOLUTION- NETWORK OF CHAMPIONS DESIGN APPROACH

The Waikato Mayoral Forum has commissioned a collaborative process between ten councils to develop a standard Significance and Engagement template. They have set up a governance group of four Mayors to oversee the exercise, and appointed Craig Hobbs, Chief Executive of South Waikato District Council, to oversee the project.

The Strategy Managers of South Waikato (representing the needs of the districts) and Hamilton City (representing the needs of urban areas) are coordinating the process based on working with a representative manager in each of the other councils who can champion the project within their council. The guiding criteria is to use the test of 'can you live with it' to create a solution that can deliver uniformity, and at the same time be delivered for a fraction of the combined cost of each council doing it separately.

The project leaders acknowledge the need for individual expression within the policy, and have allowed for this to occur, with approximately 80 per cent of the contents of the policy being standardized, while the remaining 20 per cent is at the discretion of the local council.

## FAST TRACK RESULTS- APRIL TO JULY 2014

Progress in this project has been rapid since it was decided in March that the new policy needed to be in place for individual council adoption by the end of July 2014. Project leaders were nominated and a project plan was quickly developed which involved a series of workshops and meetings which would culminate in an agreed new policy.

The project leaders realise that it is vital to have all affected parties not just in the loop but able to contribute and affect the outcome. This had to be balanced with the need for speed which is helped by the deadline of late July.

The governance Group of four Mayors has also met to approve the project terms of reference and guidelines. A large workshop was held in early May with 26 council staff representing policy, strategy, and communications to achieve agreement on a policy template and shared direction. This produced a draft policy which was then distributed for peer review. The process from then has been iterative, all the time taking in advice and suggestions to keep improving the 'product' as well as to ensure no one is left 'outside the tent' i.e. who might feel afterwards that they were not able to contribute.

As at the beginning of July everything is on track to meet the deadline which is a remarkable achievement and a demonstration that 'where there is a will there is a way' to standardize regulation and council processes. It is possible for Waikato councils to use this 'test drive' to extend into even more ambitious standardisation projects.

## REFERENCES

- » *Collaborative Policy and Bylaw Workstream- Draft Waikato Significance and Engagement Policy Template'- South Waikato Council Report June 3rd 2014*



# LOOKING TO THE FUTURE

The process for reorganisation of local government was significantly changed by the Local Government Act 2002 Amendment Act 2012. Since then, in contrast to the UK and Australia, the national debate about the future of local government has tended to focus only on aggregation: anticipating substantial cost savings from economies of scale restructuring. However, the evidence to support that is problematic.

The debate about local government amalgamation is conducted in three quite different academic domains – economics and competition, political theory and democracy, and innovation and management. The economic argument points to the benefits which arise from scale, with special focus on lower costs/prices. But business aggregation creates monopolies with all the dis-benefits to the consumer of the exploitation of monopoly power. Prices can actually be higher due to the temptation to increase profit margins. Costs can be allowed to be kept hidden and balloon out, because of the lack of an incentive to control them in order to compete. The only way to control this negative, unintended consequence is regulation through anti-monopoly law.

So the first question is what do economists recommend regarding local government amalgamation?

‘Economists fear few things more than monopolies therefore they favour competition in the provision of local government public services’. *Oliver Hartwich, Global Perspective on localism.* <http://www.lgnz.co.nz/assets/Publications/A-global-perspective-on-localism.pdf>

The great advantage of the Auckland model is the creation of scale, but it enabled the creation of a powerful monopoly which even now is able to disguise the costs of both creating the unified structure, and of operating it. By contrast the previous six councils each had different costs, and different rating models. So the economist points to the benefit of competition in that the consumer could choose which area and council to do business with.

*A Pure Theory of Local Expenditures - Charles Tiebout 1965 - Journal of Political Economy.*

The second is about democracy and is related to the monopoly versus competition power issue. ‘Subsidiarity proposes that responsibilities should always be delegated to the lowest possible tiers of government in order to promote a more efficient provision of services. It means that higher tiers of government should only fulfil a subsidiary function for those tasks that cannot adequately be dealt with by lower tiers.’ But as with business monopolies ‘the higher tiers of government will always find reasons for centralising power and decision-making when it serves their own agenda. Power always inclines towards centralisation and centralised power towards absolutism?’ *Oliver Hartwich op cit.*

The innovation debate emanates from business academics and is all about identifying the best conditions for proliferating creativity and innovation in services and products for the benefit of consumers. Once again the advantages of corporate monopoly scale include the ability to hire more researchers and build large innovation departments. But these bureaucracies lack the motivation and imperative of tens of small scale entrepreneurs, with very few resources, forming startups to bring something new to the market.

The third question is what are the best conditions for innovation in local government ?

Is it in the large amalgamated councils employing thousands of people, or is it a plethora of change agents in smaller councils who can bring the advantages of flexibility, thinking outside the square, and ability to implement quickly?

A 2013 major review of the international research evidence for the Wellington Region 'reveals no consensus on the optimal size of local government'. Some studies find that smaller councils are more efficient, some find that larger councils are more efficient and some find a u-shaped cost curve (where per capita costs first decline then level off and then start rising as population increases)'. (Executive Summary p.1-2. - Governance Options for the Wellington and Wairarapa Regions: An Economic and Financial Assessment'- TDB Advisory August 2013)

This research review also suggested that there are likely benefits for the capital and expertise-intensive network operations like land transport and the three waters (potable water, storm water and waste water). But, in regard to the other, more labour-intensive, activities of local councils – like environmental protection, recreation and sport, noise and dog control, the evidence suggests that councils are likely to gain more from moving to best practice management and operational techniques than increasing their scale through amalgamation with other councils.

The costs of change also need to be taken into account. Evidence from New Zealand and offshore (e.g. Toronto where the costs of amalgamation totalled C\$400m) indicate that these adjustment costs can be major unanticipated consequences of seeking economies of scale across all council functions'.

By contrast Radical Shared Service Collaboration (RSSC) is a business model based on:

- Cooperating with an agency or instrumentality with which one is not immediately connected
- To enable resources to be leveraged
- Resulting in lower costs with agreed upon customer-service levels

Local Government in the UK has rapidly accelerated the number of shared service arrangements between councils, and the savings achieved, over the past 3 years.

- Savings (NZ\$) from shared services:
  - › 2012- \$330 million
  - › 2013-\$556 million
  - › 2014 \$716 million
- Of the 353 councils in England, 337 councils are using 383 shared services arrangements– an increase of 210 from 2012
- The largest savings (NZ\$) are from:
  - › Environment, waste and transport \$168 million
  - › Back office – \$150 million
  - › Customer facing services- \$144 million
  - › Procurement, capital and assets- \$92 million
  - › Shared management and shared Chief Executives- \$68 million

<http://www.local.gov.uk/documents/10180/49962/Shared+services+infographic+2014/50196400-0ea4-453d-ae7b-568d42fe907e>

In the absence of data collection about shared services collaboration in New Zealand it seems likely that we lag well behind the UK. The questions we need to research across local government include:

- How many shared service agreements have operated in New Zealand?
- What parts of local government functions have been involved?
- What savings have been achieved?
- How cost effective has the project collaboration been compared to a council wholly funding its projects
- Which organisations have councils collaborated with?
- What other benefits have been achieved, especially in innovation?

A number of reports have been commissioned on local government amalgamation. Some relevant links are outlined below:

## RESOURCES (New Zealand)

- » *Governance Options for the Wellington and Wairarapa Regions: An Economic and Financial Assessment.* <http://www.huttcity.govt.nz/Documents/news/Amalgamation/App%208%20TDB%20-%20Assessing%20regional%20governance%20options%20-%20Final%20report.pdf>
- » *The Future Governance of the Auckland Region: A discussion paper on amalgamation: lessons from international experience.* Prepared by the Local Government Centre AUT University. <http://www.mdl.co.nz/site/mckinley/files/resources/Amalgamation%20discussion%20paper.pdf>
- » *Phase Three Report: Investigation into the formation of an Amalgamated Wairarapa District Council and a Wairarapa Unitary Authority* September 2012. [http://www.swdc.govt.nz/sites/default/files/Wairarapa%20Report\\_Final\\_Morrison%20Low%20phase%203.pdf](http://www.swdc.govt.nz/sites/default/files/Wairarapa%20Report_Final_Morrison%20Low%20phase%203.pdf)
- » *Bigger is not always Better: An evaluation of "Future Prosperity of the Hawkes Bay Region" and "Potential costs and savings of Local Government Reform in Hawkes Bay."* <http://www.fndc.govt.nz/your-council/local-government-reorganisation/files-2014-01-17/Napier-City-Council-commissioned-Bigger-is-not-always-better-Dollery-report-November-2013.pdf>
- » *Improving regional governance – is bigger better? A commentary on the evaluation of Future Prosperity of the Hawkes Bay Region" and "Potential costs and savings of Local Government Reform in Hawkes Bay" by Philip Barry.* <http://www.napier.govt.nz/assets/Documents/ncc-submission-appendix-2.pdf>
- » *Amos, J. (2011, September 30). Local government – should there be amalgamation.* Retrieved 2 April 2014. <http://www.julianamos.com.au/index.php/issues/17-local-government-and-planning/30-local-government-should-there-be-amalgamation>

## RESOURCES (Australia)

### Overview

- » *'Is bigger better? Local government amalgamation and the South Australian rising to the challenge inquiry-- Brian Dollery and Joel Byrnes, University of New England Armidale Australia and Lin Crase, La Trobe University Melbourne Australia.* [www.eap-journal.com/archive/v37\\_j1\\_1.pdf](http://www.eap-journal.com/archive/v37_j1_1.pdf)

### Victoria State

- » *The number of councils in Victoria was forcibly reduced by the Kennett Government in the mid 1990s to 78, of which 31 are in the Greater Melbourne metropolitan area – commissioners were appointed to run them and they were returned to a democratic process in 1996. Kennett dissolved 220 councils and sacked 1600 elected councillors.* [http://en.wikipedia.org/wiki/Local\\_government\\_in\\_Victoria](http://en.wikipedia.org/wiki/Local_government_in_Victoria)
- » *Kennett's Blitz ten years on.* <http://www.theage.com.au/articles/2004/04/24/1082719671977.html?from=storyrhs>
- » *Democratising Local Government- The Victoria Experience, Dr Nick Economou, Economics Dpt, Monash university.* <http://democraticaudit.org.au/wp-content/uploads/2011/08/economou.pdf>

### Western Australia- July 2014

- » *After years of wrangling, Premier Colin Barnett recently unveiled the state government's plan for the state's councils, with WA's 30 metropolitan councils to be reduced to 14 by 1 July 2015. Having said during the March election campaign they would not support forced amalgamations, Mr Barnett revealed nine new super councils would be formed.*
- » *'The landscape of local government in Western Australia has been transformed, with the number of Perth's metropolitan councils to be slashed in half.* <http://www.perthnow.com.au/news/western-australia/local-governments-want-control-of-merger-plans/story-fnhocxo3-1226688033434?nk=703a643bacc42940355306ea9099b948>
- » *Hundreds rally outside Western Australia parliament against local government amalgamations- updated July 2014.* <http://www.abc.net.au/news/2014-04-08/rally-against-wa-local-government-amalgamations-parliament-house/5376450>
- » *Keeping the Local in Local Government.* <http://blog.id.com.au/2013/population/local-government/keeping-the-local-in-local-government-a-population-perspective-on-council-amalgamations/>
- » *Local Government Amalgamation Guide August 2013- Department of local Government. Government of Western Australia.* <http://www.dlgc.wa.gov.au>

## New South Wales

- » 'Strengthening Your Community- 2012- NSW independent Local government Review Panel.'

The Independent Local Government Review Panel was tasked with formulating options for a stronger and more effective system of local government. The two key words are options and system. The Panel has made a decisive move away from 'one size fits all', and has sought to give communities and regions more options for the way local government is arranged and how it operates.

At the same time, the Panel has highlighted in its Final Report in 2013 the need for a systems approach. The challenges facing local government can only be addressed successfully through a package of measures: the jigsaw has to be assembled correctly to create a clear picture of the way forward. Thus the Panel's objective is to create a revitalised system of local government that will remain sustainable and fit-for-purpose well into the middle of the 21st Century.

[http://www.localgovernmentreview.nsw.gov.au/documents/LGR/Strengthening Community low res.pdf](http://www.localgovernmentreview.nsw.gov.au/documents/LGR/Strengthening%20Community%20low%20res.pdf)

- » Final Report 2013 'Better, Stronger Local Government in New South Wales: The Case for Sustainable Change'. <http://www.localgovernmentreview.nsw.gov.au/documents/LGR/Stage%20One%20Consultation%20-%20The%20Case%20for%20Change.pdf>

## Queensland

- » Report of Local Government Reform Commission 2007. <http://mountgarnet.org.au/reportTRC.pdf>

- » With a concern about sustainability of Queensland local governments the Local Government Association of Queensland instigated reform of local government. Of the 156 councils, 118 agreed to investigate their long-term future through the Size, Shape and Sustainability (SSS) program, however it failed to deliver timely, meaningful reform. The Commission reported back on 27 July 2007, recommending massive amalgamations all over the State into "regions" administered by regional councils and centred on major towns or centres, based on a range of criteria such as economy of scale, community of interest and financial sustainability.

In frustration State Premier Beattie set up the Local Government Reform Commission in 2007 to recommend the most appropriate structure and boundaries and in 2008 he enacted their recommendations in parliament to halve the number of councils from 156 to 72.

[http://en.wikipedia.org/wiki/Local\\_government\\_in\\_Queensland](http://en.wikipedia.org/wiki/Local_government_in_Queensland)

- » Evaluation of the Arguments for Amalgamation in the Queensland local Government Reform Commission Report [http://press.anu.edu.au/agenda/015/01/mobile\\_devices/ch05s04.html](http://press.anu.edu.au/agenda/015/01/mobile_devices/ch05s04.html)
- » De- Amalgamations 2013: Minister for Local Government, Community Recovery and Resilience announced in 2013 that de-amalgamations would proceed in:
  - » Noosa Shire Council de-amalgamating from the Sunshine Coast Regional Council
  - » Livingstone Shire Council de-amalgamating from the Rockhampton Regional Council
  - » Mareeba Shire Council de-amalgamating from the Tablelands Regional Council
  - » Douglas Shire Council de-amalgamating from the Cairns Regional CouncilIn all cases the de-amalgamations will be to the boundaries as they existed at the 2008 council amalgamations. The Local Government (De-amalgamation Implementation) Regulation 2013, which formalised the process, was enacted on 11 April 2013. <http://www.dsdlp.qld.gov.au/bc/>
- » Queensland Government De-amalgamation transfer methodology August 2013  
The department has established a [de-amalgamation transfer methodology](http://www.dlg.qld.gov.au/de-amalgamation-transfer-methodology/local-government/boundaries-commission/de-amalgamation-transfer-methodology.html) (211 KB) to provide advice and direction to the transfer managers and transfer committees on the de-amalgamation process. <http://www.dlg.qld.gov.au/de-amalgamation-transfer-methodology/local-government/boundaries-commission/de-amalgamation-transfer-methodology.html>

## Going past the amalgamation debate - Australian references about new thinking in local government strategy, structure and practice

(Edited from Peter McKinley's work- 'Leading Change in Local Government- a Collaborative Project' March 2014)

- » The Case for Change in Local Government:  
Thinking in Australia has moved past the 'amalgamation debate' as it is being played out in New Zealand. 'New South Wales is engaged in a potentially fundamental rethink of the role of local government. The opening statement to the most recent consultation document put out by the Independent Panel considering reform of local government in New south Wales':  
'Local government in New South Wales must change. The future is challenging but also full of potential. Local councils must embrace the challenges and realise the potential. They can be catalysts for improvement across the whole public sector. They can demonstrate how to tackle complex problems by harnessing the skills and resources of communities, and how effective place-shaping can boost the State's economy and enhance people's quality of life.'

- See- 'Better, Stronger Local Government in New South Wales: The Case for Sustainable Change'.  
<http://www.localgovernmentreview.nsw.gov.au/documents/LGR/Stage%20One%20Consultation%20-%20The%20Case%20for%20Change.pdf>
- » *Regulation Issues:*  
 In Australia some of the regulation issues across local government, and the interface with state and central government, are highlighted by recent reports such as that of the Productivity Commission on the role of local government as regulator.  
 See [http://www.pc.gov.au/\\_data/assets/pdf\\_file/0007/118564/local-government-volume1.pdf](http://www.pc.gov.au/_data/assets/pdf_file/0007/118564/local-government-volume1.pdf) and the Ernst & Young report Strong Foundations for Sustainable Local Infrastructure [http://www.regional.gov.au/local/igifr/files/Strong\\_foundations\\_20120615.pdf](http://www.regional.gov.au/local/igifr/files/Strong_foundations_20120615.pdf)
  - » *The Impact of Technology disruption on Local Government*  
 McCann and Zoltan Acs, highlight the ubiquity among council's residents of mobility, connectivity, apps proliferation, and fast broadband, and the increasing role which major players such as Amazon, Google and Apple are pushing this through retail channels. Also multinational enterprise is playing an increasing part in the success of cities, all of which points to the urgent need for new strategic Local Government thinking about the interface with customers and stakeholders.  
 See McCann, P. & Acs, Z. (2011): Globalization: Countries, Cities and Multinationals, Regional Studies, 45:1, pp17-32.
  - » *New Approaches needed- Co Design and Collaboration thinking*  
 'We know that a number of the major policy issues now confronting us as a society are crucially dependent on voluntary behavioural change on the part of individuals, households, firms and communities. Responding to climate change is a good example. Governments can only go so far through incentives and regulation. At the end of the day the behaviours required to reduce our collective climate footprint will require voluntary change. Again, this is a question of building support within communities and at a local level - a core role for local government.'  
 'The Municipal Association of Victoria in conjunction with the Department of Human Services has been testing the potential of co-design - communities working with major service providers to make their knowledge and networks available. It has provided some very good evidence of how partnering with communities can lead to better outcomes and potentially at a lesser cost'  
<http://www.mav.asn.au/search/Results.aspx?k=co-design>
  - » *Changing Voter Engagement Issues*  
 The following quotation from a blog by the general manager of one of Sydney's northern beaches, commenting on findings from a community satisfaction survey, illustrates the way public attitudes are changing: "What has surprised the council about the survey results is the fact that residents appear to be less concerned about what I would call the 'traditional' activities of local government – and much more interested in what could loosely be termed participatory democracy. The survey findings go on to say that out of ten drivers of satisfaction – what residents really want – the top two were access to Council information and support and community involvement in decision-making. development came third, domestic waste fourth and perhaps most surprising of all, maintaining local roads came seventh."  
 See Russell, W. 2004, Voting Obligations and Voter Turnout: discussion paper prepared for Local Government Association of Australia, viewed February 2011 [http://www.lga.sa.gov.au/webdata/resources/files/Voter\\_Turnout\\_Elections\\_Discussion\\_Paper\\_Prof\\_Russell\\_Aug\\_04.pdf](http://www.lga.sa.gov.au/webdata/resources/files/Voter_Turnout_Elections_Discussion_Paper_Prof_Russell_Aug_04.pdf).
  - » *New Thinking about Community Engagement*  
 'Recent Australian work has also highlighted the growing interest in direct involvement with council decision making. Research led by McKinlay Douglas Ltd in partnership with the Australian Centre of Excellence for Local Government, the Municipal Association of Victoria, and Local Government Managers Australia shows that direct community engagement with councils is gaining in importance.  
 'It's very much a matter of developing solutions which suit individual circumstances. The range of practice can differ considerably, depending on the size, demographics and composition of different councils.'  
 See- McKinlay, P. et al (2012) Evolution in Community Governance: Building on What Works, Australian Centre of Excellence for Local Government, [http://www.acelg.org.au/upload/program1/1334208484\\_Vol1\\_Community\\_Governance.pdf](http://www.acelg.org.au/upload/program1/1334208484_Vol1_Community_Governance.pdf)



## APPENDICES

- » *Setting the Compass: Collaboration Bay of Plenty Strategic Direction 2014-16*
- » *Local Government: A snapshot by Grant Thornton*
- » *Local Government Structural and Electoral Reform in Western Australia  
– Ensuring the Future Sustainability of Communities*
- » *Local Government Amalgamation Guide – A Guide to Assist Local Governments (August 2013)*
- » *Ministerial Circular No 3-2007 - Local Government Advisory Board Report into  
Structural and Electoral Reform in Western Australia*

