

Auckland Regional Economic Development Strategy

2002 – 2022

Foreword

By Peter Menzies

Auckland Regional Economic Development Strategy (AREDS) was formed through partnerships and consultation with many of the communities of the Auckland region. Partner groups include business, central and local government, Māori, Pacific Peoples, educationalists, migrant communities, and economic development agencies. We've talked at length with them to find out what their priorities are for the Auckland region's economy and what outcomes are most important to them.

This strategy, then, is the considered voice of the Auckland region speaking to its leaders, telling them "This is where we want to go; these are the issues that need to be addressed".

The AREDS strategy is a considered and relevant document. It deserves your attention.

Historically, Auckland's regional economy has not looked to the outside world: either beyond New Zealand or even beyond the Auckland region. Our economy has increasing numbers of small and medium sized businesses and our workforce has comparatively low skill levels. We have a wealth of imaginative, entrepreneurial ideas but these need organisation and business skills to take them to the outside world.

AREDS recognises that we must not duplicate or replace what is already happening in regional economic development. Above all, the strategy recognises the need to work together.

You have the strategy in your hands. Now comes the real test: putting it into action. AREDS has come this far because of strong partnerships, goodwill and commitment.

I believe that when we roll out this strategy, we'll achieve this common vision of an internationally competitive, inclusive and dynamic Auckland regional economy.

Let us work together to make the Auckland region strong.

Peter Menzies

Foreword

By Sir Hugh Kawharu

This superlative region has been the home of New Zealanders for a millennium. It was Ngati Whatua's lot to be the last tribal group to occupy the Tamaki Isthmus and to be able to invite Captain Hobson to establish his administration here 'by the shores of Waitemata' in 1840. Both Māori and Pakeha would then grow under pax Britannica and together develop a competitive capacity for trade and commerce.

One hundred and sixty-two years on, the means and criteria for growth have changed beyond all realms of imagination - except for the need for close cooperation. While that is self evident, it doesn't follow that cooperation just happens. It never has and never will 'just happen' if risks abound and reputations are at stake.

Time confronts us. We must now lift our level of communication and do so with clear intent and with respect for our differences. But we surely have a common incentive: a pride in belonging to this place we have called Auckland since 1840.

Ma tini ma mano ka rapa te whai: By many by thousands (if united) the goal will be attained.

Sir Hugh Kawharu

Table of contents

Forewards By Peter Menzies, Sir Hugh Kawharu	2
List of figures	6
Executive summary	7
The vision	7
The outcomes	7
The strategy framework	8
Outward focus connecting us with the world	8
The platform of exceptional people, cultures, environment and infrastructure	11
A living strategy	12
Introduction	13
Why does the Auckland region need a strategy?	13
The vision and outcomes	15
The challenges facing the Auckland region	16
Developing the strategy	16
Measuring progress	18
Outcome measures	18
Māori in AREDS	20
Iwi Māori	20
Te Huarahi Pai	20
The regional strategy	22
Outward focus connecting us with the world	23
The platform of exceptional people, cultures, environment and infrastructure	24
Programme 1 Promote the Auckland region	26
Description	26
What is happening now	26
The issues	26
Key initiatives to promote the Auckland region	27
Programme 2 Encourage innovation and excellence	28
Description	28
What is happening now	28
The issues	29
Key initiatives to encourage innovation and excellence	29
Programme 3 Develop overseas markets	31
Description	31
What is happening now	31
Key issues	32
Key initiatives to develop overseas markets	32
Programme 4 Support exports	34
Description	34
What is happening now	34
Key issues	35
Key initiatives to support exports	35
Programme 5 Provide a high quality living environment	37
Description	37
What is happening now	37
The issues	38
Key initiatives to ensure a high quality living environment	39
Programme 6 Build an entrepreneurial culture	40
Description	40
What is happening now	40

The issues	41
Key initiatives to build an entrepreneurial culture	41
Programme 7 Produce a skilled and responsive labour force	43
Description	
What is happening now	43
The issues	44
Key initiatives to ensure a skilled workforce	45
Programme 8 Responsive government	46
Description	46
What is happening now	46
The issues	47
Key initiatives to foster responsive government	47
A Living Strategy	49
Implementation approach	49
Implementation principles	49
Building regional commitment	50
Maori	50
Capacity building of the partnership	51
Programme development	51
Building momentum	51
Implementing action plans	52
Implementation leadership	52
Looking ahead	52
Benchmarking and performance measures	53
Definitions and Abbreviations	54
Appendix 1	57
Māori and Pacific Peoples' capacity building	57
Appendix 2	58
Key export cluster identification	58
Introduction	58
Programme structure	59
Indicative timetable	63
Appendix 3	64
Supporting documents	64
Appendix 4	65
AREDS Māori consultation process	65

List of figures

Figure 1: AREDS strategy framework	8 22
Figure 2: AREDS development and implementation: key phases and timing	12 50
Figure 3: Auckland regional economy: estimated interconnections 2001	14
Figure 4: AREDS strategy outcomes	19
Figure 5: Porter's competitive advantage 'diamond'	61
Figure 6:	62

Executive summary

The Auckland region is the main commercial centre of New Zealand, home to one third of its population. It generates one third of the nation's income, but it is falling behind many of the cities/regions against which it competes internationally.

If the region's citizens are to continue to enjoy the lifestyle and quality of life it currently offers, together we must make full use of the potential offered by its people, cultures and environment.

Future success means working together as a region to forge a strong economic identity. This requires the development of a clear outward focus, emphasising the importance of relationships and markets overseas. The strategy will support the institutions, businesses, and people who are exporting the goods and services which bring wealth to the region. This will also require the development of a strong platform of skilled people, cultures, environment and infrastructure. The Auckland Region Economic Development Strategy (AREDS) sets out to achieve these outcomes for the region.

The vision

Our vision for the Auckland region is:

an internationally competitive, inclusive and dynamic economy

The outcomes

The principles of sustainability have influenced the development of AREDS. While the aim of this strategy is to provide a clear direction for the region's economy, it is recognised that the goal of any economic development strategy is to deliver increased prosperity to current and future generations. Prosperity is most easily thought of in terms of social, environmental and economic objectives and, to be sustainable, a strategy must deliver against each of these.

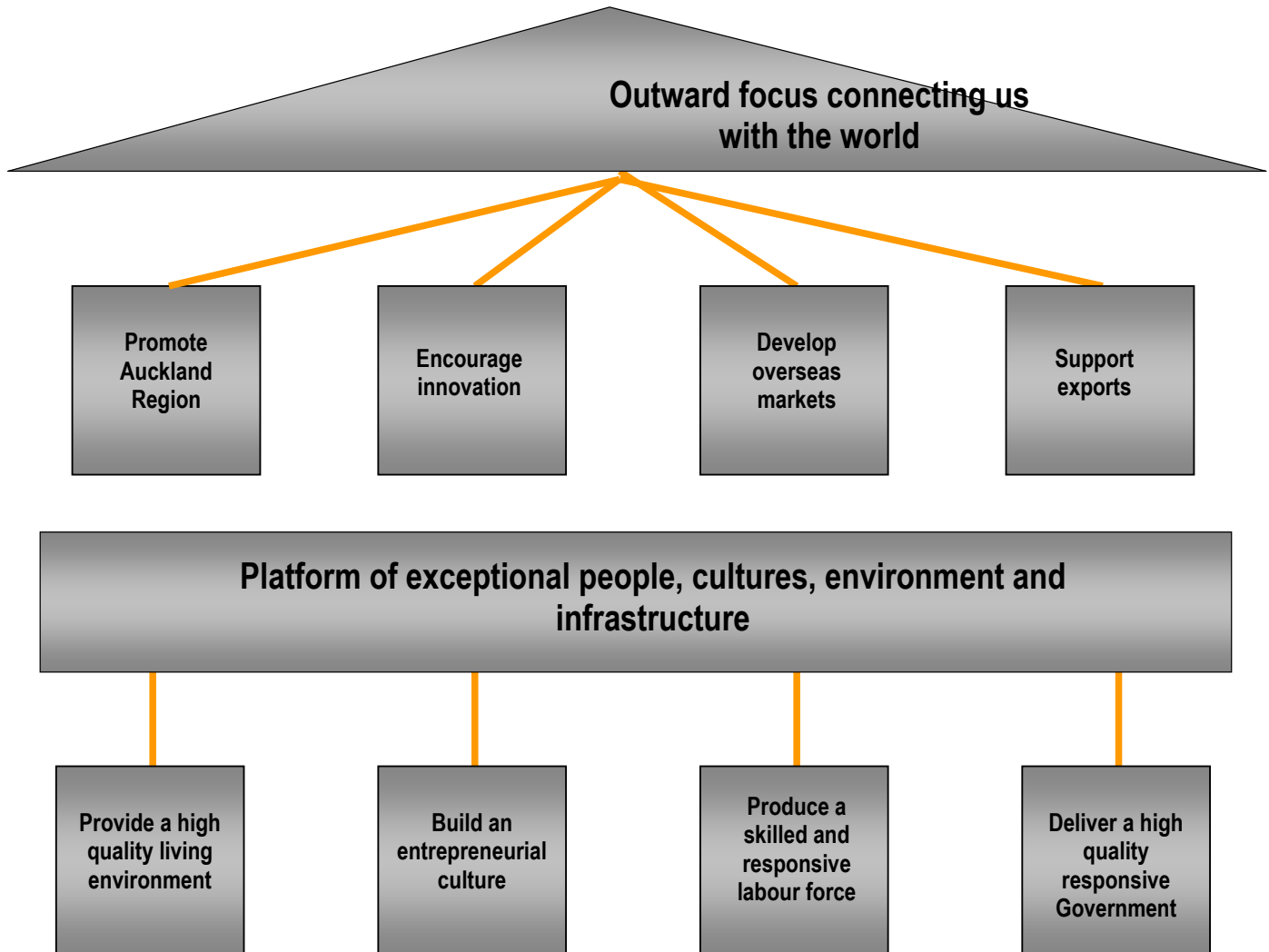
The social, environmental and economic outcomes are represented in the strategy using the following seven outcome areas:

1. More economic opportunities
2. More participation in the economy
3. High quality economic activity
4. Safe and healthy communities
5. Reduced inequities
6. A maintained and enhanced natural environment
7. Good urban amenity

The strategy framework

The **strategy framework** is a combination of eight elements which *connect the region with the world* through an outward focus and improved regional performance on a *platform of exceptional people, cultures, environment and infrastructure*.

Figure 1: AREDS strategy framework



Outward focus connecting us with the world

Increased economic prosperity for the Auckland region can only be sustained if we expand our participation in the global economy. The domestic market offers limited opportunities and the Auckland region is already dominant within it. The region's economic performance will be strongly influenced by its economic role and identity within the Australasian network of cities. It also needs to be strongly positioned within the Asia Pacific region. AREDS is focused on developing and promoting this role and identity.

Accordingly, foreign investment, immigration and exporting are important elements of the strategy. Another important element is supporting the firm and industry clusters that are the key to strengthening the Auckland region's competitive advantage. The small enterprise nature of our economy is addressed through a proactive approach to assisting small businesses to export.

The outward focus has four elements:

<p>Promoting the Auckland Region is about raising awareness of the Auckland region overseas as a great place in which to live, visit and do business. This promotion must be inspirational, recognisably of the Auckland region, linked to the region's strengths and reflect its multicultural nature.</p>	<p>Key initiatives require the Auckland region to:</p> <ul style="list-style-type: none"> • Develop and implement an integrated marketing programme for the Auckland region • Support the development and implementation of an Auckland regional action plan to target, attract and exploit international events, arts and culture • Provide a single facilitation point for overseas visitors and businesses
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<p>Encouraging innovation and excellence is about ensuring that the Auckland region has an environment in which new ways of thinking and doing things are encouraged. We must build on our culture of flexibility, enterprise, and the diverse and multicultural nature of our region.</p>	<p>Key initiatives require the Auckland region to:</p> <ul style="list-style-type: none"> • Link effectively into the government Growth and Innovation Framework (GIF) to ensure sufficient resource allocation and effective implementation in the Auckland region. This includes support for developing strategies that ensure a high level of capacity and capability throughout the regional economy in: <ul style="list-style-type: none"> • Information and Communications Technology (ICT) • Biotechnology • Creative industries • Support the development of strong local and regional networks (inter-company, inter-industry and inter-institutional) • Develop a regionally coordinated approach to incubation and create customised programmes to support their development
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<p>Developing overseas markets is about gaining international recognition for the Auckland region as a dynamic leader in trade and investment activities in the Asia Pacific region.</p> <p>This programme will encourage companies, sectors and support agencies to build relationships with, and success in, overseas markets. It will also seek to maximise opportunities from expatriate and migrant networks.</p>	<p>Key initiatives require the Auckland region to:</p> <ul style="list-style-type: none">• Implement a focused programme to attract Foreign Direct Investment (FDI) in key sectors• Link priority industry sectors with key markets• Maximise opportunities from expatriate and migrant networks• Exploit existing and developing trade arrangements• Advocate the Auckland region's position in national interventions relating to export market development
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<p>Supporting exports recognises that the Auckland region's growth is dependent on its export performance. This will see dynamic, well-prepared companies exporting successfully. Resources and energy will be focused on companies and clusters with the potential to lead improved export success.</p>	<p>Key initiatives require the Auckland region to:</p> <ul style="list-style-type: none">• Establish programmes to help firms to enter and expand into international markets• Establish a key export clusters programme• Develop a communications plan to promote initiatives, celebrate developments and influence opinion on export involvement• Establish programmes to assist Small and Medium Enterprises (SMEs) subcontracting to Multinational Enterprises (MNEs)
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The platform of exceptional people, cultures, environment and infrastructure

Sustainable economic development must be built on a strong platform of skilled people, strong cultural identity and high quality environment and infrastructure.

There are four platform elements:

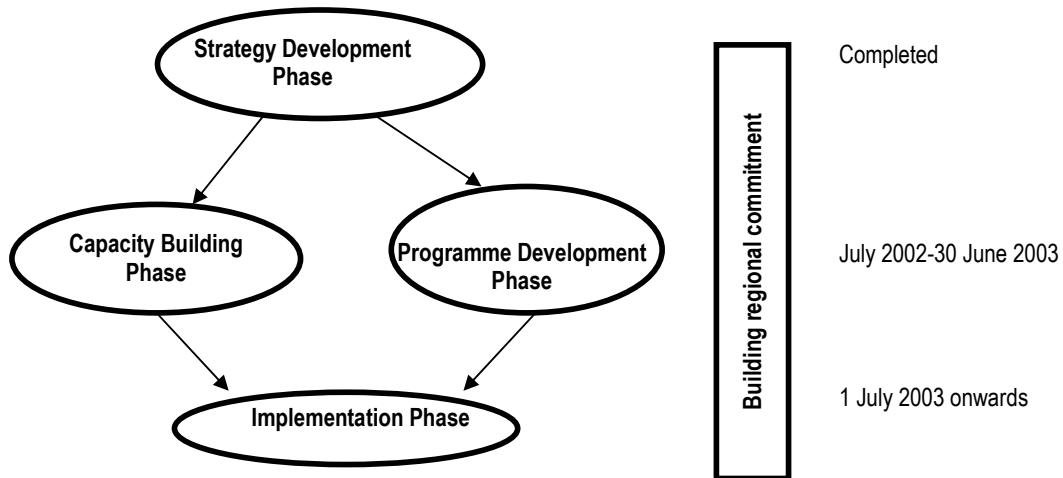
<p>Providing a high-quality living environment is about making sure that the Auckland region is rich in arts and culture, vibrant, cosmopolitan, safe, and attractive, offering a wide variety of choices in which to live, work, play and visit.</p>	<p>Key initiatives require the Auckland region to:</p> <ul style="list-style-type: none"> • Develop a regional business land use strategy addressing land supply and infrastructure for existing and new businesses • Promote and support the Auckland region's cosmopolitan, multicultural nature and natural and physical environment with show-case events and support for arts and cultural activity • Strongly advocate for the implementation of regional strategies for land use and infrastructure
<p>Building an entrepreneurial culture is about creating an environment in which people are motivated to look for opportunities, are willing to take risks and are prepared to be flexible in pursuing these opportunities.</p>	<p>Key initiatives require the Auckland region to:</p> <ul style="list-style-type: none"> • Promote wider community awareness of entrepreneurship • Support proactive programmes aimed at nurturing community based enterprises and partnerships • Support and promote the introduction of concepts of entrepreneurship into the education curriculum
<p>Producing a skilled and responsive labour force is about providing a virtuous cycle of business growth and skills development. This aims to increase productivity, participation and inclusion. It also aims to increase participation in education, training and the labour force and raise the ability of the community to respond to changing opportunities.</p>	<p>Key initiatives call for the Auckland region to:</p> <ul style="list-style-type: none"> • Establish and resource an Education Forum in association with the Tertiary Education Commission (TEC) and other stakeholders • Facilitate the implementation of the resulting opportunities identified by the Forum in association with the TEC • Utilise migrant skills to meet skills gaps, while also taking long-term advantage of the diverse skills brought into the region by migrants

<p>Delivering a high quality and responsive government is about developing effective relationships between business and government to facilitate a sound regulatory environment in which business can operate efficiently, and attracts new businesses to the region.</p>	<p>Key initiatives require the Auckland region to:</p> <ul style="list-style-type: none"> • Develop regionally consistent best practice regulation, service delivery and measures to business • Build relationships between local government and business at both the strategic and operational levels • Build relationships between AREDS, local government and big business • Provide a regional voice to influence national policies which support AREDS outcomes
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A living strategy

AREDS establishes a long-term vision and direction for the region’s economy. The next phase is to develop specific action plans, identify roles and responsibilities and harness resources for each of the eight programmes identified. Also, two pilot capacity building projects have been identified to develop the ability of significant partner groups to actively engage with AREDS. An Implementation Leaders Group will oversee this development phase. The following diagram illustrates the key tasks and timing of this phase:

Figure 2: AREDS development and implementation: key phases and timing



Introduction

Why does the Auckland region need a strategy?

The Auckland region is a great place to live, work and do business. It is a vibrant city with a magnificent natural setting and a desirable mix of urban and rural lifestyles. It is multicultural, has diverse recreational, arts, cultural and leisure opportunities, and is the largest Polynesian city/region in the world.

The Auckland region is the main commercial centre of New Zealand, home to one third of its population. It generates one third of the nation's income, but is falling behind many of the cities with which it competes internationally.

If the region is to continue to offer the lifestyle and quality of life its citizens currently enjoy, we must make the most of opportunities to support and improve the future prosperity of the region. We must also confront some major political, economic and social challenges in order to fulfil the promise offered by our people, our natural endowments and our history of entrepreneurship and energy.

For these reasons, we must work together as a region to forge a strong economic identity with an explicit international focus. We must develop overseas markets to support those businesses and people who are exporting goods and services and who bring wealth to the region. And we must support this with a strong basis of people, cultures, living environments and infrastructure.

The communities of our region are ready to embrace a proactive and cooperative approach to sustainable regional economic development. The Auckland Regional Economic Development Strategy (AREDS) aims to:

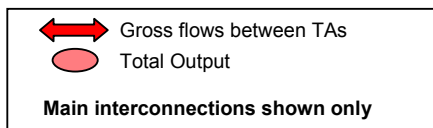
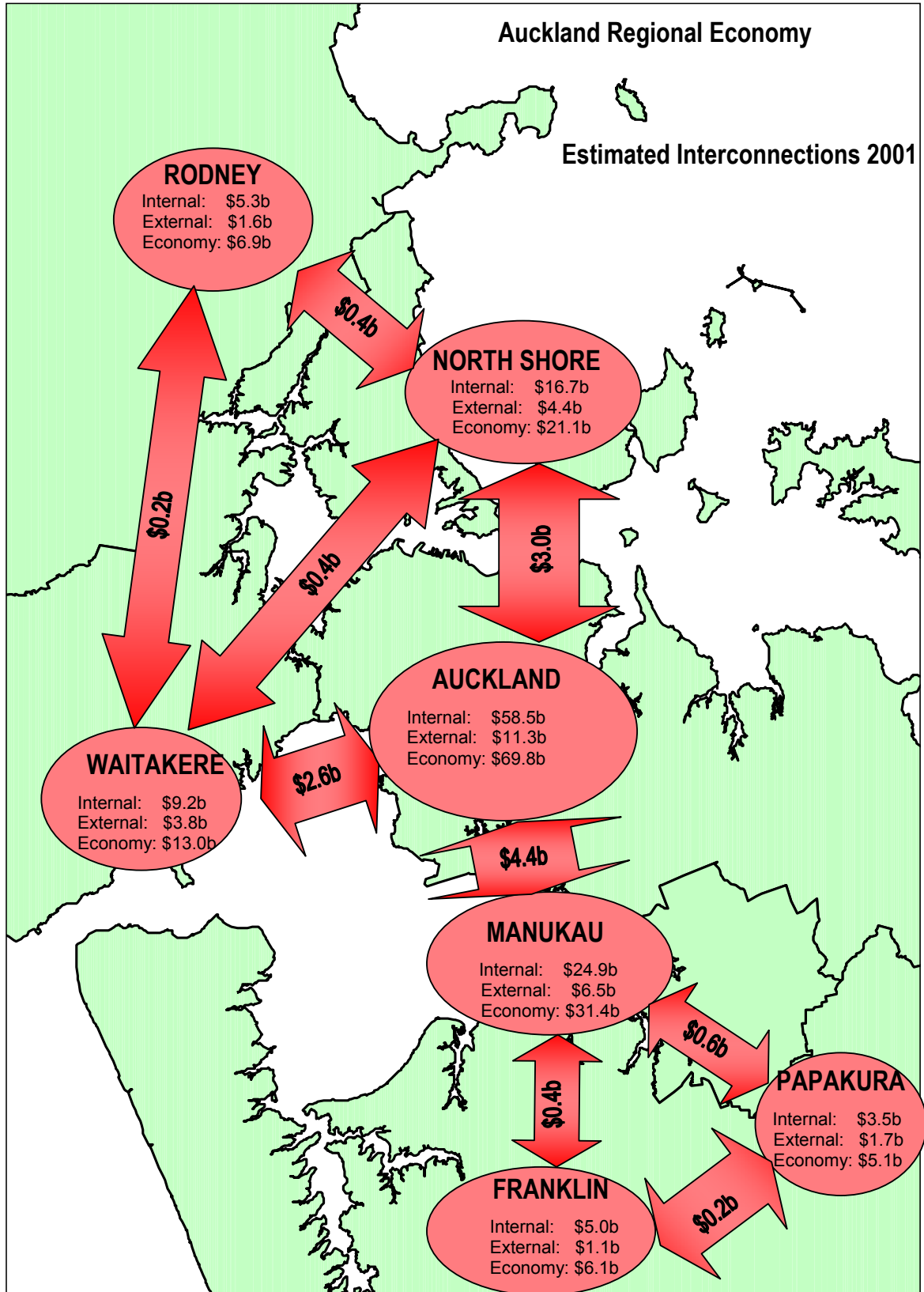
- identify where we are now, where we want to be in the future and how we are going to get there
- communicate a set of focused priority activities
- guide decisions about the allocation of limited resources
- provide vision, leadership and direction, to manage conflicts and trade-offs.

Figure 3: Auckland regional economy: estimated interconnections 2001

No Territorial Authority (TA) within the wider Auckland region operates in isolation. Workers and business owners travel across TA boundaries on a daily basis, earning income and making profits in one area and spending in another. By the same token, businesses purchase from other businesses located throughout the region – regardless of location.

Because of this, a regional strategy that directly benefits one TA, through attracting a specific business to locate there, benefits all TAs. Figure 1 shows, in 2001 dollar terms, levels of interconnectedness between different TAs in the Auckland region. This information is based on a 2001 48-sector regional Input-Output (IO) model of the economy. It shows that the smaller economies have a greater share of their output associated with external links than the larger economies. For example, Rodney District has 23 per cent of its gross output tied up with importing or exporting with the rest of the region, while Auckland City has 16 per cent.

In total \$15 billion of economic activity flowed between districts in the Auckland region in 2001. This equated to roughly 11 per cent of total activity within the region. The largest flows, which occur between Manukau City and Auckland City, are worth \$4.4 billion in total, followed by the links between North Shore City and Auckland City, worth \$3.0 billion and Waitakere City and Auckland City at \$2.6 billion.



The vision and outcomes

Our vision for the Auckland region is of an **internationally competitive, inclusive and dynamic economy**. This vision is of a region which is a great place to live, a great place to do business, a place full of skilled people and a place bustling with dynamic enterprise. To achieve this, we must be:

- internationally competitive because we know we are competing to attract and retain skilled people and resources and to sell our goods and services in overseas markets;
- inclusive because we know that some groups in the community are not participating in the economy or gaining the benefits of economic activity and wealth creation;
- dynamic because successful economies are more capable of responding to fast changing and unpredictable international conditions.

Sustainability principles have influenced the development of AREDS. While the aim of this strategy is to provide a clear direction for the region's economy, it is recognised that the goal of any economic development strategy is to deliver increased prosperity to current and future generations. Prosperity is most easily thought of in terms of social, environmental and economic objectives and, to be sustainable, a strategy must deliver against each of these.

The social, environmental and economic objectives are represented in the strategy using the seven outcome areas listed below.

Economic Outcomes

1. **More economic opportunities**
More jobs and more opportunities for business establishment and growth
2. **More participation**
Jobs and economic opportunities are distributed widely
3. **Higher value**
High quality economic activity and high paying jobs

Social Outcomes

4. **Safe and healthy communities**
People feel positive about their region and their community, including issues such as safety, cultural respect and freedom, and participation in democratic processes
5. **Reduce inequities**
The benefits of economic development are distributed in order to reduce the gap between the rich and the poor

Environmental Outcomes

6. **Natural environment**
Our natural environment, including air and water quality and open space, is maintained and enhanced
7. **Urban amenity**
Auckland region looks and feels like, and is, a great place to live

These outcomes were identified through the partnership process and are grouped in order of the priority our partner groups placed on them from an economic development perspective.

These outcomes will be used to form the basis of the ongoing performance monitoring and review.

The challenges facing the Auckland region

New Zealand ranks well in terms of global competitiveness, but its economic performance does not reflect this. This is also true for the Auckland region. Why is the region not achieving its potential? While there is no simple explanation for our poor record of economic growth, a lack of understanding of the important drivers of growth in the region, the predominance of domestically focused small businesses, and a failure to identify and respond to global trends have all contributed to our mediocre performance. We believe that none of these barriers is insurmountable.

Contemporary expectations are based on an understanding of the current situation for each AREDS outcome, and an understanding of what will constitute progress towards achieving these outcomes. These expectations will be refined as the potential outcomes of different courses of action become more apparent.

Examination of the major issues and influences of the Auckland region's economic and social situation shows:

- Despite reasonable economic growth over the last decade (3.7 percent a year), Auckland's GDP per person is around 15 percent below that in Australia's urban economies.
- With population growth of 29 percent expected by 2021 (medium projection), and labour force growth of 30 percent, the economy would need to grow by around 50 percent for a 15 percent gain in GDP per person.
- Since the labour force is ageing, real increases in average income levels may be required to support reasonable income levels for people beyond retirement age.
- Growth in the economy will generate more opportunity through more jobs and some increase in diversity. Also, growth can assist in achieving the higher value outcome. However, economic growth will have to be faster than both population and labour force growth to at least partly achieve these outcomes.
- There are significant variations between sectors of the economy, in terms of the income levels, age and sex structure and ethnic structure of the workforce. As a result, the make-up of economic growth, where some sectors grow faster than others, will directly influence the equity and participation outcomes.
- The match between job opportunities and the supply of skills will be critical in the degree to which the economic and social outcomes can be achieved.

Developing the strategy

The process used in AREDS development recognised that economic development is the process of improving:

- an economy's structure
- its the activities and relationships it supports
- people's capability

Sustainable economic development requires current needs to be met without compromising the ability of future generations to meet their needs. **Community economic development** is a

process by which communities can initiate and generate their own solutions to their common economic problems. Both approaches influenced the process used to develop the strategy.

Three major elements underpinned the initial development of AREDS and are intended to guide its ongoing progress and review.

First, the strategy development process recognised and reflected a long-term and integrated approach to economic development and led to the multifaceted nature of the strategy and its long timeframe which extends to 2022. The cultural context, regulatory environment, infrastructure provision and SME nature of the economy are all considered and reflected in AREDS.

Second, the need to include all those ultimately responsible for the long-term implementation of the strategy was reflected in the inclusive partnership-based approach used in its development. The strategy is a product of the AREDS partnership process which involved a wide range of participants including nine key partner groups:

- Business, including Competitive Auckland and union representatives
- Central government
- Local government
- Māori
- Pacific Peoples
- Education providers
- Migrant communities
- Economic Development Agencies

Third, the strategy content is based on three key contributions which together provide:

- **technical credibility** through the development and implementation of a research programme (see list of supporting documents in Appendix 3), and the ongoing contributions of a series of technical and advisory groups
- **strategic consistency** through a series of reviews of current local, regional and national strategies
- **public acceptability** through the partnership building process outlined above

The AREDS process started in December 2001 with a stocktake of existing visions, strategies and technical understanding of the region's economy. Four key goals were drawn from that stock-take:

- a great place to live
- a great place to do business
- a place full of skilled people
- a place bustling with dynamic enterprise

Throughout the strategy development process these four key goals, and the means of achieving them, were developed further by the collective efforts of those involved in the AREDS process. Data analysis and review of research materials supported this process.

The Strategy Leaders Group (SLG), made up of people with strong links to the key partner groups, drove the process. Wider involvement in strategy development was made possible in a number of ways, including through technical advisory groups, partner group workshops, hui, and at the economic development forums held during the AREDS process. These contributions helped to develop the framework and detail of the strategy.

Māori economic development was identified as one of the major strands to be considered as part of an economic development strategy for the Auckland region. The hui convened by AREDS and members of the SLG team enabled iwi Māori to participate at every level of the AREDS decision-making process and further develop the strategy framework.

Measuring progress

An important aspect of the strategy development process is to ensure that we are able to track progress towards the seven AREDS outcomes. Three broad types of measure have been or will be developed:

- **Outcome measures** which allow high level tracking of the strategy's progress over time are described in detail below.
- **Benchmarking measures** which allow comparison of the Auckland region's performance with other international cities. These indicators are discussed in the *Looking Ahead* (see page 52) section of the strategy, under the heading *Benchmarking and international measures*. Unlike the outcome measures, these measures are constrained by the availability of reliable comparable data.
- **Performance indicators** to be developed for the programmes which implement the strategy under the development phase, also described in *Looking Ahead* (see page 52).

Outcome measures

AREDS outcomes may be achieved in different ways, and a range of indicators is required. For example, an increase in opportunity for part-time and low average income employment may be as effective for improving participation and aspects of equity (such as per household wealth), as growth in higher income sectors. Similarly, while economic growth and development can be expected to provide opportunity for these outcomes, it is likely that other related actions (in areas such as education, training and investment) will be required to achieve them.

Outcome measures can be grouped into the following:

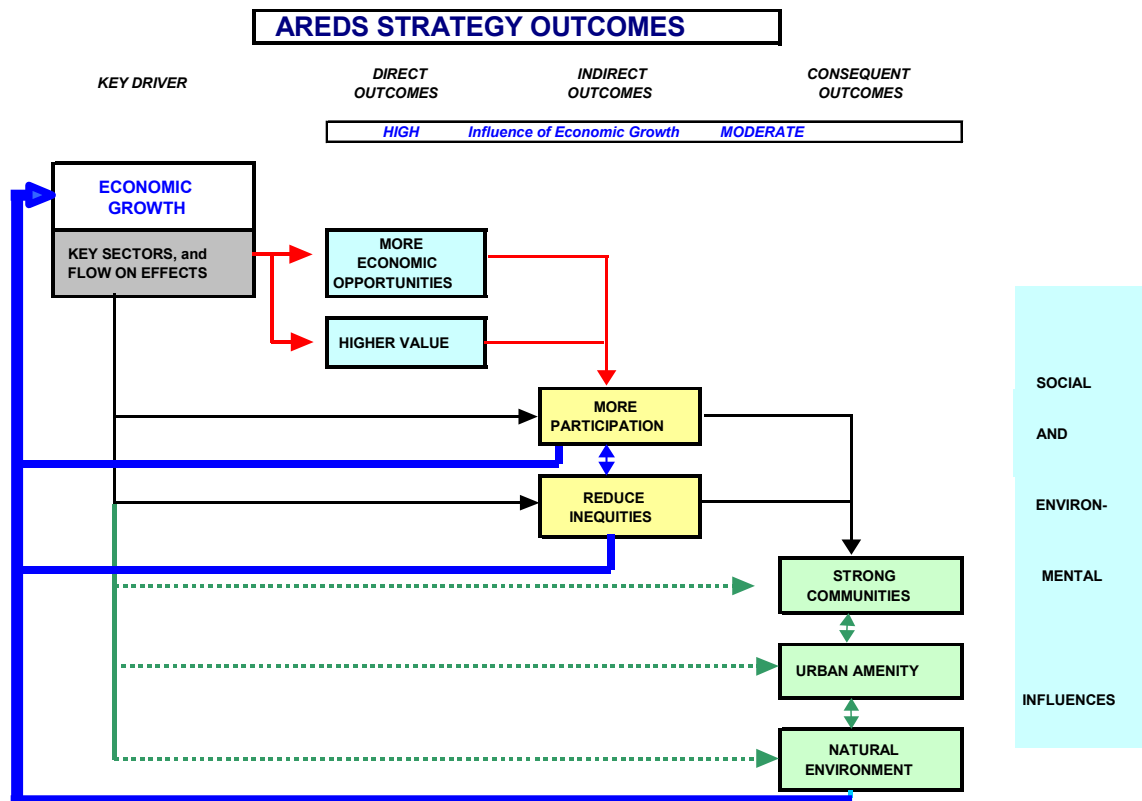
- the economic opportunity and higher value outcomes are driven directly and primarily by economic growth through its effect on job numbers, sector size and diversity, and return for investment.
- the greater participation and reduced inequity outcomes are driven indirectly by economic growth; the combination of growth and employment structure in each sector influences income and employment opportunities across different age and skill groups.
- the strong communities, urban amenity and natural environment outcomes are less directly influenced by economic development, and also describe the desired conditions within which the economic development needs to occur, since there are

both positive (contributing) and negative (detracting) consequences for these outcomes.

The range of outcomes for AREDS means that standard economic measures such as GDP growth and sector growth are not by themselves adequate for assessing progress. It is also apparent that different growth and development directions for the Auckland region may mean substantially different outcomes. It is important to develop an evaluation capability to show such differences, and how the outcomes compare with the existing situation in the Auckland region. This in turn can be used to help specify the outcomes sought from, and expectations of, AREDS.

An evaluation framework has been developed which incorporates the direct and flow-on influences of economic growth, and identifies the effects for the AREDS outcomes as a set. It shows outcomes relative to the current situation, and how achieving one particular outcome may mean trade-offs with other outcomes. While integration of economic, environmental and social information in a dynamic framework is some way off, the current framework draws together available information to provide an overview of the outcomes. It shows the extent of changes from the current situation which may be required to achieve the outcomes sought, and so has a future role in refining the strategy. This structure is shown in Figure 2.

Figure 4: AREDS strategy outcomes



Māori in AREDS

He aha te mea nui?
He aha te mea nui o te ao?
Maku e ki atu
He Tangata, He Tangata, He Tangata

What is the most important thing?
What is the most important thing in the world?
I will say to you
It is people, It is people, It is people

Iwi Māori

AREDS has recognised the need for implementing an economic development strategy that reflects the particular needs of iwi Māori as tangata whenua of New Zealand. In 2001, 50 percent of Māori in the Auckland region were earning less than \$20,000 a year and 70 percent had very low or no qualifications, so many Māori form part of the Auckland region's most deprived communities. Consequently, iwi Māori economic development has been identified as one of the key strands of AREDS. AREDS partners across the region understood the importance of supporting Māori economic development as an integral part of the process. The development of a Māori economic development strategy for the region was a first step towards achieving this.

A key aim of the strategy will be to identify policies and commercial initiatives that harness Māori innovation and entrepreneurship and encourage communities to look to local solutions with a regional focus.

Te Huarahi Pai

A series of hui called *Te Huarahi Pai* (Māori Economic Pathways) was organised to ensure Māori participation in the AREDS process. Two people were elected by Māori to represent their interests on the AREDS SLG. Along with the formal hui and workshops organised for Māori, several Māori representatives were present at the AREDS partnering workshops. The clear message that emerged from these hui was that Māori tikanga, values and aspirations must be recognised when both developing and implementing economic development strategy for the Auckland region. The Māori consultation process is described in Appendix 4.

Te Huarahi ki ngā rā e heke mai is the strategy document that was developed at the Māori economic workshops and forums. Much debate and discussion took place while developing the document. However, what emerged was a strategy with which Māori and communities across the region could work. Māori involvement in AREDS influenced the overall direction and outcomes of the strategy, and the content and formulation of specific programmes. Continuing involvement will be vital to the implementation of the strategy.

As a result of the consultation process clear directives for Māori economic development in the Auckland region were agreed upon.

A Māori advisory group has been nominated by Māori organisations to work with AREDS and to identify optimal models for implementation of *Te Huarahi Pai*.

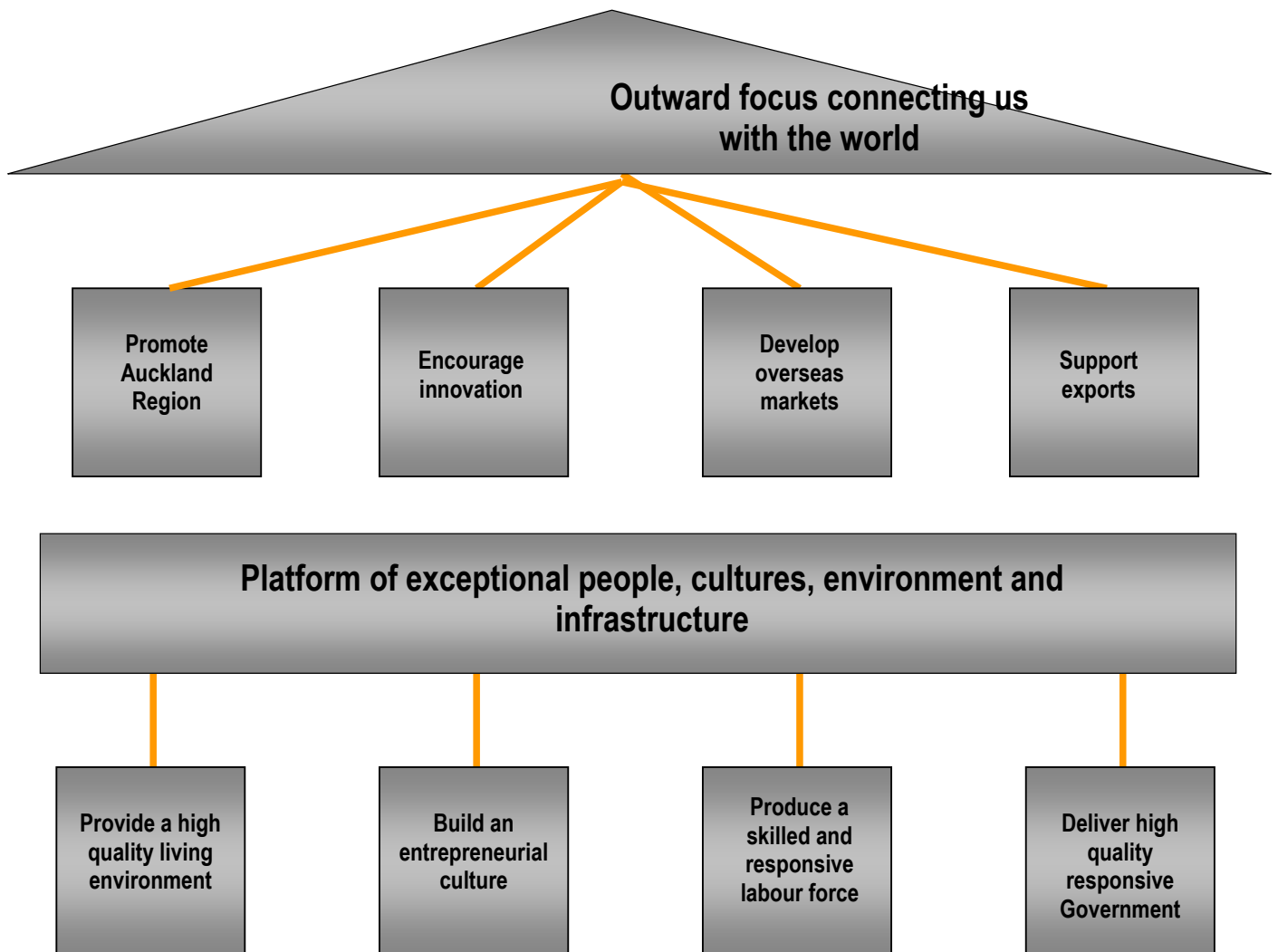
The regional strategy

Throughout the partnership process, people placed importance on skills, education and infrastructure as underpinning economic activity. As a result, one of the two key elements of the strategy is building a platform of exceptional people, cultures, environment and infrastructure.

Our research also identified the limited potential of future growth based on domestic markets. So the journey towards future economic prosperity needs to be focused outward, towards other international cities, and key markets, and this forms the second key element of the strategy.

For simplicity, programmes have been organised under each of the eight strategy elements. These are, however, all interlinked and mutually supportive.

Figure 1: AREDS strategy framework



Outward focus connecting us with the world

A higher growth rate for the Auckland region can only be sustained if we increase our participation in the global economy. The region already performs a vital role in linking New Zealand to the rest of the world. The Auckland region plays a major role in international trade flows, both into and out of the country. Sixty-five percent of all imports to New Zealand enter the country through the Auckland region, nearly \$21 billion each year. About half of these imports are destined for the Auckland region with the other half being distributed to the rest of New Zealand. While the strongest import links are with the USA, Australia, Japan and China, the Auckland region is the main destination for imports from many other countries with smaller volumes.

Nearly a third of New Zealand's exports leave the country through the Auckland region of which 70 percent is produced or processed in the Auckland region. The balance of New Zealand's exports is primarily agricultural and is exported from other ports. Australia, the USA, Japan and the United Kingdom are the four biggest export markets for both the Auckland region and New Zealand as a whole. However, the Auckland region has direct links with many more countries than other New Zealand ports.

The Auckland region has a strong migrant base. One in three Aucklanders was born overseas. The largest overseas-born groups are Asian and European (both nine percent of Auckland's population), followed by Pacific Peoples (seven percent).

The Auckland region is also important, both as an entry point and as a destination, for migrants and visitors from overseas. Seventy percent of international visitors to New Zealand arrive through the Auckland International Airport and 34 percent of international visitor nights are spent in the Auckland region. While most visitors are from Australia, other significant origins include the United Kingdom, North America, Japan, and the rest of Asia.

Although no comprehensive data are available, it appears that the Auckland region attracts less foreign investment than the rest of New Zealand. This is probably because the Auckland region has a greater proportion of small businesses, which are less likely to have foreign ownership. Foreign ownership appears to be concentrated in the wholesaling and finance sectors.

Despite these strong international links only just over 20 percent of the Auckland region's goods and services is exported. Currently there are several factors that may be hindering our ability to expand exports:

- ***The predominance of small businesses in the Auckland regional economy***

Eighty-two percent of businesses in the Auckland region employ fewer than six people, representing just 23 percent of the total work force. Work commissioned for AREDS on small businesses found that only 2.5 percent of firms employing fewer than 100 people are involved in exporting. Research suggests that it is firms employing 6-10 people that are most likely to grow and to undertake structural change. The research also found that that the Auckland region is under-represented in the 6-10 employee business size and that most small businesses do not have aspirations to grow (which helps explain why they do not export).
- ***The growth of the business services sector servicing the local economy***

The two biggest sectors in the region's economy are manufacturing, employing 17 percent of the workforce, and business and financial services, employing 21 percent. However, the manufacturing sector has been declining in importance for

over a decade (in 1986 it employed 29 percent of the work force) while the business and financial services sector has been expanding.

The two sectors have very different characteristics. Manufacturing is dominated by large businesses that are much more likely to export. Business and financial services includes real estate, insurance, finance, management consulting, information technology and legal and accounting services. Most businesses in this sector employ fewer than six people and are focused on the domestic market, servicing other businesses and end consumers. This trend is not entirely negative. Business services can often be exported, and information technology businesses have an important role to play in the global economy.

- ***The low application of technology including Information and Communications Technology (ICT)***

Despite publicity surrounding the Knowledge Wave, there is little hard evidence to suggest how well New Zealand businesses are positioned to participate in the new global economy. Low technology (primary-based) exports and relatively low levels of research and development are negative signs. While New Zealanders have a reputation for being quick to use new technology for personal purposes, businesses appear to be lagging behind. Most businesses use email, many have a website, but fewer are using information technology in their business-to-business relationships.

In order to develop the economy we need to better utilise existing international links. Our links are currently strongly oriented towards Australia and we need to consolidate our role within the Australasian network of cities. The Auckland region also has significant links with the USA and Asia which need to be developed further.

The platform of exceptional people, cultures, environment and infrastructure

Sustainable economic development must be built on a strong platform of skilled people, strong cultural identity and high quality environment and infrastructure.

The diversity, educational performance and relative youth of the region's population provides the basis to develop a highly skilled and responsive labour force. Most of our understanding about education and skills relates to New Zealand as a whole rather than Auckland region specifically. New Zealanders have a high participation rate in all forms of tertiary education, with 68 percent of school leavers going on to tertiary education compared to an OECD average of 40 percent. Participation rates in adult education and training also appear quite high compared to other OECD countries. Students from high decile schools are much more likely to undertake tertiary education, however, and Māori participation rates are lower (although they are increasing). Māori are also more likely to go on to non-university based tertiary education.

Despite high tertiary education and adult education participation rates, there is evidence of skill shortages in some areas. Two important factors contributing to this skills gap are the institutional fragmentation of education provision and the poor interface between educational institutions and business.

New Zealand is thought to be one of the most entrepreneurial countries in the world, with women and Māori excelling in particular. However, New Zealand's high level of entrepreneurship is associated with its high start-up rate of small businesses rather than with

business growth. Social entrepreneurs who find innovative ways to address community issues (such as unemployment and housing), and community based enterprises, also make an important contribution to the economy.

Located within a magnificent natural setting, the Auckland region has competitively priced and reliable infrastructure including water, energy, telecommunications and port operations.

However:

- sprawling urban development has resulted in an expensive and inefficient transportation system and negative impacts on our natural environment, particularly on land, air and water quality.
- recent planning initiatives seek to address regional growth issues but implementation has been slow and significant investment in public infrastructure will be required over the next 25 years.

New Zealand consistently performs well in international surveys of the quality of governance. Surveys have found that we have a lean public sector, few barriers to entrepreneurship, and relatively low compliance costs compared to many countries. However:

- there are still regional concerns about high compliance costs for small businesses.
- local government in the Auckland region has an uneven record of positively engaging with business to facilitate economic development and growth.

Programme 1

Promote the Auckland region

Description

Global recognition of the Auckland region as a great place in which to live, visit and to do business needs to be achieved by promoting it nationally and internationally. This promotion must be recognisably about the Auckland region, be linked to the region's strengths, reflect its multicultural nature and be inspirational.

What is happening now

Many agencies are currently involved in various activities promoting the Auckland region. Operating at national, regional and local levels, these agencies undertake promotion for tourism, events, exporting (including exporting education), and business and investment attraction.

- Investment New Zealand is the national specialised investment promotion agency. It assists foreign investors and is also involved in specific investment promotion opportunities (eg the America's Cup).
- Competitive Auckland aims to attract businesses to the Auckland region. Its initiatives seek to showcase innovation and infrastructure in the region and provide a platform for business promotion.
- Local Economic Development Agencies (EDAs) and some local authorities seek to attract and promote investment, retain business (Manukau City and Rodney District Councils) and promote tourism for their areas. North Shore City Council and Tourism Franklin both promote their local areas as tourist destinations.
- Auckland City Council produces a small amount of place-specific marketing and promotional material, largely to cater for the high number of overseas delegations and visitors it receives.
- Tourism Auckland is also involved in promoting the Auckland region to overseas markets. This promotion focuses on promoting tourism, education and events.
- Private training organisations promote the Auckland region as an education destination overseas and some have their own overseas information offices.

The issues

- Multiple promotional activities and agencies have resulted in several different brands currently operating in the region. There is no regional brand or promotion. There is no single owner promoting the Auckland region as a great place to live, work and do business. Moreover, the New Zealand image currently promoted overseas doesn't necessarily reflect the Auckland region.
- Promotional resources and activity, particularly for tourism and business attraction, appear fragmented. This:
 - creates competition within the region
 - dilutes promotional efforts
 - may contribute to confusing and inappropriate images.

- There is a lack of consensus about the integration of promotional effort, and concerns regarding our understanding of the impact of people and business attraction on the environment.

Key initiatives to promote the Auckland region

- 1.1** Develop and implement an integrated marketing programme for the Auckland region, including:
 - domestic market research
 - regional brand development
 - promotion overseas
- 1.2** Support the development and implementation of an Auckland regional action plan to target, attract and exploit international events, including:
 - advocating for regional infrastructure, servicing and skills to support these events, as well as central government support
 - supporting associated activities to maximise follow on effects
- 1.3** Provide a single facilitation point for overseas visitors and businesses including:
 - developing, maintaining and publicising an up-to-date information base on the Auckland region including key opportunities, key contacts, key statistics, key publications, key regulations and legislation
 - ensuring a high profile with Trade New Zealand, Investment NZ, territorial authorities, tourism agencies and other organisations which can assist in promoting the Auckland region

Programme 2

Encourage innovation and excellence

Description

Innovative activity is the key driver of growth. Countries that create and adopt new technologies and generate innovation grow faster than those that do not. Knowledge and the commercialisation of new ideas have become significant factors of production. The transformation of the Auckland region's economy will require the broad application of knowledge and innovation.

Achieving this will ensure that we have an environment where new ways of thinking and doing are encouraged. This will allow us to build on our culture of flexibility and enterprise, and to enhance the diverse and multicultural nature of our region.

What is happening now

There is a wide variety of activities and initiatives that aim to encourage and support innovation in the Auckland region. Operating at national, regional and local levels, these initiatives aim to encourage the development of an innovative culture and knowledge based society, and provide support and funding for innovative business ideas. They involve several central government agencies (namely Industry New Zealand and the Ministry of Research, Science and Technology), universities, individual businesses and some local authorities. Several local EDAs administer or support local and central government programmes and initiatives.

Examples of activity encouraging innovation include:

- The Government's Growth and Innovation Framework, being developed to create an innovative New Zealand.
- Ministry of Research, Science and Technology initiatives focusing on innovative business and research and development (eg Technology NZ initiatives providing funding, research and development project support, and the NZ Venture Investment Fund programme of equity investment to develop New Zealand's venture capital market).
- Industry New Zealand programmes providing information, support, assistance and funding for New Zealand's best and brightest companies and new business concepts, strategic projects, Fast Forward programmes and Enterprise Awards. Central government is also working on a national strategy for ICT in which the Auckland region will play an important part.
- Incubators encouraging innovative ideas, and providing new businesses with support and assistance, that have emerged in the Auckland region in last few years. Most are affiliated with a university or are focused on particular industry sectors and are supported by Industry New Zealand (eg Incubator Funding Awards). Incubator support for advanced technology start-up companies is provided by Industrial Research Limited (eg Global Tech). Some local authorities or their EDAs also provide incubator support.
- The Knowledge Wave Trust's Innovation Wave project, seeking to change attitudes and instil confidence and pride, and raise the profile of innovative organisations and individuals.

- Funding and initiatives encouraging venture funding and development grants and an enterprising culture among Māori (by the Poutama Trust) and Pacific Peoples (by the Pacific Business Trust).
- Skill New Zealand assistance focusing on leadership, innovation and diversity (work-related education and training).
- Industrial Research Limited's Mine for Business Angels national programme. The Auckland mentor investor network encourages more angel investment into innovative new and early stage companies.
- Manukau City Council's Smart Manukau Strategy contains 'knowledge society' policy and initiatives, and a work programme (eg information technology infrastructure, e-commerce and internet, high-tech business and research attraction, high-tech business clusters and incubators, entrepreneurship, and education and human capital formation). Several other local authorities or their EDAs are also working on e-commerce or ICT initiatives.
- University initiatives such as the University of Auckland's Knowledge Intensive Organisations Group, focusing on awareness of the meaning and implications of a knowledge society.
- UNITEC's New Zealand Centre for Innovation and Entrepreneurship which is seeking to develop business entrepreneurs within New Zealand. The Centre is involved in local, national and global initiatives and programmes involving students and businesses (eg Global Entrepreneurship Monitor, Smart Manukau).
- Joint agency initiatives facilitated by Creative New Zealand, seeking to create innovative arts and creative industries (eg *thebigidea*, Artswork Project).

The issues

- Research and development expenditure in New Zealand is small and dominated by the public sector
 - New Zealand's overall spending on research and development (R&D) is below the international average (as a percentage of GDP)
 - New Zealand suffers from a significant deficit in private sector R&D investment
- To fuel innovative start-up companies entrepreneurs need access to equity, but there is a shortage of venture capital for high risk ventures. SMEs lack the time and resources to commercialise new ideas (eg financial, networking and internationalisation knowledge, and management skills).
- Several separate local authorities are working on ICT initiatives. E-commerce development is currently fragmented and has a low take up rate by firms. There is no consistent approach to ICT development (including infrastructure) or e-commerce in the region.

Key initiatives to encourage innovation and excellence

- 2.1 Link effectively into the Growth and Innovation Framework (GIF) to ensure sufficient resource allocation and effective implementation in the Auckland region. This includes support for the development of strategies to ensure a high level of capacity and capability throughout the Auckland regional economy in:
- Information and Communications Technology (ICT)
 - Biotechnology

- Creative industries
- 2.3** Support the development of strong local and regional networks (inter-company, inter-industry and inter-institutional) through:
- Provision of forums
 - Opportunities for inter-sector/inter-community networking
 - developing and strengthening hapu, whanau and iwi business networks and commercial links
 - developing an ongoing knowledge base of existing and potential Māori economic activities
 - developing and strengthening Pacific Peoples' business networks and commercial links
 - Communications
 - Celebrations
- 2.4** Develop a regionally coordinated approach to the incubator concept and create and develop customised programmes to support their development. This approach will include existing and new incubators in:
- tertiary educational institutions
 - the private sector and
 - on marae

Programme 3

Develop overseas markets

Description

The performance of Auckland's regional economy will depend substantially on it becoming recognised for its international outlook. The Auckland region must be internationally known as a dynamic leader in trade and investment activities in the Asia Pacific region. It must be the essential location in New Zealand where overseas trading partners will build commercial relationships.

This programme will encourage companies, sectors and support agencies to build relationships with, and success in, overseas markets. It will also seek to maximise opportunities from expatriate and migrant networks.

What is happening now

The development of overseas markets has been a strong focus of central government policy for many years, and has been a regional issue in a small but significant way. Several programmes and initiatives are in place linking the Auckland region with overseas markets:

- Trade New Zealand is the government's lead agency for promoting New Zealand in overseas markets. It maintains a network of offices in key international markets and actively promotes New Zealand goods and services.
- The Ministry of Foreign Affairs and Trade promotes New Zealand trade from its overseas locations and provides important information flows and international connections.
- Industry New Zealand works closely with Investment New Zealand to attract overseas investors. Support and funding assistance to investors considering undertaking major projects in New Zealand is also available through Industry New Zealand (eg Major Investment Service and Fund).
- Representative business organisations (eg the Auckland Chamber of Commerce) participate in trade missions and similar activities in order to promote New Zealand exports. The Auckland Regional Chamber of Commerce is the secretariat for several Overseas Business Councils.
- Private sector trade networks (eg Trade Liberalisation Network) support trade openness and contribute to the positioning of New Zealand exports in overseas markets.
- Many organisations link New Zealand with particular trading partners, particularly through the bilateral business councils, most of which are located in the Auckland region. These agencies actively seek to increase the knowledge of overseas markets within New Zealand and also help to raise the profile of New Zealand as a trading nation in overseas countries.
- Educational institutions provide research and information about overseas export markets.
- Several initiatives seek to provide opportunities for the sharing of information with New Zealanders overseas. For example, the Kiwi Expatriates Association provides a central point for New Zealanders currently living offshore to

communicate. The KIWILINK Global Online Collaboration Project (a national initiative sponsored by Waikato University) is a virtual networking project. It aims to link New Zealand into a web of global connections to pursue common goals of economic growth and research and development.

- Urban TAs in the Auckland region establish city to city relationships to foster international partnerships for mutual cultural, political and economic benefits. In addition, Manukau City Council is a member of the World Technopolis Association. This association builds links with universities, governments and businesses to develop relationships with high tech industries.

Key issues

- The Auckland region engages with the international economy on different terms from the rest of New Zealand owing to its size, economic history, structure and demographics. This engagement is the foundation for its future as a major player in the Asia Pacific region.
- City to city relationships are also not being developed strategically or being utilised to their full potential (for promotion and exporting): no two TAs in the region currently have agreements with the same overseas cities.
- Regional and global trade arrangements are becoming more important and will have a strong impact on trade flows. The Auckland region must respond effectively to changing international trade arrangements. Trade success for The Auckland region in Asia Pacific will require the development of a strong regional voice and an internationally recognised portfolio of successful business sectors.
- There is limited understanding of the benefits to the Auckland region of linking into central government strategies. Equally there is no strategic appreciation of where the Auckland region might act independently in terms of developing overseas markets.
- There is a trend for businesses to seek to generate leads in traditional markets, such as the UK, rather than in newer growth markets, such as those in South East Asia. Potential explanations include a cultural familiarity and common language with historical trading partners. The Auckland region's changing immigration patterns could provide benefits in accessing newer markets but explicit advantage is not being made of this potential.
- The Auckland region's current strengths - people, business and institutional relationships with profound knowledge of key international markets - are not fully understood and are underutilised.
- The Auckland region is not well-positioned to gain maximum advantage from movements of goods and people in the Asia Pacific region.

Key initiatives to develop overseas markets

3.1 Implement a focused programme to attract Foreign Direct Investment (FDI) in key sectors

- Externally fund the FDI programme for a limited time period (five years) in the first instance with the expectation that, if successful, it will become self-financing

- Foster FDI links where they contribute to the long-term strategic integration of the Auckland region into sustainable international markets

3.2 Link priority sectors with key markets

- Strengthen our understanding of trade links between the Asia Pacific and the Auckland regions and closely monitor future developments in these markets to identify areas for beneficial strategic alliances
- Adopt a strategic regional approach to city to city relationships to maximise economic benefits

3.3 Maximise opportunities from expatriate and migrant networks

- Utilise expatriate networks to provide specialist advice about overseas market access and business opportunities
- Encourage migrants with business knowledge of target markets to contribute to business mentoring schemes supporting export firms

3.4 Exploit existing and developing trade arrangements

- Advocate for trade arrangements which build on the Auckland region's strengths and which explicitly recognise the particular role and needs of the Auckland region's exporters
- Identify, and where possible reduce, regional structural impediments to overseas market access and attraction of FDI
- Focus overseas market promotion on parties, regions and countries participating in trade arrangements with New Zealand

3.5 Advocate the Auckland region's position in national interventions into export market development

Programme 4 Support exports

Description

The Auckland region's growth is dependent on its export performance. If the region is to sustain desirable levels of economic growth, it must take advantage of overseas markets. Companies and sectors must expand existing capacities and develop new approaches in order to penetrate successfully into increasingly competitive international markets.

This programme focuses on those companies and economic sectors with the potential to lead improved export success. Identification of these companies and sectors will also give supporting sectors – for example, education and training, research, transport infrastructure – clear indications of where and how they should support successful regional export performance.

What is happening now

There are a number of initiatives operating in the Auckland region providing export information and supporting the development of export and high growth industries. Many initiatives supporting innovation also support business or industry sectors with high growth or export potential. Most initiatives focused on export development are carried out by central government agencies, the Export Institute of New Zealand and Joint Action Groups (industry sector groups focused on export development). Industry NZ, local EDAs and other industry sector organisations' initiatives tend to focus on the development of high growth industries, particularly those with export potential. Key export development initiatives include:

- Trade New Zealand initiatives providing information for businesses new to exporting or thinking about exporting, networking opportunities for established exporters, pilot programmes assisting export potential businesses and industry sectors (currently operating on the North Shore)
- Industry New Zealand initiatives aiming to improve the export performance of New Zealand companies (eg Fast Forward programme).
- The Auckland Regional Chamber of Commerce free online export resources (BIZexport) and networking with Overseas Business Councils etc.
- Local EDAs and other organisations' referrals to Trade New Zealand. Some local EDAs are more active than others in supporting export development.
- Export Institute of New Zealand and Joint Action Group (eg MAREX, BIOTENZ) initiatives for export promotion and developing export industries.

Central government and Industry New Zealand have identified key sectors for export support and development. Other agencies have also been active in identifying sectors for growth within the region (eg Competitive Auckland, local authorities and local EDAs). These sectors have been targeted for strategy, industry, cluster and incubator development, along with various other initiatives to support business development. All these sectors are at varying stages of development (eg strategy, incubators, clusters, Fast Forward programmes etc).

- Sectors currently identified by central government for export support include ICT, biotechnology and creative industries (from GIF).

- Sectors identified by Industry NZ, Competitive Auckland and/or local authorities and their EDAs include biotechnology, creative industries, food, ICT, niche manufacturing, tourism, wood processing, marine, exporting education, film, organics and others (see page 62).

Key issues

- There is a lack of comprehensive high quality analysis about the characteristics of businesses of the Auckland region. This hampers the identification of companies and sectors with export growth potential, and efforts to promote export growth.
- The Auckland region's economy is primarily domestically focused and SME based. SMEs face a number of barriers to export growth:
 - Poor economies of scale to break into and service export markets successfully
 - Owners lacking the ambition to expand their businesses for many reasons, including high compliance costs (eg paperwork associated with employees), potential loss of control and reluctance to change their lifestyle
 - Low SME take-up of training, business assistance and development opportunities (eg e-commerce)
 - Limited involvement of SMEs in networks, which reduces their ability to internationalise
- Generally, there is weak economic clustering in the Auckland region coupled with a widespread lack of understanding of the export benefits associated with clusters. There is also currently no strong motivation for firms and supporting organisations to collaborate for export success. Current regional incubator initiatives are fragmented and competitive.
- Business support programmes are largely reactive, fragmented and take insufficient account of the constraints imposed by the New Zealand business culture, particularly in relation to the challenge of internationalisation.

Key initiatives to support exports

- 4.1 Establish programmes to help SMEs to enter or expand into international markets:
- Implement an assessment programme to identify firms currently exporting and those with export potential
 - Support mentoring programmes to deliver targeted, hands-on assistance to firms with potential to grow
 - Facilitate company involvement in export networks (both national and international)
 - Foster SME links to larger firms to support international development (eg forums, networks, subcontracting, mentoring)
 - Promote company-level programmes to overcome barriers to entering export markets (eg export guarantee scheme)
 - Foster links between firms and academia that promote applied international training and projects
 - Support programmes that provide firms with access to industry training

- Provide information and analysis to assist in the identification of key export clusters in Programme 4.2
- 4.2** Establish a key export cluster programme
- Define and identify key export clusters (reference Appendix 2)
 - Develop detailed export cluster plans in conjunction with key industry and support stakeholders aimed at developing global competitiveness
 - Support and strengthen networks within each industry cluster to foster links and increase density
 - Promote cluster development through technology transfer incentives
 - Promote and support collaboration between education and skills providers to meet the skills needs of key clusters
- 4.3** Develop a communications plan to promote initiatives, celebrate developments and influence opinion on export involvement
- 4.4** Establish programmes to assist SMEs subcontracting to Multinational Enterprises (MNEs)
- Provide assistance to meet international standards
 - Assist SMEs to adopt ICT and logistics technology to effectively integrate with MNEs
 - Establish a regional supply network to put MNEs and SMEs in contact and assist SMEs to identify supply and manufacturing opportunities

Programme 5

Provide a high quality living environment

Description

To provide a high quality living environment and to retain our unique heritage and identity, the region needs to be vibrant, cosmopolitan, safe, attractive and liveable. It should offer a wide variety of choices to live, work, play and visit. These choices will include urban, suburban and rural living options; a wide range of employment options and locations; high quality schooling, social services and retailing; and a highly visible and vibrant arts and cultural sector as well as great recreational opportunities and events. These should be supported by high quality physical infrastructure and communications.

This programme mainly focuses on advocating for the implementation of a number of regional strategies which impact on the growth, functioning and liveability of the region.

What is happening now

Regional and local government agencies in the Auckland region influence the development of the city's living environment through environmental management, planning and regulation, infrastructure development and local area improvements. Central government is involved in environmental policy and legislation, while infrastructure providers and developers have a direct influence due to their activities.

- The Ministry for the Environment is focused on policy and performance guidance including urban design guidelines, innovation for urban sustainability and eco efficiency (a collaborative initiative involving several agencies), ambient air quality guidelines, and the New Zealand Waste Strategy.
- The Auckland Regional Council (ARC) is responsible for achieving integrated, consistent and coordinated management of the region's resources, managing air, land and water quality as well as the coastal marine area. To achieve this it is required, under the Resource Management Act, to develop and implement statutory documents including the Auckland Regional Policy Statement and Regional Plans (Land, Air, Water and Coastal). It also owns and manages the regional parks. The ARC and other local authorities also influence the development of the region through the Auckland Regional Growth Strategy, implementation of the Regional Land Transport Strategy (for passenger transport and roading) and the Regional Open Space Strategy (currently being completed). The ARC is actively involved in initiatives aimed at enhancing the region's environment (eg advocating improved vehicle emissions standards to central government, The Big Clean Up).
- Each TA in the region is required under the Resource Management Act to develop district plans to manage land use within its district or city boundary. They also work on various local area improvement projects and are involved in major development activity with developers. They all seek to promote their areas as great places to live, work and play by creating attractive, high quality environments, with supporting social and physical infrastructure.
- Infrastructure Auckland funds transport and stormwater infrastructure. A number of major transport and stormwater quality improvement projects are underway in the region. Other major infrastructure projects include the second runway at

Auckland International Airport, the port container capacity expansion at Ports of Auckland, the Mangere Wastewater Treatment Plant upgrade and the Waikato Pipeline to ensure water supply to the Auckland region. There are also various power and telecommunications upgrades underway.

- Major land development initiatives in the region include work considering the future development options of the western reclamation/tank farm adjacent to the Viaduct Basin (by the Auckland Waterfront Advisory Group), the Mt Wellington Quarry development, and urban expansion in the North Shore, Rodney, Manukau, Papakura and Franklin.
- With the Arts Regional Trust and Creative New Zealand, the region's four city councils have joined together to support the Creative Solutions/ Toi Whenua programme. This is a regional approach to arts infrastructure development to support the growth of a flourishing arts and culture sector which reflects the richness and diversity of the creative communities in the Auckland region.

The issues

- Much of the region's infrastructure (transport, storm water, refuse disposal, power, gas, telecommunications networks) is reaching design capacity. In many instances, there has been a historical under-investment in this infrastructure.
- Traffic congestion is costing the Auckland regional economy over \$1 billion annually. There is a lack of coordination of transport infrastructure (eg roading, buses, rail, ferries etc). Passenger transport in the region is inadequate and passenger transport initiatives have yet to alleviate congestion significantly.
- Over 80 percent of air emissions in the region are from vehicles. Degraded air quality in the Auckland region, mainly due to poor vehicle emission standards, is leading to over 250 premature deaths and many more health issues each year.
- The degradation of the natural and physical environment, due to the impact of human activity, is not supporting Auckland and New Zealand's 'clean-green' image.
- Local authorities, infrastructure funders and providers and the wider public hold variable commitment levels to regional strategies such as the Regional Growth Strategy.
- Urban design and building issues could lead to poor physical and social outcomes for the region and city, including less healthy, safe and vibrant communities:
 - There is poor urban design understanding, with few excellent working examples integrated into the region's urban environment
 - Inadequate regulations and practices in building construction has resulted in poor quality buildings
 - The region's built environment does not necessarily reflect its multicultural nature
 - The arts and culture sector lacks regional infrastructure and a strategy for making the connections which underpin that sector on a regional scale

- There is a lack of understanding of future energy and telecommunications needs for the region and the adequacy of the current service provision. Moreover, business needs are not fully understood and/or provided for in regional strategies.

Key initiatives to ensure a high quality living environment

- 5.1** Develop a regional Business Land Strategy, in conjunction with the implementation of the Regional Growth Strategy and the Regional Land Transport Strategy, addressing land supply and infrastructure for existing and new businesses
 - Use structure-planning principles to provide custom designed locations to attract key industries and companies
 - Ensure that infrastructure and service provision supports key industries, companies and events, and is flexible and integrated across the region
- 5.2** Promote and support the Auckland region's cosmopolitan, multicultural nature, and natural and physical environment with showcase events and support for arts and cultural activities
- 5.3** Strongly advocate for the implementation of regional strategies, including the Regional Growth Strategy, the Regional Land Transport Strategy and the Open Space Strategy. This includes:
 - Adequate funding, coordination and capacity planning of transport (public and private), stormwater, wastewater, energy and telecommunications to help ensure an efficient and clean region
 - Encourage best practice in urban design, incorporating Māori and Pacific Peoples' values and symbols, and quality construction of the built environment to encourage vibrant, efficient, safe and healthy communities
 - Support the further development of a regional approach to arts and culture infrastructure development and promotion
 - Ensure the continued access, protection and acquisition where appropriate, of the natural features which makes the Auckland region unique, eg the Hauraki Gulf, the west coast beaches, the volcanic cones, and the Waitakere and Hunua Ranges
 - Ensure, through the provision of high quality information and analysis, that the impacts of current and potential economic growth on the environment and infrastructure (natural, built, and social) are identified and understood

Programme 6

Build an entrepreneurial culture

Description

The Auckland region already displays many of the characteristics found in successful entrepreneurial economies. Yet we have a high rate of small business failure, relatively poor rates of business growth and success, and low participation by a number of cultures in the economy.

This programme aims to support a culture where people are motivated to look for and take opportunities, and are willing to take risks to pursue them. This includes bringing concepts of entrepreneurship into schools, marae and churches, as well as celebrating successful entrepreneurs.

What is happening now

Several initiatives by a number of agencies, including education providers and the private sector, work to recognise, develop and support entrepreneurship. Many of these initiatives encourage entrepreneurship in youth, gender and community groups through a variety of education and training programmes. Support for new business ideas is also available through mentoring networks, business incubators and funds for new business concepts.

- Industry New Zealand provides a range of programmes and support for new business concepts and to help existing businesses grow (eg Enterprise Awards Scheme, Business Growth Service and Fund, World Class New Zealanders, Enterprise Culture and Skills Activities Fund).
- WINZ provides programmes for unemployed business start-ups and training (eg Enterprise Allowance, *Be Your Own Boss*).
- A number of business incubators are currently operating in the Auckland region, including the following: AUT Technology Park; e-Centre Massey (Massey University's Albany Campus); High St Fashion Industry Incubator; Ideas to Business (i2b, Carter Holt Harvey new ventures team); Industrial Research; Southmarket Business Park Incubator; The Icehouse (University of Auckland); and WestSmart (Enterprise Waitakere).
- Some central government agencies, all local EDAs, the Poutama Trust and the Pacific Business Trust support business awards. A variety of these awards recognise entrepreneurship, industry sectors and community groups (eg WestpacTrust New Zealand HiTech Awards, Pacific Arts Awards, Pacific Business Leaders Awards, Business Excellence Awards programme, Eco-City Business Awards, environmentally sustainable business awards etc).
- The Poutama and Pacific Business Trusts undertake a number of initiatives to encourage an entrepreneurial culture among Māori and Pacific Peoples.
- UNITEC's New Zealand Centre for Innovation and Entrepreneurship works closely with business, and is undertaking various initiatives and projects (eg the Global Entrepreneurship Monitor).
- The Mira Szaszy Research Centre for Māori and Pacific Economic Development (University of Auckland) is currently developing a research project on mentoring and coaching of Māori and Pacific business entrepreneurs and leaders.

- The Department of Internal Affairs manages the Community Organisation Grants Scheme (COGS) and also runs the Social Entrepreneurs Programme.
- Training opportunities aimed at specific gender and cultural groups include the Tai Tamarikitanga National Certificate in Māori Business and Management and Taiohi Entrepreneurial Culture for Youth.
- The Enterprise NZ Trust works with other agencies on various initiatives to encourage students to engage in enterprising business projects (eg Young Enterprise Scheme, and Enterprise Studies Programme).
- The Secondary Tertiary Alignment Resource (STAR) helps students start tertiary study while still at secondary school.

The issues

- Attitudes and behaviours must respect and reward ideas, knowledge, innovation and enterprise. New Zealanders can develop their understanding of entrepreneurship further by addressing the following areas:
 - A lack of recognition of successful role models from across cultures and areas of activity.
 - 'Tall poppy syndrome' - the New Zealand public often punishes failure and success
 - New Zealand culture is modest, unaware of its excellence and uncomfortable celebrating itself, often stressing weaknesses rather than strengths.
 - New Zealanders are often inward looking and not interested in growth and yet value foreign models more highly than local ones. We need to develop entrepreneurial vision or instinct.
- The potential for local area business awards to support innovation and entrepreneurship is not being fully recognised. Regional business excellence awards could generate greater benefit to the region and its local areas, be more efficient and attract greater benefits to awards entrants (eg media exposure would raise the profile of individual businesses).
- There are poor links between skill levels, motivation levels, values and inequitable access to resources, skills and opportunities. The actual economic performance by some community and/or industry groups is not matched to their potential.

Key initiatives to build an entrepreneurial culture

- 6.1** Promote wider community awareness of entrepreneurship
- Support programmes which identify and reward leading entrepreneurs from a wide variety of enterprise and cultures (including promoting role models, mentoring and migrants, and establishing regional business enterprise awards)
 - Enlist international and local expertise in entrepreneurship and publicise and promote across the region
 - Celebrate leaders from across the community (eg business, Māori, Pacific Peoples, women)
- 6.2** Support proactive programmes aimed at nurturing community based enterprises and partnerships

- 6.3** Support and promote the introduction of concepts of entrepreneurship into the education curriculum (eg Business Enterprise schemes with an export focus)

Programme 7

Produce a skilled and responsive labour force

Description

Although Auckland is a relatively well-educated region, skills gaps are developing in some key areas. This programme is primarily focused on developing the skills of the people in the region, although it also recognises the need to better utilise the potential contribution of skilled migrants. Another focus is on strengthening pathways through education, by developing connections between the institutions, agencies and businesses that provide and utilise skills.

While the Auckland region is well-served by a range of vocational training and tertiary education providers, the policy platform supporting tertiary education has not encouraged a strategic approach to its design and delivery. The competitive environment fostered by government policies during the 1990s has left a legacy of competing providers, overlapping programmes and funding for courses with little relationship to the specific employment requirements within the region. Some courses are being funded with little chance of an employment outcome. Some polytechnics have been downsizing programmes that are capital intensive (such as engineering) in favour of programmes that cost less to run.

This programme supports a strategic approach to skills and education provision, as this is seen to be a necessary prerequisite for the provision of a highly skilled and responsive labour force.

What is happening now

There are many agencies involved in numerous education and training initiatives, including central government education providers and private sector industry and training organisations. The Ministry of Social Development and Skill New Zealand contribute significant financial resources to the region to develop employment skills and purchase training development. Several programmes target priority community groups such as the unemployed, youth, women, Māori, Pacific Peoples and migrants.

- Most training activities in the region involve Skill New Zealand (eg training opportunities, workplace literacy fund and literacy capacity building programmes, Modern Apprenticeships, Gateway programmes etc). Other agencies are also involved (eg Industry New Zealand has recently established an Enterprise Culture and Skills Activities Fund – an education initiative).
- Employment initiatives generally involve the Ministry of Social Development (eg Enterprise Allowance, *Be Your Own Boss*). Local employment groups in each local authority area coordinate employment activity (eg employment strategies, initiatives for funding employment training, youth initiatives and pilots).
- Skill New Zealand funds Industry Training Organisations (ITOs) which work on industry skills and qualification standards for education and training, and training initiatives with employers and youth.
- Many EDAs service central government employment and training contracts, and work on specific initiatives and projects with central government and community agencies. Enterprising Manukau, Enterprise Waitakere and Auckland New Ventures are the most active EDAs in the region working on employment and training issues.

- Māori employment and training initiatives include Te Ara Kaipakihi, Māori Women's Development Fund, Youth training, Māori Trades training (Rangatahi Maia), Taitamarikitanga (National Certificate in Māori Business and Management), and Taiohi Entrepreneurial Centre (Entrepreneurial Centre for Youth).
- Pacific Peoples' employment and training initiatives include the nationwide Pacific Capacity Building initiative. The Pacific Business Trust is active in promoting employment and business development for Pacific Peoples (eg their incubator has an employment and arts development focus, and *Achievers* magazine provides students with scholarship and career information).
- Migrant self-employment, business and orientation pilot courses and projects are supported by the NZ Immigration Service (eg *New Kiwis* website, www.newkiwis.co.nz, and business and employment link service). An Auckland Regional Migrant Resource Centre is being established and many different ethnic community groups are also involved in assisting migrants with access to employment information and opportunities.
- Tertiary education providers in the Auckland region have been increasing their numbers and are becoming more involved in community programmes for business, employment and training (eg MATES, mentoring for underachievers).
- Private training establishments specialising in niche training (eg specialised arts, languages) have also been increasing.

The issues

- There is little collaboration or cooperation between tertiary education institutions in the Auckland region. The current government response has been to introduce the Tertiary Education Commission and to adopt six clear goals for the tertiary sector over the next five years. These goals focus on developing capability and skills, Māori and Pacific Peoples, knowledge society skills, strengthening research, and knowledge creation and uptake.
- Promotion of a free market model for education has led to a significant waste of resources. The introduction of charters, profiles and regular checking on providers' commitment to achieving their performance criteria should ensure that a more strategic and collaborative model develops.
- There are severe skill shortages in some industry areas such as technical and production specialists. Skill shortages need to be better understood, labour market strategies developed and key industry sectors targeted. There are good examples of industry training programmes developed for specific industries with widespread support. However, the linkage between school and work is criticised by some business organisations. Careers programmes are of varying consistency across the region with careers a non-tagged item of funding.
- Although Māori and Pacific People's student education participation and potential is increasing, it lags behind the participation rates of the overall population. Both groups favour Certificate and Diploma level education programmes.

Key initiatives to ensure a skilled workforce

- 7.1** Establish and resource an Education Forum in association with the Tertiary Education Commission (TEC) and other stakeholders focusing on:
- Business facilitation, clusters and industry training
 - Supporting target industries
 - Liaison between secondary schools, tertiary education and training providers, and business
 - Supporting Māori and Pacific Peoples' initiatives
 - Supporting effective research into labour market needs and disseminating this information
- 7.2** Facilitate the implementation of the opportunities identified by AREDS in association with the TEC
- 7.3** Utilise migrant skills to meet skills gaps, while also taking long-term advantage of the diverse skills brought into the region by migrants:
- Support programmes aimed at enabling migrants to fully utilise their skills
 - Promote regional adoption of the talent visa model to meet short-term skills gaps

Programme 8

Responsive government

Description

Effective relationships between business and government will help ensure a more prosperous region. This requires that the needs of business and the requirements of governments are understood by each party.

This programme encourages local government initiatives which effectively build and strengthen these relationships and also ensure that local government processes are user friendly and efficient.

What is happening now

Across the region, local government bodies have developed different tools to measure the efficiency and effectiveness of service delivery. They have different approaches and levels of relationship development, and have different district planning regimes.

Each local authority approaches economic development within their own local area according to their own needs or historical development:

- EDAs and charitable trusts provide assistance on business development and training, and are often the first port of call for businesses in their area. With the exception of Auckland City, all TAs fund their own local EDA. Business support activities in Auckland City are carried out by private agencies. Both Waitakere and Manukau City Councils work in partnership with their EDAs on a wide range of initiatives.
- Initiatives carried out by TAs and/or their EDAs include business forums fostering closer working relationships, support for business clusters, business awards, business incentive funds for practical assistance, business surveys and workshops. Many of these initiatives operate independently within territorial authority areas.
- Some TAs provide investor champion services and economic development advocates. These services assist business growth by creating a welcoming environment for businesses and liaising between businesses and the Council.
- Many local authorities are working to clarify and simplify their processes and compliance requirements for business, and to give effect to recommendations in the report by the Ministerial Panel on Business Compliance Costs.
- Manukau City Council adopted an economic development strategy in 1997. Manukau is currently the most active territorial authority in the region supporting economic development. It has strong relations with central government and local trusts, and works in partnership with them to leverage funding support for local initiatives. Manukau is also the only council focusing on the economic development of Māori and Pacific Peoples.
- Most TAs are currently working on their economic development roles and/or strategy (eg Auckland City and North Shore City are currently reviewing their activity in economic development, Rodney District has recently completed an economic strategy and is reviewing budget requirements for its implementation,

Franklin District is preparing an economic strategy and Papakura District is looking for direction from AREDS).

- In response to economic issues in the region, the Auckland region's local authorities signed a Memorandum of Cooperation to encourage local authorities to work together and coordinate their endeavours to achieve beneficial economic development for the region. AREDS is one result of this cooperation.

The issues

- Due to their infrastructure and development regulation activities, as well as their financial contributions and activity in this area, local authorities have an important influence on economic development activity.
- TA initiatives and strategies relate to each authority's local area and are not required to have a regional context. This has resulted in inconsistent information provision, regulation and service delivery across the region, creating difficulties particularly for businesses that operate across the region.
- Historically there has often been a lack of communication and understanding of issues between government and business.
- Local competition within the region to attract significant new business damages the perception of the Auckland region as a great place to do business by reinforcing the view that the region is fragmented and that there is a lack of coordination across local government.
- Unclear and uncertain regulatory and decision making processes, costs and timeframes make it difficult for businesses to operate effectively. These problems are perceived as creating barriers to growth and innovation.
- A lack of a regional voice on economic development has resulted in Auckland's regional issues not being adequately reflected in national policies and initiatives (prior to the formation of the Auckland Regional Economic Development Group).
- There is limited regionally coordinated economic data and information collection and dissemination, monitoring, analysis and performance review.

Key initiatives to foster responsive government

8.1 Develop regionally consistent best practice regulation, service delivery and measures to business including:

- Establish and support a regional taskforce
- Identify barriers to business relating to local government service provision, and implement programmes to address them
- Identify options for improving information and service delivery building on the councils' shared services initiative
- Implement recommendations for local government from the report by the Ministerial Panel on Business Compliance Costs
- Support the establishment of a regional centre for economic data and information collection, analysis, monitoring and dissemination

8.2 Build relationships between local government and business at both the strategic and operational levels including:

- Develop a regional stakeholder management plan for local government and business to promote business and government forums and programmes, develop closer business and local government relationships, and to improve understanding and communication
 - Encourage active participation of local government in business forums (eg Environmental Business Network, Businesses for Social Responsibility)
 - Develop local government understanding of issues for business at a sector-specific level
- 8.3** Build relationships between AREDS, local government and enterprise including:
- Build relationships with the region's 30 largest employers
 - Seek involvement on specific initiatives and programme development
 - Maintain regular dialogue on regional developments and larger firm issues
- 8.4** Provide a regional voice to influence national policies to support AREDS outcomes including:
- Advocate for the consideration of AREDS outcomes in other national and regional strategies and codes of practice/standards

A Living Strategy

AREDS takes an integrated and long-term approach to economic development. The strategic framework and initiatives have resulted from an inclusive and collaborative partnership approach between business, central government, local government, Māori, Pacific Peoples, education providers, migrant communities and the communities of the Auckland region. Effective implementation requires this partnership to strengthen and develop into the future.

The continuation of this inclusive and collaborative partnership approach underpins implementation planning. This section provides an overview of the context influencing implementation of AREDS and introduces key implementation principles before describing critical implementation requirements of AREDS.

Implementation approach

There is no common approach to the implementation of economic development strategies. Implementation approaches are directly influenced by the requirements of the respective strategies and the context within which those strategies are developed and implemented. AREDS is no exception.

The successful implementation of AREDS will depend on its ongoing ability to engage and inspire all those who can make a difference to the region's economy. The view that 'form must follow function' has underpinned AREDS implementation planning. Implementation should reflect the principles and priorities developed through the strategy development process, as well as the content of the strategy itself. It should take into account the policy and regulatory context within which the strategy must operate. It should also take into account existing organisations and activities. Finally, it must be capable of responding to, and influencing, the political, economic and cultural conditions which affect the economic prosperity of the region. A set of principles reflecting these requirements has been applied to implementation plan development.

Implementation Principles

Implementation will:

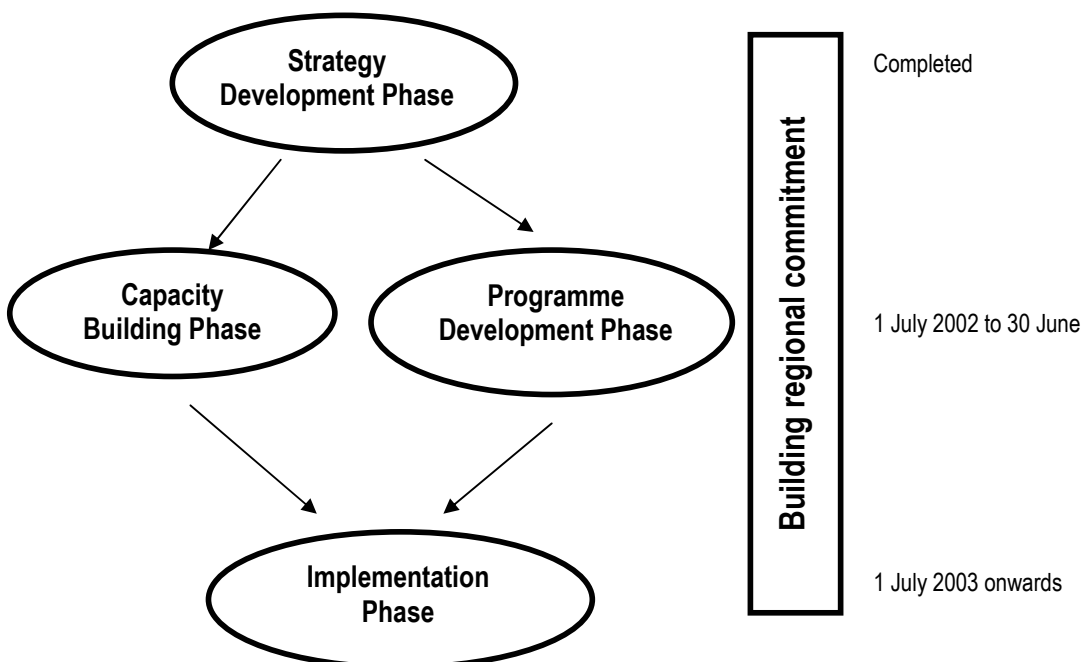
1. Reflect the continuing partnership between business, central government, local government, Māori, Pacific Peoples, education providers and communities of the Auckland Region.
2. Achieve long-term sustainability resulting from a socially, culturally and environmentally sustainable approach to economic development.
3. Remain flexible and responsive to changing circumstances, using the best resources that are 'fit for purpose'.
4. Recognise relationships with current local, regional and national activities and organisations and avoid duplicating or replacing current effective activities and organisations.
5. Ensure regional integration and coordination of activities and initiatives.
6. Ensure clear accountability for performance.
7. Ensure clear links between funding and accountability.
8. Support design and decision making with robust information.

AREDS will be implemented through the commitment, plans and actions of a wide range of individuals and groups. As a result, it will be important to make sure that future work is well coordinated, integrated and monitored.

AREDS will be implemented by (see Figure 3):

- Building wide regional commitment to AREDS, through public and political acceptance (eg TA approval; central government endorsement)
- Capacity building of the partnership (capacity building phase)
- The development of the eight Programmes into action plans. This will include prioritisation within programmes, leading projects identified, role and responsibility allocation, funding and timeframes (programme development phase)
- The implementation of the action plans (implementation phase)

Figure 2: AREDS development and implementation - key phases and timing



Building regional commitment

The ongoing development of commitment to AREDS will be a critical element of implementation. This will take a variety of forms for different communities and partner groups. This will demand a proactive and flexible approach on the part of any implementation team.

Māori

AREDS has recognised the need to reflect the particular needs of iwi Māori as tangata whenua of New Zealand. Many Māori form part of the Auckland region's most deprived communities. The ability to address the problems faced by these communities and to promote successful models of Māori commercial and economic enterprise is a key objective for effective

implementation of AREDS. The implementation of *Te Huarahi Ki Nga Ra E Heke Mai* for Māori is the opportunity to reawaken and enliven Māori economic development in the region.

As a result of the AREDS development, Māori have the opportunity to take a leadership role in the future development of the region's economy. It is clear from this process that while Māori are involved in activities which have a direct impact on local economies, a regional approach poses both a new set of challenges and opportunities.

Capacity building of the partnership

A number of capacity building projects have been identified. These projects arise out of an identified need for capacity building to allow a key partner to participate fully in the strategy, or in order to establish a key programme. They are:

- Māori Action Plan Development (see Appendix 1 for details)
- Pacific Peoples' Implementation Plan (see Appendix 1 for details)

Programme development

The successful implementation of the eight programmes will be the key to strategy implementation. Programmes will be the focus of partnership and credibility building, funding, and performance monitoring of AREDS. Programme development takes the strategy and prepares the tactics that will achieve it. The initiatives identified under each programme will be fleshed out and developed into clear action plans. These plans will identify:

- What actions must be undertaken?
- In what sequence should they be undertaken?
- What priority should they be given?
- What will they achieve?
- Within what timeframes?
- Who will be involved?
- What are likely funding sources?
- How will performance be monitored?

Reflecting the partnership approach, the groups and organisations with the potential to contribute to the economic development of the region, and their leaders, will be directly engaged in programme development.

Building momentum

A small number of 'Go Now' projects will start during the programme development phase. These projects will build momentum and credibility, demonstrate results and engage communities of interest in action. The following criteria will be used to help assess the projects:

- Strategic fit
Contribute to one or more of AREDS programme initiatives
- Feasibility
Quickly resourced and commenced, with no barriers or gaps to overcome

- Regional perspective
A whole-of-region approach, with resources drawn from and benefits distributed across regional boundaries
- Risk
Low risk of failure but significant consequences if not undertaken
- Urgency
Current and clear need, commitment and opportunity
- Visibility
Visible benefits and activities
- Value for money
Efficient and effective use of resources

Implementing action plans

The implementation of action plans will include:

- Partner groups aligning behind AREDS and using it to inform their own planning and resource allocation
- Partner groups building collaborative relationships to achieve AREDS outcomes drawing on their existing resources and tapping into new resources
- The establishment of new regional initiatives where this is required

Implementation leadership

Effective implementation of AREDS requires clear, consistent and unifying leadership throughout. An interim Implementation Leaders Group (ILG) is being established to guide the programme development phase and implementation of leading projects. This body will also manage a consultative process to develop a long-term leadership and implementation framework for AREDS. A small implementation team will support the Implementation Leaders Group.

The responsibilities of the ILG will be to:

- Provide leadership and advocacy for AREDS
- Engage, communicate and build commitment with partner groups
- Identify and secure resourcing and funding for the programme development phase
- Ensure the production of fully developed, coordinated, integrated, prioritised and sequenced programmes of action
- Manage the transition to the Implementation Phase of AREDS

Looking ahead

As strategy development is a dynamic process, it requires ongoing monitoring and review. It is envisaged that a full review of AREDS will be carried out every five years, with partial reviews taking place every two to three years. This will enable the success of the strategy to be properly assessed against performance measures. It will also ensure that emerging issues and

priorities, new policies and the findings of research are reflected in the strategy programmes. Specific initiatives will be evaluated every year to judge how successful each has been.

The following work should be completed in parallel with the programme development phase:

- Develop and implement an information management programme
- Develop and implement a performance monitoring programme
- Determine ongoing strategic research requirements
- Develop an ongoing programme to identify issues and gaps, recommending new programmes and initiatives as appropriate

Benchmarking and performance measures

A number of performance measures have been developed to monitor the success of the strategy in meeting its outcomes and overall targets. Where appropriate these will be benchmarked against competitor and comparative cities. These cities are:

- | | |
|-------------|-----------------|
| • Sydney | • San Francisco |
| • Melbourne | • Seattle |
| • Adelaide | • San Diego |
| • Brisbane | • Portland |
| • Vancouver | • Singapore |

The benchmark indicators identified for AREDS are summarised below. Note that data is not available for all cities and all indicators at present and it is envisaged that gaps will be filled, as data becomes available and the measures used may change:

<ul style="list-style-type: none"> • Income per person • Gini Coefficient • Mercer Quality of Life Index • Mercer Cost of Living Index • Percentage of population which has completed secondary school • Percentage of working age population with a post-secondary qualification 	<ul style="list-style-type: none"> • Self-employment as a percentage of total employment • Long term unemployment as a percentage of total unemployment • Ambient air quality (particulate matter, carbon monoxide and nitrogen dioxide) • Open space area as percentage of total urban land area
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The above indicators allow AREDS to be benchmarked against international cities.

The wider range of indicators developed to assess AREDS progress will be used to track progress towards the seven outcomes.

More specific performance indicators will be developed through programme and project development.

Definitions and abbreviations

Advocacy	Active support of the AREDS vision and outcomes, including education, information provision and consultation
Amenity, urban and rural	Qualities that contribute to an area's pleasantness, aesthetic coherence, and cultural and recreational attributes
ANZSIC	Australia and New Zealand Industry Sector Classification
APEC	Asia Pacific Economic Community
ARC	Auckland Regional Council
AREDS	Auckland Regional Economic Development Strategy
AREDG	Auckland Regional Economic Development Group
AUT	Auckland University of Technology
Clusters	Geographic concentrations of interconnected companies, specialised suppliers, service providers, firms in related industries, and associated institutions (for example, universities, standards agencies, and trade associations) in particular fields that compete but also cooperate
Competitive Auckland	A not-for-profit charitable trust formed in March 2001 by a group of business leaders concerned about the loss of business and talent from Auckland
Creative industries	Those activities which have their origin in individual creativity, skill and talent, and which have the potential for wealth and job creation through the generation and exploitation of intellectual property
District plans	<p>The Resource Management Act 1991 requires territorial authorities to produce district plans to assist them to carry out their functions under the Act</p> <p>Such plans define significant resource management issues and manage effects of activities</p>
Economic development	A process of improving an economy's structure, improving its activities and relationships and improving people's capability
E-commerce	<p>Online trading, that is, buying and selling goods and services over electronic networks</p> <p>Although e-commerce refers to all electronic transactions over any electronic network, today we tend to think of it as transactions carried out using the internet</p>
EDA	Economic Development Agency

Enterprise	A business firm
Entrepreneurship	The recognition and pursuit of opportunity, without regard to the resources you currently control, with confidence that you can succeed, with the flexibility to change course as necessary, and with the will to rebound from setbacks
Expatriate	A New Zealander living overseas
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GIF	Growth and Innovation Framework
Gini Coefficient	A summary statistic derived from the Lorenz Curve, used by economists to compare income distribution across populations
Hapu	Māori sub-tribe
Incubator	Locally based institutions created to encourage and support business development Incubators provide shared office, commercial, and/or manufacturing space to start-up businesses or young firms May also provide business assistance, business services, and networking opportunities among the tenants
Industry New Zealand	A government agency which provides a link between government and industry Industry New Zealand works with central and local government, the private sector and non-profit organisations to help competitive businesses, industries and regions to grow, and to encourage the establishments of new businesses Their focus is increasing New Zealand's GDP and foreign exchange earnings through targeted economic development assistance
Infrastructure (physical)	Includes transport and communications facilities and networks, energy generation and transmission, bulk water supply and drainage reticulation and associated works, ports, airports and airport approach services, solid waste disposal facilities, defence establishments, reserves and parks
Innovation	The creation, exchange, evolution and application of new ideas
Investment New Zealand	The government's Investment Promotion Agency (IPA) responsible for targeting foreign direct investment A branch of Trade New Zealand

ICT	Information and Communications Technology Includes goods and services that use electronic means for information processing, transmission, display and communications
IO	Input-Output tables or models, used by economists
ITO	Industry Training Organisation
Iwi	Māori tribe
Māori	Indigenous people of New Zealand
MNE	Multinational Enterprises
NZ	New Zealand
OECD	Organisation for Economic Co-operation and Development
Pacific Peoples	New Zealanders of Pacific Island heritage, including Samoan, Cook Island, Tongan, Niuen, Fijian, and Tokelauan heritage
R&D	Research and Development
Skill New Zealand	A government education and training support agency
SLG	AREDS Strategy Leaders Group
SME	Small and Medium Enterprises
Talent Visa	Will enable accredited New Zealand employers to recruit highly skilled and talented individuals from overseas
TEC	Tertiary Education Commission
Technology New Zealand	Provides information resources to business and supports technological development projects in business Part of the New Zealand Foundation for Research Science and Technology (FORST)
Trade New Zealand	A government agency with the role of promoting and assisting New Zealand export companies, which generates foreign exchange earnings for New Zealand
UNITEC	An Institute of Technology based in Auckland
USA	United States of America
Whanau	Family (Māori)
WINZ	Work and Income New Zealand, a government department

Appendix 1

Māori and Pacific Peoples' capacity building

Develop a Māori Action plan to ensure Māori participate in and have access to the benefits of AREDS

1. Scope: Definition of region, participants, role and responsibilities, links to AREDS framework
2. Data, information and research:
 - Stocktake of existing knowledge
 - Demographic and labour market trends
 - Māori economic/commercial activities
 - Current relevant economic development strategy, policies and activities
 - Future opportunities
3. Issues identification and assessment:
 - Identification of barriers to Māori participation in the economy, in AREDS and its benefits.
4. Identification of opportunities for Māori in the economy and in the AREDS framework and programmes
5. Priority actions:
 - Māori specific programmes
 - Links to current strategy, policy and activities
 - Links to AREDS programmes
6. Logistics:
 - Timetable
 - Roles and responsibilities
 - Costs
 - Potential funding sources

Pacific Peoples' feasibility study

Establish a Pacific Peoples' working group, representing the range of Pacific communities to oversee the development of the role of Pacific Peoples in the Auckland regional economy and in AREDS implementation. This may include:

- Data, information and research gathering
- Identifying and assessing issues
- Identifying opportunities for Pacific Peoples in the economy and AREDS
- A proposed response to these opportunities.

Appendix 2

Key export cluster identification

Introduction

Programme 4.2: Establish Key Export Clusters focuses effort around strengthening export clusters with the potential to lead to improved export success. This programme aims to identify a small group of export clusters within the region, and work with major stakeholders to develop and implement effective support plans to promote export growth.

Cluster:

A geographic concentration of interconnected companies, specialised suppliers, service providers, firms in related industries, and associated institutions (for example, universities, standards agencies, and trade associations) in particular fields that compete but also co-operate.

The focus of this programme is on groups of interconnecting firms and supporting institutions located within the Auckland region. Interventions may be targeted at the level of the firm, industry, cluster (related industries) or the economy. Programme 4.2 is focused at the level of export related clusters of industries. This is where it is believed that regional intervention initiatives can have greatest impact. A regional approach can do much to address the gap between firm level initiatives, industry initiatives and economic policies. Regional economic development initiatives can integrate and focus regional resources, aligning infrastructure, skills and support services development with specific needs of the clusters. It should identify which export clusters, if assisted through regional initiatives, are likely to return the greatest benefits to the Auckland regional economy through increased export growth. It should also work with these export clusters to design appropriate mechanisms to provide support. This approach is complementary to the following:

- narrower focus on individual firms which is provided for in Programme 4.1
- broader focus on strengthening the support role of key industries in the region in Programme 2.1

Key assumptions of Programme 4.2 are that:

- key export clusters can be identified
- appropriate support and interventions can be devised that make positive contributions to the clusters
- with support, the export clusters can make a difference to AREDS outcomes

So, critical elements of this programme revolve around two questions:

- Which export clusters have the potential to contribute significantly to AREDS outcomes through leading export growth in the region?
- Which of those could benefit from intervention at the regional level, and what kind of intervention would be most appropriate?

Programme structure

The questions noted immediately above essentially provide the structure for this programme:

- Export Cluster Identification
 - Criteria Development
 - Quantitative Assessment
 - Qualitative Assessment
 - Identification
- Intervention
 - Types and Benefits
 - Action Plans

The first priority under this programme is to refine the criteria and process for identifying key export clusters to be targeted. Once key clusters have been identified, the second priority will be to develop a package of regional initiatives that will best support them. Such regional initiatives will be complementary to support provided at the national and local levels and will focus on areas where a regional approach can significantly add value.

It should be noted that during the development of AREDS, an initial set of criteria was developed that helped identify a preliminary group of industries with the potential to form export clusters. The industries initially selected were as follows:

- Biotechnology
- Boat building
- Creative
- Education
- Food and Beverage Manufacturing
- Information and Communications Technology
- Marketing and Business Management Services
- Tourism

An analysis of these industries was made which carried out initial assessments on the size of these industries, and provided qualitative assessments on (a) growth potential and (b) the impact of intervention on growth potential. However, the results of this work have not definitively confirmed these industries as being those that, with assistance, could contribute the most to AREDS outcomes. In addition, no detailed work has been carried out to investigate whether there are other industries that have the potential to contribute significantly to AREDS outcomes, which prompted the requirement for this work programme. Ultimately, but not necessarily, the work programme may result in a selection of different industries from those initially identified.

Phase 1: Export cluster identification

Phase 1a: Criteria development

This initial phase is crucial to the identification process. It will primarily involve developing a set of guiding principles and will be able to draw heavily from previous AREDS work. (For example, the *Economic Sector Assessments* report by NZIER did characterise the initially selected industries according to a number of criteria such as size, growth potential, and contribution to AREDS outcomes.) However, it is also anticipated that the criteria can potentially be refined from guiding principles to actual defined criteria. This should especially be the case as the quantitative assessment phase is carried out. For instance, a key metric may be developed or selected that provides a 'threshold' or 'hurdle' over which clusters must attain in order to be considered further.

Phase 1b: Quantitative assessment

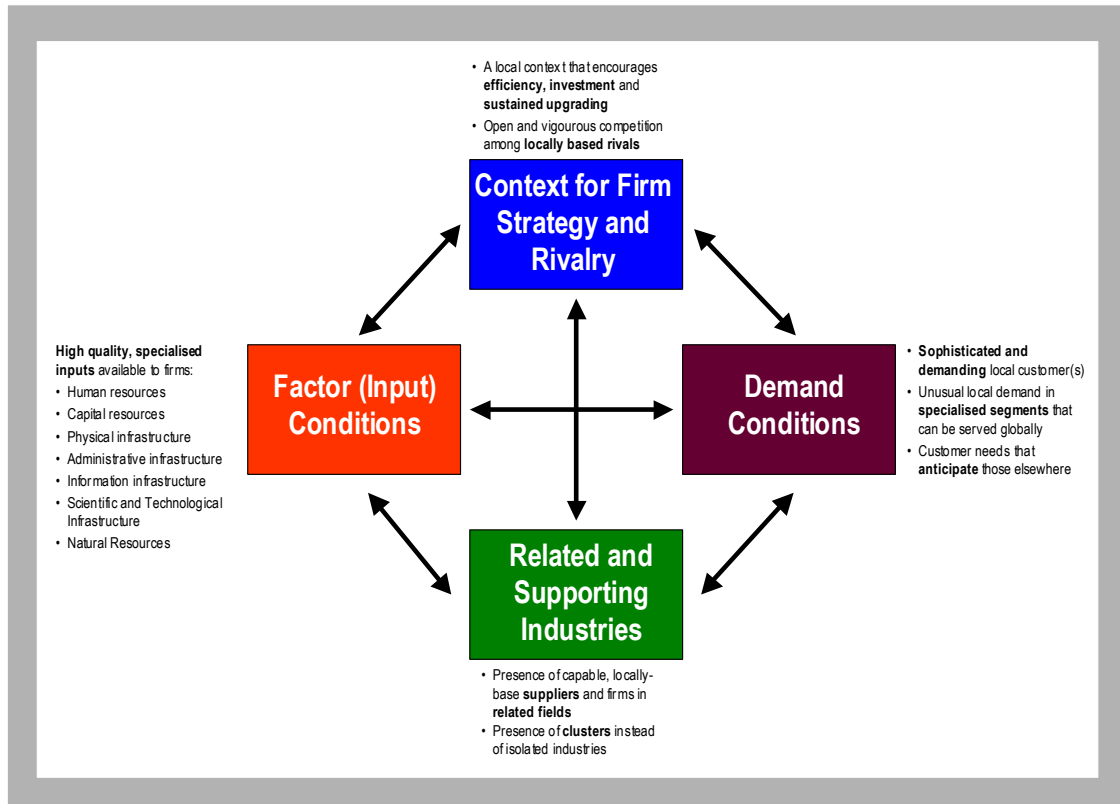
This phase will focus strictly on the quantitative assessment of various industries that are currently strong exporters in the region or *have the potential* to be strong exporters in the future. Given this desire to understand potential as well as current trends, this phase of the programme will provide a base of information and statistics on all industries in the region. Once this information is combined with more qualitative assessments from Phase 1c and the criteria developed in Phase 1a, a more accurate identification of key export industries and their associated clusters will be possible. It is anticipated that the specific aspects of the industries that will be analysed as part of a quantitative assessment will include exports, employment and output. Detailed analysis of these aspects will include such factors as their total absolute size, relative proportion to national and world levels and past rates of growth.

Phase 1c: Qualitative assessment

This phase will provide a qualitative assessment, analysing those factors that are *not* easily quantifiable, but still play an important part in understanding the export growth potential of an industry or cluster. This phase will be targeted to specific industries eg qualitative assessments will not be carried out on every potential industry.

A framework that might be adopted in helping to understand the qualitative factors that impact on an industry's export success is the competitive advantage 'diamond' analysis developed by Harvard Business School's Professor Michael Porter, depicted below.

Figure 5: Porter's competitive advantage 'diamond'



It shows the four key factors that Porter believes are necessary in order for an industry to be successful as an exporter. It is this analysis that introduced the notion of clusters (see the lower box) as being an important factor in an industry's success. As depicted in the diagram, Porter believes all these factors are necessary and positively impact on or interrelate with each other. While this is only one of many 'qualitative' approaches, it is well known and researched and, as such, should provide a good guide to this phase of the programme.

Phase 1d: Identification

Once the previous phases have been carried out, the programme will be in a position to identify a small group of export clusters within the region that have the potential to lead to improved export success. This group will form the base from which the final selection of key export clusters will be drawn in order to develop detailed action plans.

Phase 2: Intervention

This phase concerns itself with the selection of various interventions and the development of detailed implementation plans. Having made assessments on a variety of industries and clusters and selected a small group, it will be necessary to develop a package of regional initiatives that best supports them.

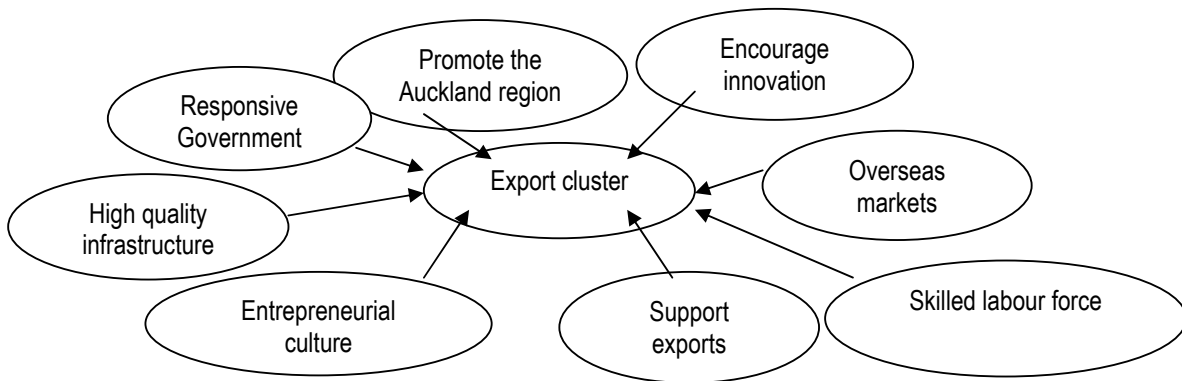
Phase 2a: Intervention types and benefits

This phase will necessarily require an analysis of the different types of intervention available and take into account their applicability to the selected export clusters. An estimate of the likely benefits (which may be only of a qualitative nature) will also be necessary.

Phase 2b: Plan development

Once suitable interventions have been selected, detailed Action Plans will be developed in association with the selected industries, clusters and key stakeholders (infrastructure providers etc). These plans will integrate aspects of the other AREDS programmes into detailed action plans to support key export cluster development.

Figure 6: AREDS programmes feeding into export clusters



These plans will be detailed and prioritised and should aid the overall timing and sequencing of AREDS programmes. In addition, they should extend over a five-year period which will enable an evaluation of the effectiveness of the interventions after an appropriate period. This will help determine whether effort should be maintained or redirected into different clusters. Also, as capability to evaluate strategy options develops, more clusters may be identified for inclusion in the focus of the programme.

Indicative timetable

An indicative timetable for the completion of the various work phases of this programme is as follows:

Phase		Completion time
1a	Criteria development	November 2002
1b	Quantification assessment	February 2003
1c	Qualitative assessment	March 2003
1d	Identification	April 2003
2a	Intervention types and benefits	May 2003
2b	Plan development	June 2003 onwards

Note that Phase 1a: Criteria Development may be refined in light of Phase 1b: Quantification Assessment.

Appendix 3

Supporting documents

Auckland Regional Economic Development Strategy: A Framework for Moving Forward (October 2001, prepared by Andersen Business Consulting)

The Auckland Region's Economy: A Stock-take Report (November 2001, prepared by Synchro Consulting)

Linkages Within and Between Economies (May 2002, prepared by Market Economics Limited)

Employment and Firms in the Auckland Region (May 2002, prepared by Dr Charles Crothers; Institute of Public Policy, Auckland University of Technology)

Review of Strategies in the Region (May 2002, prepared by Richard Logan and Anna Kirschberg, North Shore City Council)

New Zealand Small and Medium-sized Enterprises (SMEs): Annotated Bibliography, Key Findings and Recommendations For Research (May 2002, prepared by Dr Heather Wilson, Department of International Business, University of Auckland)

Measures and Benchmarking (April 2002, prepared by New Zealand Institute of Economic Research)

Economic Sector Assessment (June 2002, prepared by New Zealand Institute of Economic Research)

Skills Assessment Project (May 2002, prepared by Paul Chalmers and Dr Erling Rasmussen, Department of Management and Employment Relations, University of Auckland)

Review of Economic Development Support Activity in the Auckland Region (June 2002, prepared by Sharon Stannard)

Māori Economic Development *Te Huarahi Pai* (May 2002, prepared by the Māori Working Party)

Appendix 4

AREDS Māori consultation process

Date	Where	Objective
03/08/01	Auckland Regional Council	That TPK facilitate the establishment of a committee of treaty partners to develop economic priorities and processes to engage in the AREDS project
04/09/01	Presidential House, Māori Women's Development Inc	Share information and seek feedback, largely officials in attendance
29/09/01	Te Puni Kokiri, Te Puawaitanga	Regional hui. Election of Māori representatives on the AREDS Strategy Leaders Group (Moses Armstrong and Aroha Hudson) and roopu established
28/09/01	AUT Marae, Auckland	Hui held with AREDS roopu
02/11/01	MIT Marae, Otara, hui organised by Manukau City Councillors	AREDS progress to date and feedback from community
13/02/02	AREDS Forum, Aotea Centre, Auckland	Second public forum for AREDS. One of the priorities agreed by the forum was improving Māori participation within the economy through the development of a Māori Economic Development strategy conduit to AREDS.
27/03/02	Te Puea Marae, Mangere	Iwi Māori regional hui held. Workshop defined objectives. Working Party nominated from attendees
04/04/02	TPK - Te Puawaitanga, Auckland	Working party meet
17/04/02	Auckland City Council	Working party meet
24/04/02	Te Puea Marae, Mangere	Iwi Māori regional hui to present draft strategy document feedback
12/05/02	TPK - Te Puawaitanga, Auckland	Iwi Māori hui to present final draft strategy document feedback
14/05/02	AREDS Forum III	Review Strategy Framework and Workshop
23/05/02	Māori partnering workshop	Further work by Māori
25/05/02	Māori Advisory Group established	Mandated members to the Advisory Group identified to work on Implementation process with the AREDS implementation team
27/06/02	AREDS Forum IV	Implementation of AREDS

