



The Chief Executive
Kāpiti Coast District Council
Private Bag
60601
Paraparaumu 5254

By email: longtermplan@Kāpiticoast.govt.nz

10 May 2021

Dear Sir

Kāpiti Economic Development Association (KEDA) Submission to Kāpiti Coast District Council Long Term Plan

Summary

This submission represents what the KEDA committee believes to be the collective views of its approximately 200 (and growing) members and subscribers. Some individual member views may differ, but nevertheless contribute to well considered outcomes.

We provide a background to KEDA and some of its recent, current and proposed activities. We submit some commentary and recommendations on some key and significant issues as we believe they pertain to the interests of KEDA members.

In sum KEDA believes the district needs to invest smartly for resilience and growth by increasing rates; conditionally supports the formation of a CCO to assist create growth and mitigate future rate increases; targeting, actively funding and supporting key industry sectors; agrees that council should take a bigger role in affordable housing; strongly disagrees with any involvement of operating an airport; recommends that economic development costs should be borne by the community at large and the funding managed by the independent Economic Development Kotahitanga Board (EDKB) which needs to be properly resourced, including an independent professional Economic Development Manager. However, KEDA believes the amount determined for funding economic development is well short of what is necessary to implement and deliver the districts economic development strategy (Plan).

Finally, we outline our proposal to deliver on our role as Lead and Partner under the Plan with a startup to commercialisation programme and a business hub, with a request for funding in order to deliver optimal results for the Kāpiti community.

Background

KEDA's purpose is to contribute to Kāpiti's economic development and wellbeing by helping innovators, entrepreneurs, growth and existing businesses realise their idea, or Project. It does this through its association of volunteer businesspeople, mentors and advisers



with its various programmes, extensive networks and the KEDA Business Hub at Kāpiti Airport.

KEDA was incorporated in 2018 and operates from the business hub, offering heavily discounted hot desk and meeting room facilities for its 213 members. Its KickStart Kāpiti and commercialisation programmes complement and augment other local initiatives for start-up and growth businesses such as Pop Up School and Start Up weekend by providing mentors and advisers, experienced businesspeople and investors / other funding and other resources from its extensive network to help commercialise Kāpiti businesses and ideas.

KEDA is a Lead in Kāpiti District's Economic Development Strategy and Implementation Plan 2020-2023 (Plan) to "Develop a business investment and support matching programme to support the growth and establishment of businesses in the district". We partner with council, the independent Economic Development Kotahitanga Board and other agencies to help with other deliverables toward building a thriving Kāpiti. KEDA is already beginning to deliver on its Plan projects.

KEDA's interest lies in supporting a healthy business eco system in Kāpiti. We intend to develop programmes beyond the Plan remit for existing businesses where a need exists. For example helping with mergers, acquisitions and succession planning through our member network.

We submit the following comments and recommendations on the Long-Term Plan as follows:

OUR DIRECTION PAGES 10-19

Do you think these are the right priorities for Council at this time?

These priorities are as would be expected. We would point out that few of these aspirations are achievable without a growing and thriving business community. As the next section suggests, council on behalf of its ratepayers needs to invest for resilience and growth.

INVESTING FOR RESILIENCE AND GROWTH: OUR PROPOSED DEVELOPMENT OF INFRASTRUCTURE AND FACILITIES PAGES 20-24

Do you think investing for resilience and growth is the right approach for Council to take at this time?

Yes of course. This goes without saying.

OUR FINANCIAL AND INFRASTRUCTURE STRATEGIES PAGES 25-31

Council has determined that it is appropriate to change the limits for rates, capital spending and borrowing for the 2021-2041 Long term Plan given the extra costs that need to be met and the challenges the district is facing-particularly to be able to replace vital infrastructure in the future.



Yes, in the absence of any other source of funding we have to continue to increase rates to at least maintain, let alone develop our failing infrastructure. A CCO should give the district the ability to ameliorate this predicament.

Consideration should also be given to borrowing to achieve objectives now. Clearly much of the district's infrastructure is falling into disrepair and needs remediation by way of investment. Delay will increase costs. The cost of borrowing has never been cheaper. The council has a good credit rating. Leverage, spend, attract business, create employment and wellbeing.

OUR BIG ISSUES PAGES 34-49

COVID-19 response and recovery, pages 36-37

It should be noted that KEDA responded immediately to a perceived need for support to businesses affected by COVID-19, by mobilising its network to create the Business Support Network of approximately 50 volunteers, willing to help out by contributing their time and expertise free of charge. This network remains in place in the event of a COVID resurgence. That KEDA and its members did something, ready to deliver, is we believe a significant positive, signifying the will and potential of Kāpiti's business community.

Managing growth, pages 42-43

As our district grows, what do you think good growth looks like?

See above. Being smart / targeted with the limited resources that we have. Actively encourage and support business to the district. So much has been passing us by to our northern neighbours.

Apart from residential construction we do not have a commercial base of any significance in Kāpiti. We do have many highly skilled and experienced people commuting to Wellington, many of whom work in the IT sector and would like to work in Kāpiti.

We do have a relatively wealthy, intelligent, highly skilled, socially and environmentally conscious semi-retired / retired community many of whom have international, strong senior management / leadership or governance backgrounds who want to and have the ability and wherewithal to continue to contribute to their community.

We have a very good internet / fibre network.

Targeting growth to a couple of winners through a CCO either establishing or acquiring, and then district supporting (for now), such as affordable housing (keep the trades and suppliers going-big ripple effect, particularly employment of all skill levels) and the IT sector-become "the Silicon Valley of NZ".

The district needs a unified approach to economic growth leveraging and supporting its limited yet valuable resources such as volunteer business interest groups who have the will and capability to deliver-such as KEDA.

Strengthening our resilience, pages 44-45

What else can Council do to help build community resilience?

Affordable housing, with view to ownership particularly. With ownership comes responsibility , a sense of community /taking care of each other.



Employment, via affordable housing, especially via the airport land.
Attracting and supporting the development of key large businesses or sectors, such as IT.

KEY DECISIONS PAGES 50-63

Key project 1: Should Council take a bigger role in housing? PAGES 52-54

Yes, council should take a bigger role in housing through a CCO. For example it could buy land, develop and own to lease, or sell affordable housing from the owner of the Kāpiti Airport. Maybe working with /negotiating well (rather than the silly public campaign against the current owners) could result in favourable purchase terms. The council or CCO should not buy /own / develop the Kāpiti Airport as such.

Council needs to increase its role in influencing the supply of affordable housing by opening up more land and incentivising higher density development.

It could look into ways of permitting /fast tracking tiny homes communities and advise and assist other community groups to develop social housing.

Continuous review of the rules and policies in the district plan should be a given.

Suggest renaming the building compliance area -Building Control- to Building Support. It's surprising how ratepayers / developers will reciprocate to this more constructive messaging.

Significant proposal 1: Should we set up a CCO (council-controlled organisation)?
PAGES 58-59

Yes set up a CCO now. This makes sense on so many levels-leverage, agility, income / less reliance on rates, scaling and best use of resources. It would be an ideal structure to develop and or own affordable housing, **but with conditions**.

As mooted in the draft plan, the community would need to be consulted on its purpose and specific activities.

Whilst understanding ownership and control requirements, and that half of New Zealand councils have CCO's , we are mindful that not all attempts at CCO's have been successful. We are concerned about "independence", governance, purpose and obtaining a suitable return on investment. Therefore, careful consideration, diligence, transparency and communication with the community are critical.

We suggest a CCO focus its efforts on a few manageable smart investments, such as affordable housing and establishment of an IT sector around a centre.

Significant proposal 2: Should Council explore ways to have a role in the airport?
PAGES 60-61

No. That is to say, council (or its CCO) should have no role in owning and operating an airport.

Retaining an airport would not "support the growth and establishment of businesses in the district". We do not accept council's contention that it is an important asset to the community



particularly when compared to alternative options such as much needed housing-the development of which would have a significantly greater butterfly effect on both the residential and business community -than the status quo, which benefits so few, many of who it is noted, are from out of the district.

Moreover it seems that the council would not have the support of central government who have quite clearly stated their position to not support acquisition of an airport. They do not regard it as necessary for civil or medical emergencies. Central government's interest and support would unquestionably lie in affordable housing. Why beat a dead horse?

We suggest the council does need to continue consultation with the owners to explore options other than operating an airport. For example the CCO could buy some land from the owners to develop /own affordable housing. It is difficult to imagine council or its CCO on its own would have the capacity to properly develop what is a very valuable area in its entirety.

Our purported under resourced council, lowly populated district that lacks an industry or employers of any significance (apart from council) needs to focus its efforts on a few more manageable smart objectives, such as affordable housing, targeting and attracting business for example the IT sector and supporting volunteer business interest groups that can deliver its plan, such as KEDA.

[Changes to Rating System , Pages 76-78](#)

[Change proposed to the commercial targeted rate](#)

Where has the support been?

The district has palpably lacked any interest from its local authority by way of funding or infrastructure to attract or support business. Unfortunately, we constantly hear of or are witness to business opportunities bypassing the district to our very proactive northern neighbours, because it is “too hard in Kāpiti”, “not business friendly” or the council is interested in retirement villages and cafes only.

We are unsure where these targeted rates have been spent in the past and are concerned about transparency and accountability.

One result appears to be a lack of coordination and communication between the council and its relatively small business community that has resulted in some dysfunctionality and scepticism about council intent, consequently potential for counterproductive activity.

Better business benefits all ratepayers. They should pay.

The commercial ratepayer levy seems to apply to commercial property owners only. Many Kāpiti businesses work from home, yet are not contributing. Moreover any growth in the business community accrues to the entire community. Economic development should be funded by the entire community.

EDKB a good start, but where is the material help?

The council (with the help of a number of volunteers from the business community) seems to have acknowledged some of these deficiencies with its moot for a CCO and the districts strategic development and implementation plan and consequent appointment of an



“independent” Economic Development Kotahitanga Board (EDKB) to implement it. A number of the business community’s interest groups including KEDA have been slated to deliver a number of objectives under the Plan however, despite assurances to the working group, no funding or resources have been made available to help KEDA effect delivery. It is understood this is so for other volunteer groups asked to help the council support its economic development.

Is \$650,000 enough?

We are left guessing as to where this \$225,000 would go. We don’t know where the \$425,000 went. However a 50% increase to a \$650,000 targeted fund still seems to be woefully inadequate to support the EDKB and the implementation of the strategic plan.

It is difficult to form a view if the fund is sufficient and where it is allocated without any specifics in the draft plan (other than to finance an out of area privately owned pop up business school with little follow up given to participants, and evident successful outcomes).

It does seem to be a premature call as to amount and purpose of the fund given the EDKB has yet to make its findings known in its first report to council due June 2021.

KEDA can help, with support

KEDA already has a programme which it is developing along best and proven practice to address the gap beyond talk, strategy and start up events to commercialising the entrepreneurs.

This is by way of a mentor and advisory programme proven successful in other regions that takes ideas, entrepreneurs and growth businesses through to commercialisation funded by local investors.

For instance in a nearby region the programme has, over a nine year period, created 71 successful businesses and raised over \$5mn. by way of Seed and Series A capital from local investors to fund some of them.

Some of those businesses have grown in a short time from start up to make an international impact. Local corporates and local authorities fund and support this programme to gain recognition. They understand and acknowledge success comes with some commitment and investment.

Meantime KEDA with its limited resources and volunteers, has over the past six months established a business hub for Kāpiti’s businesses and interest groups to come together to innovate, collaborate and get access to resources through its network of members.

It has run a number of successful KickStart events with some successful businesses emerging, since its incorporation 2018. Recently nine participants pitched to the event and all have since been assigned mentors. There are some excellent ideas and entrepreneurs among them that should be commercialised and grow into successful businesses.

With a membership fee of \$25 p.a. there is virtually no barrier for these typically under resourced yet many deserving aspirants to use KEDA’s free or heavily discounted services. Local ratepayers stand to benefit by supporting these businesses.



It beggars belief that anybody or organisation could “Develop a business investment and support matching programme” without reasonable funding.

We recommend council provide some seed funding for KEDA to enable it to deliver optimal results. The amount recommended would be equivalent to less than half of a council salaried employee, who could not possibly run such a programme at any rate without a dedicated network of mentors, professional advisers and business support.

The difference in actual cost to deliver these programmes and services will continue to met by KEDA volunteer members.

There has been no response to KEDA’s requests for support or outreach from council to learn about our plans or needs to deliver our Lead and Partner responsibilities (refer “Background”)

KEDA recommends:

1. funding economic development from general rates as the entire community benefits from the districts economic development. Ultimately funding the cost of economic development could be transferred to a new CCO.
2. the council provides for at least \$2mn. for the targeted fund, pending the outcome of EDKB’s report, which presumably includes findings and recommendations for funding to support them to deliver the Plan.
3. the entire funds allocated to economic development be managed by the EDKB
4. the fund include provision for a full time professional, independent of council-reporting to the EDKB who is skilled and experienced in economic and business development. Ideally this would be someone who has built a successful business, who can liaise effectively and with credibility with businesses, social enterprises and the various interest groups representing them. Estimated cost for such a professional would be in the region of \$120,000 per annum.
5. KEDA requests \$50,000 to assist it with implementing its deliverables in the district strategic plan, including the funding and delivery of a startup to commercialisation programme, which includes acquisition and implementation costs and dedicated resourcing; and contributes toward operation of the business hub for the benefit of Kāpiti businesses and economic growth.

I would like an opportunity to speak to this submission.

Thank you
Stuart Ayres
Chair, KEDA
m. 027 4782284
e. stuart.ayres@keda.nz

A handwritten signature in black ink, appearing to read "Stuart Ayres", is positioned to the right of the typed name and contact information.