

2017

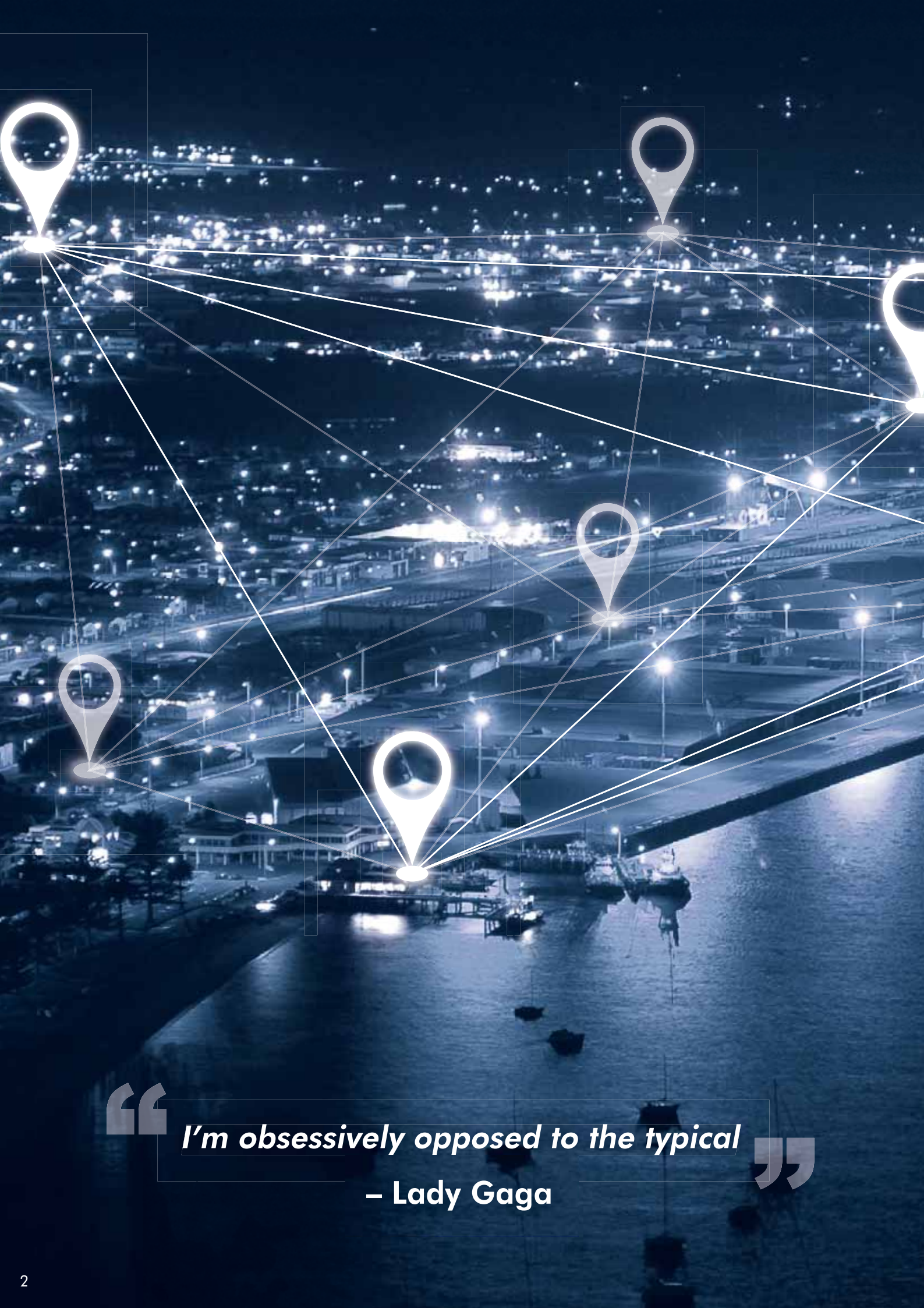


BAY OF CONNECTIONS

YEARLY REPORT



CELEBRATING 10 YEARS



“

I'm obsessively opposed to the typical

– Lady Gaga

”



This year marks a decade since the inception of Bay of Connections. From the very beginning, those involved have held the passionate belief that despite the region being made up of different parts, it is possible to create one goal and one voice for the benefit of all.

Built on the idea that things could be done better and fuelled by an obsessive opposition to the typical, Bay of Connections continues to build connections within and into the region at all levels of industry, the wider community, and local and central government.

As the 2017 calendar year draws to a close, we reflect back on a year of incredible activity and results, much of which have sprung from the connections and activity built over the past 10 years.

This Yearly Report provides an overview of the activities and rockstar achievements of the 2017 calendar year across Bay of Connections' 12 key sectors and gives insight into the year ahead.



Doug Leeder
Governance Group Chair

From the beginning, Bay of Connections and the people involved in it have sparked connectivity throughout the region and all its different parts. Ideas, vision, relationships and results – all these things have inspired a desire to be involved and recognise the power in working collectively.

Throughout 2017 in particular and the implementation of the Bay of Plenty Regional Growth Study Action Plan, the strength of the connections built over the past 10 years have become even more visible, highlighting the growth and understanding that has been established across all key sectors and industry in the Bay of Plenty – and even further afield.

Over the last few years, the Bay of Connections framework has become a guiding example for regional collaboration, advocacy and communication. What started as an experiment of-sorts has been more effective than many would have believed possible a decade ago.

A key factor in that success has been partnering with industry, meaning decisions, activity and investment are non-political and in the pure interests of growth and development in each respective sector.

Some projects over the past 10 years have led not only to regional, but also to national investment for capital projects, for example freight

logistics, while other strategies have established baseline support in burgeoning industries like aquaculture, geothermal and fuelling Māori land utilisation.

The Bay of Connections sector strategies have set the base for significant GDP growth within the region, all of which remain well-placed to be built upon for years to come.



Bay of Connections sponsored the Excellence in Sustainable Practices Award at the 2017 Westpac Rotorua Business Excellence Awards



Fiona McTavish
Management Group Chair

2017 has been a year of exceptional action for our region, with a number of significant projects hitting the ground and strategies coming to fruition. This has included taking stock of what has been achieved to-date, particularly in terms of the Bay of Plenty Regional Growth Study Action Plan, and how that progress will inform and alter activity going forward.

The end of 2017 marks two years since implementation of the Action Plan began, with strategies continuing to grow and adapt during this time. The refresh conducted earlier this year saw 48 actions removed and 38 new actions added across the nine key workstreams, taking into account achievements, relevance and lessons learnt to-date.

This demonstrates the enormous amount of work that's already taken place in our region over a short period of time. Much of this success has been through the ever-strengthening relationships with local and central government.

While every three years all councils in the region commit to Bay of Connections through the triennial meetings, there are now more lasting linkages forged at different levels of councils and associated organisations, and with external stakeholders as well.

These linkages have formed a solid base from which to grow our key regional industries and have already demonstrated the power of the collective, while also strengthening each individual organisation. Many of the key projects and actions currently underway, particularly within the scope of the Action Plan, are being driven at a sub-regional level.

Highlights include Whakatāne District Council leading water actions, Ōpōtiki District Council continuing to be instrumental in the Ōpōtiki harbour development and other aquaculture objectives off the Ōpōtiki coast, while Kawerau District Council has been a key part of the development of the Kawerau Industrial Hub.

Rotorua Lakes Council and Tauranga City Council have been instrumental in bringing the rugby sevens strategy to fruition, both actively engaging in and securing opportunities for events and international education, all of which build on the game and provide strong economic benefit to the community. Taupō District Council remains a catalyst in driving the visitor economy.

These are but a few examples of the fabulous work and support within our sub-regions and are living examples of how councils are thinking outside the box, supported by Bay of Connections.

Once again we can see how Bay of Connections has provided a framework that not only takes a big-picture approach, but also provides the tools and support to strengthen sub-regional priorities as well. By building up our parts, the whole becomes unstoppable.



“ WE SHOULD ALL BE IMMENSELY PROUD OF HOW FAR WE’VE COME – TOGETHER – AND EXCITED ABOUT WHERE WE CAN GO FROM HERE. ”



Cheryl Lewis
Portfolio Manager

Ten years ago, a seed was planted and nurtured. That seed was a powerful vision that it was possible to build a framework that could support one region, one goal, one future, while still acknowledging all its different parts and priorities. And so Bay of Connections was born.

The first four years of operation were all about forming a solid foundation by starting to build relationships and trust across sectors and agencies within and into the region. Bay of Connections wasn’t well-known, initially only working with New Zealand Trade and Enterprise, which provided seed funding, alongside regional council funding and Triennial Forum endorsement.

During years four to six we started more actively communicating what

Bay of Connections was, its vision for the region and what actions we were taking. Wider traction and credibility slowly but surely began to build, and its purpose started to take on a life of its own.

The last three years have seen incredible buy-in, support and mutual understanding from industry, regional agencies, and local and central government. And the impact of our original vision has started to demonstrate tangible results – evident in working alongside central government for the Bay of Plenty Regional Growth Study.

Economic development is a long-term game and there has been a lot of hard graft to get to where we are now. It’s been organic growth – industry-led and local and central

government-enabled. It hasn’t happened overnight, with the connections forged over the past decade now starting to bear fruit.

The number of stakeholders willing to contribute, in a range of ways, is incredible. The breadth and depth of that interest ranges from cabinet ministers, through to those on the frontline of industry. We should all be immensely proud of how far we’ve come – together – and excited about where we can go from here.

In the words of Mick Jagger:

“ LOSE YOUR DREAMS AND YOU MIGHT LOSE YOUR MIND. ”

Let’s keep feeding our collective dream and see how far it takes us.

BAY OF CONNECTIONS OVERVIEW

Bay of Connections is the regional growth framework for the wider Bay of Plenty, with a vision of creating a prosperous region supported by sustainable sectors. It is simple and aspirational, with the aim of establishing and implementing sector-based strategies that generate job growth.

At the heart of Bay of Connections are the philosophies of collaboration and connectedness. Through working together at a regional, national and international level to connect the right people, places, businesses, organisations and industries, the benefits from within and into the region are boundless – and we've never been too concerned about boundaries.

Bay of Connections is the regional lead for the Bay of Plenty Regional Growth Study (RGS), working alongside the sub-regions of the wider Bay of Plenty, as well as the Ministry of Business, Innovation and Employment (MBIE), Ministry for Primary Industries (MPI),

Te Puni Kōkiri (TPK) and New Zealand Trade and Enterprise (NZTE), among others.

Since its inception in 2008, Bay of Connections has made a significant impact on the region's development, contributing to regional and national influence. This year marks 10 years of operation. The organic growth seen over that time is a result of Bay of Connections' commitment to remaining industry-led and providing a framework of enablement, advocacy and communication to help support industry growth.

Bay of Connections' strong commercial and action focus also ensures its relevance and effectiveness for the wider Bay of Plenty. It is a coalition of the willing, where participation by interested stakeholders is encouraged and continues to grow.

Join us, as we continue to evolve and work together to grow our region and communities.

Vision

Bay of Plenty – a prosperous region supported by sustainable sectors.

Values

We will collaborate in our community with integrity, respect and transparency, and in a friendly manner.

Mission

To deliver sector-based strategies and action plans that generate and encourage additional sustainable employment for the Bay of Plenty.



EDA UPDATES

PRIORITY ONE



Greg Simmonds

Priority One has refreshed its strategy this year, built on the three key pillars of innovation, investment and talent, in order to create a region that is unique, bold, innovative and future-focused. Achieving this necessitates a collaborative approach.

Bay of Connections continues to be instrumental in fostering the connections between public and private sectors and, a decade after its formation, has developed an enviable national reputation for effective collaboration that delivers tangible outcomes in terms of job growth and investment attraction. This has been particularly evident this year, as implementation and development of the RGS Action Plan continues.

Priority One has remained a driver of some key projects being implemented through Bay of

Connections and the RGS, for example leading development of the successful business case for the regional horticulture research institution, PlantTech; supporting implementation of the region's Māori economic development strategy, including co-funding a new regionally focused Māori economic development resource in partnership with Bay of Connections and TPK; and implementation of the BOP Tertiary Intentions Strategy, which is helping shape a collaborative regional approach to securing the Bay's future labour market needs.

The Bay of Plenty has worked hard to be in a position where it is beginning to deliver on its immense potential. Our challenge now is to take advantage of opportunities to grow a sustainable economy that delivers a higher standard of living for all.

ENTERPRISE GREAT LAKE TAUPŌ



Kylie Hawker-Green

Enterprise Great Lake Taupō continues to support new and existing business. Our number and scope of major projects have all increased and, importantly, all have industry involvement. This year we have seen a greater focus on research to understand growth prospects and investment expectations, barriers for existing businesses, people interested in moving to the region and what people think of the Taupō District.

In partnership with the Taupō District Council, we commissioned UMR Research to undertake quantitative research with over 200 local businesses. The results show growth prospects and investment expectations are high, however the main barrier

to growth is finding both skilled and unskilled staff. The UMR Research also showed that people love Taupō, with 96% saying they are proud to tell people they live in the district.

For the coming year we will continue our core business of supporting, attracting and connecting businesses. We will build on the evidence base from the research to address barriers identified, which we see as a shift in focus from business attraction to talent attraction.

Our projects will continue to have industry involvement, with an ongoing focus on geothermal, forestry and wood processing, accommodation, education, and labour and skills.



TOI-EDA



Francis Pauwels

Toi-EDA is in a strong position to ensure economic growth in the Eastern Bay is integrated as much as possible across environmental, cultural, social and economic factors. This is driven by working alongside all councils within the wider region, as well as across key sectors and with key stakeholders.

Toi-EDA's involvement in the Ōpōtiki harbour development will unlock the ability for New Zealand to reach and surpass its goals for the aquaculture industry, as well as unlocking significant new job potential across a wide range of opportunities in the Eastern Bay. A recently signed Whakatōhea and Crown Agreement in Principle will help facilitate local Iwi investment into this sector and many others.

Other key projects include managing the Kawerau Container Terminal RFP processes. This intermodal logistics terminal will be a key enabler for attracting new manufacturing investment into the Kawerau area. Toi-EDA has also been part of the professional team to attract investment into the Omaio kiwifruit development, which represents a ground-breaking approach to developing Māori-owned land.

These key infrastructure projects will lead to a wide range of new job opportunities. The objective is to ensure that as many of those jobs as possible are filled by locals, particularly youth, with Toi-EDA involved in helping shape education and workforce training programmes in the region to make this a reality.

ROTORUA ECONOMIC DEVELOPMENT



Michelle Templer

Rotorua Economic Development (RED) has had a formative year during its first 12 months of operation as a combined Regional Tourism Organisation (RTO) and Economic Development Agency (EDA). With a firm focus on partnership and growth, RED has a number of key sectors that are well aligned to Bay of Connections strategies and the Regional Growth Study.

Rotorua has been a key driver and participant of the Visitor Economy Strategy, which positively seeks to engage and encourage higher value tourists to the region to stay and explore more, while considering the infrastructure requirements to meet these needs. Māori economic development, geothermal, health and wellness,

and forestry are further aligned regional opportunities. We look forward to significant development for the region in the forestry sector.

Rotorua has seen positive economic progress over the past year and indicators point to continued growth and investment. The local economy has performed above the national average, unemployment has been dropping and sectors like tourism, forestry, agriculture, retail and hospitality are thriving. This diversity complements the wider Bay of Plenty economy. Collaboratively, we need to focus on achieving success that creates wealth and wellbeing for all our people.

2017 HIGHLIGHTS



Updated Bay of Plenty Regional Growth Study Action Plan launched in July, after 18 months of implementation

Regional mānuka honey industry developing, with mapping natural mānuka and kānuka resource in the Bay of Plenty, and quantifying current and projected mānuka plantings over the next 10 years completed; Miere Coalition also established, representing Māori honey interests across the country and supporting growth in Māori participation in the industry

Māori Economic Development Navigator appointed in a role co-funded by Priority One, Bay of Connections and Te Puni Kōkiri

Assisted horticulture cluster participants with collaboration, governance training and new opportunities, e.g blueberries, and helped entities to apply for central government funding to progress Māori land utilisation initiatives

Horticultural learning programme (ME) pilot at Katikati College completed, with interest shown from other schools, and the Priority One Instep programme Young Innovator Awards engaged a record number of students in 2017

PlantTech regional research institute funding of \$8.4m approved by central government to progress horticulture sector

150ha Omaio kiwifruit development Investment Memorandum completed and capital raising underway; assessment of strategic water resource also completed

Kawerau container port/rail terminal project feasibility study completed and extended

Worked with NZ Transport Agency (NZTA) on SH1/SH29 route plans, and provided input into Strategic Route Business Case; represented industry at key NZTA workshops and meetings

Successful launch of the *Love our Forests* national campaign in partnership with New Zealand Forest Owners Association, and a growing emphasis on the importance of afforestation across the region and beyond



Visitor Economy Strategy and regional priorities near completion with strong sub-regional collaboration during development to guide future focus and resources



Rugby Sevens strategy completed, with incredible development in international relationships and education pathways built and solidified over the past five years; a second-edition strategy is currently in development

Bay of Plenty Rugby moved into new University of Waikato Adams High Performance Centre based in Tauranga; hosted international players from Japan and China, plus hosted events such as North Island Secondary Schools Girls Tournament, National U15 Sevens Tournament, AIMS Games Sevens and Bayleys National Provincial Sevens



Bay of Plenty Film Office established and co-funding of \$217k contributed from regional councils, BayTrust and TECT; three key strategies for Film also established and adopted for the coming year: (1) marketing points of difference, (2) attracting New Zealand productions to the Bay of Plenty and (3) developing a robust facilitation package



Ōpōtiki Harbour Development at preferred tenderer stage, with significant progress also made in parallel sea farm development off the Ōpōtiki coast; this is supported by the Pathways to Work programme, established this year to maximise opportunities for local employment that will result from these developments



Recruitment of Geothermal Business Development Lead (BDL); successful engagement of Direct Use Group and New Zealand Trade and Enterprise (NZTE) to develop a collaborative tactical plan for seeking out partners, clients and investors for direct use projects

NZ Geoheat Strategy officially released at NZ Geothermal Association Seminar, plus Governance Group established



Agreement to progress joint funding with MPI for Water Opportunities/Barriers project; application submitted and approved for \$50k to MPI Irrigation Acceleration Fund



BAY OF PLENTY REGIONAL GROWTH STUDY

The Bay of Plenty Regional Growth Study (RGS) has been a significant part of Bay of Connections since the partnership began with central government on this project in 2014.

Bay of Connections has always placed great importance on working alongside central government since its inception a decade ago. The RGS has built those relationships further, as we collectively work on the vision of

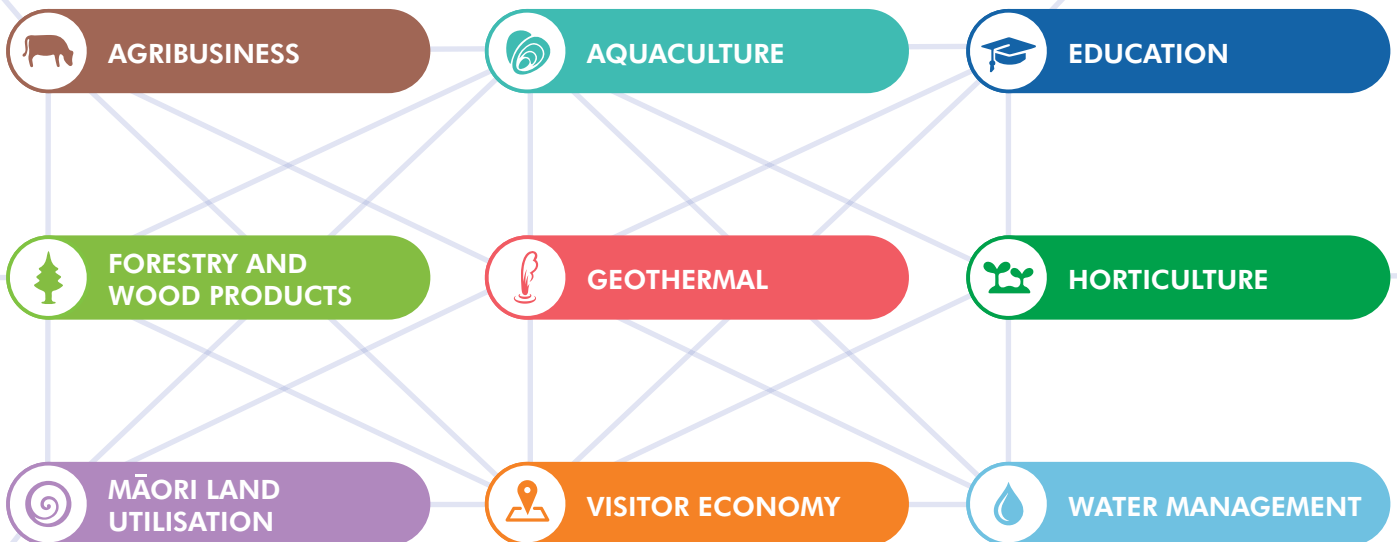
growing jobs, investment and income opportunities in the wider Bay of Plenty.

Development of the RGS was led by the Ministries of Business, Innovation and Employment (MBIE) and Primary Industries (MPI) at the national level, and Bay of Connections at the regional level. It identified short to mid-term opportunities (0-10 years) that could assist in increasing investment, employment

and incomes in the wider Bay, by focusing on the region's strengths and where collaboration between central and local government, Iwi, industry and the community would have the most impact.

From the study, an Action Plan was developed in partnership with the region, to identify how key opportunities identified in the study could be realised, who would be responsible and by when.

Nine key areas were prioritised for development and an action plan created for each:



The final RGS Action Plan was launched by ministers in the region on 29 October, 2015 and implementation began in 2016.

Bay of Connections has continued its leadership role, while central government has remained a key partner with representation on the Bay of Connections Governance and Management Groups. The EDAs

play a crucial role in all areas of the Bay of Connections portfolio, especially the RGS – they also act as conduits to local government as the RGS is implemented. The Triennial group of regional mayors is also a key group for enablement of the RGS.

Each of the RGS sectors has a regional lead responsible for coordination and progress reporting.

A central government action lead provides implementation and central government pathway support to each regional lead.

Oversight of the action plans takes place at Bay of Connections management level, with overall governance at the Bay of Connections table. Stakeholder engagement remains critical to success.

ACTION PLAN REFRESH

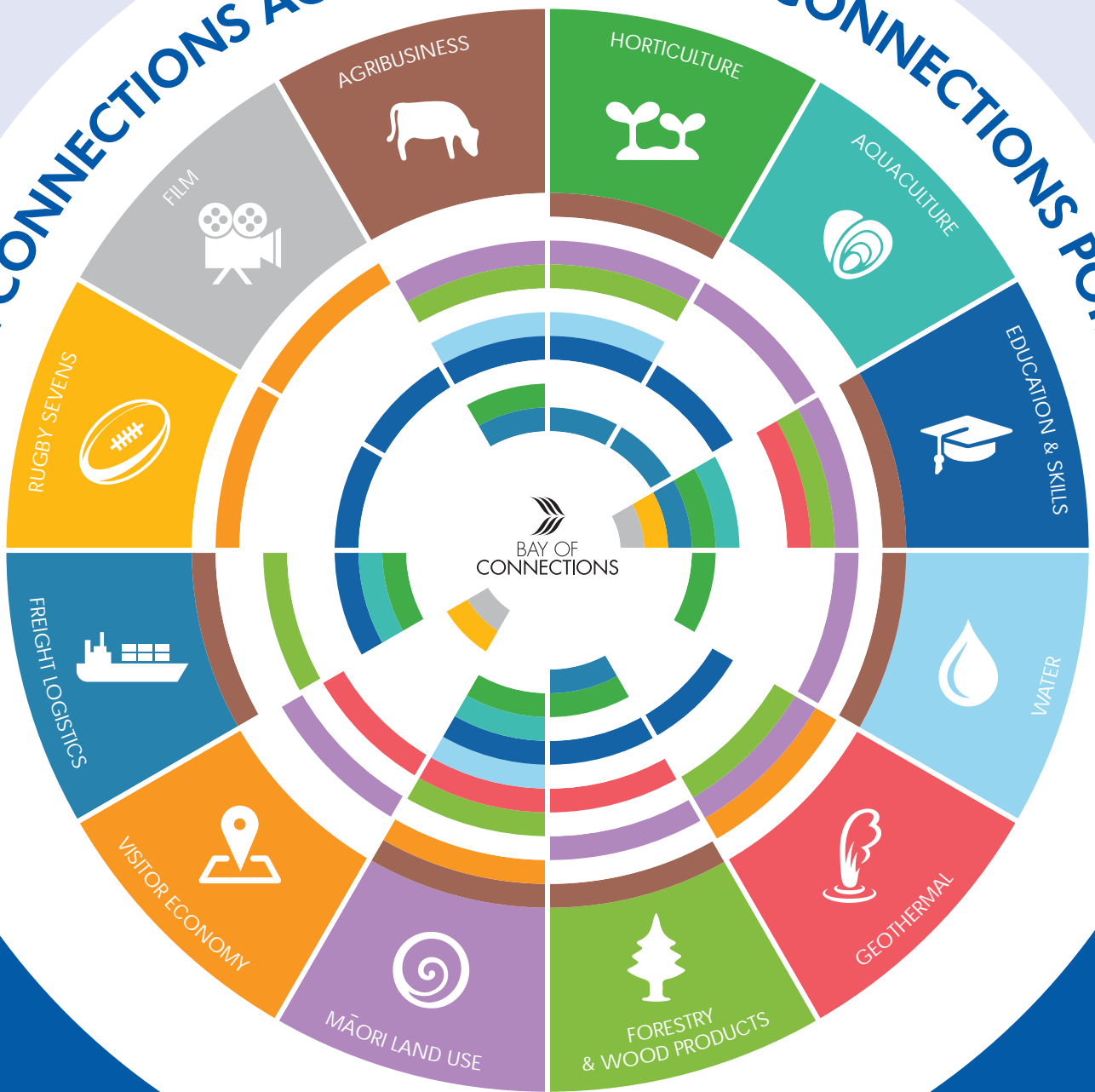
In June 2017, after an initial 18 months of implementation, the nine workstreams in the RGS Action Plan were updated to reflect the progress over that time, and to ensure the actions remain relevant to industry.

The refresh took into account the milestones achieved, actions that needed updating, new action areas that were emerging and those no longer relevant. The refresh also set out the priorities over the following 18 months, ensuring goals remain realistic and continue to take on board learnings from the journey so far.

Below is a diagram of the refreshed areas of focus for each key sector.



SECTOR CONNECTIONS ACROSS THE BAY OF CONNECTIONS PORTFOLIO



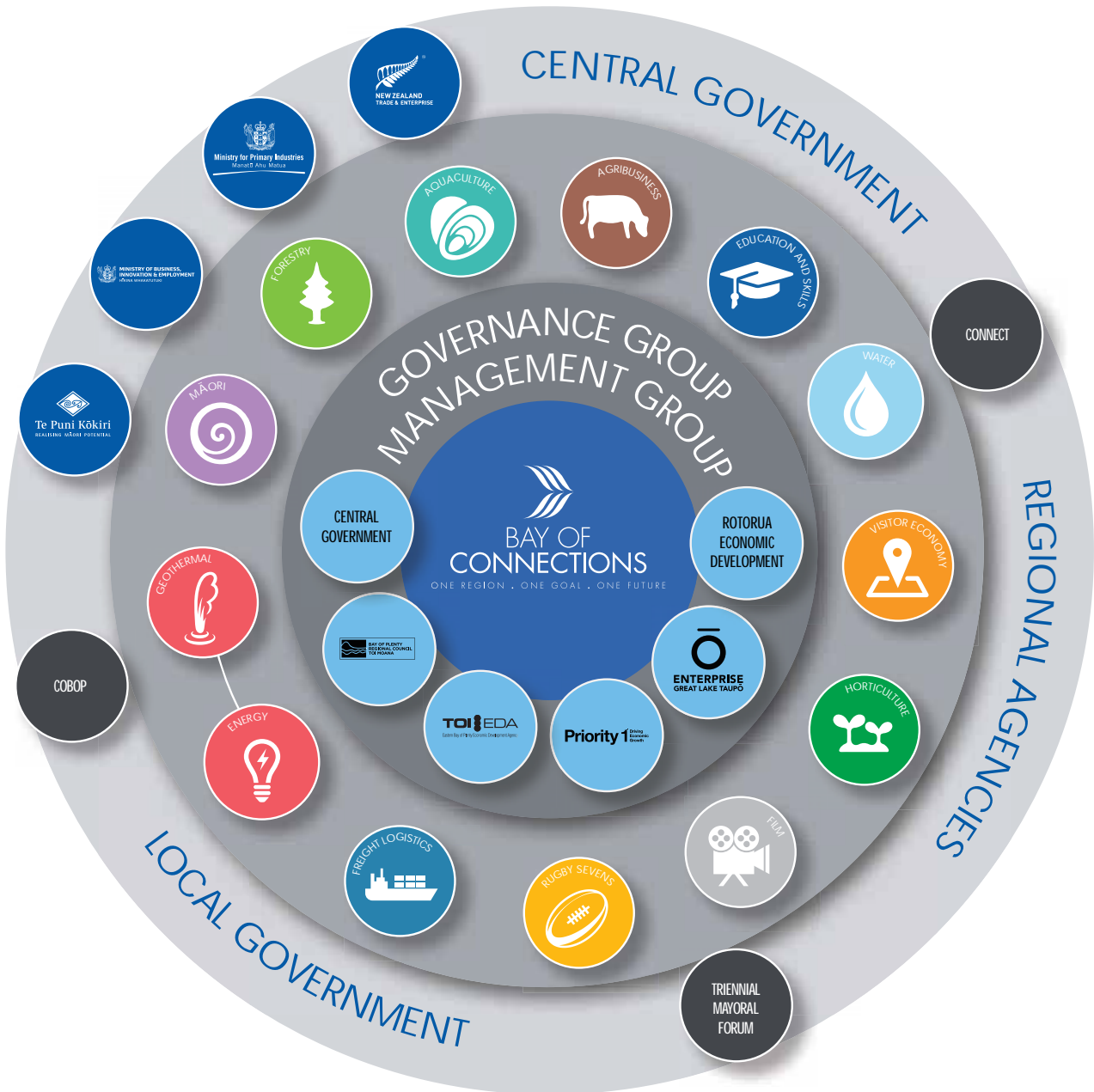
Most sectors across the Bay of Connections portfolio, including those within the Regional Growth Study, are connected in some way, with many aligned opportunities and obstacles.

As the portfolio matures and progresses, these links become

more evident. Members of the Bay of Connections Management and Governance Groups, as well as the RGS action leads, are always mindful of these connections. They recognise the importance of working together across the portfolio, and ensuring tight connections with local and central government and industry.

The diagram above illustrates the level of connections across the sectors and reinforces why collaboration is key to the region's future growth.

REGIONAL DEVELOPMENT ECOSYSTEM



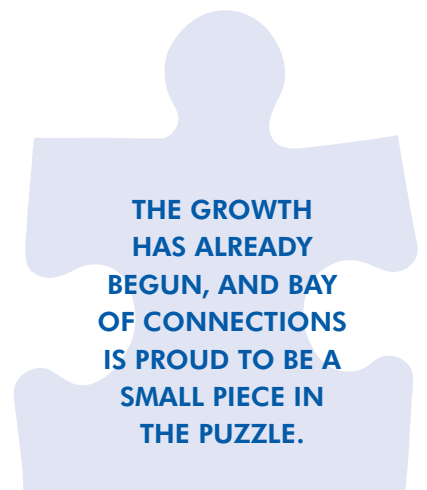
A framework of connections

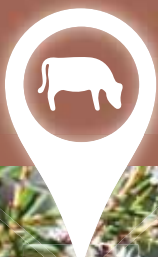
As Bay of Connections continues to evolve, with more activity and people becoming involved every year, it is important to ensure there is a sound understanding of how Bay of Connections works, not just in the region, but across New Zealand as well.

This model illustrates the Bay of Connections ecosystem, where economic development agencies

and local and central government work together, alongside industry, to deliver on the goals of the Bay of Connections portfolio.

The relationships that have been built over the past 10 years keep this ecosystem growing, with the ripple effect of support felt by all. By working together, a robust environment for success has been developed that will see the Bay of Plenty continue to thrive.





2017 highlights:

- Mapping the natural mānuka and kānuka resource in the Bay of Plenty, and quantifying current and projected mānuka plantings over the next 10 years
- Contributing to the establishment of the Miere Coalition, which represents Māori honey interests across the country and supports growth in Māori participation in the industry
- Establishing a work programme for the Mānuka Action Group (MAG)
- Assisting in the development and distribution of significantly improved information on mānuka plantation establishment and management
- Facilitating input into the development of a Certificate in Apiculture and apprenticeship scheme by ApiNZ and Primary ITO

The Bay of Plenty's agribusiness sector continues to be a significant economic driver in the region as research, market development and collaboration progress. Many new and emerging agribusiness ventures believe market development will be the key to growth.

The majority of activity over the past 12 months has been centred around the regional mānuka industry.

The establishment of MAG has brought together Māori land owners, bee keepers, research organisations, key processors and exporters, as well as local government, and marks the first step in creating a collective industry approach across the region.

MAG's establishment has encouraged communication and advocacy, in an industry where cooperation has previously been limited. The group has also connected honey companies with landowners, and provided links to other sectors, such as education and skills, forestry, horticulture and Māori land utilisation.

With the completion of current plantation mapping, progress has also been made on the development of GIS (Geographic Information System) filters to identify land

with plantation potential. This has occurred in partnership with Scion and LandCare Research.

As well as providing advocacy and information at a national level, MAG is developing a collective Bay of Plenty industry view on the definition of mānuka.

Addressing the shortage of skilled bee-keepers in the apiculture industry is another area of activity, with MAG facilitating the development of local training and education opportunities.

The focus over 2018 will include facilitating a collective industry approach to addressing new and emerging issues, continuing the information sharing on mānuka farming and working with the industry to encourage a collaborative approach to research.

Many of the issues facing the mānuka industry in the Bay are being faced elsewhere, such as boundary riding, biosecurity and lack of skilled bee-keepers. National collaboration, shared vision and values, recruitment and education, sustainable land use and utilising the latest in technology, will be keys to future growth.



Aquaculture

Existing sector strategy & RGS action



Photo: Ulrich Lange

2017 highlights:

- Ōpōtiki Harbour Development at preferred tenderer stage
- Geotechnical investigations in progress for Harbour Development
- Significant progress in parallel sea farm development off Ōpōtiki
- Pathways to Work programme developed to maximise opportunities for local employment in construction and operating roles
- Hosted international Marine Biotechnology Convention
- Biosecurity workshop held
- Strong and growing industry representation on Regional Aquaculture Organisation (RAO)
- Continued progress and understanding of the opportunities for commercial trout farming, particularly sea-based
- Biodiversity an increasing area of focus over the year

The Regional Aquaculture Strategy and RAO were established in 2009, before there was a Bay of Plenty aquaculture industry to speak of. Fast forward to today and the region has achieved significant milestones, and we are just at the beginning.

Few places in the world offer clear open water close to infrastructure and labour requirements, as seen in the Bay. This growth potential suggests the strategy is well on the way to achieving its goal of \$250m in export sales by 2025.

A cornerstone of this is the Ōpōtiki sea farm and harbour development, with the harbour project identifying a consortium of Heb Construction and Tonkin+Taylor as the preferred tenderer. Pending funding decisions, preparation for implementation and pre-construction could occur in 2018.

200 NEW MUSSEL LINES BEING BUILT

The sea farm project has identified between 8,000ha to 16,000ha of new water space that could be made available for multitrophic (multi species) aquaculture within 50km of the harbour, while work has already begun to establish 200 new mussel lines in the water to

be finished by the beginning of 2018, and a further boat purchase planned.

The Biotechnology Convention held in August was a significant international event, with 160 delegates from six countries, including Australia, China and Korea. A commercialisation-focused MoU was signed with the National Korean Biotechnology Association, reinforcing our growing aquaculture sector is a truly international player.

The development of commercial trout farming, as an action in the RGS, was put on hold until the end of 2017. During 2017, the RAO retained trout on the agenda, and continued in discussions to ensure the Bay of Plenty is ready for the opportunity when it arises. Sea cage finfish farming is of particular interest.

Aquaculture is in a strong position in the region – with the Ōpōtiki development in progress, alongside new and open horizons of marine biodiversity. The Bay of Plenty is set for substantial growth in marine biotechnology in coming years and over 2018 we will continue to strengthen focus on low-volume, high-value products in this area. Integrated aquaculture and diversity will bring exciting opportunities for the region.

The RAO looks forward to influencing and supporting increasing aquaculture opportunities – including robotics, new structures for open ocean, marine engineering, collaboration with the horticulture sector for biotechnology applications, and growing connections with industry and allied regions such as the Waikato.



Education and Skills

RGS action



2017 highlights:

- Eastern Bay of Plenty Career Link programme underway
- Partnership established with He Mauri Ohoooho to empower Māori youth for successful futures
- Māori youth experience days held to prepare and inspire future workforce
- University of Waikato literature review completed on the Bay of Plenty labour market
- Priority One Instep programme Young Innovator Awards engaged a record number of students
- Ministry of Education health pathways project initiated
- Contextualised horticultural learning programme (ME) pilot at Katikati College completed, with interest shown from other schools
- University of Waikato-led Tauranga tertiary campus construction commenced, with co-funding from BOPRC, TECT and Tauranga City Council
- Toi Ohomai Institute of Technology celebrated its first 12 months as a merged entity

The future economic success of the Bay of Plenty will depend on the region's ability to train, retain and attract skilled labour. The objective of this strategy is to do that by engaging Māori youth in education and improving achievement levels, promoting meaningful education to employment pathways, and developing a practical regional labour market strategy.

Growth in the regional economy will create over 40,000 new jobs by 2050, particularly for higher skilled jobs in the primary and service sectors. The Bay of Plenty has a youthful Māori population – 44% are under 15 years old – yet education and employment



outcomes for Māori youth, particularly in the Eastern sub-region, are not being realised.

To meet workforce demand now and in the future, it is essential we mobilise the youthful population into pathways that lead to meaningful jobs and self-employment. This will increase household incomes, strengthen families, drive GDP growth and enable a strong and resilient regional economy.

A key piece of work this year has been partnering with He Mauri Ohoooho, to help empower Māori youth in the Bay of Plenty for success. This has included the development of a leaders programme and an aspirational strategy – He Rangatahi, He Anamata; the creation of an Iwi consultation framework for schools and the appointment of a Māori economic development navigator responsible for connecting, scaling, and progressing education and employment initiatives for Māori youth.

Empowering Māori youth for successful futures will remain a key priority during 2018 with a focus on working alongside other regional growth programme action areas.



2017 highlights:

- Delivered a well-received Start to Steam Direct Use Workshop for Māori
- Successful bid for \$150k from MBIE and a further \$150k from the region and industry to fund the Geothermal Business Development Lead (BDL)
- Alignment and sharing of interests and market intelligence through the industry Direct Use Group
- Presentation at the NZ Geothermal Association Seminar on the topic of 'Geothermal Fuels Prosperity' with respect to regional economic development
- NZ Geoheat Strategy officially released at NZ Geothermal Association Seminar and Governance Group established
- Invited speaker at Mexican Renewable Energy Conference held in Mexico City on socioeconomic benefits of geothermal direct use
- Visited direct use operations in Beppu City, Japan, including a successful strawberry growing operation that uses glasshouses heated with geothermal energy
- Successful engagement of Direct Use Group and NZTE to develop a collaborative tactical plan for seeking out partners, clients and investors for direct use projects, with primary focus on brownfield opportunities
- Paper submitted and accepted on geothermal economic development for the NZ Geothermal Workshop

Most of the useable geothermal resource in New Zealand can be found in the Taupō Volcanic Zone, which falls within the wider Bay of Connections region. The region offers a globally unique proposition for a range of sustainable uses, with some of its geothermal resources and infrastructure offering developers and potential investors that use geothermal heat in operations significant export potential.

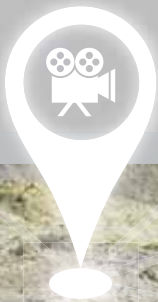
Realising this potential has been identified through direct use, with a great deal of work over the past year focused on this and current energy suppliers keen to support development projects in the area of geothermal direct use.

Work conducted through the RGS has included not only connecting potential investors, but also developing a wider knowledge base around sustainability of the resource and demonstrating the value proposition of geothermal energy. As part of this, a Start to Steam

geothermal workshop was held earlier in the year for Māori trusts, to explain the geothermal value proposition.

Interest in geothermal direct use developments has grown significantly in the last three years, as generators and Iwi organisations seek to grow revenue from their geothermal assets. Successful commercial examples such as Miraka's milk drying facility in Taupō and Asaleo Care's clean steam tissue production in Kawerau demonstrate the economic and branding benefits of using geothermal directly.

The official release of the NZ Geoheat Strategy is a key development for the sector and outlines a number of targets for direct use investment in New Zealand. This includes the creation of 500 new jobs, the creation of four to five large direct use projects such as timber processing or large greenhouses, and a range of smaller projects such as bathing, over the next 10 to 12 years.



2017 highlights:

- Creating and releasing a Bay of Plenty Film Regional Showreel
- Establishing the Bay of Plenty Film Office and receiving \$217k funding from councils, BayTrust and TECT
- Hosting a collaborative strategic planning forum with regional and national stakeholders to identify key strategies and action plans
- Coordinator hired to accelerate key actions
- Three key strategies established and adopted for the coming year based on feedback from the forum:
 - (1) marketing points of difference
 - (2) attracting New Zealand productions to the Bay of Plenty
 - (3) developing a robust facilitation package

This year marked the first full year of operation for Bay of Plenty Film (BOP Film), a not-for-profit trust that aims to attract international productions to the region, as well as grow the industry at a grassroots level by encouraging local productions and raising the skills base in the region.

Just like a screen media production, activity over the past 12 months has been in-development – focused on building relationships, and developing and promoting the region’s abundant assets. Year two, or pre-production, will establish logistics and build capacity, while year three will focus on production – supporting and facilitating the increased productions and activity.

The in-development phase has included the creation of a Regional Showreel for national and international use, including in-marketing for organisations such as Tourism Bay of Plenty. Responses from the Showreel, within New Zealand and overseas, have been positive.

A successful planning forum was hosted, with input from key stakeholders such as the New Zealand Film Commission, Regional Film Offices New Zealand, local councils and economic development agencies, tourism organisations, educational bodies and local industry representatives. The goal was to identify key strategies and actions that would achieve BOP Film’s vision for growing a screen media industry in the Bay of Plenty with national and international connections.

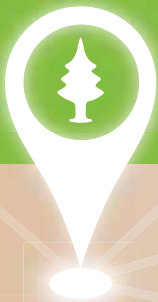
Following the forum, three key strategies were adopted for resourcing over the coming year. These include marketing points of difference, attracting New Zealand productions to the Bay of Plenty and developing a robust facilitation package.



Key performance indicators over 2018 include servicing a minimum of 12 international enquiries and providing high-quality location options; attracting at least one international scout to the region, and; to produce a sizzle reel with shots of the Bay of Plenty featured in international productions e.g Pete’s Dragon, Yogi Bear.

Nationally, goals for 2018 include developing relationships with at least five New Zealand producers/directors for screen media content to be produced in the region and hosting famils with at least 12 key New Zealand industry film professionals.

Other priorities for the coming year include developing regional directories for crew and preferred service providers, and identifying and addressing skills gaps. This will include creating entry-level internship roles and delivering at least six screen media workshops across the region, and facilitating the development of film-friendly processes with key stakeholders.



Forestry & Wood Products

Existing sector strategy & RGS action



The future of forestry: The next generation practicing on a forestry simulator. Photo: Venture Centre

2017 highlights:

- Successful launch of the *Love our Forests* national campaign in partnership with New Zealand Forest Owners Association
- Kawerau container port/rail terminal project feasibility study completed and extended
- Second Changing Perceptions of Engineered Timber in Construction conference held in Rotorua
- Announcement of a large-scale particle board factory to be built in Kawerau by Chinese Forestry company FengLin
- Identification of opportunities around Engineered Wood Products with FEA (Forest Economic Advisors) and MBIE
- Well-attended bi-monthly Forestry and Wood Processing Action Group (FWAG) meetings held throughout the year

The forestry industry in New Zealand has been buoyant over the past year, with near-record high log prices, inducing earlier-than-planned harvesting of much of the privately owned small forest plantings from the 1990s.

This trend has been reflected throughout the country, including in the Central North Island (CNI) region, which is considered New Zealand's centre for forestry and related processing due to its natural resources, emerging technologies, established support infrastructure, research capabilities and increasing relevance of Māori as land and forest owners.

The region also offers the potential to compete internationally in the processed wood products market.

FWAG has been actively working towards two key opportunities throughout the year, including improved afforestation, and promoting and enhancing processed wood products.

The past year has seen mixed results, as despite high log prices, replanting of many harvested areas is not taking place, exacerbating already forecasted wood shortages and threatening industry and related-services jobs. FWAG has been advocating for improved afforestation that is closely aligned with land use projects to help combat this.

The announcement of a new 100-job particle board plant to be built in Kawerau within the next two years and the Kawerau container port/rail terminal project, which looks set to go ahead after the feasibility study was completed earlier in the year, will help stimulate the industry and encourage other investors into the region.

Over the coming year FWAG will continue working closely with local and central government to address challenges facing the industry, as well as continuing to identify key opportunities within the CNI region based on FEA analysis.



2017 highlights:

- Continued support of the Kawerau Container Terminal project
- Facilitated discussions with NZTA and input on VDAM and HPMV rules and their effect on the region
- Submission made to Bay of Plenty Regional Transport Plan review process
- Continued networking and innovation support for local freight and logistics companies
- Monitored developments at Ruakura Freight Hub, Tokoroa Freight Hub and Horotiu Inland Port
- Supported the 25m/64t project and advocated to central government on behalf of Freight Logistics Action Group (FLAG)
- Strengthened relationship with Sector Workforce Engagement Programme (SWEP) on labour shortages and driver training
- Promoted logistics careers at annual Bay of Plenty Careers Expo in Tauranga
- Worked with NZTA on SH1/SH29 route plans, and provided input into Strategic Route Business Case and represented industry at key NZTA workshops and meetings
- Strengthened relationship with KiwiRail, and monitored latest developments and new capacity both in the Bay of Plenty and nationwide
- Provided advocacy on behalf of industry to Toi Ohomai Institute of Technology over capacity concerns for driver training programmes
- Freight advisor representation on Regional Land Transport Committee
- Monitored developments in electric vehicle for commercial transport

FLAG continues to be a keen ear and strong advocate for business leaders in this sector in the Bay of Plenty. Developments in freight and logistics infrastructure now coming to fruition locally, and in neighbouring regions, will have a significant effect on the sector. These changes are important for sector leaders and for key manufacturers and producers to move products to market.

Modelling and support for the Kawerau Container Terminal continues as the project advances from concept to reality. With terminal development close to commencing, wider site development has been positively influenced. Investments in a dairy factory and a world-scale wood manufacturing plant have also been announced.

Through developments in logistics capability at Scion, the group has gained growing expertise and modelling capability to bring sector-specific expertise to this action group. This allows FLAG to provide improved input to NZTA and enhanced insight for business leaders.

FLAG will continue its focus on business potential for the sector by assessing and monitoring the potential changes and growth opportunities. These include new sector infrastructure developments and client industry growth requiring their services to grow and adapt accordingly. Innovations with potential for business efficiencies are also vital for our regional industry leaders in the sector.



2017 highlights:

- PlantTech funding of \$8.4m approved by central government
- Investment Memorandum for 150ha Omaio kiwifruit expansion completed and capital raising underway; assessment of strategic water resource also completed
- Te Tumu Paeroa and Quayside Holdings announcement of \$30m kiwifruit investment for Bay of Plenty Māori
- Māori Kiwifruit Growers forum established
- Māori Land Utilisation kiwifruit productivity cluster programme successfully completed
- Horticultural sector learning programme pilot (ME) completed at Katikati College, with interest shown from other secondary schools

Horticulture is a well-established industry in the Bay of Plenty, with kiwifruit accounting for 80% of the national production and employing around 10,000 permanent and a further 8,000 seasonal employees at the peak of harvest.



**Bay of Plenty
accounts for 80% of
national kiwifruit production**

The kiwifruit industry has experienced a strong recovery following the Psa biosecurity crisis and is forecasting significant growth over the next decade.

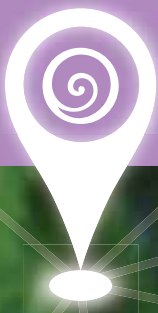
Growing the sector includes developing people capability to meet horticulture's export targets, unlocking the potential in Māori-owned land and increasing Māori involvement in the sector.

This year has seen many achievements in this area, including the establishment of a Māori Kiwifruit Growers

forum, whose objective is to exercise leadership across the industry and advocate on behalf of Māori growers, improve information dissemination and ultimately assist in improving net returns for Māori kiwifruit growers.

Forging the right connections between Iwi and industry stakeholders has highlighted the large areas of land suitable for horticulture expansion that are available. Māori involvement is also increasing through further building of trust and connections, as well as education and capability. Continued investment into the Omaio kiwifruit expansion project will boost further representation and involvement.

There is a significant amount of research and development in the sector, including the use of robotics for harvesting and processing, development of nutraceutical-type by-products and the creation of more resilient kiwifruit varieties. The establishment of the PlantTech regional research institute will support the industry's goal to be a world leader in the development and commercialisation of technologies relating to primary sector value chains.



2017 highlights:

- Awhina August, Kaihautu Ohanga Māori (Māori Economic Development Navigator), appointed in a role co-funded by Priority One, Bay of Connections and Te Puni Kōkiri
- Industry-led and action-oriented discussion group formed for the region with Māori dairy operators
- Assisted horticulture cluster participants with collaboration, governance training and new opportunities, e.g blueberries
- Assisted entities to apply for central government funding to progress Māori land utilisation initiatives (e.g Sustainable Farming Fund)
- Contributed to the Long-term Youth Strategy developed for the region, including hosting a Youth Summit and Discovery Tours
- Created a leadership development programme for secondary schools in collaboration with Priority One's Instep programme

Developing the Māori economy in the Bay of Plenty is fundamental to achieving region-wide growth. He Mauri Ohooho (HMO) is the Māori Economic Development Group for the Bay and is New Zealand's first regionally-coordinated Māori development strategy.

The strategy strives to improve the health and wellbeing for Māori in the region through connecting the Māori ecosystem, Māori youth and investment opportunities, as well as working alongside other RGS workstreams to achieve implementation of action plans and engagement with Māori.

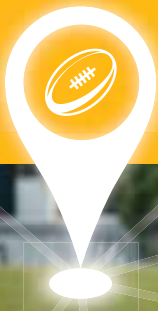
The appointment of Māori Economic Development Navigator, Awhina August, will further build relationships and increase communication across the region and activity.

A key for future growth is building the right connections and relationships between Iwi trusts and collectives, investors, industry representatives, education providers, and central and local government.

HMO's established connections with Priority One and its programmes such as Instep and the Regional Māori Youth Strategy, as well as within the Bay of Connections, continue to grow. Since the HMO strategy was launched in 2014, many links have also been forged with industry and local initiatives.

Māori economic development has the potential to be dynamic and fast-paced, however true transformation for the Māori economy will require scale. Upcoming activity will focus on connecting Māori entities with each other, including forming clusters, and connecting those groups with central government funding that aligns with their aspirations.

The focus for 2018 includes developing a second Youth Forum, implementing the Long-Term Youth Strategy, continuing to build governance and relationships with Iwi, including setting up monthly meetings, increasing awareness of investment opportunities, assisting Māori collectives with land optimisation toolkits, establishing a stocktake and CRM system of Māori collectives in the Bay, and working alongside other RGS strategies.



Rugby Sevens

Existing sector strategy



2017 highlights:

- Week-long coaching programme delivered in California with UC Santa Barbara
- Delivered British and Irish Lions versus Māori All Blacks game
- Hosted Japanese Rugby Union group in partnership with Education New Zealand (ENZ) and Tauranga
- Hosted players from NTT Docomo and Ryugasaki University in Japan
- Hosted Chinese youth rugby team and Rugby Football Association representatives
- Hosted Bayleys National Provincial Sevens
- Submitted bid to New Zealand Rugby (NZR) for rights to host National Provincial Sevens for 2019-2021
- Hosted North Island Secondary Schools Girls Tournament and National U15 Sevens Tournament
- Hosted AIMs Games Sevens with a record number of teams
- Moved into new University of Waikato Adams High Performance Centre based in Tauranga

The Rugby Sevens strategy was initially developed and launched in 2013, with the objective of establishing the Bay of Plenty as the world's leading rugby sevens service provider.

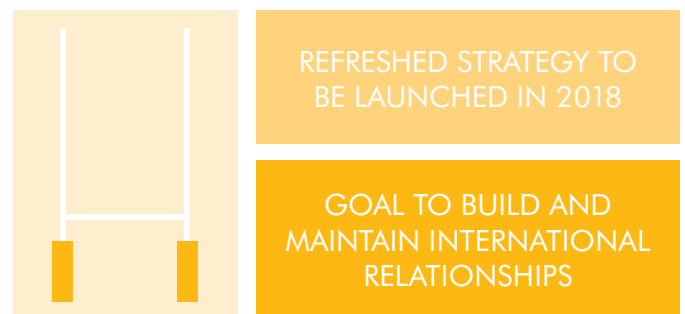
This was to be achieved by leveraging the opportunities created by the growing popularity of the sport internationally and working alongside organisations with similar objectives to grow the game, such as NZR.

Formally implemented by the Bay of Plenty Rugby Union (BOPRU), with support from Bay of Connections and ENZ, there are a number of other organisations, such as NZTE, that have been instrumental partners in delivering this strategy.

Focus over the past five years has been centred around event hosting, creating a national team base, high-performance facilities and training courses, education, tourism and international opportunities.

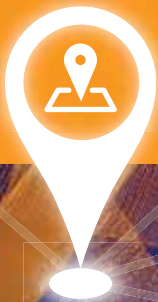
Strong international connections have been forged during this time in key New Zealand markets such as Japan, China and the United States, while links to education and tourism have strengthened by working with local authorities in regards to sister city partnerships and demonstrating how rugby can aid these from a business and cultural perspective.

The results achieved through to the end of 2017 mark the successful delivery of every objective and activity laid out in the original strategy. A refreshed strategy will be launched in 2018.



Focus will remain on further building and maintaining international relationships, including securing an additional two-year agreement to host Japanese Rugby Union youth players, continuing to work with UC Santa Barbara and Santa Cruz, return visits to China and Japan to develop partner opportunities, as well as working with the Malaysian Rugby Union to host their Mens 15s team in March 2018.

Education will remain a key objective in growing the sport, with work continuing alongside NZTE, the New Zealand Embassy and ENZ.



Visitor Economy

RGS action



2017 highlights:

- Visitor Economy Strategy near completion
- Funding of \$158k received to develop the strategy, \$79k from MBIE and a matching \$79k from across the region
- Strong sub-regional collaboration during strategy development
- Visitor Economy advisory group established to support strategy development

The wider Bay of Plenty region includes some of New Zealand's most well-established tourism destinations. Gaining collaboration and collective momentum to grow the visitor economy across the wider region has historically been problematic. This is partly due to the competition for every visitor dollar and bed night, and a belief that for one sub-region to succeed, others must miss out.

Through the RGS Action Plan and work of Bay of Connections, a common understanding and agreement has been created, acknowledging that the wider Bay of Plenty's strength is in the diversity of the sub-regions and collectively enabling a fuller visitor proposition.

A key piece of work throughout the year has been the development of the Visitor Economy Sub Regional and Regional Strategy, which aims to support the sector to grow to a \$2.5b industry by 2030, with a focus on key infrastructure needs at a sub-regional level and overarching regional level.

GOAL:

\$ TO CREATE A
2.5B
INDUSTRY BY 2030

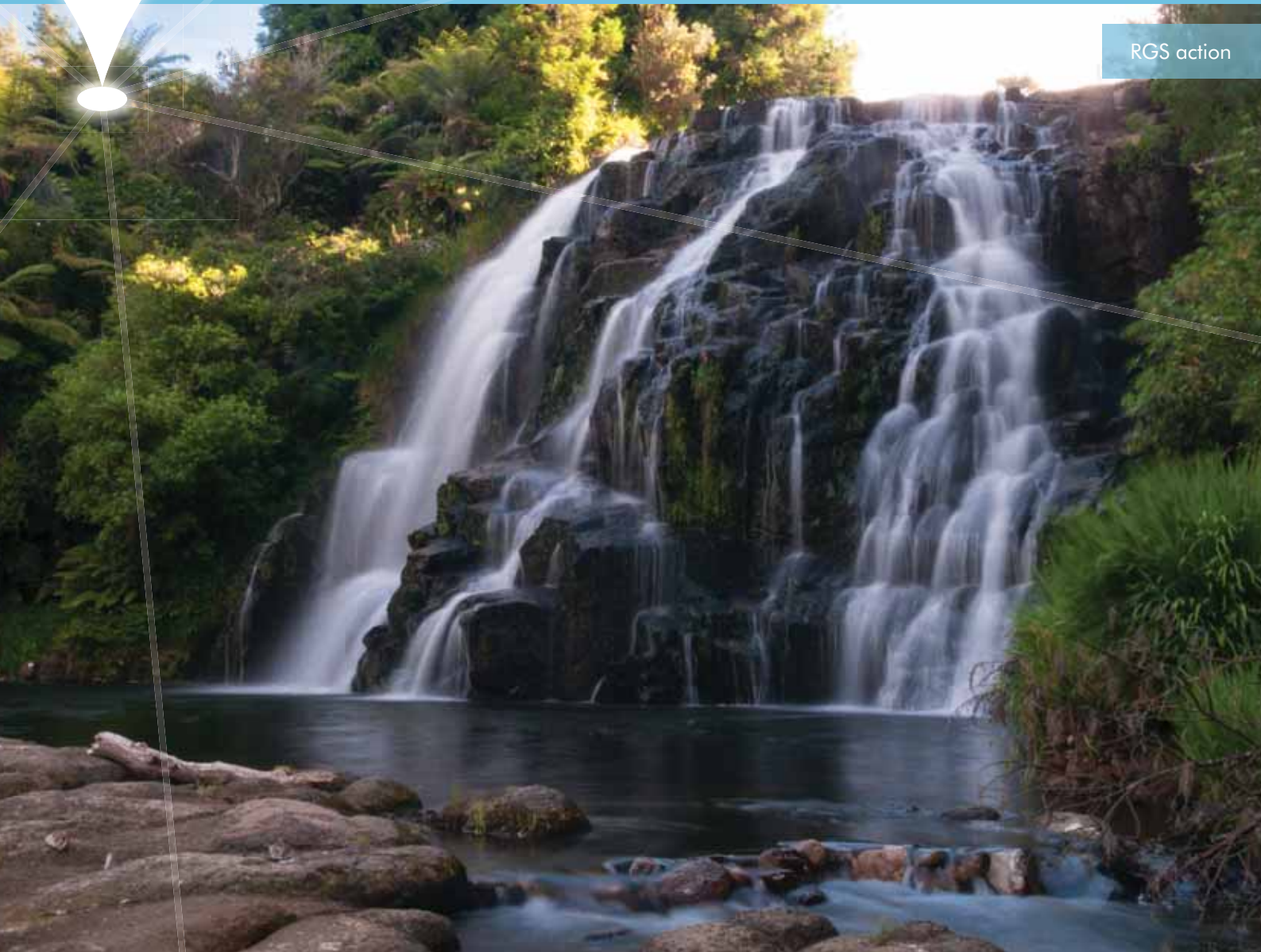
This has seen strong collaboration and active involvement at all levels of the sector, from RTOs, EDAs, industry, Iwi, and local and central government, with a set of agreed regionally-led priorities in development.

Data analysis has, for the first time, enabled all sub-regions to quantify – with a high level of confidence – that tourism directly contributes positively to GDP and has a high impact across the wider region, not just in the central tourism hub of Rotorua.

Such is the success of the collaboration this past year, the Visitor Economy advisory group has tabled its willingness to connect with other strategies in the Action Plan, such as education and skills, to further leverage opportunities arising from work done to-date and in doing so, lift the level of capability across the tourism sector.

The coming year will involve progressing existing key workstreams that unlock potential around already framed opportunities, such as the regional film office, and moving forward with priority projects identified in the Regional Strategy.

Key opportunities also remain in developing special interest tourism, as well as region-wide film and production and wellness strategies.



2017 highlights:

- Agreement to progress joint funding with MPI for Water Opportunities/Barriers project
- Application submitted and approved for \$50k to MPI Irrigation Acceleration Fund
- Open tender process followed and final vendor selection underway
- Rangitaiki Plains Irrigation meeting held in Galatea with MPI

Water is an enabler for growth opportunities across most of the key industries in the Bay of Plenty. Water is key to growth, but that growth could put further pressure on water availability and quality across the region.

Water has been a contentious national topic throughout 2017, particularly in the lead-up to the general election.

\$50,000
funding received
from MPI

There may be changes to national direction in respect to improvements for water quality and charging for water.

In the delivery and formation of the Water Opportunities/Barriers project, we will engage with the RGS workstreams, local landowners and industry representation (through our existing regional water advisory panel) to ensure we capture the key opportunities and barriers. This will help inform our future programme of work, ensuring that we are balancing the needs of our community aspirations around water quality and economic growth.

FAQs

What is Bay of Connections?

Bay of Connections is the regional growth framework for the wider Bay of Plenty region with a vision of creating a prosperous region supported by sustainable sectors. It is simple and aspirational, with the aim of establishing and implementing sector-based strategies that generate job growth. It is also about growing a strong and vibrant community, encouraging collaboration between business and industry, improving wellbeing and encouraging innovation and leadership.

Who is involved in Bay of Connections?

Bay of Connections is led by a Governance Group of 12 members – three from business, four from the economic development agencies, two Māori business representatives, a local and central government representative, and a Collaboration Bay of Plenty representative. The Governance Group is supported by the region's economic development agencies, central government and the Bay of Plenty Regional Council.



BAY OF CONNECTIONS IS THE REGIONAL GROWTH STRATEGY FOR THE WIDER BAY OF PLENTY REGION WITH A VISION OF CREATING A PROSPEROUS REGION SUPPORTED BY SUSTAINABLE SECTORS.

Where is the Bay of Connections region?

The Bay of Connections region covers the wider Bay of Plenty, including Taupō, Rotorua, and Western and Eastern Bay. It covers 34,000 square kilometres of land and sea. Bay of Connections also has strong links into the Waikato.



How does Bay of Connections work?

Bay of Connections identifies the key strengths and areas of opportunity for the wider region, from both developed and developing sectors. It is informed by data, research, analysis and consultation at a local, regional and national level, and is export and globally-focused.

Why is it working?

Bay of Connections provides a simple framework for the region to work together, to achieve greater economic growth. Together, the region has the scale to be nationally and internationally significant. Quite simply, it just makes sense to work together.

How will success be measured?

The ultimate measure of success for Bay of Connections will be through job growth. Other measures of success include continual progress and implementation of sector action plans, retention of top industry experts and continued involvement from central and local government.



OUR PEOPLE

Governance Group

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Enterprise Great
Lake Taupō

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Collaboration BOP

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MBIE

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BOP Regional Council
Chair

Anthony Olsen
Māori Business

Graeme Marshall
Western Bay
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John Galbraith
Toi-EDA

Jean-Paul Gaston
Rotorua Economic
Development Advisory
Group

Riri Ellis
Māori Business

Bryce Heard
Rotorua Business



“
TODAY IS THE GREATEST
DAY I’VE EVER KNOWN
– THE SMASHING PUMPKINS
”

Management Group



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Bay of Connections
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