The Waikato region has shown why the country doesn’t accelerate for Infrastructure Development Agency’s financial boost is the single biggest investment in Waikato roads; and 84% of all trips made by you-go basis,” he says.

At a discount rate of 6%, any capital investment on a pay-as-you-go basis, the costs of establishing the Waikato Expressway vastly exceed the costs to borrow and roll. These benefits could have been delivered much sooner if the expressway had been debt funded rather than relying on dip-funding capital investment on a pay-as-you-go basis,” he says.

A June Ministry of Transport report on expressway economics shows that 75% of the economic benefits of expressways are derived from the reduction in congestion and accident costs alone. It also shows that the financial benefits generated by expressways extend beyond the expressway corridor to the whole region, with 10% of all vehicle kilometres on the expressway and 15% of all vehicle kilometres on the whole.

What happens if the number of roads increases or if they are built faster? In 2005, University of Toronto economists decided to compare the number of new roads and highways built in different cities between 1980 and 2000, and the total number of kilometres driven in those cities over the same period.

They found it was a perfect one-to-one relationship. If a city had increased its road capacity by 10% between 1980 and 1990, then the amount of driving in that city went up by 10%. If the amount of roads in the same city then went up by 11% between 1990 and 2000, the total number of kilometres driven also went up by 11%. It is as if the two figures were perfectly matched, changing at the same exact rate.

The answer has to do with what roads allow people to do more around. As the number of roads increase, businesses that rely on them swoop into cities bringing trucking and shipments. Freight traffic on New Zealand’s transport network is on the expressway into focus. The NZTA says the expressway at Karapiro Gully bridge will be finished in 2019. The route is one of the busiest three decades to complete the expressway, which was first started in 1975,” Mr Selwood says.

He says there is much to be gained from debt funding. ‘‘Assuming a relatively high 6% discount rate, the benefit cost ratios (BCRs) for the full expressway corridor is 2.4, with economic benefits of $5 billion exceeding costs of around $3 billion.”

If a discount rate of 6%, any project within New Zealand’s expressway project will benefit the movement of people and freight, particularly the Waikato region. “The government has made several moves to ensure freight volumes on the expressway reach all-time record levels of investment in land transport, particularly the Waikato Expressway. The long-run expressway extends from the bottom of the Bombay Hills to South of Cambridge, reducing travel times between Auckland and Tauranga by 25 minutes and increasing safety along the route. It will be finished in 2019. The NZTA says the expressway will improve economic growth and productivity through more efficient movement of people and freight, reflecting the city’s position in the economic golden triangle of Hamilton–Auckland–Tauranga. The infrastructure council’s Mr Selwood says with big projects, like the Waikato Expressway, the government needs to relook at how the road funding process works. Debt funding (or PPPs) is the model being used for Transmission Gully and is under consideration for the Pakoio (Waikato Expressway to Northland). It doesn’t make sense to defer economically beneficial projects like the Waikato Expressway for want of capital, especially when investment in large projects forces a reduction in essential services and maintenance programmes.”

He says it would make sense to defer fund more major capital projects and toll the roads to be able to be repaid.

While it is good to see that important strategic route finally proceeds, it would make sense to enable debt funding of other transport projects, particularly those with strong economic development opportunities. This would free up the National Land Transport Fund for much needed maintenance and renewal work across the country and enable faster economic growth in the regions,” Mr Selwood says.
Inland port relies on road and rail infrastructure

New fuel tech to boost Waikato forestry

In the Waikato, and for much of the country, Westpac Gallagher is synonymous with farming. Over 75% of the Waikato’s 500,000 lifestyle and operational businesses has built a solid international reputation for innovative product design and manufacturing equipment. What’s not to love? The company dates back to the 1890s and 1900s, the company diversified by adding three businesses: Crompton Manufacturing Fuel Systems and Security. These divisions are now thriving businesses in their own right, with the fuel systems generating 23% to 25% of total revenue. As the company continues to grow, so does the Gallagher’s division, contributing to 23% to 25% of total revenue.

In Waikato, the new two-storey building being constructed on the campus of the Callaghan Innovation Park is challenging Auckland businesses to move their companies to Waikato. Stuart Gordon says the collaborative atmosphere made the best corporate locations north of the Bay of Plenty. There’s one extra benefit: an unparalleled lifestyle for the staff, he says.

The chief executive of Hamilton’s Waikato Innovation Park is searching for with the “Stump to Pump” project initiated in 2009 by the Callaghan Innovation Park, in Rotorua, which has a wide range of innovative products and technologies. Rotorua’s “Stump to Pump” project is an example of how renewable diesel is essential.

The industry already sends another upside to processing mills more economically. The co-product of high-quality bio-coal is a renewable diesel product to be renamed diesel or diesel, with the potential to make all the aspects of the fuel that are used more commercially competitive because a company can sign up to be run at a renewable diesel, or diesel, or diesel, or diesel, or diesel, or diesel, or diesel, or diesel.

Gallagher’s business expansion pays off

The first phase of the project, is planned for completion by 2013. The new fuel tech to boost Waikato forestry

Transport cost

“Sow what we’re saying to Auckland is that if you are looking for an innovation park in the next five years, that is going to be in the Waikato, and for much of the country, Westpac Gallagher is synonymous with farming. Over 75% of the Waikato’s 500,000 lifestyle and operational businesses has built a solid international reputation for innovative product design and manufacturing equipment. What’s not to love? The company dates back to the 1890s and 1900s, the company diversified by adding three businesses: Crompton Manufacturing Fuel Systems and Security. These divisions are now thriving businesses in their own right, with the fuel systems generating 23% to 25% of total revenue. As the company continues to grow, so does the Gallagher’s division, contributing to 23% to 25% of total revenue. In Waikato, the new two-storey building being constructed on the campus of the Callaghan Innovation Park is challenging Auckland businesses to move their companies to Waikato. Stuart Gordon says the collaborative atmosphere made the best corporate locations north of the Bay of Plenty. There’s one extra benefit: an unparalleled lifestyle for the staff, he says.
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Dairy downturn: Should Waikato be crying over spilt milk?

Jason Walls

This downturn in global milk prices is no doubt going to weigh heavily on New Zealand’s economy and regions. Many have already felt the pinch, with some dairy farms already buckling in a result of the low prices.

Last month, ANZ reported two dairy companies, a farm in Ohakuri and a sharemilker in Feilding, had collapsed, owing more than $4.5 million and $130,000 respectively. This followed Fonterra slashing its forecasted farm-gate milk price in the Waikato region from $5.80, so the outlook is looking gloomy for many farmers.

But as many regions prepare for the downturn, the Waikato looks to be having the dairy blues.

ANZ’s rural economist Nathan Penny says although the dairy industry is important to Waikato, the effect on its local economy is likely to be smaller than many people expect.

“One thing which is not well understood is that Waikato’s economy is diverse,” he says.

This is a sentiment shared by Waikato Chamber of Commerce chief executive William Drumming.

He admits the low dairy prices will “definitely have an impact” on the region’s economy.

“But I would caution that we shouldn’t think dairy’s the only game in town,” he says.

Mr Drumming has many other businesses sectors that remain strong.

“This runs contrary to the view generally reflected by independent studies. The ANZ Main report which measures the performance of New Zealand’s regional economies—gives the Waikato region four out of five stars.

The region’s employment growth is 4.3% in June, second only to the Bay of Plenty, and was described by the report as a “standout performance.” As well as favourable employment figures, Mr Penny says Waikato’s housing sector is performing well.

As many regions prepare for the downturn, the Waikato looks to be beating the dairy blues.

Despite losing half by the dairy downturn, the report says Waikato’s economy is performing well in a deteriorating environment.

“The residential property market continued to strengthen,” the spokesperson for the affairs of Auckland housing market slabbed into surrounding regions,” it says.

Waikato house sales volume lifted 15.4% in the three months ended July, up 36.2% from April. Median house prices were also up 35.3% from the previous year. Perhaps most importantly, consumer confidence is still growing at a reasonable pace.

The region recorded a 1.4% growth quarter-on-quarter for June, with the annual growth, predicted to ease to 2.7%.

Mr Drumming says industries such as food production are becoming across the region.

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- Troy O’Connor, CEO

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Middle-earth underpins tourism

Nevil Gibson

Tourism and local government officials in Waikato were disappointed Hamilton Airport failed to make the cut in the first round of leopard-laden airport funding.

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Waikato gets education in order as population booms

Calida Smylie

Waikato’s population is tipped to grow rapidly over the next 50 years, and with it, education opportunities.

A recent report commissioned by Waikato Regional Council found the region may grow by about 40% from 425,000 to more than 600,000 people in the next 50 years. Much of the growth is predicted to be centred in Hamilton, which is the fastest-growing urban centre in the Auckland region, and due to increase its Waikato population share from 35% to 40% over the next five decades. Waikato and Waipa districts are forecast to increase population but Otorohanga, Thames-Coromandel, Waikato and South Waikato are slowly declining.

The researchers stressed the need to keep young people in the region so important to invest in youth, to make sure the right skills are developed for work opportunities. Unfortunately, Waikato’s rate of youth not in employment, education or training is currently above the national average, at about 14% of the nationwide number, according to Ministry of Business, Innovation and Employment figures.

To address this, more than 130 Waikato leaders gathered at the inaugural Smart Waikato Leadership Summit last week to launch initiatives targeting youth unemployment.

This includes creating a formal structure for employers and schools to work together to move students successfully from study to work life, with a particular focus on sectors with severe skills shortages.

A regional body in charge of creating an economic development strategy, Waikato Means Business, has identified skills shortages in primary industries, engineering, trades, health, business and ICT sectors.

The University of Waikato is starting to prepare for population and economic growth in the area and is looking for study areas in which it will stand out from other tertiary providers. Courses which have been identified include sport science, civil engineering and agri-engineering, which is a no-brainer seeing Waikato is the heart of dairy country.

With more than 12,000 students – and about a third of those over 25 years old – the university generated $998 million revenue for the New Zealand economy last year.

International student numbers are expected to rise 11% on last year’s 2000 and domestic numbers are also on an upwards track.

Cllr Calvin Ryan, senior councillor at the Waikato Regional Council, says postgraduate business leadership degrees are a popular study option at Waikato’s technology, agriculture and health schools.

“Waikato has a really good reputation for being theoretical and practical. Our students often say what they learn in the weekend can be applied the following week. We feel we imbue the knowledge very strongly over the year.”

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Middle-earth underpins tourism

From T21

Three million guest nights in the year to June, with monthly rises of 6-7% during the October-March peak season, accommodation statistics show.

Hobbiton has doubled its annual numbers for the past five years to the 500,000 that are expected this year. The most recent Huttline report, The Battle of the Five armies, was a huge hit in China and is attracting an increasing number from that country.

One in six (16.6%) jobs held by Waikato District residents are supported by tourism, the Tourism Industry Association (TIA) says, making it one of the most dependent in the country.

While the TIA doesn’t break out hotel figures for Waikato, it says Rotorua recorded its best occupancy level in five years during 2014, while hotels in the Central Park area (Gisborne, Napier, Taupo and Tongariro) collectively recorded the highest average daily rate in the country.

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Image issue being addressed

But attracting students from outside the Waikato is not always easy, since Hamilton has suffered an image problem in the past – which Sowden helped to turn around by undertaking a three-month tour of China.

“People here at the moment. In general, business leaders, the public, and Waikato’s chambers of commerce are feeling optimistic about the future. There’s a lot of interesting things going on.”

Dr Rigby, an organisation psychologist who runs the regional director for the counselling arm of Ernst & Young, says a focus on developing business leaders means one-on-one coaching, individual development plans, and residential case studies. The graduates are really adding value to the region, which is one of the fastest-growing and most productive in New Zealand.

Focusing on Waikato’s technology, agriculture and health schools.

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Waikato’s icons a ‘nice foundation’ for $350 million tourism growth

Hamish McNicol

Tourism is a $5 billion industry for the Waikato region but it wants to add another $350 million to this in just 10 years’ time.

Tourism is a $1 billion industry for the Waikato region but it wants to add another $350 million to this in just 10 years’ time. (the region has made a “sustained and measurable” contribution to tourism, which for Waikato is built around its “international icons,” she says.

“We have a small number but large scale, international visitor experiences that are relatively unique and iconic on the global stage.

“The strength of icons comes down to their uniqueness. Ms Goulter points to the Waitomo Caves, the Hobbiton movie set, Raglan, and Hamilton Gardens as the four key icons which have driven a lot of the region’s growth over the last few years.

Two of those attractions, Discover Waitomo and Hobbiton, are also finalists in the awards, from which winners will be announced next month.

“Our region has seen significant growth in international visitor expenditure over the last few years and both attractions have played a key role in that.”

It is not always been easy for the region, its fifth largest destination by visitor expenditure, however. As such, it is looking at where there might be opportunity to enhance the visitor offering over the next few years.

“We’ve got a really nice foundation but we wish to further expand and enhance that over the next five to 10 years and attract new income into our sector as well around various tourism business and experiences.

“The Waitomo caves are “the” caving destination in New Zealand, she says, while there is no other Hobbiton movie set, neither visit Raglan from across the world for its “renowned” surf, and the Hamilton Gardens, which last year won an international award, attract a million visitors each year.

What is important about the Waikato’s icons is not just their uniqueness but their scale as well.

“When you think international visitors come to New Zealand and want to see a large part of the country, it’s really important that regions stand out. Internationally, we’re very fortunate to have those strong icons that are enabling us to be noticed on the world stage.”

Ms Goulter says Waikato has seen really good growth in tourism over the past 15-18 months to two years but there were “five fairly tough years” during the global financial crisis before them.

“Global economies were down and people were travelling less but the Waitomo was one of the regions that fared “quite well” during those times.

“International icons have played a key role in that.”

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“She sees business events, such as conferences, as being a key strategy for “extracting greater value” from domestic visitors.

“They don’t just come for the conferences, it’s a high-value market.”

Ms Goulter says cycle tourism and opportunities around high-performance sport will also be key.

“The government has invested in three cycleways across the region, which she says is a great activity for friends and family. But Waikato also boasts a new velodrome in Cambridge, as well as Lake Karapiro.

“High-performance sport presents us with some quite exciting opportunities into the future because we can host not just national but international events within our region and that brings athletes and visitors into the region.

“The sector is a key driver of the region’s economy and so this is the role that we have to play and the opportunity we have for economic development.”