Interviews with businesses in the Waikato region

20 July 2012

Final Report

Issues and opportunities, and the role of regional and local government
Preface

This report has been prepared for Waikato Regional Council by EeMun Chen and David Caselli, with peer review from Stephen Knuckey from MartinJenkins (Martin, Jenkins & Associates Limited).

Our goal is to improve the effectiveness and efficiency of the organisations we work with. We do this by providing strategic advice and operational support in the following areas:

- Strategy, Transformation & Performance
- Policy & Economics
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It should be noted that this is an exploratory study, based on the findings from 35 interviews with businesses and organisations across the Waikato region and New Zealand. The coverage of the interviewees is not representative of businesses across the region and the findings should not be seen as being generalisable to the Waikato business population.

The focus of this study is on gathering business perspectives. The perspectives of industry associations, education/research providers and Māori enterprises will be gathered through other methods, so few were selected for interviewing. The two aquaculture industry association perspectives were treated the same as the perspectives offered by individual businesses.

This report outlines the views, issues and opportunities consistently identified by business and organisations. It does not comment on the accuracy or otherwise of their perceptions. They do not necessarily reflect the views of MartinJenkins. This report is presented with a view to inform and stimulate further discussions.
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Executive summary

The Waikato Regional Council (WRC) has adopted a new strategic direction in which it takes more of a leadership role in regional development. In adopting this new direction and examining the economic profile of the region, WRC recognised that there were a number of knowledge gaps, particularly centred on the experiences of firms in regionally important sectors (food processing and manufacturing, high value manufacturing, forestry and wood product manufacturing, and high value services).

This exploratory study addresses some of these knowledge gaps by undertaking 35 semi-structure interviews with businesses in some of these sectors. The interviews investigated the key issues, opportunities and threats to growth that businesses in the region faced in relation to innovation and internationalisation, and the role of local and regional government in contributing to these.

As this is an exploratory study with a small and targeted sample, it is not representative of businesses across the Waikato. The findings will not be generalisable to the Waikato business population, but should be seen as a basis for further discussions with businesses and industries, and as one input into the region’s economic development direction.

The key issues, opportunities and threats that businesses raised were consistent with those raised by businesses in national survey-based studies. The most commonly cited issues were skills, regulation and a lack of coordination (at the local, regional and industry levels in relation to economic development support). The most commonly cited threats were biosecurity, international and domestic competition, and general economic conditions and uncertainty.

While there are many organisations in the Waikato region who contribute to the system of support (namely New Zealand Trade and Enterprise, Ministry of Business Innovation and Employment, Ministry of Primary Industries, University of Waikato, Wintec, Waikato Innovation Park, Opportunity Hamilton and other local economic development agencies, business incubator SODA, Crown research institutes, industry associations and private sector research and training providers), this does not seem to be occurring in a cohesive manner. Many interviewees felt that these organisations were working in their own silos, and were not well aligned to their business and region, and some interviewees felt some of the organisations were difficult to engage with.

Some of the issues and opportunities discussed by the interviewees were more acute for some sectors. The aquaculture sector’s most significant issue were the multiple and significant regulatory, compliance and monitoring charges proposed to be imposed by WRC. The perceived lack of consultation and the charges themselves were seen by interviewees as leading to underinvestment in business growth and innovation and ultimately the under performance of the sector in the Waikato region.
For interviewees in the agritech goods and services, equipment manufacturing and materials manufacturing sectors there appears to be a lack of alignment between publicly funded research institutes and universities in the region (University of Waikato, AgResearch and Plant and Food Research) and the needs of the sectors. Additionally, while businesses in these sectors had successfully diversified from regional strengths in dairy and beef, this capability was not well known or leveraged nationally and internationally.

In the primary industries (dairy, meat and horticulture), competing land use was a widely discussed issue. Forestry was being converted to dairy, and dairy land competes with land for beef and other meat farming, horticulture and dairy goat farming.

While many issues and barriers were raised, there was a general willingness from the interviewees to engage with councils, where relevant, to find mutually beneficial solutions. The scope of this study does not include policy recommendations; however, we recommend that the following topics and issues be tested further with a wider audience:

- Coordination of business, industry and economic development support
- Regulatory coordination, and the interface between councils and business
- How implementation of legislation could be more supportive of the aquaculture sector
- The opportunity for better interactions and alignment between industries and Crown research institutes, Waikato Innovation Park, the University of Waikato and Wintec. Additionally, how businesses in the Waikato region will access the proposed Advanced Technology Institute.
Introduction

Purpose

On 31 March 2011, the Waikato Regional Council (WRC) adopted a new strategic direction in which it takes more of a leadership role in regional development. The strategy focuses on: sustaining land and water values, achieving co-governance requirements with iwi, and facilitating regional development.

By focusing on these three areas, WRC believes it will be better placed to meet the significant environmental and economic issues affecting the Waikato region. The WRC’s draft regional economic profile suggests that there are both opportunities for and challenges to the region effectively contributing to national economic growth (Waikato Regional Council, 2011). The economic profile also identified a number of knowledge gaps, particularly an understanding of the issues that firms face in the regionally important primary, manufacturing and services industries. This report addresses some of these knowledge gaps, and will be made available to supporting organisations (such as local and central government agencies). It will be used as a basis for further discussions with businesses, industries and iwi, and subsequent input into the region’s economic development direction.

Approach

Semi-structured interviews with 35 firms in regionally important sectors, encompassing different firm sizes and locations, were undertaken. Table 1 indicates how many interviews were undertaken, by size of business and by sector. The location of businesses interviewed was not equally spread across the territorial authorities within the Waikato, mainly due to the sectors of focus (Table 2). For example, manufacturing businesses were more likely to be based in Hamilton City and aquaculture businesses were more likely to be based in the Thames Coromandel District. Additionally, interviews were also undertaken with businesses and organisations that are predominantly located outside the Waikato but were likely to have a significant impact on the region.

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1 WRC specified a qualitative research method approach to this study. Quantitative research methods (such as a survey-based approach) were not used as WRC were interested in some of the factors underlying key issues, and the likely low response rates a questionnaire would attain due to survey fatigue.

2 WRC identified the following sectors as regionally important: high-value food manufacturing (dairy, meat, other food manufacturing, aquaculture); high value manufacturing (such as agritech and aviation); forestry and wood product manufacturing; high value services (such as agriculture, geothermal energy and information and communications technology).
The interviews were designed to uncover issues, opportunities and threats to growth in relation to innovation and internationalisation (at the firm and sector level), and the role of local and regional government in contributing to these. Appendix 1 provides more detail on sector and firm selection, the process undertaken in carrying out the interviews and the data analysis approach. The interview questions are at Appendix 2.

3 Note that some businesses interviewed were in multiple locations, so total number of businesses in the table is greater than 35.
Limitations and qualifications

It should be noted that this is an exploratory study, based on the findings from 35 interviews with businesses and organisations across the Waikato region and New Zealand. The coverage of the interviewees is not representative of businesses across the region and the findings should not be seen as being generalisable to the Waikato business population.

The focus of this study is on gathering business perspectives. The perspectives of industry associations, education/research providers and Māori enterprises will be gathered through other methods, so few were selected for interviewing. The two aquaculture industry association perspectives were treated the same as the perspectives offered by individual businesses.

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Key issues

The most common issues raised by the 35 interviewees in relation to innovation and internationalisation were skills availability, regulation and a lack of coordination of economic development support. These are consistent with issues faced by all businesses across New Zealand.

The most commonly cited issues and barriers facing firms and industries were skills availability, regulation and a lack of coordination (at multiple levels). Other issues identified ranged from factors which affect all New Zealand firms and that are not regionally specific (such as scale, distance and transport), to firm and sector-specific issues such as particular costs of doing business, access to capital, exchange rate volatility, culture, aspirations of management, competing land use, government funding, non-tariff barriers, market demand and competition (international and domestic).

The wide ranging issues and barriers are consistent with national survey-based studies, such as the annual Business Operations Survey conducted by Statistics New Zealand (Statistics New Zealand, 2012). In the 2011 survey, ‘cost to develop or introduce’ was the most cited barrier to innovation (Figure 1), while exchange rate volatility was the most cited barrier to generating overseas income (Figure 2).

Figure 1. Barriers that hampered innovation to a high degree, as at August 2011

Source: Statistics New Zealand (2012)
Skills

The ability of firms in the Waikato to attract, develop and retain the skills required for their business was the most frequently cited issue. The difficulties firms raised were associated with skills at all levels of their business, from food processing and machine tool operators on the factory floor to technicians, engineers, researchers and management positions. While this issue is not limited to the Waikato, some of the antecedents, such as attractiveness of the districts, city and region as a place to live and work, and the supply of skills from local education providers, are influenced by Waikato-based local/regional government and support organisations.

Unskilled and semi-skilled labour

On the factory floor and in semi-skilled occupations, interviewees complained about the lack of work ethic as well as low levels of language, literacy and numeracy. Some companies found it particularly frustrating that they were offering good employment conditions and pay rates but were still not able to employ staff who wanted to work and who could come to work on time, work a full day and contribute.

Businesses attempted to mitigate these issues by improving their work practices (in one case by requiring drug and alcohol tests which resulted in staff changes and a better work environment), working with industry training organisations to train staff, attracting employees from other industries and providing in-house training (for example, aquaculture

“We have four tests:
• references for past two years
• a basic written English and maths test
• turn up for a job interview, and
• pass a drugs test.

For 100 people, only 10 can meet those four requirements!”

Figure 2. Barriers to generating overseas income, as at August 2011

Source: Statistics New Zealand (2012)
harvesters and processors were increasingly recruiting staff from the forestry industry), and working with other industries and businesses to provide employees with work beyond seasonal requirements.

**Technicians, engineers and researchers**

Several firms commented on the difficulty of obtaining technical skills. One interviewee in a materials manufacturing company recognised the aging profile of engineers worldwide and has deliberately focused on recruiting apprentices as well as working with local institute of technology and polytechnic (ITP) Wintec to identify potential employees. Businesses in the agritech, equipment and materials manufacturing sectors appeared to have close relationships with Wintec (one interviewee was in one of their many Employment Partnership Groups), taking part in demonstration days, offering input into course development and working with the ITP to identify graduates and apprentices for work placement. However, one interviewee thought Wintec could make better use of newer technologies and equipment and training students to use those. Another interviewee thought that Wintec was becoming too degree-focused. On the whole, however, businesses were complimentary of the graduates coming out of Wintec, as well as the University of Waikato.

Another commonly expressed issue related to the ability of staff to commercialise science and research. While a few interviewees mentioned staff diversity as positive for innovation, commercialisation of research was still a constraint for some. For one interviewee, the good quality engineering team they had was both a strength and a weakness – they wanted to be constantly challenged and enjoyed solving problems, which was an asset to the business, but this also diverted them from commercialising ideas. A business in the agritech services sector noted that they had a tendency to recruit technical, research and pure-science staff, but those people were not necessarily suited to management roles, project managing a product or service from idea to market, or undertaking commercialisation.

One company tended to recruit through shoulder tapping and word of mouth, and in their experience had less success with external recruitment.

For research roles, and in some cases engineering-based and dairy industry roles, businesses have offered scholarships and part-funding of degrees to fill gaps in skills. One research-intensive agritech services business found it particularly challenging to find staff and in most cases recruited internationally. For that business, their PhD scholarships were offered to students from Lincoln University and Massey University (and sometimes University of Auckland), rather than the local University of Waikato. This raises the question (and opportunity) of to what extent the University of Waikato is able to cater for the sectors which are driving the regional economy.

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4 Diversity in terms of knowledge, cultural background, gender and organisational position (cross-organisational teams).
Management skills

Several firms noted problems in recruiting and developing management talent. As noted above, technicians and those with research skills are not necessarily the same people with the skills to manage. Additionally, a couple of businesses noted that they had experienced difficulty recruiting and attracting management and financial management staff to the Waikato region. The perceived lack of attractiveness of Hamilton, Coromandel and Waipa, and the Waikato region in general, to live and work was identified as a barrier. Interviewees mentioned they had difficulty attracting skills to their specific locations, and generalised this difficulty to the Waikato region. For the Coromandel and Waipa, most of the difficulties were related to access and a number of businesses had offered transport and accommodation options in attempts to attract staff. For businesses in and around Hamilton, many interviewees commented on the negative perceptions of the city held by potential employees. Additionally, with Auckland only an hour and half away by car, businesses found it challenging to lure potential employees and recent graduates away from this larger centre.

In New Zealand, the pull of a large employment centre is not unique to Hamilton. Since 1991, Auckland’s share of knowledge intensive employment (medium and high tech manufacturing and knowledge intensive services) has increased at a faster pace than Hamilton, Wellington, Christchurch and Dunedin (Grimes, Le Vaillant, & McCann, 2011). However, Hamilton and Waikato’s “employment brand” appears to be contributing to businesses talent attraction difficulties. The two best candidates for management and financial positions for one business were based in Auckland, which, in part, led to the establishment of a small office in Auckland to accommodate their location preference. Another large business has considered whether they should establish a base in Auckland to attract both R&D and management skills. Two interviewees remarked that once staff relocated to Hamilton and the Waikato they enjoyed what the city, districts and regions had to offer, but the challenge was attracting them in the first place. A question that arises is the extent to which regional and local government should have a role in re-positioning the image of the city, district and region, as well as providing quality infrastructure and amenities to attract and retain employees and residents.

Key points

- How can the Wintec model for skills development be applied elsewhere?
- Is University of Waikato providing appropriate graduates for the sectors driving the regional economy?
- Attractiveness of Hamilton and the Waikato as a place to live and work
Regulation

As noted nationally, domestic government regulation as well as overseas government regulation and tariffs are perceived by businesses as barriers to both innovation and internationalisation (Figure 1 and Figure 2). Regulation was specifically mentioned by businesses across all sectors in this study as an issue or barrier. Regional and local council regulation will be discussed here as this is directly related to WRC and territorial authorities span of control. Nevertheless, businesses are also finding it difficult to keep up with, conform with and manage overseas government regulation and tariffs.

Cost

The business costs involved in applying for and maintaining resource consents was raised as a constant complaint of interviewees. Smaller businesses were most impacted by the cost of regulation due to their financial and capability constraints. Businesses were concerned about the cost of consenting, as well as the costs involved in complying. For example, one business commented that they could not expand their buildings without adding more car parks (as required by the council) even though the car parks would not be used. Other businesses noted significant costs in changing their effluent treatment processes, landscape changes to screen factories and dealing with parking lines and areas to accommodate planning rules. There was a sense that council processes, and the costs associated with those, were strictly being adhered to rather than councils’ recognising the importance, scale and potential benefits of any developments and working with businesses to maximise both environmental and economic outcomes.

Businesses also recognised that there were significant legal costs when there are disputes. Some even mentioned that they would rather bypass the council and go to the Environment Court to fast track the issue. It was also perceived by interviewees that councils were easily captured by objectors and were too swayed by opinion rather than focusing on science or economic benefits.

The cost, and associated costs, of regulation does impact the ability of businesses to invest in business growth and innovation. Many businesses mentioned that they would rather use the money they were putting towards regulation on research, innovation and extending their operations. For smaller aquaculture businesses, the regulatory costs they face and the uncertainty related to the charging regime meant that they were generally not investing in innovation, export market development or business growth at all. In the context of a national Zero Budget and cost-cutting measures across central government, and within the private sector, interviewees thought it particularly harsh that they were subject to what they saw as rising costs. Several interviewees thought there could be better and less costly ways of regulating and ensuring compliance, and indicated that they would be very willing to engage in a proactive dialogue with councils to achieve this.
Capability
For larger, complex and more technical projects (for example, building a large food processing plant), interviewees commented that staff within councils did not always have the right skills and knowledge to make appropriate assessments. Some interviewees also noted that councils can often be captured by a vocal minority and opinion, rather than base decisions on science, research and economic impact. With so many local councils in the Waikato region (11 local councils and 1 regional council), it was noted by interviewees that there was likely a duplication of technical skills and processes across the region and that there were potential effectiveness and efficiency gains through the aggregation of regulatory functions and hearing processes.

Engagement
Many interviewees thought that councils were more focused on environmental protection and regulation than on business, industry and economic development. Interviewees recognised the important role of regulation and standards; however, they felt that more could be done by councils to understand business and to help them to enable the regional and local economy. In relation to this, interviewees consistently questioned the lack of consultation (especially in the aquaculture sector) and the need to be more proactive and innovative in working through consenting, cost recovery and infrastructure solutions for both industry and residents. Interviewees felt that councils often came to policy positions independently, rather than working with businesses and the industry to identify a mutually beneficial outcome.

At the firm level, the use of key account management practices within councils was seen as a potential positive step towards helping businesses understand and minimise the barriers they currently perceive. Two businesses interviewed commented that they worked with their local and regional councils within a key account management model and as a result found it easier to navigate council systems and processes and had a more positive relationship with their respective councils. One of these businesses appeared to have this relationship due to a pro-active move from their council, the other was business-led – that business had individual council engagement plans with each council (12 in the Waikato).

Policy and regulatory coordination
Interviewees noted that there appeared to be poor regulatory coordination between and within regional and local councils, both within the Waikato and nationally. This was particularly evident to businesses which operated in multiple jurisdictions. Policy, regulations and implementation differed between councils at the regional and local level. This has implications for where businesses locate and operate. For example, one business that had plant located in Auckland Council's jurisdiction is making the decision to consolidate operations to the Waikato District/Waikato Regional Council to be closer
to the processing operations as well as to take advantage of more favourable zoning. For others the lack of coordination and consistency also provides little certainty to make good business decisions.

**Key points**

| Cost of regulation, and the associated compliance costs | Work with businesses and industry | Key account management model for businesses for consenting processes | Weak regulatory coordination between and within regional and local councils. This occurs both within the Waikato, and nationally |

**Coordination of proactive\(^5\) economic development support**

There appears to be a lack of coordination of economic development support at the region and industry level. The types of areas where local and regional government may wish to have a more proactive role in economic development include (and the potential types of support)\(^6\):

<table>
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<tr>
<th>Proactive economic development support</th>
<th>Potential role</th>
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| Innovation and capability | • Coordinating the activities of business and research organisations, e.g., through events and networking activities.  
• Providing information on innovation and expertise available in local institutions.  
• Provision of business information and advice (e.g. about local government regulation).  
• Business networks.  
• Business awards. |

\(^5\) We use the term ‘proactive economic development’ to distinguish this type of support from broader economic development roles such as economic strategy development and planning, asset ownership and management, regulatory functions and infrastructure investment.

\(^6\) For further discussion on the rationale for public sector intervention and economic development see GLA Economics (2006).
### Proactive economic development support

<table>
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<tr>
<th>Skills and employment</th>
<th>Potential role</th>
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<tr>
<td>• Promotion of the benefits of upskilling.</td>
<td></td>
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<tr>
<td>• Information and signposting of education and training opportunities.</td>
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<tr>
<td>• Job matching programmes with employers in the local area.</td>
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<th>International connectivity</th>
<th>Potential role</th>
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<td>• Sister city relationships and trade visits.</td>
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<tr>
<td>• Regional investment promotion and facilitation, including aftercare.</td>
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<th>Visitor and tourism promotion</th>
<th>Potential role</th>
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<tr>
<td>• Regional promotion and branding (onshore and offshore).</td>
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<tr>
<td>• Visitor attraction programmes.</td>
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<td>• Event planning and coordination.</td>
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In order for local and regional government to intervene, the following conditions must be satisfied:

a) a systematic problem impacting on business performance and economic growth exists which is undesirable

b) market failures underpin the problem and the private sector will be unable to resolve the problem on their own

c) local or regional government can mitigate the problems and is best placed to improve on market outcomes

d) the benefits of the intervention will exceed the costs, that is, the intervention can be achieved efficiently and effectively.⁷

While it is beyond the scope of this study to assess whether, and in what way, local and regional government should intervene, it was noted by interviewees that there were many different organisations in the region working on various aspects of economic development but that there is little alignment or coordination at the regional level. For some areas, there appears to be a gap in provision, for example, investment attraction and facilitation.

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⁷ Interventions must be carefully designed. Key principles and considerations include that government has the ability to solve or mitigate the identified problem, scoping and targeting of the problem, maximising impact that has additional benefits to the public and the economy, minimising adverse behaviour and unintended effects, and eligibility. For business support measures in particular, it should be considered whether or not private business support would be crowded out by public provision.
Economic development agencies (and other economic development delivery groups)

There is no dedicated regional economic development agency for the Waikato region; however, most local councils within the region have dedicated economic development delivery agencies or units. Interviewees located in Hamilton found little value in Opportunity Hamilton, although arguably this is because it has not directed resources at the focus sectors of this project. However, this does raise the question of alignment between sectors of regional and local competitive advantage and the activities of an economic development agency. Small and medium sized enterprises (SMEs) also appeared to have no knowledge of assistance it could receive through Opportunity Hamilton’s regional business partner status with New Zealand Trade and Enterprise and Ministry of Business, Innovation and Employment.

The only other economic development group mentioned by interviewees was the Hauraki Coromandel Development Group. The Hauraki Coromandel Development Group is a joint committee of the Thames-Coromandel and Hauraki District Councils and has recently been commissioning work on options for wharf infrastructure for the aquaculture sector. One interviewee cast doubt on whether it was appropriate for a Hauraki-based group to be taking leadership for the aquaculture sector which is based in the Coromandel. A few other interviewees questioned the commissioning of sizable reports by the Group on wharf options, while noting that the industry knew what the optimum location was ten years ago.

Waikato Innovation Park

Waikato Innovation Park was only mentioned by six interviewees. One tenant thought they did not receive any added value from being a tenant and had no involvement with other tenants. Another business felt that they were missing out on the benefits of hubs and precincts in other cities and regions (the Christchurch high tech hub was referred to) where they could work with and collaborate with similar companies. Others commented on the Park and its networking events but generally did not participate in them as they saw no benefits to doing so. Other interviewees thought the Park was a good advocate for the agritech and dairy industries, but thought this could be expanded to other growing and successful sectors in the Waikato. The interviews suggest that there is scope for more and better clustering of businesses, sector leadership and better soft innovation infrastructure (facilitation of linkages between tenants and 

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8 The economic development entities in the Waikato are Opportunity Hamilton, Hauraki Coromandel Development Group, Otorohanga District Development Board, an economic development council-controlled organisation in Rotorua, South Waikato Economic Development Trust, Enterprise Great Lake Taupo, and Primary Focus Trust. All councils also have dedicated economic development officers and units, with the exception of Matamata-Piako in response to community consultation.
linkages between tenants and participants in the innovation system) in the region – whether that be delivered by Waikato Innovation Park or another entity.

**Business incubator SODA**

Only one interviewee mentioned SODA, likely due to its small business and ICT/digital focus, rather than the sectors focused on in this study.

**University of Waikato**

Of the interviewees who mentioned the University of Waikato, most were complimentary of the capability and knowledge of the graduates they took on. While the University of Waikato was recognised as a supplier of more generalised skills, it was not usually recognised as a source of information or partner for innovation. Interviewees thought the post-graduate work undertaken within the university could be more relevant for business. There also appears to be a disconnect between the specialties of the university and the needs of businesses in the region. Businesses, especially in the manufacturing and services area, were relying on Massey University, University of Canterbury and University of Auckland for graduates and as research partners.

**Wintec**

Like the University of Waikato, Wintec was considered a good source of skills but was not mentioned at all in relation to innovation. However, Wintec’s engagement with industry and businesses in the region appeared to be more advanced than the University of Waikato. For one interviewee in the agritech sector, Wintec was highlighted as the one organisation in the Waikato who had the most promise of supporting the sector.

**Crown research institutes**

Crown research institutes (CRIs) are relatively visible in the Waikato region especially with businesses in the primary industries. AgResearch, Plant and Food Research, NIWA, and private research organisation Cawthron were the most mentioned. Landcare Research and GNS Science which have a presence in the Waikato region were not mentioned by any interviewees. Most interviewees interacted with these CRIs through their industry representatives as well as through their individual research projects. While interviewees thought CRIs produced good science outputs, they felt CRIs were less able to translate science into commercial outcomes and lacked awareness of commercial realities. One specific example described was overestimated market prices used in business plans.

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9 Five Crown research institutes have offices/research stations in the Waikato – AgResearch, GNS Science, Landcare Research, NIWA and Plant and Food Research. Scion is located in Rotorua, just outside the regional boundary.
While primary industries are well served by CRIs, manufacturing and services businesses had little engagement with CRIs. There was either a sense that CRIs were hard to engage with and they did not know what services they could provide, or that CRIs were not focused in areas that were relevant to their business. With AgResearch located within the wider Waikato Innovation Park precinct, and Waikato Innovation Park being focused on agritech, there is a question of to what extent AgResearch and the Park should be better engaged with each other.

Industry associations

While some businesses felt they had good sector leadership (for example, firms in the horticulture industry through the *Horticulture Industry Strategy* (Horticulture New Zealand, 2009)), others, particularly in the manufacturing and engineering sub-sectors felt that there was no organisation or entity which helped create and steer a vision for their individual sectors in the region.

Individual industry associations and sector groups in the region are working with other providers, such as the University of Waikato Management School, to operate user-pays mini business courses.

Central government business and innovation support

The role of central government will be further discussed in a later section, but New Zealand Trade and Enterprise (NZTE), and the Ministry of Business Innovation and Employment (MBIE)\(^\text{10}\), play a role in the region in delivering business, innovation and internationalisation support – mostly through grants, vouchers and subsidised training programmes. While most interviewees were complementary of NZTE staff and programmes, SMEs interviewed were unaware of support available through NZTE, MBIE and the regional business partner network.

*Key point*

A lack of regional leadership and coordination in economic development has resulted in cluttered and siloed agencies and organisations at both the strategy and delivery level.

\(^{10}\) The Ministry of Business, Innovation and Employment was formed on 1 July 2012. It integrates the functions of four former agencies – the Department of Building and Housing, the Ministry of Economic Development, the Department of Labour and the Ministry of Science and Innovation.
Size and location

The interviews were separately analysed by size and location. The issues identified by size were as expected. For example, small and medium enterprises (defined as 0-19 employees) tended to have management capability issues and had limited access to, or knowledge of, government business capability support to help them work on their business. Further, as they tend to be financially, resource and capability constrained, the costs associated with complying with regulation were acutely felt. Conversely, larger firms tended to have significant national and global reach, more capital to draw on and greater capability.

While larger businesses had more capital to draw on, size of business did not appear to influence whether the business welcomed foreign direct investment and international partnerships/joint ventures. Interviewees recognised that they made strategic decisions whether to proceed down that approach – some were risk averse, while others actively sought international partners. Often it was about negotiating that capital on the right terms and ensuring the investment was mutually beneficial (to the foreign partner and to the Waikato business).

No significant location-based issues were identified by interviewees (it should also be noted that not all territorial authorities within the Waikato region were canvassed, Figure 3\(^\text{11}\)). A sizable proportion of interviewed businesses operated across New Zealand and globally and experienced similar issues in different locations. A few interviewees located in more remote locations commented on the difficulties of accessing staff because of the limited pool of labour and transport difficulties (for example, businesses located in the Coromandel and Waipa). For businesses located in Hamilton, interviewees believed that the perceived attractiveness of Hamilton was a stumbling block to attracting staff.

\(^{11}\) Note that some businesses interviewed were in multiple locations, so total number of businesses in the figure is greater than 35.
Threats

The key threats identified by interviewees as major constraints to growth were large, global issues that are generally not able to be influenced at the regional and local government level: biosecurity, competition, imports and economic conditions. The threats were similar across sectors so will not be discussed in the Sector-specific feedback section.

Biosecurity

As most businesses interviewed were based in part on the primary industries, biosecurity incursions were recognised as significant threats. For the aquaculture sector, the ostreid herpes virus that hit Pacific Oysters in late 2010, and resulted in the essential halting of the industry, was top of mind. For the horticulture sector, tomato and potato psyllid, which was first found in New Zealand in 2006, continues to affect the industry today.

With industries so reliant on the land and sea, interviewees spoke about the need to keep out animal threats, plant threats and unwanted salt and freshwater organisms. A couple of interviewees commented that regional councils could play a bigger role in risk mitigation and management. In relation to environmental and risk monitoring, businesses in the meat and aquaculture sectors thought that central government and regional councils could play less of a role (and a less costly role) with more devolution to self and/or industry regulation.

Competition

International competition was noted as a threat. However, many interviewees commented that domestic competition posed a greater threat. An interviewee in the materials sector commented that there was little collaboration and capability to scale up to meet international market demand. That interviewee considered that New Zealand’s culture was a big inhibitor – businesses being self-sufficient and wanting to do everything themselves, and a "she’ll be right" attitude rather than precision and excellence to ensure products are the highest quality for the international market. An interviewee in the equipment manufacturing sector explained that there had been efforts to create an engineering cluster but that domestic competition had led to its failure. Conversely, some sectors did not appear to be making the most of the domestic market, with one interviewee in the agritech sector noting that many businesses were not even selling into the South Island.

Imports

An interviewee in the poultry sub-sector mentioned that every few years the Ministry of Primary Industries re-evaluates the idea of opening up the market to imports. This would introduce biosecurity risks and potentially destroy the industry, and results in businesses under-investing due to the uncertainty it creates. Another interviewee in the materials manufacturing sector thought that the import of packaging needed more regulation and control. The current situation of no controls means that food packaging can enter New Zealand and be used to package food but can contain materials and inks that are banned substances.

Economic conditions

Interviewees consistently mentioned the national recession and the uncertainty in Europe.
The role of regional and local government

Industry, regional and economic development

Most interviewees thought that regional and local government in the Waikato had not played a significant part in industry and economic development. This is not surprising at the regional government level, as WRC has only recently strategically positioned itself to focus more on regional development. Indeed, many interviewees still referred to WRC as Environment Waikato. While most other territorial authorities have a strategy planning and economic development role at the council level, and that policy is delivered through economic development units or dedicated economic development agencies (Waikato Regional Council, 2011), only two agencies were referred to by interviewees – Opportunity Hamilton and Hauraki Coromandel Development Group.

As previously discussed, many different organisations in the region play different roles in economic development but this is poorly coordinated. Research suggests that regions or city-regions – urban cores with semi-urban and rural hinterlands (Rodriguez-Pose, 2009) – are the preferred scale for public policy interventions on economic development. This is because this is the scale where the most influential sub-national economic market functions play out. Economies are not confined to a single urban core, but are shared among a collection of nearby and linked centres (Meijers & Burger, 2010) and regions usually have the features and institutions that are most able to respond to change.

Interviewees commented that there was no one organisation to provide regional leadership and economic development direction. While their business and industry experience led to perceptions of what the Waikato was good at, they felt there was no organisation that was able to provide a consistent message. Additionally, there was a sense that more could be done in promoting the region nationally, and internationally, as a place to live, work, do business and invest in.

For the non-primary industries, it was felt that the council, or other entity (existing or new), could play a more proactive role in industry development. Interviewees suggested that this could relate to:

- Facilitate strategy development and delivery
- Infrastructure co-funding
- Facilitation of forums to discuss industry issues
- Facilitation of discussions with education and research providers to align course provision and research with business
- Inward investment promotion
- Central government advocacy
- De-risk industry investment

“What is it we’re putting our flag up for? No one has put the mast up on the mountain... What do we want to be famous for? What is our vision? ... From an EDA perspective it’s a fiasco. We don’t have an EDA.”
• Delivery of employment programmes, particularly for youth.

Figure 4 is a stylised representation of the actors in the Waikato innovation system (businesses, public and private business and innovation support organisations, education and research providers, capital providers and customers, competitors and suppliers) and the inputs and framework conditions they operate within (skills, culture and branding, policy and regulation, capital, innovation infrastructure and general infrastructure). The diagram provides a high level assessment of how the individual participants and inputs/framework operate as well as the strength of linkages between the participants. There are opportunities to both better coordinate the system, and more specifically to better connect research providers with business. Currently the linkages within Waikato’s innovation system are weak (Figure 4). The comments in Figure 4 are also further explained in the Sector-specific feedback section.

Consenting

Interviewees noted a number of opportunities for councils to improve their engagement with businesses in relation to consenting:

• interviewees believed that planners and staff processing their applications did not understand business and industry, and were more focused on the compliance process and rules

• interviewees explained that they did not feel that councils were engaging with them in a proactive way. They found staff to be reactive to any proposed changes and/or applications/consents, rather than being pro-active and working with them to find a mutually beneficial solution

• as a result, interactions were mostly adversarial. However, interviewees expressed a genuine desire to work with the council to reach an optimal result.

The use of a key account or relationship management model was a consistent idea articulated by interviewees as a way forward.

“I’ve just realised that politicians ... have come to see us, as have Wintec, New Zealand Trade and Enterprise, Waikato University and Auckland-based councils and businesses, but no one from the councils. I wouldn’t know who to contact! And all these other organisations are national and couldn’t really care about a company like ours. But the council is in the region and relies on us and they haven’t asked the question.”
Figure 4. Stylised representation of the Waikato regional innovation system

12 The assessment of the innovation system adopts a traffic light system. Green indicates relatively strong performance, orange signals an average performance or some cause for concern, while red means poor performance.
Provision of core services

Some interviewees were of the opinion that councils should just provide the right environment for businesses to thrive, rather than have a pro-active economic development role. Interviewees suggested that local and regional government did not have the knowledge and capabilities to understand their business and support it efficiently and effectively. At the same time, some of these interviewees have benefited from programmes and grants offered at the central government level and were keen to have these continue.

In relation to core council services, interviewees commented on the importance of an attractive and well-functioning city and region that attracted and retained employees. Interviewees discussed good transport infrastructure, quality public transport, environmental stewardship, amenities and events, and quality telecommunications including rural telephone lines and broadband (a few interviewees expressed frustration at current provision, even those involved in testing the new broadband service. Some businesses are spending significant resources on alternatives).

Other than the aquaculture sector who were active in making submissions and struggling to keep up with various plans and policies, most businesses interviewed had little interaction with councils in relation to long term plans, district plans and other rule making mechanisms. One interviewee commented that councils probably do not receive good feedback on plan changes because people do not want to get involved because of the way the process works. The interviewee suggested that if councils have prior dialogue with businesses and key informants, then plan changes are notified using better information and are more likely to be accepted.
The role of central government

New Zealand Trade and Enterprise

NZTE received generally good feedback from all interviewees that they had had engagement with. NZTE had high visibility in the region; however, this is also likely to be due to the sample selection process, that is, the majority were NZTE Focus 500 clients. Businesses were key account managed by NZTE staff based in Auckland, Hamilton and Tauranga. Interviewees mentioned access to both funding and programmes provided by NZTE, such as Better by Design, Lean, Beachheads, International Growth Fund and ProjectLink, and were very complimentary about these. There was some discussion on the merits of a grant system versus other mechanisms such as tax credits and suspensory loans.

On market access, the comments were more varied. Some interviewees thought the advice and in-market assistance they received (such as finding partners and distributors) was excellent, while others thought the information was too high level and did not provide any information in addition to what they already knew. A number of businesses were extending their global reach into South America, and commented that NZTE were less informed on this market. This was noted by interviewees as being particularly disappointing, given the level of activity by interviewees in this market, and that Waikato Innovation Park are leading a major collaborative project into this market.

Ministry of Business, Innovation and Employment

The former Ministry of Science and Innovation (MSI), and its associated funding and programmes, had much less visibility in the Waikato region. Those who had received funding and assistance appreciated the support, but thought the system could be more streamlined so that there was less paperwork. Additionally, some businesses found they were not eligible for assistance as they paid dividends to shareholders or could not use funding for supporting the research endeavours of internal staff (but that the funding could be used for commissioning external consultancy which did not improve their internal capability).

In general, there was a perception that MSI was focused on “pure science” and was not commercially focused. There appeared to be a lack of knowledge of MSI’s assistance for applied research, development and commercialisation.

Ministry of Primary Industries

Interviewees had various interactions with MPI at the business and sector level, mostly in relation to standards and compliance. MPI was visible in the region and received relatively good feedback. Funding through the Primary Growth Partnership and Sustainable Farming Fund were positively referred to.

“Don’t deal with Ministry of Science and Innovation, not really in our area. They are into chemicals and things you can’t touch. ... We would make good use of subsidy /recovery on R&D development. We don’t talk to them, don’t have time.”
Ministry of Foreign Affairs and Trade

MFAT was mentioned by a few interviewees. A couple of interviewees perceived that MFAT, in working on trade negotiations and access, prioritised the dairy sector and Fonterra. Another mentioned that there was room for improvement in relation to representation and support in South America.
Sector-specific feedback

Aquaculture

Profile of interviewees

<table>
<thead>
<tr>
<th>Size of firm</th>
<th>Thames-Coromandel District</th>
<th>Opotiki District</th>
<th>National (but with a presence in the Waikato)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-19</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>20-99</td>
<td>2</td>
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<tr>
<td>100+</td>
<td>1</td>
<td>2</td>
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<tr>
<td>Industry associations</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6</strong></td>
<td><strong>1</strong></td>
<td><strong>4</strong></td>
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</table>

Issues and barriers

**Charging regime**

The most significant issue relayed by all interviewees in this sector were the multiple and significant regulatory, compliance and monitoring charges proposed to be imposed by WRC. This relates to time and uncertainty surrounding permitting of water space, as well as proposed performance bonds, coastal marine area occupation charges and environmental monitoring charges. It is proposed that the charges will be introduced based on hectares of water space. Interviewees commented that they will be charged for water space that they may not be currently utilising or are unproductive. This does raise the issue of the lack of mechanisms currently in place to surrender consents for water space that are not used, as well as what can be done to remove barriers to utilising that space (which interviewees suggest is due to capital constraints and cost of regulation).

The sentiment expressed by interviewees, who are already capital constrained, was that WRC had formed a view on proposed charges without industry consultation and as a result is likely to lead to the demise of the industry in the Waikato. Interviewees also felt that they were good stewards of the environment and water and were paying significant charges, yet received no benefits from those charges.

The mussel segment has become very price sensitive, with the export market and processors setting prices that make it uneconomic for those harvesting. A number of interviewees commented on domestic competition as being the downfall of the industry, termed “friendly fire” by one interviewee. Likely industry consolidation may rectify this issue. Factors that increased costs were a source of concern, such as exchange rates or the introduction of additional regulation and compliance charges.

“Mussels have become a commodity and why did we let that happen? We need to examine that more.”
Timeliness of permitting of water space (10 – 20 years) was also an issue, as well as water space allocation to iwi.\textsuperscript{13} It should be noted that this was not council imposed but due to two sets of legislative reforms and a government-enacted moratorium on new aquaculture applications in 2001.

The charges and uncertainty in the sector has also led to under-investment in business growth and innovation. Businesses large and small are focused on survival.

Several interviewees indicated a willingness to engage with WRC on this area, and explore different consenting and charging models that could be mutually beneficial.

\textbf{Skills}

Like all other businesses and sectors, interviewees in the aquaculture sector mentioned skills as a constraint. This was evident in all parts of the industry, from harvesting/farming and fishing, to processing. Businesses found it difficult to find people who wanted to work. On the Coromandel, businesses commented on a limited pool of labour and that poor employees just circulated around different employers in the sector. Smaller businesses struggled to afford additional employees and to keep up with good employer obligations like holiday and leave entitlements. Larger employers pre-recession had to provide transport options for staff into the Coromandel, but post 2008 found labour to more readily available and flexible. The introduction of random drug and alcohol testing has improved the workforce culture for one business.

Larger businesses that also have bases in other regions (such as Marlborough) have mitigated skills issues through recruiting people from other industries (such as forestry and dairy) and providing in-house training. One business made the comment that they may be able to get better staff in Thames, but the infrastructure for the industry is less developed there (lack of an appropriate wharf) so significant costs would be involved.

\textbf{Commercialisation of science}

In contrast with other sectors interviewed, the aquaculture sector had high engagement with Crown research institutes and private sector research providers. Interviewees mentioned generally positive interactions with National Institute of Water and Atmospheric Research (NIWA), Industrial Research Limited (IRL) and Cawthron Institute. These research providers are well-embedded in the industry, conducting biotoxin testing, managing environmental monitoring programmes and rain gauges, conducting shellfish and fin fish research programmes, and oyster and mussel breeding programmes. Providers also conduct and undertake contract research on commercial trials and business cases for hatcheries and processing facilities.

\textsuperscript{13} The commercial aquaculture settlement provides iwi with assets equivalent to 20 percent of the water-space rights created in coastal waters.
One interviewee was originally sceptical when CRIs moved to a business manager model for engagement with industry, as they were used to dealing with scientists. However, on reflection, they felt the commercial discipline and knowledge was a positive addition. Additionally, they noted a more business-friendly approach being adopted where they did not “start charging as soon as I got in the door” as had been previously experienced. There appeared to be more scope to discuss issues.

However, within one interviewee there was suspicion that Cawthron was responsible for the virus that hit oyster spat as they are the primary spat providers for the industry. Furthermore, one interviewee mentioned that NIWA failed to notify the industry when rain gauges were coming in above the limit which led to toxins in mussels. In their view, this occurred due to a lack of systems and processes in place to transfer knowledge when researchers retire.

The industry has accessed government funding for industry research through MPI’s Sustainable Farming Fund and the Primary Growth Partnership, as well as through Seafood Innovation’s\(^\text{14}\) funding and through the former Foundation for Research, Science and Technology. Feedback from interviewees suggests that the industry is not yet in a position to fully fund research. One interviewee commented that their unsuccessful Sustainable Farming Fund project would be deferred and they would apply in the next round.

A number of interviewees commented that there was a gap in the support to commercialise the science of CRIs. While the research and science completed thus far suggested that certain species were able to be farmed in certain locations, including within the Waikato region, there was uncertainty about whether this could be done on a commercial and profitable scale. Other than the establishment of entities to conduct commercial trials, there appeared to be no infrastructure or support to test whether different types of species were able to be farmed in different locations on a commercial scale.

**Opportunities**

While there are a number of opportunities for the sector, the core issues presented above are limiting the ability of businesses to capitalise on them.

**Water space for fin fish**

The 2011 aquaculture law reforms created a new 300 hectare zone for farming about 10 kilometres offshore from Coromandel town and allocated 90 hectares of water space within the Wilson Bay zone for fish farming. The new zone can accommodate another 8,000 tonnes of fish farming, and the Wilson Bay can accommodate 4,000 tonnes. The primary use of this space is expected to be the culture of yellow tail kingfish (Seriola lalandi lalandi) and hapuku (groper, Polyprion oxygeneios) (Cawthron Institute, 2011).

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\(^{14}\) Seafood Innovations Ltd was established as a joint venture research consortium company by The New Zealand Seafood Industry Council Limited and The New Zealand Institute for Plant and Food Research Limited to promote the carrying out of research relating to the seafood industry in New Zealand. The Foundation for Research, Science and Technology (now the Ministry of Business, Innovation and Employment) was a cornerstone investor in the company on behalf of the New Zealand Government.
The mechanism for rights to this new water space is a weighted attribute tender process. While members of the industry are interested in the water space, the area is too big and too costly for most contenders. The Ministerial Advisory Panel refers to the issue as a “circular debate” (Ministerial Advisory Panel, 2011, p. 4)

“At present the farming of finfish species in New Zealand appears to be trapped in a circular debate. On the one side there is the demand that no development proceed until it can be proved that no harm can result. On the other side are would be proponents who are not able to prove their case because they cannot establish a commercial-sized operation to reveal the impacts of such an operation and demonstrate that those effects can be avoided or mitigated as required by the RMA.”

A number of issues related to this water space were raised by interviewees:

- the tender process has been used as a threat to introduce international investors and businesses into the industry. At the same time, one interviewee explained that for their existing operations, in a different water space, they were looking to partner with an as yet unidentified, Chinese partner to gain access to their distribution networks, as well as to challenge and extend their existing capability at the Board level. Another interviewee thought that international investment was unlikely to be forthcoming into the sector due to the uncertainties in the application of legislation and the charging regime.

- that there may be opportunities to set aside hectares of the water space for other species and for other industry operators to undertake other activities like commercial trials and spat harvesting and catching.

- while weighted attribute tendering is the mechanism for water space allocation, alternative charging regimes for this and other areas could be explored, such as a fully consented water space with royalty charges attached, rather than front-loading the costs which make it currently unattractive for potential applicants.

**Improving the utilisation of water space**

Not all consented water space is currently being used productively. Interviewees commented that they were being charged for hectares of water that were not currently being utilised. There are opportunities to examine a different charging regime as well as determining what can be done to improve the productivity of current consented water space (including the types of measures discussed above). It would seem that improving utilisation would have direct positive impacts for businesses, the councils and the region.

**New products and technology**

Researchers and businesses are exploring a number of new products and formats including added-value products (for example, mussel pastes, crumbed products), new and other species (sea cucumber, gooey ducks), selective breeding, nutraceuticals, live exports, and different forms of packaging (vacuum packaging to extend shelf life).

One interviewee mentioned the potential for a mussel powder processing facility that could process non-export grade mussels. This ensures significant parts of the harvest are utilised
rather than wasted or sold at low prices. It is currently uneconomic for businesses in the Waikato to transport mussels to the South Island for powder processing.

### Collaboration

While interviewees conceded that the industry is naturally competitive, they also recognised the benefits of collaboration. A number of interviewees brought up the example of North Island Mussel Processors Ltd (NIMPL), a fully automated mussel opening facility in Tauranga and joint venture of Sealord Group, Sanford and Greenshell™ New Zealand. There has also been collaborative marketing in the sector. Pure NZ Greenshell™ Mussels Trading (Shanghai) Co Ltd is an enterprise established in Shanghai, invested by Sanford, Kono NZ, Sealord Group and Greenshell New Zealand to trade and supply product under the “Pure” brand. The initiative seeks to provide quality, branded product to the China market year round.

### Feedback on government

In general the sector had little feedback on central government, and appeared to be happy with the national government aquaculture strategy. However, they were most aggravated by the decisions being made by WRC in relation to permitting water space and instilling additional charges. It appeared that the industry had been operating under 20 years of adversarial encounters with regional and local government.

A few interviewees commented that while the aquaculture law reforms were intended to make things easier for the industry, its implementation, especially within the Waikato region, hindered industry growth. They felt that others (industry players and council organisations) were waiting for the outcomes of the Waikato process to play out and were worried that it would set the national standard. Some thought that devolution of regulation from central government to regional and local government was not optimal. Others commented there were different approaches also being taken by other councils (particularly Marlborough, Bay of Plenty and Northland).

Interviewees also considered that WRC played a heavy hand in relation to environmental monitoring. While in some areas there has been agreement to scale back the monitoring (in accordance with the levels of risk), it could occur at a faster rate. A couple of interviewees mentioned the model of permitting and environmental monitoring in South Australia as being good practice and science-based, employing self-regulation, low charges and a “use it or lose it” consenting regime.

On the other hand, many mentioned, positively, the senior leadership changes within Thames Coromandel District Council (TCDC) and the recent appointment of an economic development
officer at a senior level. One business also mentioned that they had a key account manager within TCDC, an initiative that appeared to recognise their economic and employment contribution to the district. At the same time, businesses also noted difficulties they have had in extending wharfing infrastructure and consenting and charges related to their processing facilities. They felt that staff and councillors were being captured by non-resident bach owners and the opinions of others, rather than science and economic benefits. Interviewees understood the need for rules and regulations but felt that “it’s all out of hand”.

In addition, there were views expressed that more foresight be applied to infrastructure around industry developments. For example, while there has been work completed on the options for the extension of the wharf at Sugar Loaf in the Coromandel over a number of years, there is little clarity on the ownership and governance structures of the wharf. It was also perceived that no work had been done on connecting the wharf to better roading infrastructure (especially when the size of mussels can decrease through stress created by uneven roading surfaces), and the supply of appropriate skills to service increases in harvesting and production.

In relation to the wharf at Sugar Loaf, a couple of interviewees noted the unusual situation they were faced with, compared with other primary sectors. Those that farmed the land or who have operations on land have exclusive possession of that land. However, those that farm the sea have time limited rights, are obliged to allow members of the public access and have no redress when crops are stolen or lines damaged. For the extension to Sugar Loaf wharf it is likely that the industry will contribute the costs, but not retain ownership.

**Key points**

- The Waikato Regional Council has applied multiple and significant charges which results in industry and business under-investment
- Real opportunities to unlock the economic benefits of aquaculture in the Waikato
- Better approaches to the commercialisation of science needed including undertaking commercial trials and upscaling production
## Manufacturing and services

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<thead>
<tr>
<th>Size of firm</th>
<th>Agritech goods and services</th>
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<th>Materials manufacturing</th>
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<td>Total</td>
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### Issues and barriers

#### Management capability and commercialisation skills

As already discussed, attracting and retaining leadership and management is an issue at the regional level, and appeared to be most acute in the agritech, equipment and materials sectors. Management positions tended to be filled internally or through known staff in the region, but interviewees recognised that employees who hold technical or research-based positions are not necessarily skilled in management. Businesses in these sectors appeared to have dedicated, and in some cases comparatively large, research and development (R&D) budgets. However, a few interviewees stated that while they were good at investing or problem-solving, they had difficulties getting products to a commercial stage. In part this was explained by interviewees as being due to the skill-base of employees; however, having good innovation management processes is also likely to play a part. One equipment manufacturer described rigorous processes and planning for innovation projects (see quotation above). However, two other manufacturers in the same sector did the complete opposite by working on multiple projects as they wanted to keep their engineers challenged and engaged, or felt the need to work on multiple products to find the one that is most profitable.

In relation to management capability, a few companies mentioned NZTE’s Chief Executive Forum as a good way to interact and network with other businesses in the region and to improve capability. However, one mentioned that the forums had a tendency to be captured by consultants. A number of more informal networking and capability building mechanisms appear to be operating in this sector. For example, three interviewees in this sector regularly meet to discuss business issues, one managing director was providing advice on a business plan for a trucking and logistics company and one interviewee mentioned that he had previously been...
involved in AgResearch’s human resources department managed “shadowing” programme, where he shadowed the chief executive of AgResearch for a short period of time.

One interviewee commented that when they were involved in a Lean-focused cluster they felt they were leading the group and did not receive additional benefits as they were at a different stage to the rest of the participants. There may be opportunities for the development of more formal peer mentoring and learning mechanisms within the region. Any forums or mechanisms should also reflect on the lessons learned in other programmes which have operated in other regional centres (see, for example, Ministry of Economic Development, 2011).

**Skills**

Again skills were regularly mentioned as an area of concern. The Waikato Engineering Careers Association was mentioned by one interviewee as a useful initiative to represent the sector as a vocation of choice. Recruitment difficulties spanned semi-skilled staff to specialist PhDs in genetics and genomics. At the doctoral level, the interviewee commented that the education system did not cater well for their needs and they had to offer scholarships and/or recruit internationally to find employees. One interviewee in steel fabrication mentioned that they could leverage off the skills of other industries too, such as dairy and its use of stainless steel fabrication.

In this sector, businesses individually appeared to be working well with the University of Waikato, Wintec and industry training organisations to both identify good apprentices and graduates and to input into the curriculum. But not all seemed to be engaged (for example, one wanted a design course to be offered by the university but was not sure how to approach them), and there may be opportunities to undertake skills supply and demand matching exercise on a sector-basis.

The lack of attractiveness of Hamilton and Waikato as a place to live and work was mentioned by a number of interviewees in the sector as a barrier. For those outside of Hamilton, location and transport connections was an additional hurdle. One interviewee also commented that it was also about attracting people into the sector by showcasing its diversity of jobs and value to the economy.

**Infrastructure**

Transport, broadband and telephone lines were mentioned as barriers to the sector, but only by a few. Most of the products from this sector are large, heavy and bulky requiring specialised transport. Interviewees mentioned that because their products were so large and expensive, freight costs became only a small component of costs. The time and cost involved in getting products to Auckland or to Tauranga to be shipped offshore was an issue for some – mostly smaller businesses – but in general freight costs were not a significant barrier.

A lack of international air connections from the Waikato were also raised, particularly by companies who had operations offshore, had staff who had to travel, used airfreight and/or provided services and installation. The current situation for air connectivity was accepted by interviewees but they thought it “could be better”.
Tainui’s proposed inland port and freight hub at Ruakura was only mentioned by two interviewees. The omission of this development suggests there is a lack of understanding of this initiative regionally, and the opportunities it may present.

**Opportunities**

**Promoting and exploiting the Waikato reputation**

Interviewees commented that while the region is known nationally and internationally as a centre for dairy and beef, its related industries could be better and more actively promoted. This includes competitive advantages in related equipment and materials engineering and manufacturing, and agritech manufacturing and services. The analysis of the interviews and knowledge of other regions in New Zealand suggest that the ability of businesses in the sector to build on and diversify beyond the dairy industry to industries such as security, chemical and water processing, environmental technologies, food packaging and sorting equipment, plastic packaging and testing equipment, appears to be a unique point of difference.

While Fieldays is an opportunity to showcase the region and the sector, interviewees found the event to be too domestic and farmer focused. The customers for this sector are large multinational corporations, suppliers and distributors. Additionally, there appeared to be no coordinated inward mission/visit hosting of international visitors and potential investors. Visitors were managed in an ad hoc way, provided a tourism experience, but not treated as potential high quality foreign direct investors or partners.

Waikato’s value proposition is not well articulated and celebrated. This not only could attract and retain residents and employees, but could also lead to inward investment. Two interviewees commented that they could produce and ship high quality products using New Zealand and Waikato-based expertise cheaper than could be done in Australia, and for the Australian market. These interviewees suggested that Waikato could be held up as ‘the manufacturing centre for Australia’. Another interviewee made the observation that manufacturing was costly to undertake in Auckland, and Hamilton should be held up as the prime high-tech manufacturing centre for New Zealand. Indeed, between 1991 and 2006 across Australasia the Hamilton urban area was one of the only main cities to increase its proportion of employment in medium and high-tech manufacturing (Grimes et al., 2011).

**Collaboration**

Like the aquaculture sector, there are more opportunities for collaboration taking a supply chain approach. For example, a food packaging equipment manufacturer mentioned working with a nearby packaging supplier to provide a solution to a customer. Some companies mentioned that in relation to innovation they regularly worked with both their customers and suppliers – one company worked with existing international customers as reference points to trial and test new machines. This is a pleasing advancement on innovation processes in the sector compared to their mode of operation ten years ago (New Zealand Trade and Enterprise & Tertiary Education Commission, 2003). However, there are likely to still be barriers to shared sector-specific infrastructure. One interviewee who had been involved in the Plastics Centre of Excellence in
Auckland commented on the difficulties encountered in committing businesses to sharing and using equipment in the Centre.

The Waikato Innovation Park and potential precinct could be an important vehicle for collaboration, innovation and internationalisation. A comprehensive survey of world-class innovation parks overseas suggests that the successful implementation of technology parks requires that (The Allen Consulting Group, 2007):

- local interests are aligned with national objectives
- the spearhead themes or foci of the park are based on clear regional (and ideally national) strengths and capabilities
- there is a clear value proposition for industry (and ideally international investors), and an entry policy that focuses on high value/growth tenants
- the park includes or has close links with research organisations
- the design of the park explicitly encourages cooperation amongst businesses, researchers, and supporting organisations
- the Park provides a combination of hard infrastructure and soft infrastructure (e.g. business development services).

One interviewee referred to their involvement in the Park as purely a tenant, and had no interaction with other tenants and did not feel they gained any additional benefits from being located there. Others perceived that their businesses were not the right fit with the Park because their core business areas were not dairy or agritech. There may be opportunities for the Park to have closer links with research and education organisations, and to expand the scope of business networking and innovation support services.

**Innovation and productivity**

All businesses interviewed discussed the importance of innovation to their operations and to business growth. Interviewees appeared to understand the many facets of innovation, discussing product, market, process and organisational innovation, although not necessarily identifying them as such. Process innovation mostly related to the implementation of Lean manufacturing (or related standards and tools) into the business. Businesses in this sector leveraged and adapted knowledge and skills developed through years in the dairy and beef industry and successfully applied them to other sectors. Some businesses were also successful through diversifying and building on their existing product and service base through acquisition of similar domestic and international companies.

NZTE’s Better By Design was also well used by interviewees and regarded as an excellent programme that changed the business’s outlook, even for more established businesses. For many businesses, innovation and service innovation was how they managed to compete with their international competitors and still command a premium.
As mentioned above, there was little use of CRIs. While Wintec and University of Waikato were recognised for their supply of graduates, the University of Canterbury, University of Auckland, Lincoln University and Massey University were regarded as partners for innovation and research. This is a similar finding to a study on innovation in the agritech sector in the Waikato ten years ago (New Zealand Trade and Enterprise & Tertiary Education Commission, 2003). While working with innovation partners across New Zealand is not necessarily a negative finding, it does beg the question of the ability of the local university to engage in a research capacity with its local businesses. In relation to universities as research providers, interviewees commented on the perceived difficulty of managing intellectual property, the need to sign long confidentiality agreements, the lack of commercial nous and the long time frames for research output (especially when the request tended to be converted to a Masters or Doctorate project).

All interviewees had little engagement with AgResearch. Its areas of research at Ruakura include animal molecular biology (genomics and cloning), reproductive technologies, agricultural systems modelling, land management, dairy science, meat science, food processing technology and safety and animal behaviour and welfare. These specialties do not appear to fit well with the growing manufacturing and services sector. The proposed Advanced Technology Institute 15 may be a better match.

**Feedback on government**

NZTE and MSI received mixed feedback from the manufacturing and services sector. Some interviewees had a lack of awareness of the scope of MSI and/or were frustrated with their processes and eligibility criteria. Some interviewees had high engagement with NZTE, while others had little (particularly those who offered agritech services). On the whole NZTE was referred to positively, but some felt their South American market information and support could improve and their in-market knowledge of some sectors was not in-depth enough.

For this sector, regional and local government processes and consenting were, in general, not significant barriers or influencers. Most interviewees commented on the councils concentrating on core services, that is, the provision of infrastructure and amenities to enable business and to attract employees and investment. Two materials manufacturers thought that the councils could play a greater role in environmental leadership, both through procurement (such as procuring environmental sustainable products) as well as through policy promotion and implementation. For them, international and domestic customers were demanding more environmentally sustainable products and business practices, but councils with environmental outcomes in their scope did not appear to be taking that opportunity.

Interviewees also mentioned fragmented economic development and innovation provision, and the opportunity to aggregate these functions into a single entity.

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15 Industrial Research Limited is proposed to be reshaped into an Advanced Technology Institute, with a focus on providing technological support to businesses (Independent Panel for the High value manufacturing and services review, 2011).
Key points

Difficulties in recruiting skilled staff
Hamilton, and the Waikato’s, value proposition is not understood or clearly articulated
Disconnect in the region between the sector, research/education providers and Waikato Innovation Park

Primary industries

<table>
<thead>
<tr>
<th>Size of firm</th>
<th>Dairy</th>
<th>Meat</th>
<th>Horticulture</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-19</td>
<td></td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>20-99</td>
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<tr>
<td>100+</td>
<td>1</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

Issues and barriers

Supply constraints and competing land use

Across the three primary sectors there were discussions on the availability of land, and questioning whether the productive use of the land was being maximised. Fonterra is actively seeking to convert land for pine into dairy, and dairy land use competes with land for farming beef as well as land for horticulture and dairy goat farming. Horticulture businesses indicated that both the availability and cost of land were constraints. The cost of land was being influenced by demand for dairying and lifestyle blocks, but also the need for quality land. Horticulture requires quality land to maintain rotations of crops as well as to meet accreditations for offshore markets. The potential to unlocking small economic titles in rural areas was also considered to be an opportunity.

Planning environment

Again regional council and local council activities, as well as interactions between the regional council and local councils, were causes for concern. One interviewee thought that regional councils in particular did not appear to understand how their policies and practices affect both businesses and local councils. One large business with a large capital investment monitoring programme mentioned that they had completed their five year internal plan but regional planning did not sufficiently signal changes which affected their business and investment planning. This may suggest that planning processes are not well aligned with the needs of businesses and industry in the region. Councils were also considered to be risk averse.
Another interviewee outlined protracted consenting processes, including duplication of roles between regional and local councils and weak understanding of industry-specific technical issues, involved in delivering a Greenfields project, which resulted in extensive costs to the business. In that case, the councils were thought to focus too much on process, rather than good environmental and economic outcomes.

**Skills and knowledge for innovation**

The perceived lack of attractiveness of primary industry sectors for employment was a concern for many interviewees. Literacy, language and numeracy deficiencies were also noted. While industry training organisations were mentioned as being helpful in providing skills to the industry, there was a concern that Wintec and University of Waikato were not offering courses geared to their sector. One meat processing business commented that Massey University was considering discontinuing the Meat Technology diploma due to low levels of enrolments nationally. The interviewee thought that local and regional government could help the industry facilitate discussions with Wintec and University of Waikato for local provision. There is also the fear that the industry is falling behind in knowledge, science and skills, and being overtaken by developing countries.

A specific skill area highlighted by one interviewee was the lack of people providing sustainable farming advice to farmers. The interviewee lamented a lack of an available formal training programme or an industry training organisation to provide it. This was seen as a necessary part of lifting environmental performance to meet industry growth targets.

In relation to innovation and the use of research and education providers, firms in the sector were well engaged with Plant and Food Research, AgResearch, AgResearch MIRINZ and Massey University. One interviewee questioned the extent to which researchers and academics in those institutions understood the commercial outcomes they sought from the research.

The Fonterra Research Centre at Palmerston North is moving toward being more focused in its innovation and R&D projects. The interviewee noted that, as a result, a proportion of existing projects will not be funded or continued. There is a question of whether a mechanism could be created for capturing promising projects and innovation for further investigation by other (non-Fonterra) parties. At the same time, other interviewees commented on the high costs of innovation, and that it was out of reach for both large and small businesses in the sector.

**Opportunities**

**International requirements and certification**

One interviewee mentioned good customer relationships with Tesco and Waitrose in the UK increased exports, but also improved their own capability by meeting their stringent requirements. Various certifications are also available for products, and one interviewee mentioned that there did not appear to be a channel for understanding how best to apply for the certifications.
Sector-specific infrastructure and club/strategic partnerships for processing and marketing innovation

The Dairy Goat Co-operative has already committed to utilising 40 percent of the capacity of the new stainless steel spray drier at Waikato Innovation Park. There are opportunities for more companies to research and develop new spray dried food products in the pilot plant.

Businesses also saw opportunities for club arrangements for offshore distribution, and some were already working in marketing alliances.

Self regulation

An interviewee in the meat sector mentioned the costly need for government vets and many government inspectors, rather than industry or self regulation. Additionally, they noted that meat inspection and environmental monitoring focused on issues and diseases that have not been evidenced for decades. In the horticulture sector, one interviewee was investing in electronic (environmental) monitoring, but councils were not recognising the investment and focused on compliance monitoring.

Feedback on government

Meat companies in particular mentioned spending a lot of time and resources keeping up with international regulation – “free trade is one thing, access is another”. Interviewees spend considerable time working with MPI and others in arguing equivalence of New Zealand standards with international standards. On the whole, engagement with MPI was considered to be satisfactory.

Three companies mentioned good engagement with NZTE, and two commented on good outcomes from being involved in the Better by Design programme. Others mostly dealt with NZTE on an industry level.

A couple of interviewees had received funding from MSI. One mentioned the level of effort required to develop a project to receive funding. Being from the horticulture sector, they perceived that it was more difficult – “we’re not seen as sexy or high tech”.

Again, businesses preferred a more proactive and business-friendly approach by local and regional councils, rather than the current prescriptive and rule-bound one. A couple of interviewees mentioned that councils could institute better and more flexible processes for water allocation, such as portability of water consents, provided the water is being sourced from the same aquifer. This especially impacts on horticulture companies who had different watering needs on different farms depending on the crops they grow and the rotation cycles. One interviewee commented that irrigation schemes were difficult for farmers to buy into, as even with public

“[Councils] spend too much time fighting those that want to fight them. We need an account manager that we can approach if we wanted to get something done, ask questions, where we need to pull our socks up. So it’s not so hard.”
investment there is still a high buy-in cost requiring consistently high value/yield to justify the expenditure.

Lack of consistency of process between councils was also an issue. Interviewees understood the need for regional variances when the land and environment is different, but wanted consistent processes and standards.

**Key points**

- The need for consistency of regulation across councils
- Competing land use, the cost and availability of land, and flexibility of water allocation and consents
- The funding and process of innovation within the region
Recommendations

This study was exploratory, being based on a small number of interviews, and it provides a description of issues and opportunities they raised. The coverage of the interviewees is not representative of businesses across the Waikato region and the findings are not generalisable to the Waikato business population. Hence, policy recommendations cannot be made.

However, we consider that the following issues are worth exploring further with councils, iwi, businesses, industry and organisations in the region.

Coordination of business, industry and economic development support, including skills development

The interviewees raised significant coordination issues across the region, as well as potential opportunities to align the activities of councils, industry, education providers and the public research system. It is recommended that the findings of this exploratory study be tested with this larger group, and to test the appetite for a more coordinated system of support.

Regulatory coordination and the interface between councils and business

Interviewees raised poor regulatory coordination between and within region and local councils, both within the Waikato and nationally. While the environmental conditions do differ within different localities, there appears to be opportunity to have greater consistency of processes. Additionally, many interviewees viewed a key account management model as a vehicle for better regulatory interactions with their local and regional council.

Sector-specific issues

Additionally, the following sector-based issues would be worth exploring in more detail with the relevant sectors.

Aquaculture

While legislation determines the nature and scope of the tender process for water space allocation, as well as the types of mechanisms councils can apply in relation to performance bonds, the aquaculture industry has concerns about the way in which councils implement legislation and the nature of council’s relationship with the industry.

There appears to be scope for further discussions with industry on the scope, intensity and frequency of environmental monitoring, as well as clarity on the nature of performance bonds and coastal marine occupation charges. Additionally, councils who have a significant role in aquaculture (including Marlborough, Bay of Plenty and Northland) could work together to coordinate policy and implementation, with industry input.
While the fin fish water space in the Coromandel is to be tendered using a weighted attribute tender, there may be ways to make it more attractive to potential tenderers, for example, ensuring it has been pre-consented, and specifying how monitoring, bonds and potential future occupation charges will be applied.

**Manufacturing and services**

The form and functions of the Advanced Technology Institute and how businesses in the Waikato region will be able to access it.

**Primary industries**

How the industry currently interacts with Crown research institutes, the University of Waikato and Wintec.
References


Independent Panel for the High value manufacturing and services review. (2011). *Powering innovation: Improving access to and uptake of R&D in the high value manufacturing and services sector.* Wellington: Ministry of Science and Innovation.


Appendix 1: Method

Participants

Thirty-five firms and organisations were selected using purposive sampling. Firms and organisations were selected to answer different research questions, on various systematic bases, such as sector, size or location – a judgemental sample. This selection basis enables us to answer the research questions – what are the key issues, opportunities and threats which face the aquaculture sector? What explains the differences between large and small firms? What could the role of government be in the manufacturing sector compared with the primary sector?

Sector selection

The sectors examined were determined by using the following criteria:

- performance of the sector, including growth and internationalisation performance and potential
- the extent to which information is already known about the sector
- the extent to which regional and local government can make a difference
- the extent to which the sector is relatively organised already.

The following five sectors were prioritised based on the above criteria:

- Aquaculture
- Dairy
- Agritech goods and services
- Materials manufacturing
- Equipment manufacturing.

The following two sectors were added by WRC to broaden sector coverage and to gain a perspective on certain issues:

- Horticulture: Potential to improve export performance and the extent to which the sector provides inputs into food and beverage processing in the region
- Meat processing: Declining export performance and the impacts of land-use changes from meat to dairy.
Firm selection

WRC provided a qualified list of firms and interviewees, drawing on client lists of New Zealand Trade and Enterprise and Ministry of Science and Innovation (now Ministry of Business, Innovation and Employment\(^\text{16}\)) and with input from the territorial authorities of the Waikato region.\(^\text{17}\)

In selecting the 35 firms for interviewing the following criteria were applied to ensure a representative sample of the Waikato region was interviewed, and to test what attributes might impact on the issues and opportunities firms and sectors faced:

- location (located in different territorial authorities within the Waikato region, as well as firms predominantly located outside the region but who are likely to have a large impact on the regional economy)
- size
- ownership
- growth potential
- sector perspective

Two aquaculture industry associations were interviewed, and more aquaculture firms were selected due to WRC and Thames-Coromandel District Council’s\(^\text{18}\) particular interest in that sector.

The focus of this project is on gathering business perspectives. The perspectives of industry associations, education/research providers and Māori enterprises will be gathered through a second phase, so few were selected for interviewing.

Materials

Semi-structured interview schedule

The interview schedule contained questions relating to issues, opportunities, threats and the role of government. The schedule contained prompts to help interviewers stimulate deeper discussion on particular topics. The interview schedule is located in Appendix 2.

Procedure

Two interviewers completed interviews with 35 firms and organisations in June 2012. Interviewees included business and organisation chief executives, directors, managing directors, chairs and deputy chief executives. Administration support was provided by WRC to

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\(^{16}\) The Ministry of Business, Innovation and Employment (MBIE) was formed on 1 July 2012. It integrates the functions of four former agencies – the Department of Building and Housing, the Ministry of Economic Development, the Department of Labour and the Ministry of Science and Innovation.

\(^{17}\) The Waikato region encompasses 12 territorial authorities: Franklin District, Thames-Coromandel District, Hauraki District, Waikato District, Matamata-Piako District, Hamilton City, Waipa District, Otorohanga District, South Waikato District, Waitomo District, Taupo District and Rotorua District.

\(^{18}\) Thames-Coromandel District Council contributed funding to this project.
set up the interviews. Depending on the preferences of interviewees and time and budget constraints, 22 interviews were conducted face-to-face, 12 were conducted via telephone conference and one was a written submission.

The first five interviews were undertaken with pairs of interviewers to:

a) test the usefulness of questions
b) ensure interviewers are taking a consistent approach in asking questions and recording responses
c) test the quality of responses and interview notes.

The second phase of interviews was conducted by the two interviewers separately. WRC staff attended two of the interviews to hear first-hand the issues that firms and organisations raised.

Digital voice recorders were used to record all the interviews, with the interviewees’ permission. Notes from the interviews and interview recordings were provided to all interviewees to ensure they are a faithful record of the discussion, and to give interviewees an opportunity to add further information and thoughts.

**Data analysis**

Making sense of interview data and ensuring credibility of the findings is a challenging and complex task. Raw data themes were coded based on the responses of interviews on the four broad areas of interest: issues, opportunities, threats and the role of government. A thematic analysis of the collected interview notes was undertaken through an initial internal workshop of the MartinJenkins project team to identify high level generalisations, exceptions and potential contradictions. An analytical workshop with WRC and TCDC staff was also undertaken to test the findings.

A key issue for interview-based research is whether generalisation is possible. In the context of this study, *analytic* generalisations (Yin, 2003) (as opposed to statistical generalisation used in quantitative research methods) were generated. The goal of analytical generalisation is to compare findings with expectations formed through previous research and theory, and explore any contradictions that emerge and to arrive at analytical conclusions that help explain these patterns.
Appendix 2: Interview schedule

Introduction
- The Waikato Regional Council (WRC) wishes to understand the issues and opportunities for growth through innovation and internationalisation of firms in key sectors in the region’s economy. The council has appointed Martin, Jenkins and Associates Ltd to undertake interviews with a sample of firms in a number of sectors in the Waikato region.
- The output will be a report outlining the issues and opportunities for each sector. The findings will then be tested with a wider group within each sector.

Background
- Short company profile, and interviewee’s role in the company
- What types of internationalisation does the company undertake? (e.g. exporting, outward direct investment, joint venture, offshore manufacture, etc)
  - Please provide a recent example and some of the processes, issues, barriers you encountered.
- Please provide a recent example of innovation within your company (organisational, product, process, market innovation). Describe the process and issues/barriers.

Barriers and issues
- What for you are the top three barriers to innovation and exporting in the Waikato?
  Examples only:

<table>
<thead>
<tr>
<th>Innovation issues</th>
<th>Internationalisation issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aspirations for growth</td>
<td>Reasons for internationalising</td>
</tr>
<tr>
<td>Reasons for innovating</td>
<td>Experience</td>
</tr>
<tr>
<td>Cost</td>
<td>Market knowledge and market demand</td>
</tr>
<tr>
<td>Information</td>
<td>Access to finance</td>
</tr>
<tr>
<td>Expertise (marketing, management, research, etc) or right people</td>
<td>Distribution networks</td>
</tr>
<tr>
<td>Cooperation</td>
<td>Exchange rate</td>
</tr>
<tr>
<td>Access to IP</td>
<td>Distance</td>
</tr>
<tr>
<td>Regulation</td>
<td>Language, cultural differences</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Competition</td>
</tr>
<tr>
<td></td>
<td>Supply constraints</td>
</tr>
<tr>
<td></td>
<td>In-market strategies</td>
</tr>
</tbody>
</table>
Threats

- What are the biggest threats you see? Other than the ones you’ve already spoken about? Examples only:

<table>
<thead>
<tr>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment deterioration</td>
</tr>
<tr>
<td>Climate change</td>
</tr>
<tr>
<td>Oil and energy prices and supply</td>
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<tr>
<td>Availability of resources</td>
</tr>
<tr>
<td>Political and governance changes</td>
</tr>
<tr>
<td>Global financial crises</td>
</tr>
</tbody>
</table>

Opportunities

- What are the major opportunities for your sector and your business? Examples only:

<table>
<thead>
<tr>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green growth (sustainable business practices, clean technologies and services)</td>
</tr>
<tr>
<td>Quality and coordination of regulation</td>
</tr>
<tr>
<td>Infrastructure management</td>
</tr>
<tr>
<td>UFB</td>
</tr>
<tr>
<td>Iwi and Māori enterprise</td>
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<tr>
<td>Trade relationships</td>
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<tr>
<td>Commercialisation of research and education strengths</td>
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</tbody>
</table>

Role of government

- In what ways should/could regional and local government help with the issues and opportunities discussed?

<table>
<thead>
<tr>
<th>Role of local government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Explore what they currently do, and should do in the future</td>
</tr>
<tr>
<td>Delivery of core services (e.g. infrastructure, integrated land use and transport planning, consenting)</td>
</tr>
<tr>
<td>Leadership (advocacy, networking, promotion, partnering)</td>
</tr>
<tr>
<td>Incentives (co-funding)</td>
</tr>
<tr>
<td>Initiatives (coordination, investment attraction, industry infrastructure, events)</td>
</tr>
<tr>
<td>Asset ownership</td>
</tr>
</tbody>
</table>