

NEW ZEALAND :

THE ROLE OF LOCAL GOVERNMENT IN THE DEVELOPMENT OF DEPOPULATED RURAL AREAS IN NEW ZEALAND

— From the letter of Mr. P M Thomson for secretary,
Department of Trade and Industry, New Zealand —

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New Zealand's population is small, just over three million people, but Central and Local Government have not specifically identified and targeted rural areas that have a low population for special assistance. Traditionally rural areas have a low population density. The New Zealand farming industry is not labour intensive, and the trend has been for children to seek employment in the cities.

As there are no specific policies adopted to encourage the development of depopulated rural areas, we cannot explain in depth about specific subject on development of depopulated rural areas. There are, however, schemes that encourage development in all regions of New Zealand, with the result of that these will assist the growth of areas that have small populations. The following paragraphs gives a brief synopsis of these schemes.

Local Government in New Zealand encourages development through regional plans. New Zealand is currently divided into 22 regions, each of which is under the control of a regional or a united council. Each of the councils is required by law to produce a regional scheme. The scheme includes a statement of objectives and policies for the future development of the region, and the means by which they can be implemented having regard to national, regional and local interests and to the resources available. Issues dealt with in regional schemes include:

- the provision of social and economic opportunities appropriate to employment, housing and welfare needs of the people of the region
- development of the regional economy, including the growth of, and balance

between, primary and other basic industries and service industries

As mentioned earlier regional schemes are not specifically targeted at depopulated rural areas. The specifics of the scheme are decided by each local authority, and can vary from region to region depending upon the requirements of the area.

Central Government has a regional development policy designed to encourage each region to develop innovative and economically self sustaining development based upon the natural advantages of the region; e.g. the Regional Development Investigation Grants scheme (RDIG) (See Appendix 1). Community Employment Investigation Scheme (CEIS) (See Appendix 2). The schemes are run by Central Government, and local authorities are able to apply for funding for projects. (On this point, See Appendix 3, a speech by Mr. Hon David Butcher, Minister of Regional Development, explaining in greater depth the Government's regional development policy, and giving illustrations as to the regional effects of the policy.)

The Government's economic policies, although not targeted specifically at rural areas, have encouraged rural development. The protectionist policies of the past have favoured the metropolitan areas, which have tended to act as a magnet drawing people from the country. The removal of protection works to the advantage of the regions as they become more attractive places for development. The regions also have other advantages, such as natural resources, a stable workforce and lower housing and land costs, that encourage investment. (These factors are touched upon in the Minister's speech. See Appendix 3).

So, this subject, "The Role of Local Government In The Development of Depopulated Rural Areas" is not specifically relevant to New Zealand. And we can summarize specific points as follows:

1 The present situation in New Zealand regarding depopulation:

Whilst there are population shifts between regions in New Zealand, and some regions are losing population, there are no regions specifically designated as underpopulated.

2 Development plans for depopulated rural areas:

There are no Local or Central Government plans specifically targeted at depopulated rural areas.

3 Methods for development of depopulated rural areas:

The policies in place to develop the regions assist all the regions in New Zealand to develop.

The RDIG and CEIS schemes, which are administered by the Department of Trade and Industry, assist entrepreneurs to investigate the feasibility of establishing viable economic activities.

Regional development councils were established by Central Government to seek out and encourage the development of new economic activities in their regions.

Though they are not involved in the actual establishment of new ventures, They act as a catalyst to development by bringing together suitable partners.

Through its economic policies the Government has sought to remove unreasonable roadblocks to development, and to remove any artificial advantages enjoyed by specific regions. Each region is able to compete on its own natural advantages.

Through regional schemes Local Government creates the conditions in their own specific region to encourage the developments they wish to attract. This is done through means such as zoning, supply of information etc rather than specific tax breaks.

4 Financial resources:

The RDIG and CEIS schemes, and regional development councils are funded by Central Government.

Regional schemes do not involve financial assistance measures.

5 Role sharing:

Role sharing with Central Government: As discussed above the approach to regional development in New Zealand is a combination of Central and Local Government and private sector. (Examples are found in Appendix 3, the speech by Minister of Regional Development.)

— This paper is based upon the letter from Mr. P M Thomson, and summarized by EROPA Local Government Center, Tokyo —

APPENDIX 1 THE BROCHURE INTRODUCING THE REGIONAL DEVELOPMENT INVESTIGATION GRANT SCHEME" (RDIG) BY DEPARTMENT OF TRADE AND INDUSTRY; FEBRUARY 1988.

WHAT CAN THE SCHEME DO FOR THE REGIONS?

- The Regional Development Investigation Grant (RDIG) Scheme has been designed to help stimulate innovative, economically viable, and self-sustaining development new to regions and based on their identified resources and development opportunities. Under the schemes, individuals or businesses and organizations can be assisted with the costs incurred in investigating the feasibility/viability of proposed new developments. A project which has been thoroughly researched should have better prospects for attracting finance from commercial sources.

WHO IS ELIGIBLE TO APPLY?

Any individual, business or organisation may apply.

WHAT SORTS OF ACTIVITIES QUALIFY?

- Assistance is available for individuals, businesses, or organisations, including local

authorities, anywhere in New Zealand to investigate the technical feasibility and/or commercial viability of any project which meets two basic criteria:

— it must be a legal economic activity.

— the activity must be new to the region or sub-region, in that its technical feasibility/commercial viability is unproven. It should be noted that the commercial viability of an activity may well vary from one part of the region to another because of, for example, environmental differences, differences in labour supply, etc.

- Newness can also encompass existing businesses investigating a new technology or process which will enhance the efficiency/productivity of the business; such investigations may qualify provided the technology or process to be investigated can be shown to be new to the region or sub-region.
- Organisation, including local authorities, with regional standing may also qualify for assistance to undertake studies of regional resources which have wider significance for the region e.g. a survey of a region's or sub-region's tourism development potential.

WHAT ASSISTANCE IS AVAILABLE?

- A standard rate of assistance is available throughout the country
— this is 50% of the eligible costs of the investigation.
- The maximum grant is \$100,000 per project.
- An applicant may lodge more than one application for an investigation, i.e. a staged application. However, the total of all grants approved for these will not exceed \$100,000.

WHAT COSTS CAN QUALIFY?

- The Scheme is designed to provide assistance for costs which are directly related to the project investigation or resource study which is to be under-taken, not those which would be incurred by the applicant in the normal course of his/her business, nor those which relate to the establishment of the substantive project e.g. building, plant and equipment. Finance for this stage should be obtained from private financial institutions.
- Eligible costs include such things as professional fees (legal, accounting, etc); tolls, telex, postage costs; power which is separately metered; cost of hiring or leasing of plant or equipment; pilot plant costs (for manufacturing investigations only); trial planting costs; travel and accommodation costs, etc. Examples of ineligible costs are: applicant's own salary/wages, those of employees and those of subsidiary/associate companies; debt-servicing; capital items not directly associated with the investigation, etc
- Retrospective applications for the reimbursement of investigation or study costs

incurred prior to an application being lodged are strictly ineligible under the scheme.

HOW TO APPLY

- You can obtain application forms from Regional Development Councils, regional development agencies, and offices of the Department of Trade and Industry. (Addresses overleaf)
- If you live in an area served by a Regional Development Council you should lodge your application with the Executive Director of the council. The councils undertake an initial assessment of the application to determine whether it is eligible. Applications which are supported by the councils are sent to the Department of Trade and Industry for decision. In areas not served by Regional Development Councils applications should be lodged with the nearest office of the Department of Trade and Industry.
- Horticultural, agricultural, fishing, forestry, mining and tourism applications for project-based investigations and resource studies which include a favourable report from an appropriate agency will be processed more promptly than if they are not accompanied by such a report. The agency chosen, be it from the private or public sector, should be recognized as having experience /standing in the area it is being asked to report on. The cost of obtaining such a report is an eligible cost under the scheme.

IF A GRANT IS APPROVED, WHEN WILL PAYMENTS BE MADE?

- Once official notification has been received of approval claims for the grant can be made as soon as the expenditure has been incurred. Copies of receipted expenditure should be forwarded to your nearest office of the Department of Trade and Industry for processing.
- It is not necessary for you to wait until all the expenditure is undertaken before lodging a claim, as claims can be lodged in stages as the investigation or study proceeds.
- The grant will not be paid out in total until the report summarising the investigation (see section below) has been received by the department.

WHAT CONDITIONS APPLY?

- A report on the results of the investigation must be forwarded to the Department Council at the conclusion of the investigation. The report is to set out the principal findings of the investigation. All such summarised reports will be made freely available on request six months after receipt of the report by the department. In addition, regular progress reports should be made to the relevant Regional Development Council/office of the Department of Trade and

Industry.

- Grants must be uplifted within twelve months of approval, otherwise they will lapse. This period will only be extended by the department in special circumstances; these may be specified at the time of the application or in the course of the investigation/study.
- An applicant with an investigation or study that is eligible for assistance under another government-funded scheme may choose between that scheme or a RDIG, but may not receive assistance from both.

IS TAXATION PAYABLE ON GRANTS?

- If you are a registered person/business/organisation in terms of the Goods and Services Tax Act the GST portion of your grant [1/11] will have to be accounted for as output tax. You should therefore ensure that you make provision for GST in your expenditure breakdown when you are filling out your application form. For goods/services which are not subject to GST, e.g. wages, you will still have to make provision for GST in your application form because this has to be paid on the grant to IRD. If you are not registered you will still have to pay GST on the goods/services you purchase during your investigation/study and so you too should ensure that you make provision for this in your application form.
- As far as furnishing your income tax return goes, you will have to declare the grant. Although the grant should be declared it is not to be included in your assessable income. However, if you claim for the expenditure related to the grant in your return, you should reduce the amount of the expenditure claimed by the amount of the grant.

APPENDIX 2 THE BROCHURE "COMMUNITY EMPLOYMENT INVESTIGATION SCHEME" (CEIS)

What's it about?

This scheme applies to areas, approved by Government, which are losing a large number of jobs and have a high level of non-seasonal unemployment.

The scheme provides grants to allow individuals and groups to explore new sources of employment within the area.

The Government allocates a set amount to each area for these grants.

Which areas?

So far, the grant can be used in the following areas:

*The Whangarei Employment District (Northland) excluding Whangarei city.

*The Gisborne Employment District.

*The Napier Employment District.

*The Hastings Employment District.

Note: The grant will have to be repaid if the results of the investigation are used to set up the project in any other area. This condition applies for two years after approval.

Who can apply?

Any individual or group wanting to explore employment possibilities in one of the areas named can apply for the grant.

Which activities qualify?

The grant is to be used for investigation the commercial viability and technical feasibility of business or employment proposals. Proposals are to be new to the applicants. They should have the potential to lead to the creation of unsubsidised jobs.

What help is available?

Proposals which are approved for this grant also qualify for the Regional Development Investigation grant. Together the two grants cover 90% of investigation costs.

There is no need to apply separately for the Regional Development Investigation Grant. In all cases applicants must be able to meet their share of investigation costs.

Applicants may not claim from any other source of Government funding for the same costs claimed under this scheme.

Which costs qualify?

A qualifying cost is one that is essential to the investigation.

Expenses which applicants have in daily business operations do not qualify. The cost of setting up the project after its investigation will not qualify for which the grant can be used:

*Professional fees (legal, accountancy, engineering, consultants, etc).

*Travel and accommodation costs for the investigation.

*Tolls, telex and postage costs.

*Wages for people taken on specifically for the investigation.

*Pilot plant, test samples, trial crop plantings (maximum area is 0.5 hectares) and associated costs.

*Hire or leasing of plant, equipment and building for a particular investigation.

*Power which is separately metered.

letter to assist them when approaching banks and other institutions for bridging finance where this is necessary.

Any applicant declined assistance has the right of appeal.

Payments

Claims against the approved grant can only be made on the basis of receipts. There is no need to wait until all costs are incurred before making a claim—claims can be made as expenses occur.

The final payment on the grant will not be paid until a report on the main findings of the investigation is given to the Department of Trade and Industry. This report will be made available to the public after 6 months.

Claims against the grant cannot be made for costs incurred before an application has been made.

Grants must be collected within 12 months of approval otherwise they will not be paid.

Want to know more?

For further information contact:

- any Department of Trade and Industry Office;
- the Regional Development Council;
- your local Maori Tribal and Regional Authority; or
- the local Department of Labour Employment and Vocational Guidance Centre.

APPENDIX 3

SPEECH BY: HON DAVID BUTCHER

MINISTER OF REGIONAL DEVELOPMENT

TO: THAMES VALLEY COROMANDEL DEVELOPMENT SEMINAR

AT: THE PAEROA RACING CLUB

ON: SATURDAY, 9TH APRIL 1988, 1.20 PM

Embargoed until delivery

Thank you for inviting me here today. I am pleased to be back in Paeroa again, this is the second time I have been to this region in two months.

It is especially gratifying for me to participate in this seminar organised by the newly created Thames Valley Coromandel Regional Development Council.

I congratulate the Council on its initiative of getting people together to discuss the future of your region.

*Fuel which can be shown to directly relate to the investigation.

*Compiling and preparing a final report.

Examples of costs which do not qualify for the grant:

- Applications' own salary/wages and those of employees.
- Debt servicing.
- Capital items not directly associated with the investigation (e.g. purchase of motor vehicles, buildings).
- Establishment costs of the project under investigation.

Maori initiatives

Funds have been set aside under the scheme for Maori initiatives in the areas.

What about tax?

Allow for GST in your proposal.

If the qualifying individual or group is not registered under the Goods and Services Tax Act, GST is to be paid on the goods and services purchased during the investigation.

If registered, 1/11th of the grant must be paid to the Inland Revenue Department as GST. The GST paid on goods and services purchased during the investigation can be claimed back.

How to apply

Fill in the application form. These are available from the nearest Department of Trade and Industry, any Department of Labour Employment and Vocational Guidance Centre or Regional Department Council in the named areas.

Applications may be sent to:

- the Department of Trade and Industry; or
- the local Regional Development Council.

For Maori initiatives you have a choice of placing an application with the local Maori tribal and Regional authority. They will forward these to the Department of Trade and Industry.

The Department of Trade and Industry is responsible for scrutinising and approving all applications.

Letter of approval

All applicants will be advised once a decision has been made. If approved a letter will be issued detailing costs covered by the grant. Applicants can use this

I want to do three things today. I will give a brief outline of what the government has been doing over the last three years and why we have been doing it. I will then outline the way our Regional Development Policy fits in, and then discuss factors that you will need to consider when making future business plans.

From my visits to the Thames Valley Coromandel region it is evident it has numerous resources and a variety of business initiatives are able to be undertaken e.g. fishing, forestry, farming, mining, tourism.

These resources combined with the important resource of the local people have achieved many developments in this region and can achieve a great deal more. I believe there are many opportunities here.

The natural beauty of the region lends itself to tourist development. I am sure that the proximity of Auckland ensures that this is an area where there will be considerable growth in the future. This was rightly highlighted by Mrs Reina Goldsmith in her address this morning.

The recently opened Puks Park Lodge at Pauanui is an example of the confidence investors have in tourism in the region. This lodge cost approximately \$5 million to build and will employ up to 50 people. A considerable boost to the local economy.

I was also delighted to hear from Mr Dryden Spring that the Dairy Factory at Kerepeha is to undergo a \$70 million upgrading and expansion. This will be welcome news for farmers and reflects the confidence the NZ Co-operative Dairy Co has for the future of farming in the region.

A significant growth industry for the region is mining. Mining can provide many benefits to both the national and local economies. I appreciate the very strong views held by conservationists and miners which have brought the two groups into confrontation in the region.

Conservationists are quite correct in wishing to preserve the unique natural environment in the Coromandel, but there does need to be an acceptable balance met between conservation interests and mining interests.

It is my view that we will strike an acceptable balance when our laws, which are under review right now, require all values to be considered together in a balanced public forum.

Thames Coromandel, New Zealand, The World

This region is not unique in the problems it faces. Along with the rest of New Zealand it is having to adjust to changes which have taken place in the world economy.

Change is a painful process for us all because for many years we tried to pretend that change was not necessary. We knew that Britain would enter the EEC, but our policies never caught up with the fact that the proportion of our trade going to

the UK would shrink from 90% in 1960 to about 15% today.

Only a few years ago zero population growth and zero economic growth were discussed as policies to cope with the imminent shortage of food and a feared explosion of commodity prices as we all struggled to compete for increasingly scarce resources.

Today, the world is awash with food and all commodity prices are recovering from record low levels. Most major economies have seen substantial economic growth and yet have reduced their need to consume energy.

Economic growth has not seen a growth in manufacturing employment, the employment growth area has been in the services sector, particularly tourism.

There has been an international rural recession, induced by the oversupply of agricultural commodities. Unlike any other period in the world history this has not resulted in major recessions in the industrialised economies. Even the sharemarket crash has not stopped economic growth in most of the major industrialised nations.

New Zealand had not even begun to adjust to these factors in 1984. We had engaged in extensive borrowing to intensify our investments in the two which are now worldwide in most trouble: Petrochemicals and agricultural commodities.

Our economic policies were almost entirely focused on

- 1 . compensating producers for costs they faced because of inefficiencies elsewhere in the economy, and
- 2 . encouraging them to increase production irrespective of the state of the world market for their products

In the 30 years up until 1984 we slipped from being the third most prosperous nation in the world to being the 23rd.

While our unemployment remained low in comparison to other developed countries our record in creating jobs was the worst of the 24 nations of the OECD.

Our productivity growth was the slowest, our exports grew more slowly than for just about any other developed country despite the fact that our protection for our industries was the highest.

Clearly the country was living well beyond its means.

A short burst of economic activity which preceeded the change of government was largely sustained on overseas borrowing and did not break the pattern of virtually no growth for ten years.

The evidence is that because of high levels of protection, subsidies and institutional failures, much of our investment had been directed into areas where the returns were minimal or negative.

Economic reforms have therefore concentrated on ensuring that all future business decisions are made in the light of information and signals coming from the world market place.

Reforms since 1984 have included: — the progressive removal of financial and interest controls

- the rapid reduction in agricultural assistance
- the removal of import licensing and reductions in tariffs
- the removal of exchange controls and the floating of the New Zealand dollar
- the revision of the Commerce Act to replace much industry specific legislation
- the transfer of government trading activities from departments to become state owned enterprises
- the search for more efficient mechanisms for delivering social services The effect of these reforms has been:
 - to increase competition
 - to clarify pricing signals
 - to ensure that competitors do not have particular government imposed advantages or disadvantages.
 - to provide a known stable and general policy environment
 - to permit longer term planning and increasing the incentive for good management
 - to avoid government selected winners and losers; businesses will make better decisions if government does not try and run parts of their business for them
 - commercial and welfare objectives have been clarified, it makes more sense in our view to have one welfare system targetting real need rather than continue to operate several

Debt Servicing

One of the most important problems that is being tackled is spiralling overseas debt.

Debt servicing climbed as a proportion of all spending from \$1 in \$15, to \$1 in \$4 between 1976 and 1988.

Money that could be going to improving our health and education services or reduce taxes is being diverted to pay interest costs on loans.

From an average pre —debt servicing deficit of \$791.9m per year in 1980—81 to 1983—84, we have moved to a pre—debt servicing average surplus of \$2,116.4m for the years 1984 —85 to 1987—88.

This year's pre —debt servicing surplus is \$5.079m.

Asset Sales

The debt load is now so great that it is imperative for the country's future that it be reduced. Increasing exports and reducing imports is not a sufficient answer to this problem. To reduce debts to an acceptable level we have to find capital to repay it equivalent to \$25,000 per family in New Zealand.

The only option open to the Government insubstantially reducing the \$5 billion annual debt servicing load is selling some of the enormous assets of the crown.

The corporatisation policy has turned many state businesses from huge loss makers into businesses producing a commercial profit. You may ask why sell off these assets now that they are generating profits.

The answer is that these state businesses are in urgent need of new investment capital for expansions and to just remain competitive.

Air New Zealand will require new aircraft. Petrocorp will need a billion dollars for the Maui B platform. The Railways will need a billion dollars for debt retirement, for new rolling stock and development. Shipping Corporation, Post Bank, NZ Post, Telecom are all in the same situation.

This demand for new investment is so big on a year by year basis that governments of both parties have never been able to keep pace. This is why so many state businesses were in a run down condition, starved of capital.

However, by realising on some of these assets, the demand for cash and much of the risk is shifted to the private sector.

The cash that these enterprises need to continue to provide jobs for our people must come from the private sector. The public sector simply has exhausted its ability to borrow or tax.

Regional Development Policies

It is easy to become preoccupied with the problems which we face. But our task here today and the task that we have set regional development councils is to identify the opportunities.

We have to learn how to turn problems into opportunities and resolve that there is no such thing as an insuperable opportunity.

What can you personally do and what can the region do to help itself?

Individual businesses can examine their operations and look to methods of improving efficiency and profitability. Individuals can make the efforts to improve their technical and managerial skills.

The Regional Development Council can play an important role in helping to develop the resources of Thames Valley/Coromandel region. It can help to coordinate and organise local initiatives, like today's seminar; it can assist in arranging business skills seminars, act as an information broker and clearing house for business enterprises.

Examples of contributions which councils have made include the setting up of the Hawke's Bay Tourism Board, the Business Management seminars organised regionally by the Hawke's Bay Regional Development Council.

The securities on the floating dock negotiated by the Wellington Regional enterprise Board, the Airport Users Group in the Manawatu. Every region has its

successes to report.

This government sees regional development working in three ways.

- We aim to remove roadblocks in the way of development.
- We are encouraging regions to identify new ideas for development based on the strengths and resources of the region.
- We are providing money to assist investigations into areas of potential. Let me expand on these three.

Firstly, removing roadblocks in the way of development.

As I have indicated, the government has dismantled many of the controls on the economy which stifled development. At a more individual level, I expect the Regional Development Councils to advise me of any obstructions which manifest themselves, especially where bureaucracy and red taps is the root cause.

Too many good ideas die thanks to leaden-footed bureaucratic procedures which conspire to make the entrepreneur give up or look for a more enlightene denvironment — perhaps offshore.

In regional terms, the review of the Town and Country Planning Act falls into this category. The current review of this Act and other resource management legislation should eliminate some of the frustrations which RDCs have informed me of, and go some way to resolve the conflict over mining in this region.

Secondly, the identification of new ideas, based on the strengths of the regions.

The RDCs are there to assist in the identification of opportunities and to promote their development. Increasingly, they are becoming a clearing house for information and ideas.

I have already mentioned many strengths of the Thames/Coromandel Region in areas as diverse as Tourism, Dairy and Mining industries.

Thirdly, money to assist investigations into areas of potential.

I mentioned earlier that the government is creating an environment in the regions can have confidence to develop their own resources in the which way that is most appropriate to them.

This is where the Regional Development Investigation Grant comes in. The scheme is designed to bridge the gap between the idea and setting up a business to take advantage of it.

The scheme allows up to 50% of the cost of a feasibility study for a business which is new to a region, up to a maximum of \$100,000. The Regional Development Investigation Grant is designed to get the best possible value out of the nation's resources. The best possible value out of every dollar invested.

If an investigation results in negative conclusions, there is benefit to be gained from the information obtained and the investment dollars saved for projects with better prospects.

Lifting Horizons

By now you should have a clear idea of the sort of economic environment that I believe businesses will be operating in during the 1990's. The indicators too are showing a pattern that is becoming clearer week by week.

Company tax rates have been greatly reduced from 48% to 28%. Recently inflation has hit single figures. It is expected to continue to fall.

Interest rates are also declining significantly at the wholesale level and this is feeding through to the retail level.

The exchange rate is reflecting this decline in interest rates and is coming back to level which offer better profitability for exporters.

Business and industry in the 1990's will be functioning in an environment of low single figure inflation.

It will gain the benefit of market interest rates which match the level of inflation, rewarding savers but simultaneously making more reasonable demands on borrowers.

The prospects are that taxes will be trimmed further because debt servicing will be declining as a percentage of government spending.

For the first time since 1974, this year debt servicing will not be growing as a percentage of government spending.

The revenue raising, expenditure cutting and tax reform measures that have been taken over the last 3 years have achieved this objective.

There will be faster economic and growing employment opportunities. Money incomes will be rising, in an environment where prices are more stable. For the first time in nearly 20 years, therefore, real incomes will be actually rising.

Businesses should be planning now for this new environment. You should be lifting your planning horizon from one month out to five years out.

In order to make the most of the opportunities in this new environment, businesses will need to gear up for excellence in all their activities, especially in business management.

Having an efficient operation provides a strong foundation for capitalising on opportunities as the economy improves.

Conclusion

The world has changed. Many of the comfortable assumptions that guided our behaviour for nearly 100 years have changed in a fundamental fashion.

Even some of the predictions made in the 1960's about the inability of the world's resources to cope with continuing economic growth have proven to be grotesquely wrong.

The policies which New Zealand followed for more than 40 years of concentrating in areas that we knew well and shutting out influences of the world on our

security, can no longer be sustained.

The economies that have adapted most quickly and which are most receptive to change are the ones that have prospered most.

The reforms the government have introduced have been designed to repair the damage that decades of poor investments have done to our debt position, while we simultaneously make our businesses more competitive and receptive to market information.

Our regional development policies are designed to ensure that people with proven business expertise in their own regions are equipped with the tools they need to help local businesses adapt.

The environment that we can look forward to in the next few years will be more favourable than that which we have experienced in the last four.

I am certain that the Kiwi ingenuity that the miners of the past, the dairy farmers of the past and the present, have displayed in this region is an excellent base on which to build a prosperous future for this region.

Congratulations on holding this seminar today, I hope that it provides the catalyst that you are looking for.