



PALMERSTON NORTH CITY COUNCIL

AGENDA COUNCIL

9AM, MONDAY 21 DECEMBER 2020
COUNCIL CHAMBER, FIRST FLOOR, CIVIC ADMINISTRATION BUILDING
32 THE SQUARE, PALMERSTON NORTH



MEMBERSHIP

Grant Smith (Mayor)

Aleisha Rutherford (Deputy Mayor)

Brent Barrett

Patrick Handcock ONZM

Susan Baty

Leonie Hapeta

Rachel Bowen

Lorna Johnson

Zulfiqar Butt

Billy Meehan

Vaughan Dennison

Karen Naylor

Renee Dingwall

Bruno Petrenas

Lew Findlay QSM

Agenda items, if not attached, can be viewed at:

pncc.govt.nz | Civic Administration Building, 32 The Square
City Library | Ashhurst Community Library | Linton Library

Heather Shotter

Chief Executive, Palmerston North City Council

Palmerston North City Council

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Private Bag 11034, 32 The Square, Palmerston North



COUNCIL MEETING

21 December 2020

ORDER OF BUSINESS

1. Welcome to Peter Te Rangi

Presentation by Mr Chris Whaiapu and Mr Peter Te Rangi.

2. Apologies

3. Notification of Additional Items

Pursuant to Sections 46A(7) and 46A(7A) of the Local Government Official Information and Meetings Act 1987, to receive the Chairperson's explanation that specified item(s), which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded, will be discussed.

Any additions in accordance with Section 46A(7) must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

Any additions in accordance with Section 46A(7A) may be received or referred to a subsequent meeting for further discussion. No resolution, decision or recommendation can be made in respect of a minor item.

4. Declarations of Interest (if any)

Members are reminded of their duty to give a general notice of any interest of items to be considered on this agenda and the need to declare these interests.

5. **Presentation - Palmy BID** Page 9
6. **Consideration of targeted rate for Palmy Business Improvement District (BID)** Page 11
Memorandum, presented by David Murphy, Acting General Manager - Strategy and Planning.
7. **Confirmation of Minutes** Page 23
“That the minutes of the ordinary meeting of 25 November 2020 Part I Public be confirmed as a true and correct record.”

“That the minutes of the extraordinary meeting of 10 December 2020 Part I Public be confirmed as a true and correct record.”
8. **Notice of Motion - Council Rental Policy** Page 37
Presented by Councillor Johnson.

REPORTS

9. **Section 17A Review of Economic Development (CEDA)** Page 47
Memorandum, presented by David Murphy, Acting General Manager - Strategy and Planning.
10. **Capital New Growth Programmes - Request to Bring Forward Funding** Page 133
Memorandum, presented by Robert van Bentum, Manager - Transport and Infrastructure.
11. **Capital New Development Contributions Programmes of Work 2020-21 - Request for Additional Funding** Page 141
Memorandum, presented by Robert van Bentum, Manager - Transport and Infrastructure.

12. **Cuba Street Redevelopment Stage 2 Endorsement of Option** Page 145
Memorandum, presented by Robert van Bentum, Manager - Transport and Infrastructure.
13. **District Plan Change C: Kikiwhenua Residential Area - Operative Report** Page 155
Memorandum, presented by Michael Duindam, Acting City Planning Manager.
14. **Palmerston North Performing Arts Trust - Annual Report and Audited Annual Accounts 2020** Page 159
Memorandum, presented by Hannah White, Democracy & Governance Manager.
15. **Appointed Member resignation and Rangitāne nomination for Environmental Sustainability Committee** Page 175
Memorandum, presented by Hannah White, Democracy & Governance Manager.
16. **Committee Chair appointments for remainder of 2019-2022 term** Page 181
Memorandum, presented by Hannah White, Democracy & Governance Manager.
17. **Council Work Schedule** Page 187

RECOMMENDATIONS FROM COMMITTEE MEETINGS

18. **Presentation of the Part I Public Rangitāne o Manawātū Recommendations from its 25 November 2020 Meeting** Page 189
“That the Committees recommendations be adopted or otherwise dealt with.”
19. **Presentation of the Part I Public Infrastructure Committee Recommendations from its 2 December 2020 Meeting** Page 191

“That the Committees recommendations be adopted or otherwise dealt with.”

20. Presentation of the Part I Public Planning & Strategy Committee Recommendations from its 9 December 2020 Meeting Page 193

“That the Committees recommendations be adopted or otherwise dealt with.”

21. Presentation of the Part I Public Finance & Audit Committee Recommendations from its 16 December 2020 Meeting Page 195

“That the Committees recommendations be adopted or otherwise dealt with.”

22. Exclusion of Public

To be moved:

“That the public be excluded from the following parts of the proceedings of this meeting listed in the table below.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered		Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution
23.	Minutes of the ordinary meeting – Part II Confidential 25 November 2020 and the extraordinary meeting - Part II Confidential 10 December 2020	For the reasons setout in the ordinary minutes of 25 November 2020 and the extraordinary minutes of 10 December 2020, with public present.	
24.	Memorial Park	Negotiations	s7(2)(i)
25	Presentation of the Part II Confidential Finance & Audit Committee Recommendations from its 16 December 2020 Meeting	Third Party Confidential	s7(2)(b)(ii)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as stated in the above table.

Also that the persons listed below be permitted to remain after the public has been excluded for the reasons stated.

[Add Third Parties], because of their knowledge and ability to assist the meeting in speaking to their report/s [or other matters as specified] and answering questions, noting that such person/s will be present at the meeting only for the items that relate to their respective report/s [or matters as specified].

PRESENTATION

TO: Council

MEETING DATE: 21 December 2020

TITLE: Presentation - Palmy BID

RECOMMENDATION TO COUNCIL

- 1. That the Council receive the presentation for information.**

SUMMARY

Ms Amanda Linsley and Mr Rob Campbell will present the final Business Improvement District poll results and Palmy BID recommendations.

ATTACHMENTS

Nil

MEMORANDUM

TO: Council

MEETING DATE: 21 December 2020

TITLE: Consideration of targeted rate for Palmy Business Improvement District (BID)

PRESENTED BY: David Murphy, Acting General Manager - Strategy and Planning

APPROVED BY: Heather Shotter, Chief Executive

RECOMMENDATION(S) TO COUNCIL

1. That Council incorporate a \$250,000 (plus GST) programme into the proposed 2021-2031 Long Term Plan to be funded via a targeted rate to support the promotion and development of the Palmerston North city centre through the establishment of a Business Improvement District administered by Palmy BID.
2. That the targeted rate be assessed on rating units within the boundary (as proposed by the Palmy BID) that are classified for the Council's general rate as commercial/industrial with 50% of the sum to be collected set as a fixed rate per rating unit and the balance based on the capital value

1. ISSUE

Palmy BID is requesting that the Council consider incorporating a targeted rate for the purposes of funding a Business Improvement District (BID) in the area shown in Attachment 1.

2. BACKGROUND

The concept of a city centre BID was discussed in the lead-up to the preparation of the 2018 Long Term Plan and is included as an action in the current City Centre Plan. The 2018 Long Term Plan allocated seed funding to support the initial work of Palmy BID.

The Palmy BID proponent has been in existence since 2017/18. The Palmy BID proponent has undertaken soft engagement of a BID concept and its value proposition to the central Palmerston North area. Following this, Palmy BID led a formal poll to establish the BID.

Voting closed on 7 December 2020 with a 27.80% turnout and 60.94% majority in favour of the Palmy BID proposal. The BID Policy requires a poll to achieve a 25% voting return with the majority of those votes to be in favour of the proposal.

The Council is now being asked to consider implementing a targeted rate to support the implementation of the BID.

The Business Improvement District Policy requires that a BID proponent must present the following to Council to support its request:

- Evidence of a mandate.
- Evidence of incorporation.
- The agreed BID boundaries.
- The budget.
- The strategic plan.

With regards to each of the matters above:

- The poll result was a 27.80% turnout and 60.94% majority.
- Palmy BID is a legal entity (an incorporated society).
- The BID boundaries are shown in Attachment 1.
- The Palmy BID proposal that was the subject of the poll incorporated the following elements:
 - a) A budget of \$250,000 plus GST.
 - b) A hybrid funding model that aims to share the load equitably amongst the variable size and value of properties in the zone. It involves a flat rate for every property designed to collect 50% of the budget requirement plus a variable rate based on the Capital Value (CV) of the property. It would be up to the individual landowner to determine how the cost of the BID rate would be shared.
- A copy of the Palmy BID strategic plan is included as Attachment 2.

3. NEXT STEPS

If Council approves the recommendation of this report, the Palmy BID funding request will be included as a programme for consideration in the Long Term Plan. The programme would

have a targeted rate to fund the grant, applied to properties eligible in the Palmy BID area as directed under the BID Policy.

The targeted rate would be tested through the Long Term Plan submissions process. This will inform Council's final decision on whether to apply the targeted rate and fund Palmy BID.



If funding is approved via the Long Term Plan process, a funding agreement would then be signed between Palmy BID and the Council to allow Palmy BID to start delivering on its strategic plan from 1 July 2021.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	Yes
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 2: A Creative and Exciting City	
The recommendations contribute to the outcomes of the Creative and Liveable Strategy	
The recommendations contribute to the achievement of action/actions in the City Centre Plan	
The actions are:	
Facilitate the formation of a business association and supporting contacts register for the city centre business community.	
Formulate a self-funded business improvement district (BID).	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	<p>The resourcing of the Palmy BID as a partner to deliver activities which improve the trading environment of Palmerston North city centre.</p> <p>The formalisation of the Palmy BID through a targeted rate provides an avenue for the central city business community to contribute to making Palmerston North a vibrant place to be in.</p> <p>Council support of an independently resourced and represented Business Improvement District will provide the resources, skills, and</p>

	social infrastructure to better enable local economic resilience and organising power.
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ATTACHMENTS

1. Attachment 1 - Palmy BID Proposed Area [↓](#) 
2. Attachment 2 - Palmy BID Strategic Plan [↓](#) 

Attachment 1: Palmy BID Proposed Business Improvement District Boundary and Rated Properties





Strategic Framework 2020 – 2022

Advocacy and Action

Central Palmerston North Business Improvement District (Palmy BID)
Unit 9a, Northcote Business Park
86, Grey Street
Palmerston North
4440

06 213 9877

info@palmybid.nz

VISION: PALMY BID To be recognised as the best Regional City BID in NZ

A successful BID is a successful City

MISSION: PALMY BID will create a vibrant, connected CBD where businesses feel supported, thrive and want to be

Introduction

This is a Strategic Framework for Palmy BID the Central Palmerston North Business Improvement District Inc.

It is designed to crystallise the objects of the BID established following consultation with key stakeholders prior to its incorporation.

The Framework is used to inform annual planning and resource allocation and aligns with the strategic direction of PNCC for the city.

Our Strategy will be delivered through a focus on 3 key areas of activity:

Advocacy & Representation
Proactive Marketing & Promotion
Business Development & Support

STRATEGIC PLAN 2020 - 2022					
VISION: PALMYBID To be recognised as the best Regional City BID in NZ	MISSION: To create a vibrant, connected CBD where businesses feel supported, thrive and want to be				
OUR 3 KEY FOCUS AREAS					
ADVOCATE FOR BUSINESS INTERESTS WITHIN THE BID & PROVIDE REPRESENTATION		BUSINESS GROWTH THROUGH MARKETING/EVENTS/PR		BUSINESS SUPPORT	
Lobby on behalf of the local business community on key issues affecting the CBD and provide connection between businesses, local government and other key stakeholders. A combined Voice is a strong voice for the CBD		Support, market and promote CBD Businesses and City-Centric Events throughout the CBD		Develop and Support CBD business to thrive safely in the Palmy BID area	
Build an effective Executive Committee that represents the CBD Business Community		Develop Partnerships with key stakeholders In the CBD		Provide Information with regards to business training and workshops relevant to CBD Businesses.	
Be the go to place for businesses for matters of concern in the CBD		Seek opportunities for growth and development			
ACTION	Commenced	ACTION	Commenced	ACTION	Commenced
1. Liaise/Consult with PNCC with regards to Streets for People (Infrastructure Projects)	✓	1. Work with Palmy Unleashed to develop City-	✓	1. Actively promote crime prevention and	

- part of the conversation before decisions are made - Next Stage of the Square Project. Develop strong, positive relationships with Council Officers and elected representative to maximise influence on all infrastructure decision making.		Centric Events to highlight our CBD - e.g. Street Party in George St (October) - funding available & Encourage the development of the CBD as an events hub for the Region and encourage other activations to showcase the diversity and uniqueness of the CBD		awareness (working alongside other agencies (such as Safe City). Support CBD by identifying and resolving operational issues that threaten safety and security.	
2. Liaise/Consult with PNCC to support innovative thinking and solutions to transport and parking issues, specifically with regards to the routing of the buses in the City and potential replacement of Bus Terminal and make 'connecting-up' the CBD to the wider City and Region a major focus for planning.	✓	2. Shades of Black - (Black Friday) shopping experience in November	✓	2. Liaise/Consult with PNCC on Local Alcohol Policy (LAP) - submission presented Feb 2020) 2a. Provide information and leadership to CBD businesses with regards to Earthquake Strengthening.	✓
3. Maintain or increase availability of carparking areas within CBD and address signage and 'way-finding'	✓	3. Let's do Christmas Palmy Style - Tie in with PNCC Weekend of Christmas	✓	3. Maintain a strong stakeholder communication strategy and encourage communication between members to enhance the social, cultural and economic wellbeing of the community	

4. Address challenges, e.g. Earthquake Prone Buildings					
This also comes under Safe-City - co-ordinate a group to work alongside Council to address these issues and explore options		4. Local Shopping Campaign (Align with Choose Manawatu)	√	4. Work Closely with organisations who have a role within the CBD, Iwi, Chamber of Commerce, CEDA, Horizons, NZ Police, Other	√
					√
		5. Restaurant/Café Directory - Mobile App?		5. Identify other areas of support businesses may require e.g. training - specifically in the retail and hospitality sectors and provide information	√
		6. Retail Directory - Iconic Shopping Experience/Mobile App?			
		7. Working alongside other agencies to build brand identity with a Comms Plan for our City Centre			
		8. Support other agencies to position Palmerston North as a City to Invest or do Business In			
SUCCESS MEASURES		SUCCESS MEASURES		SUCCESS MEASURES	
Internal Feedback/Survey		Indicators of business t/o - consumer spend		Perceptions of Safety	
PNCC listen to and act on Feedback		Foot traffic and other CBD Stats		Crime Rates/Central City	

				Safety Survey Statistics	
Submissions to annual and long-term plan		Visitor Numbers		Business Satisfaction Survey	
Project Specific Lobbying		Type and Number of Businesses			
		Use of Palmy BID Logo and Recognition of Same (plus other collateral)			
		Changes in Vacancy Rates/Commercial Rents			
Further to be Defined		Further to be Defined		Further to be Defined	

Long Term Outcomes

Grow total spend and transactions in the Palmerston North CBD

Retain and enhance the attraction of the Palmerston North CBD so that commercial occupancy rates are maintained

Ensure the growth of the CBD is supported by a safe and secure environment with reported crime at or better than existing levels

(N.B. KPI's and measures to be determined)

PALMERSTON NORTH CITY COUNCIL

Minutes of the Council Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 25 November 2020, commencing at 9.03am

Members Present: The Mayor (Grant Smith) (in the Chair) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor and Aleisha Rutherford.

Apologies: Councillor Bruno Petrenas (late arrival) and Susan Baty (early departure).

Councillor Bruno Petrenas was present when the meeting resumed at 9.46am. He was not present for clause 134.

Councillor Aleisha Rutherford was not present when the meeting resumed at 9.46am. She entered the meeting again at 9.55am during consideration of clause 136. She was not present for clause 135.

Councillor Susan Baty left the meeting at 11.10am during consideration of clause 139. She was not present for clauses 139 to 143 inclusive.

134-20 Apologies

Moved Grant Smith, seconded Aleisha Rutherford.

RESOLVED

That Council receive the apologies from Councillor Bruno Petrenas (for late arrival).

Clause 134-20 above was carried 14 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor and Aleisha Rutherford.

Declarations of Interest

Councillors Susan Baty, Rachel Bowen and Aleisha Rutherford declared a non-financial interest in Item 15 District Licensing Committee Appointments (clause 145); they left the room for this item.

Investiture ceremony of the Deputy Mayor

Mr Wiremu Te Awe Awe lead a karakia and waiata.

The Mayor (Grant Smith) made a speech detailing Councillor Aleisha

Rutherford's early life, her work experience in youth services and her dedication to community service. Elected onto the council in 2013, she has served for three terms and is the youngest councillor. She has served on many council committees and external organisations and has proven herself as a capable and dedicated councillor.

The Mayor congratulated Councillor Rutherford and awarded her the Deputy Mayor's chains.

Councillor Rutherford thanked the Mayor, councillors and her family for their ongoing support. She acknowledged the challenges facing the city and the responsibilities of the position; she is proud to be a part of the team.

The meeting adjourned at 9.19am.

The meeting resumed at 9.46am.

Councillor Aleisha Rutherford was not present when the meeting resumed.

Councillor Bruno Petrenas was present when the meeting resumed.

135-20 Confirmation of Minutes

Moved Grant Smith, seconded Lorna Johnson.

RESOLVED

That the minutes of the ordinary meeting of 28 October 2020 Part I Public be confirmed as a true and correct record.

Clause 135-20 above was carried 14 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor and Bruno Petrenas.

Note:

Councillor Vaughan Dennison requested that the minutes note his recorded interest in clause 117.1 Notice of Motion: Council Housing at Whakarongo.

REPORTS1

126-20 Recycling - Proposed Change to Range of Materials Accepted

Report, presented by Mike Monaghan, Water and Waste Operations Manager and Natasha Hickmott, Rubbish and Recycling Engineering.

Councillor Brent Barrett spoke on the proposed education campaign to reduce the amount of plastic going to landfill. He moved a motion to ensure the Council sees the proposed education campaign's scope and scale before it is rolled out.

Councillor Aleisha Rutherford returned to the meeting at 9.55am

Moved Brent Barrett, seconded Rachel Bowen.

RESOLVED

That the Chief Executive report on options, including education, to reduce non-recyclable plastic waste to landfill and which could be delivered to the community alongside any change in PNCC plastic recycling services.

Clause 136.1 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

Moved Grant Smith, seconded Aleisha Rutherford.

RESOLVED

To agree in principle to reduce the range of plastics accepted for recycling in Palmerston North to plastics PET ('1'), HDPE ('2') and PP ('5') subject to undertaking consultation with the community on this change.

Clause 136.2 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

137-20

Junior Skatepark

Memorandum, presented by Kathy Dever-Tod, Parks and Reserves Manager.

Moved Vaughan Dennison, seconded Rachel Bowen.

RESOLVED

That in order to progress options for a junior skatepark, the funding of a feasibility study be referred to the Long-Term Plan process, together with a placeholder programme for the design and build of such a skatepark; subject to the outcome of the feasibility study.

Clause 137 137-20 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

Moved Karen Naylor, seconded Leonie Hapeta

Note:

On a motion: 'That in order to progress options for a junior skatepark, that funding be referred to the Long-Term Plan process for the design and build of a skatepark' the motion was lost 2

votes to 13, the voting being as follows:

For:

Councillors Leonie Hapeta and Karen Naylor.

Against:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Bruno Petrenas and Aleisha Rutherford.

138-20 Order of Candidates' Names on Voting Documents

Report, presented by Hannah White, Democracy and Governance Manager.

Moved Grant Smith, seconded Aleisha Rutherford.

RESOLVED

That, pursuant to Regulation 31 of the Local Electoral Regulations 2001, the Council decides that random order will be used for arranging the names of candidates on voting documents for Palmerston North City Council.

Clause 138-20 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

Councillor Susan Baty left the meeting at 11.10am.

139-20 Council Work Schedule

The Mayor explained that the Council and committee calendar for 2021 was being finalised and would be agreed at an extraordinary Council meeting in December. The first meeting of 2021 is planned for 10 February.

Moved Grant Smith, seconded Aleisha Rutherford.

RESOLVED

1. That the Council receive its Work Schedule dated November 2020.

Clause 139-20 above was carried 14 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

RECOMMENDATIONS FROM COMMITTEE MEETINGS

140-20 Community Development Committee Part I Public - 4 November 2020

Consideration was given to Community Development Committee recommendations as appended to these minutes.

Moved Lorna Johnson, seconded Rachel Bowen.

RESOLVED

2. 1. To adopt:

- Clause 41-20 Presentation - Disability Reference Group, recommendation 2
- Clause 44-20 The future of library services in Highbury, recommendation 2 from the Community Development Committee meeting of 4 November 2020.

3. 2. To revoke the report outlining the cost of achieving mobility parking compliance be removed from the Community Development Committee work schedule.

Clause 140-20 above was carried 14 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

141-20

Arts, Culture & Heritage Committee Part I Public - 11 November 2020

Consideration was given to Arts, Culture & Heritage Committee recommendations as appended to these minutes.

Moved Rachel Bowen, seconded Brent Barrett.

RESOLVED

To adopt:

- Clause 27-20 Section 17A Review of Caccia Birch House, recommendations 2,3 & 4
- Clause 28-20 Cultural Council Controlled Organisations' Annual Reports 2019-20, recommendations 2 & 3
- Clause 30-20 Statement of Expectation for Cultural Council Controlled Organisations 2021-22, recommendation 2

from the Arts, Culture & Heritage Committee meeting of 11 November 2020.

Clause 141-20 above was carried 14 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

142-20

Finance & Audit Committee Part I Public - 18 November 2020

Consideration was given to Finance & Audit Committee recommendations as appended to these minutes.

Moved Karen Naylor, seconded Aleisha Rutherford.

RESOLVED

To adopt Clause 58-20 Colquhoun Park - Proposal to Grant a Lease on Reserve Land to the Scout Association of New Zealand, recommendations 1, 2 & 3 from the Finance & Audit Committee meeting of 18 November 2020.

Clause 142-20 above was carried 14 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

EXCLUSION OF PUBLIC

143-20 Recommendation to Exclude Public

Moved Grant Smith, seconded Aleisha Rutherford.

RESOLVED

"That the public be excluded from the following parts of the proceedings of this meeting listed in the table below.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered		Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution
14.	Minutes of the ordinary meeting - Part II Confidential - 28 October 2020	For the reasons listed in the ordinary minutes of 28 October 2020, with public present.	
15.	District Licensing Committee Appointments	Privacy	s7(2)(a)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as stated in the above table.

Clause 143-20 above was carried 14 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

The public part of the meeting finished at 11.16am

Confirmed 21 December 2020

Mayor

RECOMMENDATIONS FROM COMMITTEE

TO: Council

MEETING DATE: 25 November 2020

TITLE: Presentation of the Part I Public Community Development Committee Recommendations from its 4 November 2020 Meeting

Set out below are the recommendations only from the Community Development Committee meeting Part I Public held on 4 November 2020. The Council may resolve to adopt, amend, receive, note or not adopt any such recommendations. (SO 2.18.1)

41-20 Presentation - Disability Reference Group

The **COMMITTEE RECOMMENDS**

4. 2. That Council acknowledges the Enabling Good Lives principles and seeks to integrate them into the way Council goes about its work.

44-20 The future of library services in Highbury

Report, presented by Linda Moore, Libraries Manager and Julie Macdonald, Strategy and Policy Manager.

The **COMMITTEE RECOMMENDS**

5. 2. That Council endorse 'Option 1 Te Pātikitiki status quo - delay further action pending citywide review' for the future of library services in Highbury.

48-20 Committee Work Schedule - November 2020

In discussion it was agreed to remove the report regarding mobility parking from the Committee Work Schedule since the Council had already implemented additional services to monitor compliance of this scheme.

The **COMMITTEE RECOMMENDS**

6. 2. That Council revokes the report outlining the cost of achieving mobility parking compliance be removed from the Community Development Committee Work Schedule.

RECOMMENDATIONS FROM COMMITTEE

TO: Council

MEETING DATE: 25 November 2020

TITLE: Presentation of the Part I Public Arts, Culture & Heritage Committee Recommendations from its 11 November 2020 Meeting

Set out below are the recommendations only from the Arts, Culture & Heritage Committee meeting Part I Public held on 11 November 2020. The Council may resolve to adopt, amend, receive, note or not adopt any such recommendations. (SO 2.18.1)

27-20 Section 17A Review of Caccia Birch House

Report, presented by Julie Macdonald, Strategy & Policy Manager.

The **COMMITTEE RECOMMENDS**

2. That Council endorse Option 2, Service delivery by the Council, of the report entitled 'Section 17A Review of Caccia Birch House', presented to the Arts, Culture & Heritage Committee on 11 November 2020, as the preferred option for the day-to-day management of Caccia Birch House, grounds and Coach House.
3. That Council instruct the Chief Executive to undertake public consultation on the preferred option and report back through the Arts, Culture and Heritage Committee.
4. That Attachment 2 (Confidential) be publicly released if Council decides not to pursue a commercial lease agreement for Caccia Birch House, with the information about the terms of Council's catering contract redacted.

28-20 Cultural Council Controlled Organisations' Annual Reports 2019-20

Memorandum, presented by Julie Macdonald, Strategy & Policy Manager.

The **COMMITTEE RECOMMENDS**

2. That Council receive the annual reports for 2019-20 submitted by Caccia Birch Trust Board, Regent Theatre Trust, Globe Theatre Trust and Te Manawa Museums Trust (Attachments 2, 4, 6 and 8 of the memorandum entitled 'Cultural Council Controlled Organisations' Annual Reports 2019-20', presented to the Arts, Culture & Heritage Committee on 11 November 2020).

3. That Council thanks the board members, staff and volunteers of Caccia Birch Trust Board, Regent Theatre Trust, Globe Theatre Trust and Te Manawa Museums Trust for their contributions and commitment during the 2019-20 year.

30-20 Statement of Expectation for Cultural Council Controlled Organisations 2021-22

Memorandum, presented by Julie Macdonald, Strategy & Policy Manager.

The COMMITTEE RECOMMENDS

2. That Council approve the Statements of Expectations delivered to Te Manawa Museums Trust, Regent Theatre Trust, Globe Theatre Trust, and Caccia Birch Trust Board in 2019 (Attachments 1–4 of the memorandum entitled 'Statement of Expectations for Cultural Council Controlled Organisations 2021-22', presented to the Arts, Culture & Heritage Committee on 11 November 2020) as the basis for the Statements of Intent 2021–2024.

RECOMMENDATIONS FROM COMMITTEE

TO: Council

MEETING DATE: 25 November 2020

TITLE: Presentation of the Part I Public Finance & Audit Committee Recommendations from its 18 November 2020 Meeting

Set out below are the recommendations only from the Finance & Audit Committee meeting Part I Public held on 18 November 2020. The Council may resolve to adopt, amend, receive, note or not adopt any such recommendations. (SO 2.18.1)

58-20 Colquhoun Park - Proposal to Grant a Lease on Reserve Land to The Scout Association of New Zealand

Report, presented by Bryce Hosking, Manager - Property; Kathy Dever-Tod, Manager - Parks and Reserves.

The **COMMITTEE RECOMMENDS**

1. That Council notes the public notification process required under Sections 54, 119 and 120 of the Reserves Act 1977 has been completed with Council advertising its intention to lease reserve land at Colquhoun Park, 123 John F Kennedy Drive to The Scout Association of New Zealand.
2. That Council approve the Deed of Lease as attached in Appendix 1 of the report titled 'Colquhoun Park - Proposal to Grant a Lease on Reserve Land to The Scout Association of New Zealand' presented to the Finance & Audit Committee on 18 November 2020.
3. That Council, being satisfied that the functions and purposes of the Reserves Act have been considered, that the statutory processes have been met, and being satisfied that the decision is a reasonable one, exercise the delegated authority approved by the Minister of Conservation to grant consent for the lease at Colquhoun Park, 123 John F Kennedy Drive to The Scout Association of New Zealand.

PALMERSTON NORTH CITY COUNCIL

Minutes of the Extraordinary Council Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 10 December 2020, commencing at 8.30am.

Members Present: Grant Smith (The Mayor) (in the Chair) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

Apologies: Councillor Leonie Hapeta

Councillor Leonie Hapeta entered the meeting at 8.33am before consideration of clause 145. She was not present for clause 144 inclusive.

146-20 Apologies

Moved Grant Smith, seconded Aleisha Rutherford.

RESOLVED

That Council receive the apologies for Councillor Leonie Hapeta (for lateness).

Clause 146-20 above was carried 14 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

Councillor Leonie Hapeta arrived at the meeting at 8.33am.

REPORTS

147-20 Annual Meeting Calendar 2021

Memorandum, presented by Hannah White, Democracy & Governance Manager.

Moved Grant Smith, seconded Aleisha Rutherford.

RESOLVED

To adopt the Annual Meeting Calendar 2021 (Appendix 1) to the report titled 'Annual Meeting Calendar 2021'.

Clause 147-20 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

EXCLUSION OF PUBLIC

148-20 Recommendation to Exclude Public

Moved Grant Smith, seconded Aleisha Rutherford.

RESOLVED

“That the public be excluded from the following parts of the proceedings of this meeting listed in the table below.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered		Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution
6.	Memorial Park	Negotiations	s7(2)(i)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as stated in the above table.

Clause 148-20 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

The public part of the meeting finished at 8.40am

Confirmed 21 December 2020

Mayor

NOTICE OF MOTION

TO: Council

MEETING DATE: 21 December 2020

TITLE: Notice of Motion - Council Rental Policy

FROM: Councillor Lorna Johnson

THAT THE COUNCIL RESOLVES:

1. That in regard to the setting of rents for subsidised council housing tenants, the Chief Executive ensures that the formulas used in FY 2020 (see table 1 below) are used when calculating the increases for FY 2021.
2. That a review of the guidelines for council housing rents for council housing tenants is brought to Council for approval prior to the calculation of rents for FY2022.

NOTICE OF MOTION

I, Councillor Lorna Johnson, in accordance with Standing Order 2.7.1. hereby GIVE NOTICE OF MOTION that I will move at the next Council meeting on 10 December 2020 the following motion:

1. That in regard to the setting of rents for subsidised council housing tenants, the CE ensures that the formulas used in FY 2020 (see table 1 below) are used when calculating the increases for FY 2021.
2. That a review of the guidelines for council housing rents for council housing tenants is brought to Council for approval prior to the calculation of rents for FY2022.

AND I further give notice that in compliance with Standing Order 2.7.2 the reasons for the Notice of Motion include:

Council has a responsibility to be a good landlord and to be a role model for other landlords. Any annual increase in rents must be justified and reasonable. Council has set a policy that rents should be affordable, and therefore subsidised, for tenants in receipt of superannuation or supported living payments. The guidelines state that rents shall be up to 30% of income, in order to make the housing costs affordable, however it has been longstanding council practice to use 25% of income formula for the majority of tenants.

PALMERSTON NORTH CITY COUNCIL

Earlier this month an operational decision was made that rents would be increased to 30% of income this year (with the exception of bedsits). This announcement signaled a change in the normal practice of calculating rents, hence the need for a notice of motion to propose restoration of the status quo until a review is conducted

The table below show the current rents, proposed rents, potential off set by Accommodation Supplement and the proposed rents if formulas are not changed, both in dollar terms and percentage increases. It should be noted that not all tenants will be eligible for accommodation supplement to off-set the significant increase proposed.

Rents as per 22nd January 2021						
Accommodation	Group	Type	Current Rent	Proposed Rent	Change proposed	Rent if no change to formula
Subsidised	Superannuant	Single person (bedsit)	25% less \$5	25%	Increase from \$97 to \$105 (8.2%)	\$100 (3%)
		Single person (single unit- can fit single bed only)	25%	30%	Increase from \$102 – \$127, (24.5%) (\$112.30 with supplement) (10%)	\$105 (2.9%)
		Single person (single unit – can fit double bed)	No change to formula – already at 30%		Increase from \$123 - \$127 (\$112.30 with supplement)	\$127 (3.2%)
		Couple	25%	30%	Increase from \$158 to \$195 (23.4%) (\$172.60 with supplement) (9.2%)	\$163 (3.1%)
	Supported Living	Single	No change to formula		Increase relates to benefit increase	
		Couple	25%	30%	Increase from \$114 to \$148 (29.8%) (\$131.20 with supplement)	\$123 (7.8%)
Unsubsidised	Market rents were compared to the information produced by Tenancy Services.					median quartile.

Moved: Councillor Lorna Johnson

Seconded: Councillor Susan Baty

ATTACHMENTS

Officers response – Notice of Motion: Council Rental Policy

MEMORANDUM

TO: Council

MEETING DATE: 21 December 2020

TITLE: Notice of Motion Response - Social Housing Annual Rent Increase

PRESENTED BY: Chris Dyhrberg, Chief Customer Officer

APPROVED BY: Heather Shotter, Chief Executive

RECOMMENDATION TO COUNCIL

1. That the memorandum titled "Notice of Motion – Social Housing Rent Increase" presented to Council on 21 December 2020 be received for information.

1. ISSUE

- 1.1 In accordance with Standing Order 2.7.1 a Notice of Motion was received on 30 November 2020 for the following:

"That in regard to the setting of rents for subsidised council housing tenants, the CE ensures that the formulas used in FY 2020 (see table 1 below) are used when calculating the increases for FY 2021."

"That a review of the guidelines for council housing rents for council housing tenants is brought to Council for approval prior to the calculation of rents for FY2022."

- 1.2 In compliance with Standing Order 2.7.2, the reasons provided for this Notice of Motion are:

Council has a responsibility to be a good landlord and to be a role model for other landlords. Any annual increase in rents must be justified and reasonable. Council has set a policy that rents should be affordable, and therefore subsidised, for tenants in receipt of superannuation or supported living payments. The guidelines state that rents shall be up to 30% of income, in order to make the housing costs affordable, however it has been longstanding council practice to use 25% of income formula for the majority of tenants.

PALMERSTON NORTH CITY COUNCIL

Earlier this month an operational decision was made that rents would be increased to 30% of income this year (with the exception of bedsits). This announcement signalled a change in the normal practice of calculating rents, hence the need for a notice of motion to propose restoration of the status quo until a review is conducted.

The table below show the current rents, proposed rents, potential off set by Accommodation Supplement and the proposed rents if formulas are not changed, both in dollar terms and percentage increases. It should be noted that not all tenants will be eligible for accommodation supplement to off-set the significant increase proposed."

Rents as per 25 January 2021						
Accommodation	Group	Type	Current Rent	Proposed Rent	Change proposed	Rent if no change to formula
Subsidised	Superannuant	Single person (bedsit)	25% less \$5	25%	Increase from \$97 to \$105 (8.2%)	\$100 (3%)
		Single person (single unit - can fit single bed only)	25%	30%	Increase from \$102 – \$127, (24.5%) (\$112.30 with supplement) (10%)	\$105 (2.9%)
		Single person (single unit – can fit double bed)	No change to formula – already at 30%		Increase from \$123 - \$127 (\$112.30 with supplement)	\$127 (3.2%)
		Couple	25%	30%	Increase from \$158 to \$195 (23.4%) (\$172.60 with supplement) (9.2%)	\$163 (3.1%)
	Supported Living	Single	No change to formula		Increase relates to benefit increase	
		Couple	25%	30%	Increase from \$114 to \$148 (29.8%) (\$131.20 with supplement)	\$123 (7.8%)
Unsubsidised	Market rents were compared to the information produced by Tenancy Services.					median quartile.

- 1.3 The purpose of this memo is to provide background to inform deliberations on the Notice of Motion.

2. BACKGROUND

2.1 The Social Housing Plan, adopted as part of the 2018-2028 Long Term Plan, describes Council's commitment to provide warm, safe and affordable housing for people on low incomes. The plan outlines the high-level criteria and refers to the Social Housing Guidelines for more detail. The Guidelines (attached) are the operational guidelines for Council housing and are based on the previous Social Housing Strategy.

2.2 The adoption of the Long-Term Plan confirmed Council's direction that social housing criteria applies to all housing, and not only to that which is subsidised.

2.3 The Guidelines state that:

The former 'public housing' (92 units) rentals will be set at market rates.

The remaining housing will be subsidised (as under the previous Social Housing Strategy):

- For superannuitants, rent is set at no more than 30% of Superannuation
- For people with long term disabilities, rent is set at no more than 30% of the Supported Living Payment
- For people who are on low incomes and experience barriers to renting in the private market, rent is set at no more than 30% of the Jobseeker Support, or other relevant benefit, for up to 20 units.

2.4 Each year on 1 April, Ministry of Social Development announces the increase to benefits and, as the rent of subsidised tenancies is linked to tenant's income, this typically triggers a rent review, with any increase implemented from 1 June.

2.5 Due to Covid-19, rents were frozen till 26 September 2020.

2.6 There was a financial consequence (unrealised revenue), for Council in delaying the rent review.

2.7 Officers made the decision to proceed with a rent increase on the basis that all subsidised tenancies (excluding bedsits), would be calculated as 30% of the tenant's net weekly income, and consequently Elected Members were advised of the rent increase on 13 November 2020.

2.8 Rent review letters, giving 60 days' notice, were posted to tenants on Friday 20 November 2020, advising that rent increases will be effective from 25 January 2021.

2.9 During the week of 23 November 2020, efforts were made to contact all subsidised tenants in person for the purpose of answering any questions they might have had.

3. CONCLUSION

- 3.1 Officers initiated a rent review process that is in keeping with the affordability guidelines agreed through the 10-year plan. The normal review was delayed due to the COVID pandemic.
- 3.2 The 10-year plan provides an opportunity for Elected Members to review Social Housing rent-setting. The financial or other consequences of any proposed change to the affordability threshold could be considered during the consultation process.

4. NEXT STEPS

- 4.1 If Council proceeds with the Notice of Motion to use the 2020 formula for calculating 2021 rent increases, Officers will issue letters to affected tenants advising them of the adjusted rent increase prior to 25 January 2021.

5. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in Not Applicable	

ATTACHMENTS

- 1A. Social Housing Guidelines [↓](#) 

Social Housing Guidelines from 1 July 2018 (current)

Introduction

These guidelines give effect to the *Social Housing Plan*, which states that:

The Council provides warm and safe housing for people on low incomes who:

- are superannuitants;
- have long term disabilities; or
- are on low incomes and experience barriers to renting in the private market

These guidelines apply to all housing owned by the Council and subject to the Social Housing Plan.

Eligibility

To be eligible for Council housing tenants must:

1. be a superannuitant with a Community Services Card OR
 2. receive the Supported Living Payment (or equivalent) OR
 3. be on a low income with a Community Services Card and experience barriers to meeting their housing needs in the private market OR
 4. be an international student family from a developing country (confirmed by a tertiary institution)
- AND (for 1-4)
5. have assets of less than \$40,000 (excluding a vehicle, household and personal effects and prepaid funeral arrangements)

Rent

The former 'public housing' (around 80 units) rentals will be set at market rates.

The remaining housing will be subsidised (as under the previous Social Housing Strategy):

- For superannuitants, rent is set at no more than 30% of Superannuation
- For people with long term disabilities, rent is set at no more than 30% of the Supported Living Payment
- For people who are on low incomes and experience barriers to renting in the private market, rent is set at no more than 30% of the Jobseeker Support, or other relevant benefit, for up to 20 units)

Notes:

A panel will be convened to assess applications and ensure decision-making reflects the intent of the Council Housing and Support Plan.

A balance of tenant groups (described above) will be housed, and implementation of the Plan will ensure that no one group 'crowds out' another.

MEMORANDUM

TO: Council

MEETING DATE: 21 December 2020

TITLE: Section 17A Review of Economic Development (CEDA)

PRESENTED BY: David Murphy, Acting General Manager - Strategy and Planning

APPROVED BY: Heather Shotter, Chief Executive

RECOMMENDATIONS TO COUNCIL

- 1 That Council retains the current Economic Development (CEDA) CCO model.
- 2 That the Mayor and Chief Executive of the Palmerston North City Council be delegated authority to approve amendments to the Statement of Expectations prior to the document being signed, including:
 - a) greater specificity regarding the destination marketing and regional tourism functions of CEDA.
 - b) the way in which CEDA collaborates with Palmerston North City Council to profile and market Palmerston North.
 - c) accommodating any changes to the CEDA contract.

1. ISSUE

The purpose of this report is to present the recommendations from the Joint Strategic Planning Committee (JSPC) regarding the Section 17A Review of Economic Development (CEDA) and Statement of Expectations for adoption.

On 10 December the JSPC considered the report on the S17A Review for CEDA. At the same meeting the JSPC also considered the proposed Statement of Expectations for CEDA.

The JSPC approved the proposed Statement of Expectations under delegation. However, the JSPC cannot approve the s17A Report. Instead, each Council must independently adopt the recommendation of the S17A report. The recommendation that the Mayor and Chief Executive be delegated authority to approve amendments to the Statement of Expectation has also been independently reported to both councils.

A copy of the GMD Consultants Ltd report that informed the s17A review is included as Attachment 1.

A copy of the Statement of Expectations approved by the JSPC under delegation is included as Attachment 2.

2. BACKGROUND

Palmerston North City Council (PNCC) and Manawatu District Council (MDC) jointly contract the Central Economic Development Agency (CEDA) to provide economic development services. The contract expires in June 2021 so the councils commissioned a s17A review of CEDA. The review was carried out by GMD Consultants Ltd.

The GMD review found that:

"... the current model for governance, funding and delivery of economic development activities (being the scope of activities currently undertaken by CEDA, including the EDA and RTO functions for the sub-region) is generally effective and we have not found any compelling evidence to indicate that an alternative model would be more cost-effective. CEDA is effective in achieving the requirements of the Statement of Intent. CEDA has achieved a strong stakeholder satisfaction rating and stakeholders are generally impressed with stakeholder communications. Retaining the status quo would mean that CEDA could continue to build its capability and capacity and would mean little disruption in the delivery of economic development activities. Making any significant changes to the governance, funding and delivery model at this point would likely slow down or stop any of the forward momentum."

In light of this the JSPC recommended that the councils retain the current CCO model for economic development.

CEDA: Destination Marketing and Regional Tourism Functions

Following consideration of the draft section 17A report from GMD consultants at a joint PNCC and MDC workshop on 10 November 2020, the PNCC members of the JSPC directed the PNCC Chief Executive to investigate delivering the destination marketing and regional tourism functions for Palmerston North in-house at PNCC. At present CEDA delivers these functions jointly for Manawatu and Palmerston North. PNCC members expressed concern that Palmerston North was not being sufficiently profiled and marketed by CEDA, particularly given the size of Palmerston North and the PNCC funding contribution to CEDA. As a result of this direction from PNCC members, Jason Hill of Meneth Consulting was engaged by PNCC to investigate in-house delivery by PNCC.

The Meneth Consulting report included the following recommendations:

- 1) That PNCC delays the decision to take the destination marketing function in-house or not for 1 year, keeping the current structure and funding in place with CEDA, BUT giving very clear guidance in the pending Letter of Expectation on what they expect CEDA to deliver on, and the performance indicators that would be attached.
- 2) Move the regional narrative to a “Palmy and Manawatu” message domestically and provide CEDA access to the Palmy brand assets and guidelines
- 3) Review CEDA’s performance in one year, buying time to monitor the Covid situation, and possible future changes to government policy and funding for regional tourism, which might negate another substantial change in structure and focus within a few years.

In making the recommendations above, the Meneth Consulting Report identified the following major considerations:

- What would the **measurable benefits** be of bringing the destination marketing function in house, given the city already receives 90% of visitor spend in the wider Manawatu region?
- **The impact on CEDA** as the regional EDA (and RTO) and the current level of integrated thinking, branding and activity across sectors which was only put together 4 years ago.
- **The timing** of the proposal given the uncertainty surrounding Covid, the pending CEDA Letter of Expectation for next year, and the government funding and agreement in place with CEDA dedicated to domestic marketing and management and events.
- **Potential future government funding models for regional tourism** such as a levy on all commercial accommodation, that is given back to the RTOs from where it was collected, and which might negate the requirement for rates based council funding in the future.
- **The views of external stakeholders and partners interviewed** to the proposal which were strongly in favour of maintaining the current model.
- **The cost**, or perceived waste in undoing the investment over the last 4 years put into CEDA.
- **Regions with a similar make up** (a city with a surrounding rural area) and structures are **building regional brands** successfully (Hamilton and Waikato, Tauranga and Bay of Plenty, Whangarei and Northland, Invercargill and Southland, and even greater Auckland).
- Could the existing **PNCC communications team do more** to give external exposure to the new brand if that is what is desired?

A copy of the Meneth Consulting report is included as Attachment 3.

During consideration of the section 17A report by the JSPC on 10 December 2020, the destination marketing and regional tourism functions of CEDA were discussed. An amendment to the recommendations within the JSPC report was moved by Mayor Grant Smith and Deputy Mayor Aleisha Rutherford that sought in-house delivery by PNCC of destination marketing for Palmerston North and a corresponding reduction in the CEDA funding. The amendment was not passed by the JSPC.

Consistent with the advice from Meneth Consulting, the JSPC passed the following resolution:

That the Mayor and Chief Executive of the Manawātū District Council and the Mayor and Chief Executive of the Palmerston North City Council be delegated authority to approve amendments to the Statement of Expectations prior to the document being signed, including:

- a) *greater specificity regarding the destination marketing and regional tourism functions of CEDA.*
- b) *the way in which CEDA collaborates with Palmerston North City Council to profile and market Palmerston North.*
- c) *accommodating any changes to the CEDA contract.*

Should PNCC wish to reconsider the proposal for in-house delivery of destination marketing for Palmerston North and a corresponding reduction in the CEDA funding, it should carefully consider the following implications:

- a) Dilution of regional economic development in collaboration with MDC at a time when the Government is seeking greater regionalisation of local government functions.
- b) Public signal of a lack of confidence in CEDA.
- c) Reduced capability and capacity in CEDA.
- d) A risk that the \$700,000 Strategic Tourism Asset Protection Programme Government funding held by CEDA will need to be returned or partially returned.
- e) CEDA will be asked to continue the regional tourism organisation function, but without any funding for destination marketing.
- f) MDC will be forced to undertake destination marketing for the Manawatu themselves or continue to do this via CEDA.
- g) CEDA will still be required to promote both Palmerston North and the Manawatu for their other core functions (inward investment, talent attraction and international education).

- h) Partial separation of tourism and destination marketing functions as an economic development activity.
- i) Reduced economies of scale with CEDA's other functions.
- j) Increased risk the destination marketing budget may be cut or reduced in future PNCC budget prioritisation processes.
- k) Increased demands on PNCC resources.

The advantages of in-house delivery are direct control over destination marketing and the potential for stronger integration and use of the PALMY identity. The latter could be achieved via greater specificity in the Statement of Expectations.

Manawatu Business Awards, New Zealand AgriFood Week and Sort It Careers Expo

During consideration of the section 17A report by the JSPC on 10 December 2020, the responsibility of the delivery of the Manawatu Business Awards, New Zealand AgriFood Week and Sort It Careers Expo were also raised and discussed. An amendment to the recommendations within the JSPC was moved by Mayor Grant Smith and Deputy Mayor Aleisha Rutherford that sought in-house delivery of the Manawatu Business Awards, New Zealand AgriFood Week and Sort It Careers Expo and a corresponding reduction in the CEDA funding. The amendment was not passed by the JSPC.

Unlike the destination marketing and regional tourism function, no specific advice or analysis has been sought on this specific matter during the course of the section 17A review. It is not recommended that these events are delivered in-house for the following reasons:

- a) They are directly linked to the economic development function of CEDA.
- b) They are events that MDC has an interest in given MDC's financial contributions and intellectual property rights.
- c) They will require additional PNCC resource to manage and deliver.
- d) Any expectations PNCC has regarding delivery of these events can be clarified via greater specificity in the Statement of Expectations.

3. NEXT STEPS

Approve amendments to the Statement of Expectations prior to the document being signed, including:

- a) greater specificity regarding the destination marketing and regional tourism functions of CEDA.
- b) the way in which CEDA collaborates with Palmerston North City Council to profile and market Palmerston North.
- c) accommodating any changes to the CEDA contract.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the outcomes of the Economic Development Strategy	
The recommendations contribute to the achievement of action/actions in the Economic Development Plan in general. This is because CEDA provides a wide range of economic development services	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	There are strong links between economic well-being and the other well-beings and economic development is integral to Council's overall strategic well-being.

ATTACHMENTS

1. GMD Consultants Ltd s17A CEDA Report [!\[\]\(750841ae7100dc832cb0a4b3af4492f3_img.jpg\)](#) [!\[\]\(78e449f8a1164b81ecbd00cd97498e27_img.jpg\)](#)
2. 2021 CEDA Statement of Expectations [!\[\]\(9931ff4a747d4e6edc8cfe9a6d936949_img.jpg\)](#) [!\[\]\(d06bd4b5386b5ebdee91452b0403e593_img.jpg\)](#)
3. Meneth Consulting Report Destination Marketing and Regional Tourism Functions of CEDA [!\[\]\(9d34d65b16d32217c6053ef2fa9fa514_img.jpg\)](#) [!\[\]\(dd255690041a8abf54ed85ffd3c0a03c_img.jpg\)](#)

S17A Service Delivery Review of Economic Development Activity

Prepared by GMD Consultants for Palmerston North City Council and Manawātū District Council

Final Report

November 2020

GMD Consultants Ltd
Level 5, 127 Alexandra Street
Hamilton
3210

Acknowledgements

We wish to acknowledge the time, willingness, and co-operation of the interview participants as well as staff at Palmerston North City Council and Manawātū District Council. We have found the information, insights, and honesty with which the interviewees participated extremely helpful in preparing this report. This report and its recommendations are, however, our own.

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Executive summary

Purpose of the review

The purpose of this review is to apply Section 17A of the Local Government Act to determine the most cost-effective way to deliver the economic development activities currently undertaken under contract by the Central Economic Development Agency Limited (CEDA). The review is required under s17A because the current contract for services with CEDA expires within 2 years.

Trigger		Explanation
A contract for delivery of the service is due to expire within 2 years.	✓	CEDA began operating on 1 September 2016. The current contract with CEDA expires on 30 June 2021.

This review is a high-level, largely desktop, review of the governance, funding and delivery of economic development activities. It is based on the best practice guidance provided by the Society of Local Government Managers (SOLGM).

Current arrangements

PNCC and MDC have a contract with CEDA to provide economic development activities. CEDA is incorporated under the Companies Act 1993, with shareholders being Palmerston North City Council (50%) and Manawātū District Council (50%). CEDA is a council-controlled organisation (CCO) as defined in section 6 of the Local Government Act 2002.

CEDA operates as the Economic Development Agency and the Regional Tourism Organisation for the Palmerston North and Manawātū districts, with the scope of services outlined each year in a Statement of Intent, guided by a Letter of Expectation from the shareholders.

Rationale for economic development service provision

Undertaking economic development activity is a discretionary activity for councils, but the underlying rationale is consistent with the purpose of local government (s10 of the LGA) and also falls within the status and powers of a local authority as per s12(1) of the LGA.

Costs of delivering the economic development activity

The total income split as shown in the Statement of Intent is as follows:

Income	2020-21 Budget	2021-22 Forecast	2022-23 Forecast
Council funding	2,492,980	2,542,840	2,593,696
Other services income	630,928	630,928	630,928
Project Income	321,591	240,591	321,591
Total income	3,445,499	3,414,359	3,546,215

The majority of funding is provided by councils, with a proportional split between PNCC and MDC of around 75:25, based on population. CEDA also obtains just under 25% of its funding from other sources (such as central government funding, industry contributions and other revenue).

In the past year, CEDA also received an additional \$2.4m in central government funding to support COVID-19 impacted businesses and visitor sector.

Alternative delivery options








Section 17A sets out mandatory options to be considered. This has resulted in seven options for consideration. Each of the seven options has been assessed in relation to its potential to deliver the current Economic Development Activity in a cost-effective manner, by reference to the following factors:

- Effectiveness,
- Efficiency,
- Risk,
- Strategic Delivery,
- Community preferences and expectations,
- Financial,
- Achievability, and
- Capacity/Capability.

Each of these factors is rated either **red** (does not deliver), **amber** (delivers in some aspects), or **green** (delivers in all aspects/most favourable). Each option is then assessed overall for its ability to cost-effectively deliver the Economic Development Activity.

Overall assessment of all options

The overall assessment for each option is shown in the table below. Option 1, Status Quo, performed the best in relation to all the assessment factors.

Option	Overall assessment
Option 1 – Status Quo – Joint CCO	
Option 2 – Expanded Status Quo – more shareholders	
Option 3 – Separate CCO for each council	
Option 4 – In-house – each council	
Option 5 – Shared service (either council to the other)	
Option 6 – Other external agency – joint service	
Option 7 – Other external agency – each council	

Conclusions and recommendations

Overall, our assessment is that the current model for governance, funding and delivery of economic development activities (being the scope of activities currently undertaken by CEDA, including the EDA and RTO functions for the sub-region) is generally effective and we have not found any compelling evidence to indicate that an alternative model would be more cost-effective. CEDA is effective in achieving the requirements of the Statement of Intent. CEDA has achieved a strong stakeholder satisfaction rating and stakeholders are generally impressed with stakeholder communications.

Retaining the status quo would mean that CEDA could continue to build its capability and capacity and would mean little disruption in the delivery of economic development activities. Making any significant changes to the governance, funding and delivery model at this point would likely slow down or stop any of the forward momentum.

The review has found no fundamental issues with the model itself. Whilst issues were identified with the current model, by far the majority of interviewees were of the view that these issues would not be resolved by changing the model. We have therefore identified several refinement options that could be considered in order to improve the operation of the model. Potential refinement opportunities are outlined in section 6 and repeated in the conclusion.

1. Introduction

1.1 Introduction and purpose of review

GMD Consultants Ltd have been engaged by Palmerston North City Council and Manawātū District Council to undertake a service delivery review as required under s17A of the Local Government Act 2002 (LGA), in relation to the economic development activities currently undertaken under contract by the Central Economic Development Agency Limited (CEDA).

The scope of the work that GMD has been contracted to undertake is a high-level, largely desk-top review of the governance, funding and delivery of economic development activities, including engagement with a limited number of internal participants (subsequently extended to include three external participants, as outlined later in the report).

The purpose of the review is to apply s17A of the LGA to determine the most cost-effective way to deliver the economic development activities currently undertaken under contract by CEDA. We have included information on other economic development activities currently being undertaken by the Councils where it is helpful to contextualise the activities being undertaken, but these activities do not form part of our review.

This s17A review is based on the mandatory options set out in the LGA. It is not a performance review of CEDA under s65 of the LGA.

1.2 Legislative requirements

Section 17A of the LGA requires regular reviews of the cost-effectiveness of the delivery of activities. Section 17A(1) specifically requires that a local authority must review the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions.

The review must consider options for the governance, funding, and delivery of the activity. The full text of s17A is set out in Attachment One: Section 17A of the Local Government Act 2002.

The Society of Local Government Managers (SOLGM) emphasises that the s17A requirement is to “assess the cost-effectiveness of different options, and not to identify the least cost option...the lowest costs consistent with the achievement of the objectives for providing the service”.¹

A review under s17A does not look at whether or not the service or activity should be undertaken by the council – that is for the Long Term Plan and Annual Plan processes to address in consultation with the community.

1.3 Review process

GMD has undertaken this review with reference to the SOLGM best practice guidance (SOLGM 2015)².

GMD has been engaged to undertake a desk-top review supplemented by information provided by a limited pool of interview participants. The initial scope included internal interviewees only (internal to CEDA, and the Councils), however subsequently we were instructed to include three external organisations on the basis that these organisations (Manawātū Chamber of Commerce, Feilding and District Promotion, and Federated

¹ https://www.solgm.org.nz/Attachment?Action=Download&Attachment_id=79

² https://www.solgm.org.nz/Attachment?Action=Download&Attachment_id=1941

Farmers) would provide valuable input into the process, representative of wider business and economic activities within the sub-region. We did not speak directly with individual businesses who are recipients of the services.

If significant changes to the governance, funding and delivery model for CEDA were to be considered either as a result of this review or future work, we would strongly recommend that there be wider discussions, at the very least with CEDA's partner organisations (as listed in the Statement of Intent), a range of recipients of the service, and iwi, Māori, and mana whenua, before proceeding.

This report has been prepared on the basis of information made available to us as part of a desk-top review of relevant documentation, alongside the information provided to us by the interview participants and on the basis of the instructions provided to us by the clients, being Palmerston North City Council and Manawātū District Council. The report has been prepared solely for the purpose of s17A of the LGA. If there has not been full disclosure of relevant information by the participants, GMD is unable to accept any liability for any errors in the report or its recommendations.

Comments and quotes from the interviews have been used throughout this report but have not been attributed to any specific participant. Information from interviews has been grouped into themes relevant to the s17a assessment.

1.4 Reasons for review

Section 17A requires a review every six years or within 2 years of the expiry of a contract for the delivery of a service. In this case, the current contract expires on 30 June 2021.

The Joint Strategic Planning Committee of Palmerston North City Council and Manawātū District Council requested a s17A review be undertaken in the lead up to the Long Term Plan review next year and before the expiry of the current contract with CEDA, being 30 June 2021. Both councils subsequently agreed to undertake a service delivery review (s17A review under the LGA) of Economic Development (specifically, the CEDA contract).

Trigger	√ If relevant	Explanation
There is a significant change to a relevant level of service.		
A contract for delivery of the service is due to expire within 2 years.	√	CEDA began operating on 1 September 2016. The current contract with CEDA expires on 30 June 2021.
It has been six years or more since the last review of service delivery under section 17A was undertaken		
Other		

2. Description of service and current arrangements

There has been a long history of Palmerston North City Council (PNCC) and Manawātū District Council (MDC) jointly undertaking and providing for economic development activities across both council areas. Prior to the current council-controlled organisation (CCO), these activities were provided by external agencies. Following a review in 2015 by Morrison Low, community consultation was undertaken in accordance with the Local Government Act, and there was support for changing the model of governance and delivery to a CCO, with funding continuing to be provided by PNCC and MDC. As a result, CEDA was formed and began full operations in September 2016.

2.1 Current service delivery contract

PNCC and MDC have a contract with the Central Economic Development Agency (CEDA) to provide economic development activities. CEDA is incorporated under the Companies Act 1993, with shareholders being Palmerston North City Council (50%) and Manawātū District Council (50%). CEDA is a council-controlled organisation (CCO) as defined in section 6 of the Local Government Act 2002.

CEDA has a Board of directors (currently 6 directors), and currently a staff of 19 including the CEO.

2.2 Scope of services provided

CEDA's stated purpose is "to drive and facilitate the creation and growth of economic wealth for Manawātū and beyond".

PNCC and MDC entered into a Service Agreement with CEDA (dated 22 December 2016), along with an agreement in relation to the management of the service (also dated 22 December 2016). The services to be provided are essentially as agreed by the parties and may be varied from time to time as agreed in writing by CEDA and the recipient (the Councils).

Each year, a Statement of Intent is developed by CEDA, guided by the Letter of Expectations provided to it by the council shareholders. Based on the current Statement of Intent (Sol), the current scope of services is:

- Attract, retain and develop talent in the region
- Profile the region to attract people, business and investment and
- Attract, retain and develop business and investment in the region.

As such, CEDA operates as the Economic Development Agency and the Regional Tourism Organisation for Palmerston North and Manawātū districts. CEDA also has a role in providing regional/sub-regional events that relate specifically to economic development – these being Agri-Food week, Westpac Business Awards and Sort-It Careers Expo. Additionally, CEDA has a Regional Business Partners' contract with New Zealand Trade and Enterprise (NZTE)/Callaghan Innovation and Business Mentors New Zealand to act as the business partner for Manawātū-Whanganui (Horizons Region) in terms of providing business development support across the wider region.

Throughout this report we shall refer to the current scope of economic development activities provided by CEDA as the 'economic development activity' to which the s17A review applies. Importantly, this review does not separate out individual parts of the 'economic development activity' – it does not for example contemplate that parts of CEDA's functions should be undertaken as part of a different model. If this were to be contemplated, a separate review would be required. Separating component parts of the model would potentially impact on the

overall cost-effectiveness of the model. For example, there are interfaces between the components of CEDA's work which, if separated, would have cost and delivery implications.

Activities outside of scope of this review

Outside the scope of this review, the councils also individually provide services either in-house or through other agencies such as:

- Local-level city/district marketing/promotion activities
- Events outside CEDA's sub-regional/regional economic development scope (e.g. events with cultural/entertainment value)
- Information centres
- Grass-roots economic development and business support

A key point is that CEDA provides a regional role focussed on business, investment and talent attraction and growth. One interviewee characterised CEDA's role as "making the pie bigger", supported by other agencies such as the Manawātū Chamber of Commerce, whose role is about directly supporting business and how "the pie is cut up".

The following table helps to clarify the various economic development functions and roles in the region (source: CEDA). There are other key roles for other agencies, including councils and other agencies, in local economic development and community economic development.

Regional Economic Development	Local Economic Development	Community Economic Development
<p>Primary function for CEDA, lead roles highlighted.</p> <p>Partners: central and local government, private sector, wider public sector</p>	<p>Secondary function for CEDA in supporting role. Some lead activities in highlighted areas</p> <p>Partners: central and local government, community groups</p>	<p>Minor role for CEDA in highlighted areas</p> <p>Partners: central and local government, community groups</p>
<p>Sustained and concerted actions to raise standards of living and economic health of defined regions, involving multiple areas including development of human capital, critical infrastructure, regional competitiveness, social inclusion, health, safety, literacy, etc.</p> <p>Creation of new business and expansion of existing businesses in a way that expands total number of jobs and results in rising average wages.</p> <p>Typical activities:</p> <ul style="list-style-type: none"> • Encouraging entrepreneurship 	<p>Building economic capability of local area to improve economic future and quality of life.</p> <p>Process by which public, private, and non-government sector work together to create better conditions for economic growth and employment generation. Focus on enhancing competitiveness, increasing sustainable growth, and ensuring growth is inclusive.</p> <p>Typical activities:</p> <ul style="list-style-type: none"> • Physical planning • Environmental planning • Business development 	<p>Government and the private sector actively working with community to build strong communities, industries, and markets.</p> <p>Typical activities:</p> <ul style="list-style-type: none"> • Use of local resources to enhance economic opportunities while improving social conditions in a sustainable way • Not just poverty reduction programmes but not about maximising economic potential • Holistic approach to problems facing communities • Focus on unemployment, job loss, poverty, environmental

Regional Economic Development	Local Economic Development	Community Economic Development
<ul style="list-style-type: none"> • Develop, attract, and retain talent • Enhance attractiveness of region to those with identified skills and talent • Support a fiscal, legal, and regulatory environment that encourages businesses • Create larger pools of venture capital • Business attraction and retention • Encourage research and development and commercialisation • Destination marketing for visitation, talent, business, and investment attraction 	<ul style="list-style-type: none"> • Infrastructure provision • Real estate development • Improving local investment climate • Small business support • Enterprise creation • Investment attraction • Workforce development • Reinforcing business clusters • Area based initiatives • Targeting disadvantaged groups 	<p>degradation, and community control</p> <ul style="list-style-type: none"> • Role of social enterprise and third sector

Similarly, in the regional tourism space, CEDA provides the Regional Tourism Organisation (RTO) function at the sub-regional-level, whilst councils and other organisations provide other services such as city/district marketing and information centres.

Regional Tourism Organisation (CEDA)
<ul style="list-style-type: none"> • Development, leadership, monitoring and measuring progress of the region's Destination Management Plan • Business event and conference marketing and attraction • Regional digital presence – website and social media • Promotion of domestic and international visitation • Promotion of events • Promotional collateral • Publicist hosting and familiarisation programmes • Trade marking and regional attendance at travel trade and consumer shows, using the International Marketing Alliance mode of 9 regional marketing clusters • Management of strategic relationships with Tourism NZ and Air NZ who interact with regions via the RTO • Events with a regional economic development focus
Councils
<ul style="list-style-type: none"> • City/district marketing, promotion, branding • Events (e.g. cultural/entertainment events, other events)
Other organisations
<ul style="list-style-type: none"> • Information centres

2.3 Governance

Governance of the economic development activity delivered by CEDA is undertaken at two levels –by the Joint Strategic Planning Committee PNCC and MDC as shareholders, and by the CEDA Board as governors of the operations. The Joint Committee’s responsibilities include “To consider and promote the creation and growth of economic wealth for Manawatū and beyond, with particular reference to the activities of the Central Economic Development Agency Limited”. The delegations of the Joint Strategic Planning Committee are:

In relation to the Central Economic Development Agency (CEDA), the Joint Strategic Planning Committee has the following functions, powers, and duties under the Local Government Act 2002 and the Companies Act 1993:

- a. To adopt a policy that sets out the process for identification, appointment and remuneration of directors;*
- b. To appoint and remove a person or persons to be directors of CEDA;*
- c. To approve the remuneration to be paid to directors of CEDA;*
- d. To undertake the performance monitoring of CEDA, as per section 65 of the Local Government Act 2002;*
- e. To agree with the Statement of Intent of CEDA or, if the Joint Committee does not agree, to take all practical steps to require a Statement of Intent to be modified, as per section 65 of the Local Government Act 2002;*
- f. To receive the half yearly report of CEDA, as shareholder;*
- g. To receive the Annual Report of CEDA, as shareholder.*

CEDA operations are governed by a Board of independent directors, responsible for the strategic direction and control of CEDA’s activities. The Board guides and monitors the business and affairs of CEDA in accordance with the Companies Act 1993, the Local Government Act 2002, the Company’s Constitution, and the Statement of Intent.

2.4 Rationale for service provision

Palmerston North City Council

Palmerston North City Council’s 2018-28 Long Term Plan identifies the funding economic development services (through CEDA), operating the Palmerston North Conference and Function Centre, supporting international relations, and providing infrastructure as the key activities undertaken within its economic development activity.

The rationale for undertaking the economic development activity is best articulated in the 2018 Palmerston North City Council Economic Development Strategy’s goal:

We will drive entrepreneurship and innovation by providing the support, infrastructure, opportunities and conditions to enable traditional sectors to diversify and expand, and new industries and new economies to grow to create the employment opportunities that sustain and expand our city’s future. Palmerston North will stand out by transforming its economy to a low carbon economy, backed up by an action plan.

In addition, Palmerston North City Council is guided by the following in relation to the provision of economic development:

- Economic Development Plan 2018
- International Relations Plan 2018
- City Development Strategy 2018

- Housing and Future Development Plan 2018
- Strategic Partners Development Plan 2018
- Council's strategic goals and priorities (2018-28 LTP and Economic Development Strategy 2018) encompasses its community outcomes. The following relate primarily to economic development:
 - Goal 1: An innovative and growing city
 - Priority 1: Create and enable opportunities for employment and growth
 - Priority 2: Provide infrastructure to enable growth and a transport system that links people and opportunities
 - Priority 3: Diversify the economy to reduce reliance on traditional industries
 - Priority 4: Support an "innovation economy" to underpin growth into the future
 - Priority 5: Transform the economy to a low carbon economy

Manawatū District Council

The rationale for undertaking this activity, as per the Manawatū District Council 2018-28 Long Term Plan, is:

The Manawatū District Council is committed to working with our community and key partners to deliver a local economy that is prosperous and diverse and offers a high quality of life for all.

What we do: Maximise our key attributes of land, infrastructure and location, through our actions we will build up the District's economic capacity, improve our economic future and increase quality of life for all.

Manawatū District Council is also guided by the following in relation to the provision of economic development:

- Growing Manawatū: Manawatū Economic Development Strategy 2017
- The following community outcomes (2018-28 LTP) relate primarily to economic development:
 - Manawatū District attracts and retains residents and businesses
 - Manawatū District develops a broad economic base from its solid foundation in the primary sector
 - Manawatū District is connected via quality infrastructure, services, and technology

Economic development service provision

Economic development is a discretionary activity for councils, however, the underlying rationale for delivering this activity across both Councils is consistent with the overall purpose of local government (s10 of the LGA) which is "to enable democratic local decision-making and action by, and on behalf of, communities; and to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future." Undertaking economic development activity also falls within the status and powers of a local authority as per s12(1) of the LGA.

CEDA's purpose "to drive and facilitate the creation and growth of economic wealth for Manawatū and beyond"³ is consistent with the rationale for service provision across both Councils.

³ CEDA 2020-21 Statement of Intent

3. Costs of delivering the Economic Development activity under the current arrangements

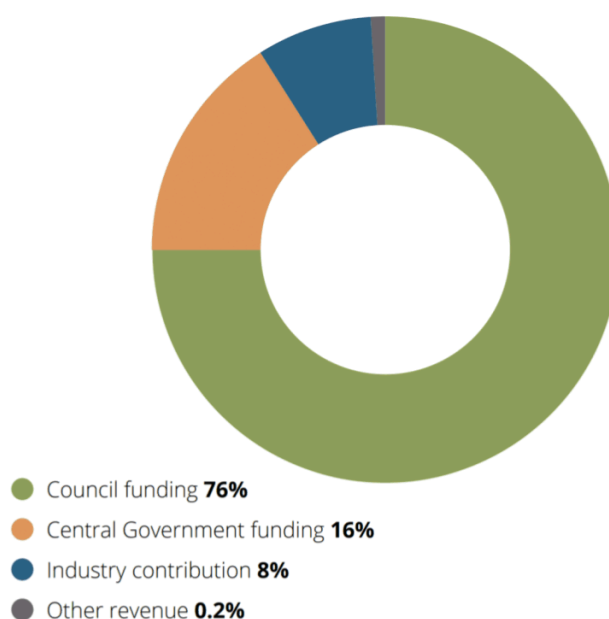
The majority of funding for the economic development activity delivered by CEDA is provided by councils, with the proportional split between PNCC and MDC being around 75:25, based on population. This will be reviewed next year, and as MDC has seen a high degree of population growth, it may mean that MDC will pay proportionately more than the current split. There are mechanisms in place to allow a review of the funding split.

The total income split as shown in the Statement of Intent is:

Income	2020-21 Budget	2021-22 Forecast	2022-23 Forecast
Council funding	2,492,980	2,542,840	2,593,696
Other services income	630,928	630,928	630,928
Project Income	321,591	240,591	321,591
Total income	3,445,499	3,414,359	3,546,215

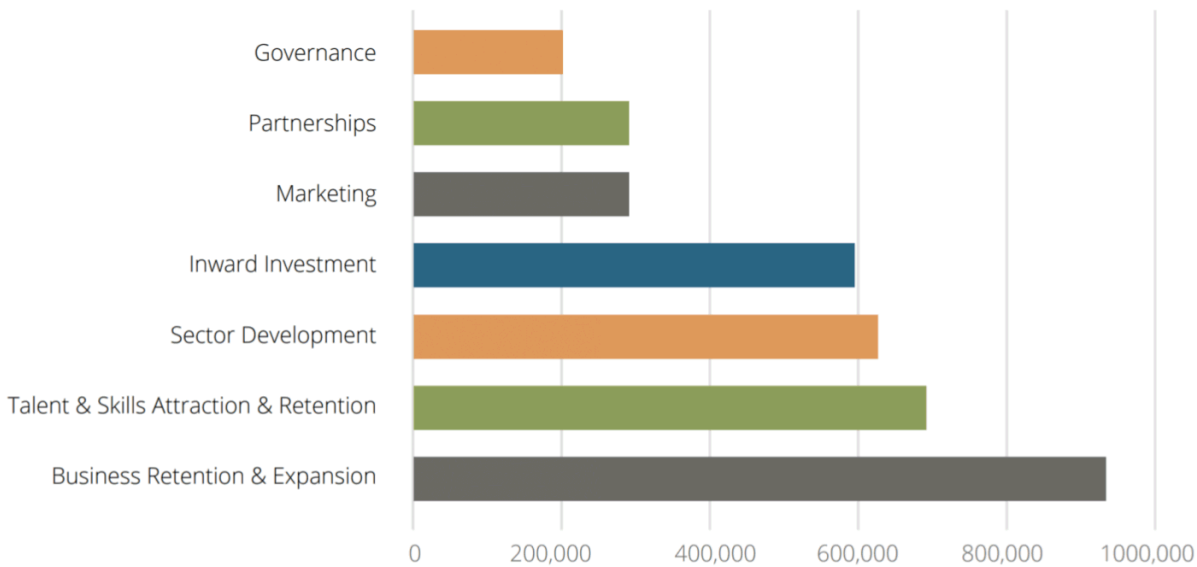
In the past year, CEDA also received an additional \$2.4m in central government funding to support COVID-19 impacted businesses and visitor sector.

The CEDA funding split for the 2020/21 year is shown in the following chart⁴:



⁴ CEDA Statement of Intent for year ending 30 June 2021, page 31

This income is allocated as follows:



The Chief Executive is responsible for the day-to-day operations of CEDA, engaging and oversight of staff and reporting to the directors on performance against CEDA's objectives. There are currently 19 staff at CEDA, including the Chief Executive.

4. Effectiveness of current arrangements for Economic Development Activity

Effectiveness can be measured in a variety of ways, for example through public perception/customer surveys, through analysis of delivery of the Sol including through meeting performance measures, and through benchmarking to similar services provided elsewhere. Other stakeholder information including views and preferences of elected members and staff involved in the delivery of the service have been collected as part of this review. We examine each of these measures in turn below.

4.1 Customer Surveys

Stakeholder feedback: Stakeholder satisfaction with CEDA for 2019/20 was 69%, up from 66% in 2018/19.

Stakeholders were generally impressed with stakeholder communications, and many felt that since COVID-19 lockdown CEDA had stepped communication up to another level,⁵ there was significant praise from many stakeholders on CEDA's performance since the COVID-19 lockdown. There was a real sense that CEDA was showing how valuable it was to the region through its various initiatives targeted at businesses struggling through this tough time⁶.

Some improvements suggested by stakeholders included working hard on communication with the business community and keeping the wider community and stakeholders updated on progress, particularly on key projects, even if progress has been slow⁷.

4.2 Statement of Intent

CEDA's performance against the Sol outcomes are reported to shareholders six-monthly by way of the half-yearly report and annual report.

Outcomes for the 2019/20 year are outlined in Attachment Two: CEDA outcomes 2019-20, and are summarised as follows:

Attract, retain and develop talent in the region

Includes Future of Work project, regional skills gap analysis, Talent Attraction and Retention Strategy, Manawatū Talent and Skills working group, talent attraction campaign, Te Aho Tāmaka programme (growing future leaders), Special Projects Skills Hub, Sort it Careers Expo, developing pathways to employment for the primary sector, Regional Partnership Agreement with Immigration New Zealand, regional recovery plan for international education, International Education Strategy review and refresh, Student Experience Working Group, increasing pathways into local employment.

Attract, retain, and develop business and investment in the region

Includes implementation of sector strategies, strategically targeted conferences, business retention initiatives, programmes aimed at supporting small and medium sized businesses and fostering innovation. Includes implementation of the draft Destination Management Plan, Manawatū AgriTech Strategy, New Zealand AgriFood Week and Pint of Science, Business Retention Strategy, Regional Business Partner

⁵ CEDA stakeholder UMR research report August 2020, page 5.

⁶ CEDA stakeholder UMR research report August 2020 page 29.

⁷ CEDA stakeholder UMR research report August 2020, page 5.

Programme, Business Awards, Innovate Programme, Sprout Accelerator, research and development support, Inward Investment Strategy, development of investment profile, Regional Identity project, business surveys, supporting the Palmerston North City Council's Transport and Logistics Masterplan, Conference Strategy.

Profile the region to attract people, business, and investment:

Includes Regional Identity Project, leading creation of regional media content (traditional and digital channels – 50 media features secured), Regional Tourism Organisation for Manawatū, profiling events, targeted campaigns including 'move to Manawatū' for talent attraction,

Lead inclusive and sustainable economic development for the region

Includes strategic partnerships, partnership agreements, iwi partnerships and engagement, development of a Māori Business and Economic Development fund, provision of up-to-date data and analytics, quarterly economic updates, updates on Māori economy.

The Sol reporting shows activities consistent with meeting the requirements of the Sol.

4.3 Benchmarking

Due to the nature of the various ways in which economic development activities are delivered, and the range of activities that can be incorporated in the definition of 'economic development activities', it is difficult to benchmark the cost effectiveness of arrangements. There is currently no common definition of the term 'regional economic development' as it tends to be defined in terms of specific regional needs⁸.

The governance structures, funding and delivery models for economic development agencies vary across districts and regions throughout New Zealand. This makes it difficult to benchmark the cost effectiveness of CEDA when compared with other regional or sub-regional approaches. When benchmarked against similar agencies such as Venture Taranaki, Te Waka Waikato, Enterprise Dunedin and Great South, the cost per capita per annum in terms of council funding is around \$23 compared with anywhere between around \$2 to around \$50 per capita in other examples (source: CEDA). It is important to note that these are not 'apples with apples' comparisons – each organisation delivers a different range of services, for example, some of them include i-sites, some include RTO functions, some include events, whilst others do not. However, this serves as a high-level indicator that the services being provided by CEDA are around the median when compared to per capita cost in other similar ventures.

Overall, based on the available information, it would appear that the level of investment is commensurate to the size of the region and outcomes sought.

⁸ 'Future Challenges and Opportunities in Regional Economic Development in New Zealand – a national research project', Henley Hutchings, November 2019.

5. Alternative Delivery Options

As part of the Section 17A review, the councils must consider alternative funding, governance, and delivery options for the delivery of economic development activities.

The legislation requires that a review should consider three elements:

1. who is responsible for funding the service;
2. who is responsible for governing the service; and
3. who is responsible for delivering the service.

A review must include consideration of the following specific mode of delivery options:

1. the Council is responsible for the funding, governance, and delivery of a service
2. the Council is responsible for the funding and governance of a service, but:
 - a. delivery is undertaken by another local authority, or
 - b. delivery is undertaken by a council-controlled organisation (CCO) either wholly or partly owned by the Council, or
 - c. delivery is undertaken by another person or agency
3. the responsibility for governance and funding is delegated to a joint committee or other shared governance arrangement and delivery is undertaken by some other person or agency, or
4. any other reasonably practicable options including a combination of the above.

As such, there are seven options to be considered, each with alternative governance, funding, and delivery mechanisms, as outlined in Section 5.1 below.

5.1 Analysis of Options

Seven reasonably practicable options have been identified to be considered in this review. The options are:

Delivery option	Description
1. Status quo – joint CCO	Governance and funding by joint committee with delivery by a CCO (CEDA) partly owned by Palmerston North City Council and partly owned by Manawātū District Council
2. Status quo – expanded to include more shareholders	Governance and funding by joint committee or other shared governance with delivery by a CCO partly owned by Palmerston North City Council and Manawātū District Council and partly owned by other parties
3. Separate CCO for each Council	Governance and funding by each council individually with delivery by a CCO for each council wholly owned by each council individually
4. In-house – each Council	Governance, funding, and delivery by each council individually

Delivery option	Description
5. Shared service (either Council to the other)	Governance and funding by joint committee or other shared governance with delivery by Palmerston North City Council or Manawātū District Council as a shared service provided by one Council to the other
6. Other external agency – joint service	Governance and funding by joint committee or other shared governance with delivery by contract to another organisation or person
7. Other external agency for each Council	Governance and funding by each Council individually with delivery by a person or agency not listed above



Each of the options has been assessed in relation to its potential to deliver the current Economic Development Activity in a cost-effective manner, by reference to the following factors.


- **Effectiveness:** Would this option be effective at meeting the councils' objectives for providing the service? Is there any credible evidence that a change in service delivery might provide improved service? How would this option deliver upon the range of activities undertaken by the current CCO?
- **Efficiency:** Would this option be efficient and improve cost effectiveness?
- **Risk:** Would this option reduce risk?
- **Strategic Delivery:** Does this option fit with council strategies? Would this option deliver on council objectives for the services/activities?
- **Community preferences and expectations:** Is this option in accordance with community preferences and expectations? Does this option provide for the benefits received by the users/beneficiaries of the service?
- **Financial:** Benchmarking or other evidence regarding estimated financial impacts. Operating, Capital. Transition costs. Economies of scale.
- **Achievability:** Would this option have community support, address transitional costs, retain skilled staff?
- **Capacity/Capability:** Would this option have the capacity/capability to manage complex issues?


Each of these factors is rated either **red** (does not deliver), **amber** (delivers in some aspects), or **green** (delivers in all aspects/most favourable). Each option is then assessed overall for its ability to cost-effectively deliver the Economic Development Activity.


OPTION 1: Status Quo – Joint CCO



Option 1 is the current model, where a CCO (CEDA) delivers the economic development activities, with joint governance and funding provided by PNCC and MDC.

	Analysis	Rating
Effectiveness	<p>As outlined above, CEDA is effective in achieving the requirements of the Sol and customer satisfaction has been rising.</p> <p>Overall effectiveness when compared with other potential options is very favourable. A CCO is able to specialise and cover a range of economic development activity at arm's length from councils, and forge relationships and partnerships that would be harder with either in-house delivery or disparate organisations delivering different economic development activities.</p> <p>There are short, medium and long-term focus areas for CEDA and there is some level of expectation that there will be 'quick wins'. Some interviewees felt that having to focus too much on short term quick wins to "prove their worth" and be visible, may hamper effectiveness in the delivery of long term vision and goals.</p> <p>One interviewee noted that:</p> <p>"One of the difficulties being an Economic Development Agency is that you can do your job really well, but still have negative indicators in a space you're wanting to have positive ones, just because a macroeconomic event can just roll over the top." [referring to Covid-19's effect on international education]</p> <p>Some interview participants have a high expectation of what can be achieved with the level of funding that CEDA has. This suggests that further work is required to clarify expectations and ensure reporting is effective.</p> <p>Importantly, the scope of activities undertaken by a CCO is based on partners' expectations as set out in the Sol. If partners want the focus to change, the mechanisms are already in place through the letter of expectation and statement of intent processes to allow this to happen.</p>	
Efficiency	<p>Throughout New Zealand, economic development services are often grouped and delivered together for both efficiency and effectiveness reasons (Martin Jenkins, 2017). By grouping specialist services together there are opportunities for efficiency gains including through economies of scale.</p> <p>There are definite economies of scale evident due to the CCO being a joint effort between Palmerston North City and Manawātū District,</p>	

	<p>however some feel that it's a challenge for CEDA as a small organisation to really achieve great economies of scale – a suggestion made by some interviewees as a way to improve this was to increase the number of councils involved, thereby increasing funding and increasing CEDA's scope. Co-ordination issues can, however, arise in larger EDAs, where there are more shareholders.</p> <p>Collaboration between PNCC and MDC in economic development is more efficient than each council working separately on it – the two council areas are mutually dependent on each other for growth and productivity.</p> <p>One interviewee noted of the current arrangement that: "Cost-effectively it's about as good as you can get", noting the complex nature of economic development activity delivery.</p> <p>Some interviewees indicated that there is too much time spent reporting, and this may be inhibiting the efficiency of service delivery. Conversely, other interviewees indicated that there was not enough reporting or the reporting was not telling them all that they wanted to know.</p> <p>CEDA's reach as an RTO is calculated at 3,511,943 people via direct media features (across print, digital, radio and video).</p>	
Risk	<p>Financial and legal risks are well managed within this model. The main financial risk is the potential for funding from shareholders being significantly reduced leading to a CCO not being able to meet its operational costs. This is a shareholder decision and not within the control of the CCO.</p> <p>Risks related to activities that involve a degree of commerciality can be better managed at arm's length from council within a CCO structure, by enabling firstly a Board with selected and relevant skills to assess commercial opportunities and secondly by providing for impartial/apolitical decision-making.</p> <p>The Productivity Commission in 2015 noted that distance from political interference is an advantage of a CCO: "Independence – distance from political pressures allows the development of a culture focussed on serving the interests of citizens/members."</p> <p>A common theme from interviewees in relation to this point is that the operation of a CCO having independence from political pressure is not always well understood. The difference between governance and management does not seem to be well understood by all parties and there appears to be instances where there is a desire by politicians to be involved in precisely 'how' CEDA delivers on the Statement of Intent.</p>	

	In particular, the risk relates to differing expectations of various partners, and potentially relationship difficulties in some cases.	
Strategic Delivery	<p>Overall, CEDA is delivering on their strategic objectives as per the Letter of Expectation/Statement of Intent each year, although there is some dissatisfaction with the content and/or method of delivery of these objectives.</p> <p>The current model has mechanisms in place to ensure delivery is strategically aligned including regular updates to the Joint Strategic Planning Committee, a Letter of Expectation (LoE) process which takes place each year, and setting the Sol each year which happens collaboratively with the Joint Committee.</p> <p>Notably, both councils have clear economic development strategies which helps to ensure that the strategic direction in the Sol is aligned to both council's economic development strategies.</p> <p>CEDA reports in the Sol on how it has delivered in line with the councils' strategic priorities (pages 40 and 41 of 2020-2021 Sol).</p> <p>CEDA has responded to changes in strategic direction from the Joint Committee, including through undertaking a re-structure to deliver the Joint Committee's priorities more effectively.</p> <p>It was pointed out during the interviews that any discrepancy between what CEDA is delivering and each council's strategic priorities is the responsibility of the shareholder councils as it is up to them to ensure their strategic priorities are reflected in the LoE/Sol process.</p> <p>There can be issues with different strategic priorities between the two councils, but again, the mechanisms exist to allow this to be addressed.</p> <p>There are some difficulties focusing on long term strategic direction with such short-term focus needed for reporting purposes and trying to be all things to all people.</p> <p>One interviewee stated that "Collaboration has been on the one hand the most challenging part of this, [but] it's probably what's given us the ability to make such considerable impact."</p> <p>There were several issues raised by interviewees in relation to the short-term and relentless nature of the annual planning process which can lead to short-term thinking. The Statement of Intent must be reviewed yearly under legislation. There is work underway to encourage more progress towards medium term planning process e.g. three years, by focussing on this in the Sol.</p>	

	The current model provides for greater alignment in the delivery of economic development for the Manawātū sub-region.	
Community preferences and expectations	<p>The current model had broad community support when consulted on through 2015 LTP.</p> <p>The councils consult with the community on the service provision through the Annual Plan and Long Term Plan cycle.</p> <p>Overall, from the interviews it was clear that there was still more support for this model than other models. However, some concerns were raised that there is a perception in the business community of a lack of direct connection between businesses and CEDA and perceived lack of progress or achievements.</p> <p>CEDA has multiple communication channels and engagement activities including their website, social media presence, newsletters, monthly and quarterly updates, and monthly shareholder updates from the CEO, alongside regular community presentations (e.g. Rotary, Chamber of Commerce, Industry events), informal and formal meetings with shareholders, Growth Series events, and project-specific interactions (e.g. Te Āpiti), alongside presentations at regional and national conferences and events.</p> <p>There are clearly some difficulties in managing expectations in the community. There are expectations from some parts of the community for constant contact with CEDA and for CEDA to be proactively reaching out to all businesses, including potentially spending a day a week sitting within certain organisations. Some want to see constant and quick results, but these may not always be apparent for many years.</p> <p>There is criticism from external organisations and businesses that CEDA is too focused on the needs of the Councils as shareholders and neglecting other partners. There is a desire for more of an external stakeholder focus to a level which could be at odds with the purpose and role of CEDA. The expectations of the community do not always match the constraints and purpose under which CEDA is required (by the shareholders through the Constitution, the Statement of Intent, and the contract) to operate.</p> <p>It is important to note that the grass-roots business work is not CEDA's role. Most of the interviewees we spoke to understood this. CEDA is an enabler and a conduit to other businesses and agencies. There are opportunities for improvement in the way that the councils and CEDA articulate the different levels of business support available in the sub-region, from grass-roots support through organisations such as Feilding</p>	

	<p>and District Promotion and the Manawātū Chamber of Commerce, through to CEDA's higher-level enabling role.</p> <p>There is a good degree of understanding from the business community that there are benefits to businesses from having an arm's-length organisation across two-councils – this has the advantage of being able to provide a consistent point of contact for customers across the two local authority areas.</p> <p>One interviewee mentioned the permeable nature of the boundaries between PNCC and MDC - when Palmerston North gets a new business, around 25% of the staff will live in Manawātū, and when Manawātū gets a new business, around 45% will live in Palmerston North. The current collaborative model is reflective of the close-knit nature of these communities.</p>	
Financial	<p>As outlined in section 3 above, the CCO provides opportunities for external funding that would not be available to Council e.g. NZTE, MBIE, Callaghan, and tourism funding. Several interviewees noted that Central Government prefers to deal with a sub-regional/regional organisation of scale, and that the arm's length nature of the CCO model can access external funding that would not be available to Councils. There are also cost savings available through economies of scale.</p> <p>This year, CEDA was able to attract an additional \$2.4 million in central government funding to assist with the COVID-19 recovery. This is in addition to other existing central government funding streams such as business support and tourism funding.</p> <p>There are differing views as to whether PNCC or MDC receive better value for money from their contributions. There is concern from some parties that PNCC receive less value than MDC despite most of the funding coming from PNCC. Conversely there was also a view that MDC have deliberately stepped aside to allow more focus on PNCC as a way of assisting PNCC's perception that the benefits they receive are in line with their funding input. The funding and/or shareholding/influence splits were raised as issues with some feeling that the split was appropriate and others feeling that PNCC was carrying too much of the funding load.</p> <p>One interviewee stated that "The short term nature of the funding model is inconsistent with the aim of delivering longer term economic growth objectives." In all models, however, there is no long-term guarantee of funding.</p>	
Achievability	The achievability of this option is apparent.	

	<p>The combined CCO, across the two councils, provides more credibility - government funding would be at risk if PNCC and MDC split their economic development focus and deliver separately.</p> <p>CCO in its current form is able to attract and appropriately remunerate highly skilled staff and Board members.</p>	
Capacity/Capability	<p>The CCO model has demonstrated capacity and capability to manage complex issues. A successful Covid-19 response and support through recovery is a key example. Economic development in the investment attraction space is a big task and this is being done well under current model.</p> <p>A big advantage of the current model is being able to attract Board members that bring networking opportunities, a suitable intellectual and strategic advantage, and a big picture view (international rather than regional or local) as this is crucial to dealing with and responding to complex issues.</p>	
<p>Overall Assessment</p> <p>There was almost unanimous consensus from interviewees that the model can (and should) work well.</p> <p>The advantages and disadvantages of CCOs as a model have been examined in various reports (for example: Productivity Commission 2015, Auckland Council CCO review 2020, What Works? A report for Wellington City Council on getting the best from council-controlled organisations 2012).</p> <p>In summary, the advantages include:</p> <ul style="list-style-type: none"> • Specialisation – taking the agency out of a general multipurpose organisation can enable it to focus on a specific set of objectives, which can ultimately improve outcomes – rather than having the multi-faceted and often competing objectives facing councils. • Independence – distance from political pressures allows the development of a culture focussed on serving the interests of citizens/members. • Closer to the consumer – specialisation makes it easier for key stakeholders to identify, participate in and be consulted about the work of the organisation. • Greater transparency – an arm's length agency can be subject to a more contract-like regime, specifying performance objectives and budgetary limits. Still allows a high level of public transparency in accountability through Sol and annual reporting requirements. • Skills – specialisation might improve staff motivation, allow for the introduction of a higher degree of commercial know-how, and attract employees from more diverse backgrounds. • Agility – able to be responsive and agile in responding to opportunities. <p>The disadvantages include:</p> <ul style="list-style-type: none"> • Loss of co-ordination – the establishment of a CCO can result in loss of co-ordination and disjointed decision making because of the different priorities of the various agencies. 		

- Lack of responsiveness to owner – can be slower than directly controlled business units to respond to issues by an owner.
- Higher overhead costs – operation may result in higher overhead costs.
- Lower community accountability – the devolution of services could be perceived as undemocratic on the grounds that elected officials have less control of the staff responsible for service delivery.


Generally, there was feedback that there is relatively good co-ordination with other organisations e.g. internal council staff and functions, Manawātū Chamber of Commerce, Feilding and District Promotion, but room for improvement in terms of relationships, expectations, and clarity of roles. There was also feedback that the CEDA CCO model is working better than other models (e.g. both within the region and outside the region). The mechanisms are in place to deal with issues as they arise.

One interviewee noted one of the biggest barriers for CEDA is the fact they have “two masters”.

The stakeholder satisfaction survey shows satisfaction with CEDA is trending upwards. However, there are lots of different ideas, expectations and understanding of what economic development is and what CEDA is supposed to be doing. A lack of understanding of CEDA’s role and focus on big-picture, long-term change and growth, as well as being a behind the scenes enabler rather than a grass-roots development agency has certainly led to some dissatisfaction in the business community as well as on a political level. Another challenge lies in the desire from some parties to determine ‘how’ CEDA delivers on the Sol. The expectations of the community do not always match the constraints and purpose under which CEDA is required (by the shareholders through the Constitution, the Statement of Intent, and the contract) to operate.

OPTION 2: Expanded Status Quo – more shareholders

This option would involve extending the shareholder ownership of CEDA to include other local authorities and/or other organisations.

	Analysis	Rating
Effectiveness	<p>Some interviewees felt that this was an option that would increase the reach and influence of the CCO model. There was however also concern expressed that it might dilute the CCO’s activities by having too many disparate districts within the region to achieve outcomes for.</p> <p>There are several examples of economic development agencies with region-wide shareholdings elsewhere in New Zealand, however further work would need to occur to get a clearer picture of the effectiveness of these and how that relates to potential effectiveness in the Manawātū-Whanganui region.</p> <p>Of note, the current model is already operating at a wider scale in terms of the EDA and in particular through CEDA’s role as the NZTE/Callaghan/Business Mentors NZ “Regional Business Partner” providing services throughout the Horizons region. As the RTO for the Manawātū sub-region (including Palmerston North and Manawātū</p>	

	district) CEDA also brings a regional focus and access to best practice through Regional Tourism Organisations NZ.	
Efficiency	While this option would increase the funding sources for the CCO, there is no evidence at this stage that it would be a more cost-effective option – bigger does not always equal better. Co-ordination issues can arise in larger EDAs, where there are more shareholders. More analysis would need to be undertaken.	
Risk	This option carries political risk in terms of the palatability of extending the shareholder ownership. There would be added complexity in terms of managing an expanded partnership. There was no consensus view about whether this option would be favourable. Further work would need to occur if this was to be considered as part of a 'refined status-quo'.	
Strategic Delivery	This option may increase the reach and influence of the current CCO model. It would potentially allow alignment with regional spatial scope of the Regional Business Partner programme. It may however be even more difficult to achieve agreement amongst more shareholders of strategic priorities. There is evidence to suggest that further collaboration would result in an increased ability to access additional funding.	
Community preferences and expectations	There is no information available at this stage that would indicate community preference for this option. Community consultation would need to occur and, depending on the significance and engagement policies of the councils, may require a Special Consultative Procedure to occur under the LGA.	
Financial	There would be costs available with amending the current agreements. It is unclear through this high-level review whether the benefits would outweigh the costs. There would be potential economies of scale associated with delivery of an expanded CCO.	
Achievability	This option would likely be achievable if there was support from existing shareholders and the community, as well as a robust transition/expansion plan developed for CEDA with clear objectives in place. The expectation would be that existing skilled staff would be able to be retained, and the team would expand and attract more skilled staff.	
Capacity/Capability	Increasing the funding and scope of the CCO would almost certainly lead to increased capacity and capability to manage complex regional and economic development issues. It would be important to carefully manage the increased in size and the organisational development needs within CEDA to account for the increased complexity.	





Overall Assessment

There seems to be conflicting ideas about whether CEDA would be able to be more effective (and cost-effective) if more shareholders came on board i.e. other TLAs in the Horizons region. This would increase opportunities for funding and scope of activities, with the expectation that this would increase impact. However, this might dilute what can be achieved and spread the focus too thinly across the region/different TLA areas, thereby not impacting greatly in any area. This model would likely introduce more political risk and greater complexity, with greater potential for conflicting priorities. This option could be considered as part of a 'refined' status-quo, but further work would be required to test it if there was an appetite for this.

**OPTION 3: Separate CCO for each Council**

This option would involve each Council providing economic development activities separately through two separate CCOs.

	Analysis	Rating
Effectiveness	It would be possible for this to work for PNCC but it would not be as effective without collaboration with MDC because PNCC and MDC have complementary economies. Many of the benefits of a collaborative CCO as outlined in Option 1 above would be lost. There would be limited scope for regional or national recognition or reach. It seems unlikely that it would be feasible for MDC to run a separate CCO for economic development.	
Efficiency	Having two separate CCOs would dramatically decrease cost-effectiveness, resulting in crossover and doubling up in terms of staffing requirements, scope and activities undertaken.	
Risk	Political risk in public perception if the current CCO were to "fail" and a new CCO for each individual council were to be created. Loss of reputation and trust and potentially negative views on reducing collaboration between councils. Financial risk in each council not being able to effectively fund their own separate CCO (this is especially the case for MDC) and central government funding being lost or reduced due to lack of sub-regional collaboration.	
Strategic Delivery	While a separate CCO for each council individually would enable these organisations to have a pure focus on the strategic priorities of their respective councils, the strategic overlap would still be present and might result in a culture of competition rather than collaboration.	

Community preferences and expectations	<p>PNCC</p> <p>There is anecdotal evidence of community discontent with the current model and perceived imbalance of service and outcomes between the City and District, so it's possible there would be community support to separate economic development services to CCOs for each council individually, though no consultation has been undertaken to test this.</p> <p>Much of the discontent seems to be around lack of awareness of the interdependent nature of the City and District and a perception of CEDA needing to be more involved in grass roots business support, which indicates a misunderstanding about what the role of an EDA actually is. This "expectations gap" is consistent with LGNZ's finding that "some councils may struggle to have a clear understanding of what economic development does or does not entail."⁹</p>	
	<p>MDC</p> <p>The community in Manawatu District is generally comfortable with working collaboratively with Palmerston North and they see the mutually beneficial need to work together on economic development, so separating the economic development activities to separately run CCOs would not meet their expectations.</p>	
Financial	There is financial and time cost involved in starting up new entities. Based on information provided by interviewees it is understood that it took approximately 18 months, with around 8-10 staff, to set up the CCO model and for it to become as productive as the entities it replaced.	
Achievability	<p>This option is not considered achievable. While there is a small chance that Palmerston North could have its own CCO for economic development, the likely loss of skilled staff and reputation would have a big impact on its success.</p> <p>The reduced scope and having either a double-up of efforts and costs between PNCC and MDC, or a significant reduction of economic development activity for MDC due to the lack of collaboration and funding ability on their side, means this option is not recommended.</p>	
Capacity/Capability	This option would reduce capacity and capability to manage complex issues. While a CCO for Palmerston North would be likely to have appropriate funding, it would still have to downsize from the current	

⁹ Local Government New Zealand (2017) Better Economic Development in Local Government. p7.
<https://www.lgnz.co.nz/assets/Uploads/e73acda8f8/44475-LGNZ-Economic-Development-6-FINAL.pdf>



	<p>joint model, and a CCO for MDC would have significantly lower funding and restricted capacity and capability.</p> <p>The probable loss of skilled staff and difficulty attracting new staff due to loss of reputation would also hinder the capability of new, separate CCOs.</p> <p>The lack of a joined-up organisation of scale would also hinder the capacity and capability of two separate CCOs to leverage government funding or national-level reach.</p>	
<p>Overall Assessment</p> <p>This option would result in an unnecessary duplication of functions, lack of regional or national-level reach, and would carry significant political risk in public perception if the current CCO were to “fail” and a new CCO for each individual council were to be created. Loss of reputation and trust and potentially negative views on reducing collaboration between councils.</p> <p>There is no evidence available at this point to indicate that setting up two CCOs would be more cost-effective than the current model.</p> <p>“The instant we [the two councils] start competing, we are [in trouble].”</p>		




OPTION 4: In-house – each Council




This option would involve PNCC and MDC delivering the economic development activities separately, in-house at each Council. This would not involve any shared-service arrangement – each council would deliver every aspect of economic development separately.

	Analysis	Rating
Effectiveness	<p>PNCC</p> <p>PNCC could deliver some aspects economic development in-house, and there is indeed a desire expressed by some interviewees to bring some aspects of economic development in-house to PNCC immediately that are currently delivered by CEDA (e.g. marketing/branding of the city, major events, visitor attraction, international education).</p> <p>Further analysis of the current situation indicates the following:</p> <ul style="list-style-type: none"> PNCC currently undertake marketing/branding for the city through an in-house team. The wider RTO functions for the Manawātū sub-region (including Palmerston North and Manawātū district) are provided by CEDA. It was confirmed to us that PNCC have no RTO role outside of CEDA. Events: PNCC currently has an events team. Events provided by CEDA are specifically targeted (and agreed to by the 	

	<p>partners via the Sol) at economic development at a sub-regional or regional scale. Events provided by the city may also have a cultural/entertainment function, not always specifically related to economic development.</p> <ul style="list-style-type: none"> • International relations: PNCC has an in-house international relations manager who hotdesks one day a week at CEDA. <p>The above functions are all collaborative in nature but a theme emerging from the interviews is that there is some tension and competition as to who is responsible for various aspects of these roles.</p> <p>Whilst there is in-house capability and capacity in PNCC to undertake the above functions, the ability to undertake the wider, sub-regional and regional functions, is not clear. The arms-length nature of a CCO allows for partnership working and co-ordination across multiple parties which would be more difficult to achieve with an in-house model.</p> <p>The current model allows for conversations to occur in relation to moving some elements in-house to PNCC, but for this to be successful it would have to occur in a spirit of partnership and collaboration with further analysis as to the cost-effectiveness of doing so.</p> <p>It is worthy to note that there are other economic development functions funded and delivered by PNCC such as the information centre, contributions to holiday park function, sponsorship opportunities and other community-focussed and growth-focussed work that contributes to economic development.</p> <p>It is also worthy of note that there is draft Destination Management Plan (Manawatū 2025) and a draft Conference and Business Events Strategy. Both of these documents will help to clarify the various roles in destination management and events.</p>	
	<p>MDC</p> <p>Similar to PNCC, MDC undertakes a range of activities in-house that contribute to economic development, including growth and community-related activities.</p> <p>MDC has recently added in-house marketing and communications capability to enable greater district-wide marketing, branding and promotion. This dovetails with the RTO function provided by CEDA. MDC also undertakes work in the events-space outside of the economic development specific events run by the CCO. This is primarily via funding provided to Feilding and District Promotion and through a contestable Events Fund.</p>	


	It is not considered feasible for MDC to bring all economic development activities for the district in-house, predominantly due to a lack of scale.	
Efficiency	Bringing economic development services in-house might reduce the cost overall for PNCC, however this does not mean it would be more cost effective. Conversely, it would likely increase the cost overall for MDC, unless they chose to not do economic development at all. Efficiencies would be lost through reduced collaboration and duplication of effort and activities between the two councils.	
Risk	<p>PNCC</p> <p>Not having a degree of separation from Council would be riskier politically.</p> <p>Funding could be won or lost in every annual budget. In all models there is no long-term guarantee of funding. In an in-house model this risk could be exacerbated because economic development would be competing in-house with other priorities.</p> <p>There is a risk of not being able to access external funding due to the Council not being an EDA or RTO. A demonstrated lack of collaboration in this area would also jeopardise the ability for the area to access Central Government Funding.</p> <p>Bringing marketing and branding in house carries the risk of lost opportunity from the status quo. CEDA comes from an all-encompassing regional destination marketing perspective – business, talent and visitors/tourism and can provide a complete value proposition for the sub-region (city and district). PNCC currently has staff with strong capabilities in house, but it has not always had this in-house skill set. There is also a risk with in-house delivery that it might lose funding due to re-prioritisation within Council in any given year.</p> <p>There is already a risk of duplication of marketing activities between PNCC and CEDA – bringing this role in-house would exacerbate this risk.</p> <p>MDC</p> <p>Economic development activities would still continue in this model. There would be a risk of a reduction in scale and reach of the economic development activity if it was brought entirely in-house to MDC. The loss of collaboration with PNCC would likely have an impact on the effectiveness of the activity.</p> <p>There would also be a high risk of not being able to access external funding due to not being an EDA or RTO and also demonstrated lack of</p>	



	collaboration (which is something Central Government tends to look for).	
Strategic Delivery	PNCC <p>While bringing economic development activities in-house to PNCC would almost certainly ensure strategic alignment with Council's strategic priorities, reducing collaboration with MDC would weaken the strategic delivery of economic development in Palmerston North. The City and District have a porous boundary and are mutually dependent on each other for positive economic outcomes.</p>	
	MDC <p>Scope would be much smaller with a small budget and inability to attract the kind of talent (that CEDA can attract) to work within Council in a smaller, lower level ED role. This model would negatively impact MDC's ability to deliver on strategic priorities. Reducing collaboration with PNCC would also weaken the strategic delivery as the two TLAs are mutually dependent on each other for positive economic outcomes.</p>	
Community preferences and expectations	<p>The community is generally comfortable with working collaboratively with each council and can see the mutually beneficial need to work together on economic development, so separating the economic development service to separate in-house delivery would not meet their expectations.</p> <p>There is also generally a sense from the business community that an external economic development agency is preferable to in-house delivery as it avoids conflict with Council's regulatory functions.</p> <p>A business perception is that if the function was delivered in-house, it would be much harder for businesses to interact with.</p>	
Financial	PNCC <p>It would be more difficult to access certain funding avenues, particularly through Central Government.</p> <p>There would be a risk of duplication of roles and overheads due to each council separately employing people to do similar roles.</p>	
	MDC <p>It would cost significantly more to deliver the current range of high-quality economic development activities separate from PNCC and in-house. MDC could spend the same as they are contributing under the current model, but strategic delivery, capability and effectiveness would be impacted.</p>	






	As with PNCC, there would be a risk of duplication of roles and overheads due to each council separately employing people to do similar roles.	
Achievability	This approach would not be able to deliver on the current scope of the economic development activities undertaken by CEDA. The councils could possibly achieve a smaller scaled activity but would lose scale nationally.	
Capacity/Capability	Both Councils would struggle to attract, retain and appropriately pay highly skilled people. This option removes the ability to draw on expertise of an independent Board who bring their specific skills, knowledge and connections in economic development.	
Overall Assessment Whilst there are some aspects of economic development that are already or could potentially be delivered in-house by PNCC and MDC separately, the wider regional development functions of a shared CCO as EDA and RTO would be lost if this model was adopted. There was almost unanimous consensus from interviewees that in-house delivery is not preferred when compared with the current model. There is room to further explore how in-house delivery of some aspects of economic development, such as city/district branding and events, could work more seamlessly alongside CEDA's regional role. The draft Destination Management Plan and emerging events strategy offer opportunities here. This option would not have the advantage of a CCO which is a specialist organisation at arm's-length to the general multi-purpose council organisation. As such, the delivery of economic development activities would be competing with other council priorities. There is significant risk with this type of model that it could be subject to internal changes and/or funding uncertainty which could limit its longer-term effectiveness. One interviewee noted that "the whole is greater than the sum of the parts."		

OPTION 5: Shared Service (either Council to the other)

This option would involve governance and funding by joint committee or other shared governance with delivery as a shared service provided by either PNCC or MDC to the other Council.

	Analysis	Rating
Effectiveness	PNCC The City has indicated that they could deliver a shared service model on behalf of both Councils. As with the in-house model above, it is certainly feasible for PNCC to deliver some aspects of economic development effectively in-house, and more so if they were receiving additional funds for the service from MDC to deliver for both councils.	

	<p>A shared service in-house model would, however, be unlikely to be as effective as a CCO or other external agency, particularly with regard to attracting and appropriately remunerating highly skilled staff members and gaining access to external funding sources. The national-level reach of a collaborative model would also be difficult to achieve with this option.</p>	
	<p>MDC</p> <p>A shared service model with MDC providing the service for PNCC would be much harder to achieve as a smaller district and council trying to deliver for themselves and big city.</p>	
Efficiency	<p>There is no evidence available in this high-level review that a shared-services model would increase efficiency and cost-effectiveness. Councils would almost certainly still require a high level of reporting and further blurring of the lines between governance and operational matters would hinder efficiency. It is unclear whether costs would increase, decrease or stay the same as it would need to be determined through each council's Long Term Plan budgets.</p>	
Risk	<p>PNCC</p> <p>Not having a degree of separation from council would be riskier politically. Managing political relationships between the two councils would pose some risks especially given that one council would be delivering on behalf of the other.</p> <p>Funding could be won or lost in every annual budget, with economic development competing with other priorities making it hard to guarantee long term funding. In all models, however, there is no long-term guarantee of funding.</p> <p>In this model, there may be a perception of conflicting interests if PNCC was providing a regional events/conference role whilst also owning the city Conference and Function centre.</p> <p>MDC</p> <p>Managing political relationships between the two councils would pose some risks especially given that one council would be delivering on behalf of the other. If the service was delivered by PNCC on behalf of MDC there is a risk of MDC being lost within a shared service model – politically and operationally.</p> <p>The risk of funding being reduced in budgeting processes would also be significant, particularly if MDC was not able to see direct benefits of putting funding into a shared service.</p>	

Strategic Delivery	<p>While the interdependent nature of the City and District is clear (what is good for one will be good for the other), there are obvious differences in how the two councils' priorities need to be approached.</p> <p>A big challenge with the shared service model in this strategic activity would be equally championing another council's priorities within the council providing the service.</p> <p>Economic development is a far more strategic activity than other shared services already undertaken between the two councils (such as Building Control), which are very operational in nature and easier to quantify.</p>	
Community preferences and expectations	<p>There is no information available at this stage that would indicate community preference for this option. Community consultation would need to occur in relation to this, and depending on the significance and engagement policies of the councils, may require a Special Consultative Procedure to occur under the LGA.</p> <p>There was little support from business community representatives interviewed for this review for moving to a shared-services model. There was consensus that an arm's-length model is more appropriate for an EDA/RTO.</p>	
Financial	<p>PNCC</p> <p>The city would likely provide most of the funding, and staff would be based at the Council. There is no evidence available to us as to whether there would be any cost-effectiveness improvements as a result of moving to a shared-service model.</p> <p>MDC</p> <p>It would be hard to quantify what MDC would be receiving in exchange for their financial contribution.</p>	
Achievability	<p>As with the in-house option above, this approach would not be able to deliver on the current scope of the economic development activities undertaken by CEDA. PNCC could possibly achieve a smaller-scaled activity but would lose scale nationally.</p>	
Capacity/Capability	<p>As with the in-house option above, both Councils would struggle to attract, retain, and appropriately pay highly skilled people. This option removes the ability to draw on expertise of an independent Board who bring their specific skills, knowledge, and connections in economic development.</p>	

Overall Assessment




Shared services are already in place between the two councils, for example, the Building Control functions are delivered by PNCC on behalf of MDC. These types of arrangements can work well, particularly in cases where there is an easily defined, 'ring-fenced' service. In the case of economic development, where there are many component parts and areas of discretion, it is more difficult to undertake a shared service arrangement. The risk that the priorities of the larger council would overshadow the priorities of the smaller council is heightened in this option, particularly if it were the larger council providing the shared service. Where priorities diverge, the success of shared service delivery would depend on both councils committing to working collaboratively on a mutually beneficial approach.







There may be aspects of the economic development activities that could be candidates for a shared service arrangement, and this may warrant further investigation. As a whole, a shared service could not deliver the sub-regional-wide benefits that the CCO model can provide. It would not have the national-level reach that the current model has and would not elicit the same profile that a joint CCO model across the two councils is able to leverage.

This option would not have the advantage of a CCO which is a specialist organisation at arm's-length to the general multi-purpose council organisation. As such, the delivery of economic development activities would be competing with other council priorities. There is significant risk with this type of model that it could be subject to internal changes and/or funding uncertainty which could limit its longer-term effectiveness.

OPTION 6: Other external agency – joint service

This option would involve governance and funding by joint committee or other shared governance with delivery by contract to one or more other organisations or people.

	Analysis	Rating
Effectiveness	The ability to deliver the range of economic development activities provided through the current model would be reliant on the capacity and capability of external agencies/private providers. This has the potential to fragment the delivery across a number of organisations and the potential for economies of scale and a national-level presence would be more limited if activities are split.	
Efficiency	This option may involve multiple contracts across a number of providers. No evidence has been presented through this S17A review process which would indicate that this option would be more efficient than the status quo or other options. The only efficiency would be to do with the joint approach between the two councils.	
Risk	This option would transfer some risks, such as legal and financial risks, from Council to the external organisation or person. However, it would carry political risks as there would be a more limited ability to influence the strategic direction of delivery.	

	Risks to the councils would be reduced if the alternative model took the form of an independent trust or company, as both governance and delivery would lie solely with the agency.	
Strategic Delivery	This option has limited accountability and opportunity for strategic alignment, except through contract.	
Community preferences and expectations	This option is equivalent to the previous model which was in place previous to the status quo. The community showed clear support for a shift to a joint CCO model, bringing various economic development functions under one roof, so it is unlikely the community would support going back to the previous model, which may be perceived as a step back.	
Financial	There is financial and time cost involved in starting up new entities. Based on information provided by interviewees it is understood that it took approximately 18 months, with around 8-10 staff, to set up the CCO model and for it to become as productive as the entities it replaced.	
Achievability	<p>This option would rely on suitable private sector provider(s) being available. There may be opportunity for existing providers to deliver some elements of the service, but this would potentially fragment the delivery option across a number of organisations and would be less achievable than the status quo.</p> <p>It is only been four years since CEDA was set up to replace a previous model which was delivered under contract by non-CCO organisations. The general consensus from those interviewed was that the previous model was not effective. There has been no evidence made available during this review that any of the issues identified with the current model would be resolved by moving to a non-CCO contracted model.</p>	
Capacity/Capability	<p>There is significant risk in not being able to transfer staff across if CEDA is disestablished and one or more new entities created – resulting in a loss of reputation, trust and stability.</p> <p>There would also be significant disruption to the delivery of economic development activities as the new organisation/s started up.</p>	
Overall Assessment		
Due to the inherent complexity of economic development as a service, there would be difficulties in packaging up individual elements of the service and contracting it out to another party or parties in a way that is cost-effective or efficient. There would be potential benefits when compared to an in-		

house option in that there would be the possibility to leverage private sector expertise. An outsourced organisation could potentially access the specialist expertise that CEDA is able to access. It could be set up in such a way that it was able to deliver the range of activities that CEDA is able to deliver but this is reliant on the capacity of the private sector to provide the services. If an independent trust or organisation was used in this case, it could operate outside of the election cycles of local government which would reduce the political risk of the model.



Priority One (Western Bay of Plenty) is an independent incorporated society and has been identified as an example of a more effective shareholding structure with freedom to operate more independently (Henley Hutchings, 2019).








In this model there would be less ability for the Council is able to set its expectations, such as yearly through a Statement of Intent, and as such may be less able to be directed to deliver upon Council's expectations. The previous model of delivery involved a contract to external organisations or persons. The feedback from the interviewees did not indicate any advantage in this model when compared with the current CCO model.

The significant risk of disruption whilst a new organisation is set up and the significant costs and time involved in such a transition would not appear in this case to be warranted as there is no information available at this stage that would indicate that this would be a more cost-effective option.

OPTION 7: Other external agency – each Council

Governance and funding by each Council individually with delivery by a person or agency not listed above.

	Analysis	Rating
Effectiveness	<p>The ability to deliver the range of economic development activities currently provided through the current model would be reliant on the capacity and capability of external agencies/private providers. This has the potential to fragment the delivery across not only a number of organisations and the potential for economies of scale and a national-level presence would be more limited if activities are split across providers.</p> <p>This option would not be effective in terms of leveraging reach and influence at a regional or national scale and would potentially mean the two councils would be competing rather than collaborating.</p>	
Efficiency	<p>This option may involve multiple contracts across a number of providers. No evidence has been presented through this S17A review process which would indicate that this option would be more efficient than the status quo or other options. There would be significant inefficiencies and potential duplication in each council seeking these services individually.</p>	

Risk	This option would transfer some risks, such as legal and financial risks, from Council to the external organisation or person. However it would carry political risks as there would be a more limited ability to influence the strategic direction of delivery. Having two councils with potentially competing rather than complementary approaches would risk the effectiveness of delivery.	
Strategic Delivery	Limited accountability and opportunity for strategic alignment except through contract.	
Community preferences and expectations	This option is a more fragmented version of the previous model that was in place when the move to the current model was consulted on and agreed to. The community showed clear support at that time for a shift to a joint CCO model bringing various economic development functions under one roof, so it is unlikely the community would support going to a model of separate delivery by external agencies.	
Financial	As with the option above, there is financial and time cost involved in starting up new entities. Based on information provided by interviewees it is understood that it took approximately 18 months, with around 8-10 staff, to set up the CCO model and for it to become as productive as the entities it replaced.	
Achievability	<p>This option would rely on suitable private sector provider(s) being available. There may be opportunity for existing providers to deliver some elements of the service but this would potentially fragment the delivery option across a number of organisations and would be less achievable than the status quo.</p> <p>Trying to find providers for both councils individually would present a significant challenge.</p>	
Capacity/Capability	<p>As with the option above, there is significant risk in not being able to transfer staff across if CEDA is disestablished and one or more new entities created – resulting in a loss of reputation, trust and stability.</p> <p>There would also be significant disruption to the delivery of economic development activities as the new organisation/s started up.</p>	
Overall Assessment		
Splitting the service to separate entities for each council individually would reduce collaboration and economies of scale and would essentially move back to a less efficient version of the previous model. There would be a loss of momentum, reputation and skilled staff from disestablishing CEDA.		

5.2 Overall assessment of all options

Overall, the majority of the feedback received from interviewees was that the current model was preferred when compared with other models. Whilst issues were identified with the current model, by far the majority of interviewees were of the view that these issues would not be resolved by changing the model.

The review has found no fundamental issues with the model itself. Overall, the current model is delivering on the Sol in a cost-effective manner, aligned with council priorities. There are ample opportunities for the shareholders to influence CEDA's priorities through the Letter of Expectation, Statement of Intent and Joint Committee mechanisms. There is no reason under the current model that the Sol should not reflect the priorities of the councils.

Given that it is only four years since the significant changes to the delivery of economic development services in the sub-region were undertaken and CEDA began operating, and that it would likely take at least 18 months of work to introduce a new structure, coupled with uncertainty that any other service delivery option would provide a better or more cost-effective outcome, it is considered that the costs of changing to a new model would outweigh the benefits and would reduce the cost-effectiveness of the delivery of the economic development activities. The momentum currently being developed by CEDA would be lost. The loss of expertise and connections of the staff and Board of CEDA would likely result in a less cost-effective service delivery.

There has been no evidence provided as part of this review which would indicate that a different model would be able to deliver the economic development activities currently delivered by CEDA more cost-effectively.

There is however some room for improvement in the way that the model operates, and this is discussed further in Section 6 – Refinement Options, below.

6. Refinement Options

In s17A reporting, where the recommendation is to retain the status quo, as in this case, it is good practice (although not a statutory requirement) to consider whether there are opportunities for efficiency gains even if the model is the most cost-effective of the options. Below we outline some potential refinement opportunities which could be considered.

6.1 Delivery against Council expectations

Some interviewees felt that CEDA was not delivering to expectations. Others felt that if this was the case, there were suitable mechanisms to address this. A shareholder letter of expectations is delivered by the councils to CEDA by 1 December each year. This sets out and provides direction on issues that are important to both councils, to assist in the development of CEDA's next Sol. If council expectations are not being met, the shareholder letter provides an avenue through which the councils can address this.

Refinement opportunity

There is an opportunity to utilise the statement of expectations under s64B of the LGA for the shareholding councils to specify how CEDA is to conduct its relationships with not only the shareholding local authorities, but with communities of those local authorities, iwi, hapū and other Māori organisations, etc.

6.2 Expectations and reporting

Some interview participants have a high expectation of what can be achieved with the level of funding that CEDA has. As set out above, CEDA is at around a median level of funding when considered on a per capita basis in comparison with some other similar EDAs (albeit it is difficult to compare apples with apples due to the widely differing scope of services offered in different regions).

This suggests that further work is required to clarify expectations and ensure reporting is effective. There needs to be an increased level of understanding that there are changes/benefits that may occur over the short, medium, and longer term. CEDA is in the early stages of what may be a long journey - some changes could take 10 years or longer to emerge, such as regional employment and GDP, because of sustained work over many years. It is unrealistic to expect that some of these changes will happen quickly. It is also clear that some elements of the work undertaken in economic development will be commercially sensitive. Business feedback has suggested that the Sol needs to be revisited so that medium to longer term outcomes have a higher level of importance and short-term tick box objectives are minimised.

There also seems to be inconsistent expectations about how much reporting should be undertaken – some say there is too much whilst others say there is not enough (e.g. should be three-monthly reports to the Joint Committee).

Refinement opportunities

There is already a move towards ensuring that the Sol captures the medium and long term expectations of the councils more clearly.

There is an opportunity to investigate a reporting framework that allows for short, medium, and long-term outcomes to be reported separately. An example is the Great South annual report which specifically identifies short-term goals and long-term goals.

Review reporting arrangements to ensure that they are fit-for-purpose and meet shareholder and partner expectations.

Expectations should be specific, measurable, achievable, relevant and time-based.

6.3 Clarity of agency roles and responsibilities

Elements of economic development services are being provided through other methods, such as in-house or through other agencies. In some cases, these are being managed well and co-operatively, in other cases the clarity of roles can cause friction and frustration. Most parties understand that CEDA has a regional role, and that there are also roles for local and grass-roots services, however there is a significant variance in perceptions about what those roles mean in practice.

There are three areas in particular where the roles and responsibilities seem to be understood differently by various parties and where there may be opportunities for refinement:

RTO role alongside local marketing/promotion

The roles of CEDA as the RTO and the councils in marketing/promotions are not always well-understood. There has been some tension in relation to branding for example and some disappointment has been expressed about the range of activities that CEDA has delivered in the RTO space.

Refinement opportunity

CEDA and Council staff are already actively fostering closer relationships to ensure there is understanding of roles and to avoid duplication. This collaboration should continue as it is a key way to ensure that expectations between CEDA and the councils are being met.

Finalising and implementing the draft Destination Management Plan should also provide clarity. There is a visitor campaign coming out in the next few weeks (November 2020) which will also provide further clarity.

In finalising the draft Destination Management Plan, and in any future planning, it will be important, as part of a partnership approach, for the shareholding councils to be closely involved in developing plans and strategies. It is also noted that under section 64A of the Local Government Act shareholders of a CCO may require the organisation to prepare and deliver additional plans including thematic plans. The requirement can specify delivery dates for these plans.

Events

Despite there being clear rationale for the events that CEDA will focus on, there are some differing views as to which organisation has responsibility for various types of events. Due to these differing expectations, in some cases there is frustration as to whether CEDA is delivering 'enough' or the 'right type' of events.

Refinement opportunity

CEDA is preparing a draft Conference and Business Events Sector Strategy. This will assist with clarifying roles and responsibilities. This is being developed in consultation with stakeholders from within and outside the region, including venues, accommodation providers, professional conference organisers and industry bodies.

Grass-roots business activities

There was generally good understanding that CEDA's role is not to provide grass-roots support to businesses. However, there was also some criticism that CEDA are not 'visible' enough to businesses and that they support new businesses in preference to existing businesses. Yet CEDA's role is precisely this – to “grow the size of the pie” as it were rather than provide grass-roots support to existing businesses. This can be a hard-sell when it comes to existing businesses who may feel their ratepayer money is being used in ways that they don't see benefit from.

Refinement opportunity

There may be an opportunity to develop clearer roles and responsibilities – perhaps through a communications strategy or a heads of agreement between councils, CEDA, Feilding and District Promotion, and Manawātū Chamber of Commerce, followed up by a clear set of guidelines for members of the public and the business community so that there is more clarity about where to go for services and who funds and who delivers different services.

6.4 Relationships

LGNZ note that there needs to be a 'culture of collaboration' between councils and economic development agencies in order for the economic development activities to be successful. Where interactions are positive, constructive, polite, meaningful and collaborative there will be more success.

There are already many ways in which CEDA interacts with its shareholders and partners, including monthly Lead Team meetings, Joint Committee meetings, and many other more informal channels for relationship-building. CEDA has multiple communication channels and engagement activities including regular briefings, informal 'meet-ups', presentations, social media, newsletters, and emails.

The sub-region has a long history of successful collaboration and there is a mature relationship between the two councils. There appears to be many open, frequent, and respectful relationships across organisations. Collaboration is occurring, including for example some staff members spending a day a week at CEDA to help strengthen these relationships. Tensions arise from time to time, but no formal interventions have been required to date and it seems these relationships are being managed positively in general. However, some parties were very open with us about their own personal misgivings about CEDA's delivery. The refinement opportunities outlined below offer ways for these individual issues to be resolved.

Refinement opportunities

Partnership agreements can be used to help clarify expectations between CEDA and partner organisations and open up honest dialogue that could potentially resolve any existing or emerging issues. It is understood that there are already some partnership agreements in place and more to come and this approach should be retained and increased where possible.

Review the way in which the Lead Team functions. At the moment there are some mixed reviews about how effective it is. Consider having a formal agenda for Lead Team meetings or agreeing terms of reference for it, even if at an informal level.

Consider three-monthly reporting to the Joint Committee on CEDA activities – at the moment it can be six-months between updates and in the meantime some members of the Committee feel out of the loop. For efficiency, this reporting could involve circulation of written reports or minutes from existing regular meetings.

An Auckland Council CCO review (2020) noted that the lack of a senior-level person tasked with managing day-to-day relationships was an issue and has recommended this as an action to be undertaken. The current CEDA model already has the advantage of having a contract manager in PNCC and MDC to undertake these day-to-day relationship management issues. This approach should be retained.

Another recommendation of the Auckland CCO report that may be useful is for the governing body to spend half a day each year visiting each CCO to better understand its business and culture and to informally build relationships. This seems like something worth considering as it would help build understanding and relationships.

6.5 Council governance roles

It is clear that there is a high degree of passion for the city and region. Politicians rightly have strong feelings that CEDA should be delivering on the Statement of Intent. Some feedback was received which indicates that some councillors do not feel they have all the information they need in order to understand what CEDA is doing to deliver on the Statement of Intent. Despite the Statement of Intent process which provides an opportunity to set the strategic direction for CEDA, not all councillors support the focus of work being undertaken by CEDA.

One of the key advantages of a CCO model is that operational matters remain at arm's-length from councils and that there is a degree of political neutrality in operational decision-making. All the tools are there in the current model to ensure that the Joint Committee is able to provide a strong direction for CEDA to then implement. How CEDA implements this is not a governance role for the Joint Committee and this difference between governance and operational roles is not always well understood.

Refinement opportunity

Three-monthly updates to the Joint Committee would assist Councillors who are not in the Lead Team to have regular updates and to better understand what CEDA is focussing on. These updates could also be filtered down into other Council committees such as the PNCC Economic Development Committee. Alongside this, continued focus on providing training for councillors on the difference between operations and governance roles would assist.

6.6 Business buy-in

Whilst this high-level review has not been able to analyse in-depth the views that the business community holds of CEDA, there was clear from the feedback received that, overall, businesses understand and support the need for an EDA and RTO at arm's-length from Council. However, some feedback indicated that businesses do not feel that their views are taken into account by CEDA because CEDA's focus is on meeting the needs of their shareholders/funders. There was also a feeling that because of this focus on shareholder/funder demands, CEDA is having to focus more on short-term "quick-wins" rather than longer-term goals.

Refinement opportunity

Pre-consultation with a range of partners and stakeholders, including business, iwi and community representatives, prior to setting the Statement of Intent, could improve the approach for determining priorities and assist with business buy-in.

6.7 Extending shareholder membership

There seems to be conflicting ideas about whether CEDA would be able to be more effective (and cost-effective) if more shareholders came on board e.g. other TLAs in the Horizons region and/or other key partners and organisations with an economic development interest. This would increase opportunities for funding and scope of activities, with the expectation that this would increase impact. However, it might dilute what can be achieved and spread the focus too thinly across the region/different TLA areas, thereby not impacting greatly in any area. This would also likely introduce more political risk with greater potential for conflicting priorities.

Refinement opportunity

This option could be considered as part of a 'refined' status-quo but further work would be required to test it if there was an appetite for this.

7. Other issues outside the scope of the review

During the research and interviews conducted for this review, several issues were raised which are outside the scope of this review. It would appear that many of these issues could be addressed through existing mechanisms.

7.1 Funding

Some interview participants felt that the amount of funding was too high whilst others felt that it was too low. Other issues were raised around the short-term nature of the funding rounds from Council. This can make things such as leasing buildings or employing staff on longer-term contracts difficult to commit to, which limits the effectiveness of the operation and results in considerable stress for staff. Council is required to undertake budgeting through the annual and long term plan processes but do provide for 10-years' worth of funding within their long term plans.

An option that is already being looked at is to be clearer in the Statement of Intent about longer term priorities so that these can be worked on and embedded over time.

There is potential to look at other opportunities for funding. For example, in some places such as Hawke's Bay, Rotorua, Marlborough, Kaikoura, Hurunui, Mackenzie, West Coast, Dunedin, Central Otago and Queenstown amongst others there is RTO funding provided via targeted rates (Martin Jenkins Northland report).

7.2 Proportion of Funding and Shareholding

Some interviewees considered that the proportion of funding, when compared to the shareholding proportions, means that PNCC is paying more than its fair share. The agreed proportion is to be pro-rated based on population of the Palmerston North City Council and Manawātū District Council territories which is a commonly used approach. The rationale for this is that it fairly attributes the per capita contribution so that ratepayers in one district are not paying more than ratepayers in the other district on a per capita basis.

Note that clauses 5 and 6 of the Agreement in relation to Management of Service Agreement (22 December 2016) sets out that the funding of CEDA shall be determined between the parties (Palmerston North City Council and Manawātū District Council), with a dispute resolution process available should there be a dispute in relation to the contribution each party makes. This provides a route towards resolution of any concerns regarding proportionality of funding.

It is also important to note here that the shareholding proportion does not flow through into the day-to-day decisions of the CEDA Board. The CEDA Board members are not appointed as 'PNCC' or 'MDC' members – they represent the whole Manawātū/Palmerston North region.

7.3 Composition of the Board

Several interviewees had opinions as to the composition of the Board. There was general consensus that the Board membership offered an opportunity to improve outcomes, but there was no consensus as to the appropriate mix of Board members. Some felt that the Board should be exclusively made up of local people with a passion for the area, whilst others felt that there was a strong opportunity to leverage special skills and experts along with people who could exert national-level influence. There is already a policy in place (CEDA Appointment of Directors Policy, 10 August 2016) which sets out an objective and transparent process for the appointment of directors. The Joint Committee appoints directors on the recommendation of the Electoral College (which is made up of 3 members from PNCC, 3 from MDC (including each Mayor)).

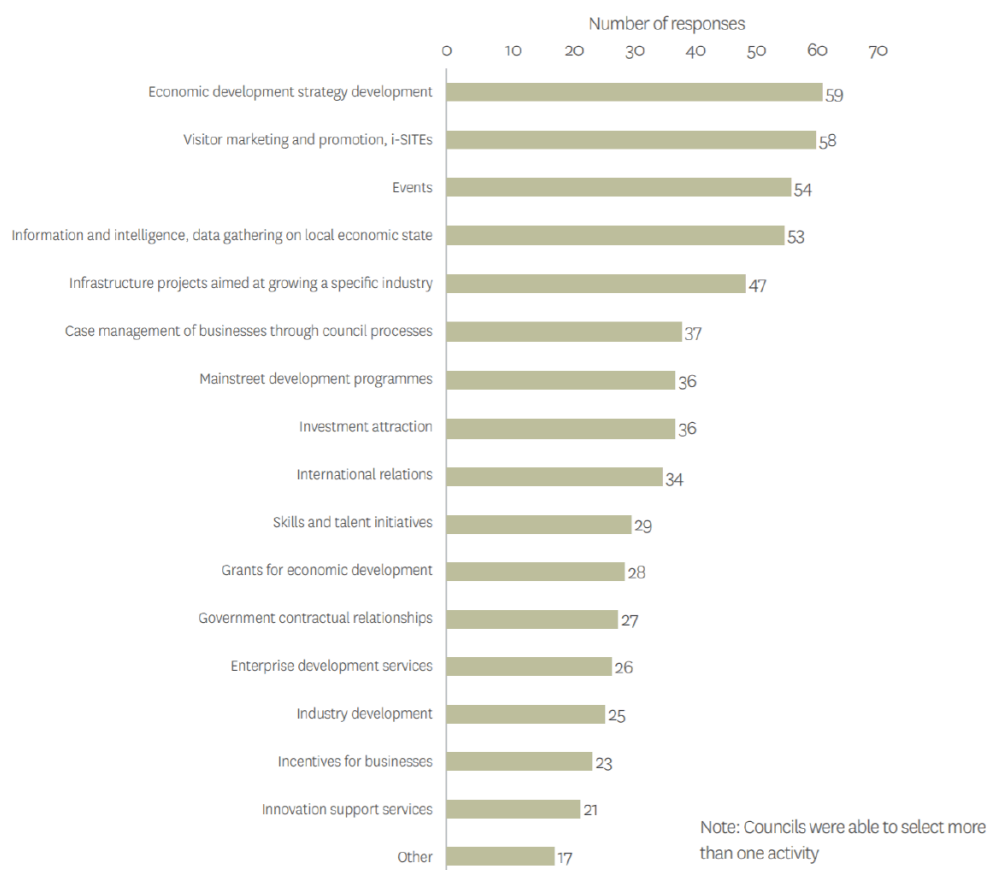
Again, the mechanisms are already in place to allow for changes to be made should this be required – however there needs to be a degree of trust in the process.

7.4 Definition of economic development activities

Economic development activities are notoriously difficult to define. At a national level it has been identified that there is a need for a common definition of economic development activities to attempt to address this (reference LGNZ and Henley Hutchings).

In LGNZ's survey of councils' economic development activities in late 2016, the below responses were received regarding the range of economic development services councils provide.¹⁰

¹⁰ Local Government New Zealand (2017) Better Economic Development in Local Government. p7.
<https://www.lgnz.co.nz/assets/Uploads/e73acda8f8/44475-LGNZ-Economic-Development-6-FINAL.pdf>



These results indicate that a wide range of activities fall under the economic development umbrella and that councils have differing views about what services actually support economic development. Combined with the result that less than half (49 per cent) of the survey respondents indicated that their council did not have a specific definition for economic development, it is not surprising that some councils may struggle to clearly understand what economic development entails.

LGNZ have identified that an economic development services toolkit for councils should be developed ('Improving local government investment into Economic Development Services in New Zealand', LGNZ, December 2018). This toolkit would include a reference set of services with supporting case-studies of best practice, guidance on the pros and cons of an RTO/EDA combined model, guidance on how to best support governance including letters of expectation, statements of intent and service level agreements and how they link to programme outputs and long term outcomes. It may be an option to pursue this with LGNZ to see if there is a current workstream looking at this issue. This would assist in resolving some of the issues that arise in relation to perceptions of cost-effectiveness and delivery by being clearer about the scope of "economic development activities".

8. Conclusions and Recommendations

Overall, our assessment is that the current model for governance, funding and delivery of the economic development activities (being the scope of activities currently undertaken by CEDA, including the EDA and RTO functions for the sub-region) is generally effective and we have not found any compelling evidence to indicate that an alternative model would be more cost-effective.

As outlined above, CEDA is effective in achieving the requirements of the Statement of Intent. CEDA has achieved a strong stakeholder satisfaction rating and stakeholders are generally impressed with stakeholder communications, and many feel that since the Covid-19 lockdown, CEDA has stepped up communication to another level.

Overall effectiveness when compared with other potential options is very favourable. CEDA is able to specialise and cover a range of economic development activities at arm's length from councils, and forge relationships and partnerships that would be harder with either in-house delivery or disparate organisations delivering different economic development activities.

It is important to note that the New Zealand literature indicates there is no 'perfect' or 'one-size-fits-all' approach to the provision of economic development activities in New Zealand – every model has its advantages and disadvantages. Even within similar models there will be differing issues that arise from time to time. Success comes down to how well the model is able to address issues as they arise.

The current model has been set up with a significant number of in-built mechanisms to ensure strategic alignment and to address issues as they arise, including:

- Contractual arrangements which cover matters related to probity, transparency and public accountability and dispute resolution procedures;
- Clear delegations to the Joint Committee;
- Regular reporting arrangements at multiple levels;
- Yearly Letter of Expectation and Statement of Intent processes.

It is important to note that these are early days in the establishment of an effective EDA/RTO. It can take years to get strategies in place and then see them gain momentum and start making a demonstrable difference. The fact that there are already strategies in place or in progress (e.g. draft Destination Management Plan, Talent Attraction and Retention Strategy, International Education Strategy, Manawātū Agritech Strategy, Inward Investment Strategy) is an important achievement in itself. CEDA is now in a phase where it could be expected that momentum will start to gather, and more significant changes will become evident. Making any significant changes to the governance, funding and delivery model at this point would likely slow down or stop any of the forward momentum.

We have identified several refinement options that could be considered in order to improve the operation of the model. Retaining the status quo would mean that CEDA could continue to build its capability and capacity and would mean little disruption in the delivery of economic development activities.

Any changes or refinements made will not guarantee success. The future success of CEDA in cost-effectively delivering economic development activities will be determined by the degree of co-operation and goodwill from the shareholders and buy-in from the business and wider community.

Refinement options we have identified include those listed below.

Delivery against Council expectations

There is an opportunity to utilise the statement of expectations under s64B of the LGA for the shareholding councils to specify how CEDA is to conduct its relationships with not only the shareholding local authorities, but with communities of those local authorities, iwi, hapū and other Māori organisations, etc.

Expectations and reporting

There is already a move towards ensuring that the Sol captures the medium and long term expectations of the councils more clearly.

There is an opportunity to investigate a reporting framework that allows for short, medium, and long-term outcomes to be reported separately. An example is the Great South annual report which specifically identifies short-term goals and long-term goals.

Review reporting arrangements to ensure that they are fit-for-purpose and meet shareholder and partner expectations.

Expectations should be specific, measurable, achievable, relevant and time-based.

RTO role alongside local marketing/promotion

CEDA and Council staff are already actively fostering closer relationships to ensure there is understanding of roles and to avoid duplication. This collaboration should continue as it is a key way to ensure that expectations between CEDA and the councils are being met.

Finalising and implementing the draft Destination Management Plan should also provide clarity. There is a visitor campaign coming out in the next few weeks (November 2020) which will also provide further clarity.

In finalising the draft Destination Management Plan, and in any future planning, it will be important, as part of a partnership approach, for the shareholding councils to be closely involved in developing plans and strategies. It is also noted that under section 64A of the Local Government Act shareholders of a CCO may require the organisation to prepare and deliver additional plans including thematic plans. The requirement can specify delivery dates for these plans.

Events

CEDA is preparing a draft Conference and Business Events Sector Strategy. This will assist with clarifying roles and responsibilities. This is being developed in consultation with stakeholders from within and outside the region, including venues, accommodation providers, professional conference organisers and industry bodies.

Grass-roots business activities

There may be an opportunity to develop clearer roles and responsibilities – perhaps through a communications strategy or a heads of agreement between councils, CEDA, Feilding and District Promotion, and Manawātū Chamber of Commerce, followed up by a clear set of guidelines for members of the public and the business

community so that there is more clarity about where to go for services and who funds and who delivers different services.

Relationships

Partnership agreements can be used to help clarify expectations between CEDA and partner organisations and open up honest dialogue that could potentially resolve any existing or emerging issues. It is understood that there are already some partnership agreements in place and more to come and this approach should be retained and increased where possible.

Review the way in which the Lead Team functions. At the moment there are some mixed reviews about how effective it is. Consider having a formal agenda for Lead Team meetings or agreeing terms of reference for it, even if at an informal level.

Consider three-monthly reporting to the Joint Committee on CEDA activities – at the moment it can be six-months between updates and in the meantime some members of the Committee feel out of the loop. For efficiency, this reporting could involve circulation of written reports or minutes from existing regular meetings.

An Auckland Council CCO review (2020) noted that the lack of a senior-level person tasked with managing day-to-day relationships was an issue and has recommended this as an action to be undertaken. The current CEDA model already has the advantage of having a contract manager in PNCC and MDC to undertake these day-to-day relationship management issues. This approach should be retained.

Another recommendation of the Auckland CCO report that may be useful is for the governing body to spend half a day each year visiting each CCO to better understand its business and culture and to informally build relationships. This seems like something worth considering as it would help build understanding and relationships.

Council governance roles

Three-monthly updates to the Joint Committee would assist Councillors who are not in the Lead Team to have regular updates and to better understand what CEDA is focussing on. These updates could also be filtered down into other Council committees such as the PNCC Economic Development Committee. Alongside this, continued focus on providing training for councillors on the difference between operations and governance roles would assist.

Business buy-in

Pre-consultation with a range of partners and stakeholders, including business, iwi and community representatives, prior to setting the Statement of Intent, could improve the approach for determining priorities and assist with business buy-in.

Extending shareholder membership

This option could be considered as part of a 'refined' status-quo but further work would be required to test it if there was an appetite for this.

Attachments

Attachment One: Section 17A of the Local Government Act 2002

Section 17A Delivery of services

- (1) A local authority must review the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions.
- (2) Subject to subsection (3), a review under subsection (1) must be undertaken—
 - (a) in conjunction with consideration of any significant change to relevant service levels; and
 - (b) within 2 years before the expiry of any contract or other binding agreement relating to the delivery of that infrastructure, service, or regulatory function; and
 - (c) at such other times as the local authority considers desirable, but not later than 6 years following the last review under subsection (1).
- (3) Despite subsection (2)(c), a local authority is not required to undertake a review under subsection (1) in relation to the governance, funding, and delivery of any infrastructure, service, or regulatory function—
 - (a) to the extent that the delivery of that infrastructure, service, or regulatory function is governed by legislation, contract, or other binding agreement such that it cannot reasonably be altered within the following 2 years; or
 - (b) if the local authority is satisfied that the potential benefits of undertaking a review in relation to that infrastructure, service, or regulatory function do not justify the costs of undertaking the review.
- (4) A review under subsection (1) must consider options for the governance, funding, and delivery of infrastructure, services, and regulatory functions, including, but not limited to, the following options:
 - (a) responsibility for governance, funding, and delivery is exercised by the local authority;
 - (b) responsibility for governance and funding is exercised by the local authority, and responsibility for delivery is exercised by—
 - (i) a council-controlled organisation of the local authority; or
 - (ii) a council-controlled organisation in which the local authority is one of several shareholders; or
 - (iii) another local authority; or
 - (iv) another person or agency;
 - (c) responsibility for governance and funding is delegated to a joint committee or other shared governance arrangement, and responsibility for delivery is exercised by an entity or a person listed in paragraph (b)(i) to (iv).
- (5) If responsibility for delivery of infrastructure, services, or regulatory functions is to be undertaken by a different entity from that responsible for governance, the entity that is responsible for governance must ensure that there is a contract or other binding agreement that clearly specifies—
 - (a) the required service levels; and
 - (b) the performance measures and targets to be used to assess compliance with the required service levels; and
 - (c) how performance is to be assessed and reported; and
 - (d) how the costs of delivery are to be met; and
 - (e) how any risks are to be managed; and
 - (f) what penalties for non-performance may be applied; and

- (g) how accountability is to be enforced.
- (6) Subsection (5) does not apply to an arrangement to the extent that any of the matters specified in paragraphs (a) to (g) are—
 - (a) governed by any provision in an enactment; or
 - (b) specified in the constitution or statement of intent of a council-controlled organisation.
- (7) Subsection (5) does not apply to an arrangement if the entity that is responsible for governance is satisfied that—
 - (a) the entity responsible for delivery is a community group or a not-for-profit organisation; and
 - (b) the arrangement does not involve significant cost or risk to any local authority.
- (8) The entity that is responsible for governance must ensure that any agreement under subsection (5) is made publicly available.
- (9) Nothing in this section requires the entity that is responsible for governance to make publicly accessible any information that may be properly withheld if a request for that information were made under the [Local Government Official Information and Meetings Act 1987](#).

Section 17A: inserted, on 8 August 2014, by [section 12](#) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Attachment Two: CEDA outcomes 2019-20

Inward Investment – Outcomes 2019-20

Implementation of inward investment strategy with regional partners, targeting the Agriculture and Distribution & Logistics sectors, and the attraction of Conference and Business Events that bring economic benefit to the region

Measures	Outcomes	Impact	Investment
<ul style="list-style-type: none"> Investment Profile for the region developed and opportunities identified 12 bids prepared/supported with a 30% success rate 	<ul style="list-style-type: none"> Development of the investment profile through market research with Colmar Brunton to understand the decision-making factors of investors, business and talent. Supported key regional infrastructure projects including KiwiRail Regional Freight Hub, a potential investment in hydrogen technology, the Bio-forestry initiative, an apparel company, and investment interest by a bio-pharmaceutical company. Central North Island Freight Precinct Strategy. Including the precinct includes the KiwiRail Regional Freight Hub, the North East Industrial Zone, Palmerston North Airport, and the planned regional ring road. CEDA led the industry and landowner engagement component of this project. Te Āpiti - Manawātū Gorge application for capability funding from the Provincial Growth Fund to develop a business case and source funding options for a catalyst project such as built infrastructure to enhance the visitor offering. Six conference bids were supported, with two bids won. Attraction of a two-and-a-half-week business meeting to Manawātū. Development of a draft Manawātū Conference and Business Events Strategy has been finalised for discussion with stakeholders. A Conference Bid Template has been finalised to ensure consistency and standards in terms of regional bids. 	<p>PGF investment Bio-forestry initiative \$380,000</p> <p>Potential inward investment to the region totalling over \$26.5 million</p> <p>Strategic Tourism Asset Protection funding of \$700,000</p> <p>PGF Funding Te Āpiti initiative received \$15,000</p> <p>Conference bids won estimate value to the region of \$594,000</p>	\$680,632

Business Retention and Expansion – Outcomes 2019-20

Develop and grow businesses by delivering information, advice and support, and facilitate access to specialist innovation, business development and start up expertise

Measures	Outcomes	Impact	Investment
<ul style="list-style-type: none"> 400 businesses supported to grow through the Regional Business Partner Programme (15 that identify as Māori) 150 businesses supported through CEDA additional support services incl access to government support Deliver 10 start up clinics to support new business 40 Referrals to the Chamber and The Factory Attraction of 90 start ups to enter the Innovate programme supporting 7 businesses to start or accelerate Support provided the 'Sprout' Agritech Accelerator 	<ul style="list-style-type: none"> 641 business supported, including 38 that identify as Māori. Engagements consisted of capability development, business mentor matches and COVID-19 impact support. 378 businesses including 27 that identified as Māori were supported to help with the impacts of COVID-19 (March to June 2020). A large number of businesses were supported through the Navigating COVID-19 webinar series which had 762 participants, and Visitor Sector support webinars which had 96 registrations. 141 businesses supported, including Start up Workshops, Lean Workshops, Innovation Ecosystem breakfast, Tourism Operator support, Builders and Designers Seminar, and Provincial Growth Fund application. 7 Start up clinics held 44 Referrals to The Factory and Manawatu Chamber of Commerce Innovate programme delivered by The Factory with 77 entries, with 8 businesses supported Global Sprout Agritech Accelerator funded with 27 shortlisted companies from 127 applications Brave New Thinkers supported, developing entrepreneurial young talent during NZ Business Week 	<p>\$854,918 in business capability development</p> <p>\$850,510 research and development grants for business</p> <p>782 businesses supported to grow</p> <p>27 agri businesses accelerated</p> <p>8 innovative start ups accelerated</p>	\$1,020,691

Business Retention & Expansion (Sector Development) – Outcomes 2019-20

Assess and support opportunities for growth through key business engagement, cluster development and sector strategies and relationships with Māori, and Retain businesses in the region through engagement and identification of barriers to growth

Measures	Outcomes	Impact	Investment
<ul style="list-style-type: none"> Implement the Visitor and Agritech sector strategies 	<ul style="list-style-type: none"> Manawātū Destination Management Plan framework was completed following extensive community, stakeholder, and iwi consultation. Agritech Strategy completed and implementation commenced with The Factory on the three-year implementation plan including: <ul style="list-style-type: none"> Global Agrifood Hub communications planning, including national media coverage of the agritech strategy launch and National Business Review feature interview Roaming networker programme funded by CEDA and delivered by Sprout Massey University Hort Immersion Programme in place Sprout Accelerator programme delivered, and Agritech technology incubator approved by Callaghan Innovation. Sprout Accelerator start-up pop up hub trialled Transformation awards delivered by Sprout – 37 entrants and 6 finalists AgTech Hakathon delivered digitally by The Factory FoodHQ event held to showcase local food producers to central government 	<ul style="list-style-type: none"> Māori Tourism Working Group established Targeted 3-year Strategy for the Conference and Business Events Sector 8 trials of Agritech by farmers \$1.6M of R&D Grants to Companies 6 New companies created 360 Academic Articles Published \$12.4M Total capital invested into companies 15 new Māori Appointments 2 new tertiary courses 681 high school students in Agritech classes 	\$455,795

Business Retention & Expansion (Sector Development) – Outcomes 2019-20

Assess and support opportunities for growth through key business engagement, cluster development and sector strategies and relationships with Māori, and Retain businesses in the region through engagement and identification of barriers to growth

Measures	Outcomes	Impact	Investment
<ul style="list-style-type: none"> Deliver NZ AgriFood Week 3 CEDA ag sector events, event stakeholder satisfaction of 80% 	<ul style="list-style-type: none"> The New Zealand AgriFood Week Three-year Foundational Strategy was completed, resulting in a deepend events programme and alignment with Agritech strategy in developing the agritech sector. New Zealand AgriFood Week 2020 planning completed (event postponed). The planned event saw the highest partner and event participation to date: <ul style="list-style-type: none"> Launched brand new NZAFW website and event app Facebook audience grew by 30% 1,200 people purchased or RSVP'd to attend the event The number of events increased from 15 in 2019 to 20 in 2020 Four international speakers secured 	<ul style="list-style-type: none"> Social media reach of 130,000 Gained Ministry of Primary Industries financial support \$5K 	\$129,593

Building a Talent Pipeline (Talent & Skills Attraction and Retention) – Outcomes 2019-20

Understanding the future of work, implementing the Talent & Skills Attraction & Retention Strategy, driving the development of skills in the region, supporting linkages to job opportunities, implementation of actions from primary sector skills gap analysis, and increasing the value of international students in the region, enhancing the student experience and increasing their employability

Measures	Outcomes	Impact	Investment
<ul style="list-style-type: none"> Talent attraction and retention strategy and action plan developed, and implementation initiated Support provided to the development of the National Driving Training Centre and Talent Central employment hub 	<ul style="list-style-type: none"> Talent Attraction and Retention Strategy developed, including co-designing the action plan, which will be implemented in July 2020. A Primary Sector Skills Shortage Action Plan developed, and is in the process of getting feedback, for implementation in 2020. A Response and Recovery Plan has been drafted with a focus on Making Employment and Experience Matter and an associated ecosystem map. CEDA partnered with NxtStep, a leading graduate employment and careers platform in New Zealand to create a dedicated Manawātū recruitment platform to attract tertiary graduates and highlight the regions lifestyle and employment opportunities. Support including funding was provided to Talent Central to continue to develop the Work Ready Portfolio and further the brokerage service between secondary schools and employers. Support provided to the National Driver Training Centre and the Special Projects Skills Hub through participation in their advisory group, and involvement in Sort It, building on identified future employment opportunities in the region. 	Over 3,600 views of NxtStep Manawātū, 13 businesses listed, 12 blogs created, 84 applications generated in June.	Total Talent & Skills investment of \$498,721

Building a Talent Pipeline (Talent & Skills Attraction and Retention) – Outcomes 2019-20

Understanding the future of work, implementing the Talent & Skills Attraction & Retention Strategy, driving the development of skills in the region, supporting linkages to job opportunities, implementation of actions from primary sector skills gap analysis, and increasing the value of international students in the region, enhancing the student experience and increasing their employability

Measures	Outcomes	Impact	Investment
<ul style="list-style-type: none"> Deliver the Sort It Careers Expo with 70+ exhibitors Deliver 5 key engagement activities through Te Aho Tāmaka Develop a Manawātū future of work project, in collaboration with Massey, UCOL, employers and Infometrics 	<ul style="list-style-type: none"> The Sort It Careers Expo (Sort-It Online) delivered in response to COVID-19, new website and app were launched. 37 webinars were hosted involving 20 providers/study options, 31 employers, focused on regional sectors of strengths 12 Te Aho Tāmaka engagements were delivered, including webinars Manawātū future of work research into best practice completed and a project plan developed 	<p>Sort It Webinars reach of 362 viewers</p> <p>Four new Te Aho Tāmaka Leaders inducted into the programme</p> <p>187 attendees at Te Aho Tāmaka engagements</p> <p>Te-Aho Tāmaka Webinars reach of 500 viewers</p>	Total Talent & Skills investment of \$498,721

Building a Talent Pipeline (Talent & Skills Attraction and Retention) – Outcomes 2019-20

Understanding the future of work, implementing the Talent & Skills Attraction & Retention Strategy, driving the development of skills in the region, supporting linkages to job opportunities, implementation of actions from primary sector skills gap analysis, and increasing the value of international students in the region, enhancing the student experience and increasing their employability

Measures	Outcomes	Impact	Investment
<ul style="list-style-type: none"> Implement annual workplan as agreed with the International Education Leadership Group 	<ul style="list-style-type: none"> International Education Leadership Group meetings held. Continued focus on marketing the region as an international study destination of choice, student experience and employability. A Response and Recovery Plan has been drafted with a focus on Regenerating International Education and an associated ecosystem map for implementation in 2020-21. Digital campaign with Education International Cooperation (EIC), which directly targeted Chinese students from secondary through to tertiary age. This campaign consisted of two live webinars and online content pieces shared through EIC channels including a 'demo class' video that showcased what a classroom in Manawātū is like. 	<p>The Hokkaido Board of Education visited Feilding High School, hosted by Education NZ are looking into a long-term student exchange programme with the region</p>	<p>Total Talent & Skills investment of \$498,721</p>

Building a Talent Pipeline (Talent & Skills Attraction and Retention) – Outcomes 2019-20

Understanding the future of work, implementing the Talent & Skills Attraction & Retention Strategy, driving the development of skills in the region, supporting linkages to job opportunities, implementation of actions from primary sector skills gap analysis, and increasing the value of international students in the region, enhancing the student experience and increasing their employability

Measures	Outcomes	Impact	Investment
<ul style="list-style-type: none"> Deliver 6 cross institutional engagement activities enhancing the student experience Deliver employability workshop(s) with 100+ International tertiary student participation Individually assist 20+ students into local employment opportunities 	<ul style="list-style-type: none"> Six cross institutional student engagement activities held Development of social media engagement, through @StudentCityPN and Youth Space Application submitted for funding from Education New Zealand for a pilot Regional Retention and Student Experience Programme, to connect international students with future learning and employment pathways. Employability resources have been developed. Agreement has been confirmed with partners for delivery of the tools to students and employers between July and October 2020. 30+ students have gained work integrated learning opportunities through Callaghan Innovation funded initiatives. 	<p>400+ students engaged in student experience activities</p> <p>Awarded funding from Education New Zealand for a pilot Regional Retention and Student Experience Programme. \$17,000 funding secured</p> <p>30 students given employment opportunities</p>	<p>Total Talent & Skills investment of \$498,721</p>

Lead and develop the stories of Manawatū, creating a narrative and a unified positioning, incorporating the cultural heritage of iwi, and leading the creation of targeted regional content showcasing our regions strengths, and grow engagements on web and social media increasing promotion and information on the region

Measures	Outcomes	Impact	Investment
<ul style="list-style-type: none"> Implement the Regional Identity project outcomes 18 direct media features profiling the region 10% increase in sessions on ManawatuNZ website 10% increase in engagement across social media changes 	<ul style="list-style-type: none"> Second phase of Regional Identity research undertaken providing insights for CEDA's work in inward investment and development of a Business Retention Strategy Move to Manawatū campaign delivered 56 direct media features of the city and region achieved, and 7 indirect features ManawatuNZ 8.78% decrease in sessions, contributed to by impact of COVID-19 13 tailored content pieces developed to provide support, inspiration and positive stories during the impacts of COVID-19 Choose Manawatu campaign/initiative on ManawatuNZ Palmerston North City & Manawatū Facebook followers up 15.8% My Manawatū Facebook followers up 11.5% Manawatu_NZ Instagram followers up 32.6% 	<ul style="list-style-type: none"> 3,511,943 reach through direct media features (across print digital, radio and video) Digital campaign reach of 290,547 229,586 unique visitors on ManawatuNZ Social media following of 29,030 	\$295,524

Leading Economic Growth through Partnerships:

- Continuing to build on relationships with shareholders, central government agencies, key regional stakeholders, local iwi and Māori, and business support groups through the stakeholder engagement plan
- Economic impact information regularly communicated to stakeholders and business, including iwi and Māori business sector

References

CEDA documentation:

- CEDA Constitution
- Appointment of Directors Policy
- CEDA Management of Service agreement
- CEDA Service Funding agreement
- Funding agreement between PNCC, MDC and CEDA
- Shareholders' agreement
- UMR CEDA Stakeholder study, Qualitative report, August 2020

CEDA Statement of Intent for year ending 30 June 2021

Draft Manawatū Conference and Business Events Strategy (2020/21 – 2022/23)

Economic Development Service Delivery Options, Morrison Low 2014

Economic Development Strategy, Palmerston North, 2018

Future Challenges and opportunities in Regional Economic Development in New Zealand - A national research project, Henley-Hutchings, 2019

Growing Manawatū, Manawatū District Council Economic Development Strategy, 2017

Improving local government investment into Economic Development Services in New Zealand', LGNZ, December 2018

Local Government Economic Development Arrangements in the Wellington Region, Final report, Martin Jenkins, 2016

Local Government Funding and Financing, Productivity Commission 2019

Manawatū 2025 – draft Destination Management Plan – CEDA

Review of Auckland Council's council-controlled organisations – report of Independent Panel, July 2020

Review of Economic Development Arrangements in Northland, Martin Jenkins 2017

Review of Marlborough Economic Development, Martin Jenkins 2018

S17A review for Economic Development and Tourism – Report to Ashburton District Council, McGredy Winder, 2016

Service delivery reviews – conducting a service delivery review under section 17A of the Local Government Act 2002, SOLGM September 2015

Using Land for Housing Final report, Productivity Commission 2015

What Works? A report for Wellington City Council on getting the best from council-controlled organisations, 2012

Interviewees:

- Palmerston North City Council Mayor
- Manawatū District Council Mayor
- Palmerston North Deputy Mayor/Economic Development Committee Chairperson and Deputy Chairperson
- Manawatū District Council Deputy Mayor
- Palmerston North City Council Chief Executive
- Manawatū District Council Chief Executive
- CEDA Chair
- CEDA CEO and Finance Manager
- Feilding and District Promotion
- Manawatū Chamber of Commerce
- Federated Farmers

Draft Statement of Expectations 2021-2022

The purpose of this Statement of Expectations is to provide CEDA with the Shareholders' focus and priorities for delivery, against its purpose of driving and facilitating the creation and growth of economic wealth in the Manawatu region and beyond.

When working beyond the Manawatu, there must be a causal link of the outcomes or benefits back to the Manawatu region based on the core functions and measures of success outlined below.

It is also expected that CEDA will use this letter to guide the development of the Statement of Intent (SOI) for 2021-2022.

Strategic Relationships

Taking a leadership position and building strategic relationships in the Manawatu region and beyond, is fundamental for CEDA to achieve its purpose. CEDA must be relationship-driven at all levels and we appreciate your commitment to this. From our perspective (both as shareholders and partners), this means CEDA developing a deep understanding of the roles of its strategic partner organisations, what their priorities and strengths are, and how CEDA can add value to the relationship (and vice versa) to achieve better economic outcomes for the region.

CEDA formalising these strategic relationships, is important to us as shareholders, to ensure we have cohesion in the region around economic development activities. We would like this to be driven further by CEDA through mutually agreed partnership agreements or similar, to ensure everyone is on the same page and provide the basis for a consistent and collective approach with measurable outcomes.

Ongoing review of the existing strategic partnership agreements already in place is expected.

The shareholders have identified the following strategic partners for CEDA: Palmerston North City Council, Manawatu District Council, Iwi, Manawatu Chamber of Commerce, the International Education Sector including tertiary institutes and schools, Talent Central, The Factory, and key central government agencies.

The Shareholders and CEDA will continue to work together to update the existing list of strategic partners.

There may be opportunities for CEDA to leverage existing strategic relationship agreements entered into by the shareholders, e.g. Councils and NZ Defence Force.

Key Agreed Functions and Outcomes

We understand that to be effective, CEDA must be able to focus on key outcomes within a well-defined mandate. We also recognize this is a challenge given historical expectations and activities undertaken by CEDA's antecedent organisations, along with differing stakeholder expectations.

This means CEDA focusing on the delivery of its core functions and outcomes in:

- Inward investment (both national and international), retention and expansion of business in the Manawatu region, along with survival and recovery of businesses due to COVID-19.
- Developing a talent pipeline,
- International Education, and
- Domestic Visitation (due to impacts from COVID-19).

The shareholders expect International Education to be a strategic priority encompassing a commitment to support recruitment, marketing, the student experience, employability, and the maintenance of existing and new partnerships. CEDA are expected to advocate and work on returning the International Education market. This focus area is to be measured and regularly reported to the shareholders.

Action plans to deliver on these core functions should identify KPIs based on clear intervention logic.

As we have discussed, it is expected that CEDA will work very closely with key stakeholders of the regions strengths of research/agri-food/agri-business/land/horticulture, distribution and logistics, defence, health, visitor, education (domestic and international), digital and technology, and a growing Maori economy.

CEDA is expected to scan for new opportunities, whether or not it is a key strength, where this can benefit the region.

CEDA's success will be measured by the shareholders using the following indicators of the health of the regional economy:

- Job growth

- Increase in median household income
- Number of investment leads and deals secured
- Strength of the relationship with strategic partners

The shareholders acknowledge that the first two measures are not directly under CEDA's control. Significant changes in international and national economic factors will be taken into account when the Shareholders measure CEDA's performance.

Understanding the strategic drivers of the Councils and aligning CEDA's core functions to those drivers is critical to the partnership between the Councils and CEDA. The Councils have a key role in setting the economic environment for business to flourish and CEDA acts on the Councils behalf in facilitating opportunities for improved economic outcomes. CEDA is the Councils Agency for the delivery of economic development across the region.

Therefore, it is expected that CEDA will engage with the Councils in the development and implementation of their strategies and plans (such as Inward Investment Strategy, Labour Market Plan, Visitor Strategy and Māori Engagement Plan). These strategies and plans are expected to demonstrate active engagement with other strategic partners in their development.

The Councils are obliged to ensure that our services are delivered effectively and efficiently. As a Council-Controlled Organisation (CCO), this expectation extends to CEDA. The Shareholders require CEDA to provide an activity-based budget so the Council can effectively communicate levels of service and value for money to their ratepayers. In addition, there are many opportunities where shared resourcing, expertise and services should be explored and we would like to discuss these opportunities from both a short-term and long-term perspective.

To ensure the Shareholders and CEDA are on the same page, the focus, scope of activity, and priorities will be set through the Statement of Intent (SOI), and delivery managed through any relationship agreement that is put in place.

The Shareholders would like to continue the monthly team meeting between the Mayors, Council CE's and relationship managers with the CEDA Chair and CE.

The Shareholders would like a quarterly slot on your Board agenda to further build relationships and understanding.

The Shareholders will invite CEDA to report quarterly to the Joint Strategic Planning Committee.

We look forward to working with CEDA to develop an economic development model that successfully delivers. We thank the Board, CEDA CE, and CEDA staff for their continued commitment to economic growth in the Manawatu region.



A review of Palmerston North City Councils investment in CEDA for destination branding, marketing, and the regional tourism organisation function



November 2020

MENETH
CONSULTING

Executive Summary and Recommendations

This report is to test the desire of Palmerston North City Council (PNCC) to bring the destination and branding of the city in house, and leave the Central Economic Development Agency (CEDA) to focus purely on regional economic development.

The current tourism landscape in New Zealand and across the globe is in a state of turmoil following the impacts of Covid-19 on travel domestically and internationally. The industry has gone from rapid growth and challenges of “over tourism” in places, to severe depletion with not enough tourists or spending to sustain businesses economically.

This period of turmoil is being used as a time to reset, rethink, and plan for a better way of managing tourism in the future. Regional Tourism Organisations (RTO) that used to focus solely on marketing and promotion, now have a much broader mandate as destination management planning becomes widely implemented and RTOs become Destination Management Organisations (DMO).

DMO's take a more holistic approach to tourism endeavouring to manage and protect the natural environment from the impact of visitation, support local resident aspirations around social outcomes, and continue to market the region to ensure economic sustainability as well.

There are currently numerous RTO funding models and structures around New Zealand and it is a very complex landscape. Having 31 RTO's in New Zealand is viewed by most in the sector to be too many to do an effective destination marketing and management job, and there is a desire to reduce this number.

A number of senior people in stakeholder and partner organisations were interviewed about this proposal including CEDA, Manawatu District Council, Regional Tourism NZ, and Air NZ. Three other RTOs models were looked at as comparisons and these were Northland Inc, Tourism Bay of Plenty, and Central Otago Tourism.

Feedback from stakeholders and partners on the proposal was varied but all coming to the conclusion that now is not the best time to be making such a big decision, there are still a lot of unanswered questions such as “What is the evidence base to make a change? What are the expected benefits to PNCC and the Manawatu region?”

Palmerston North City already receives 90% of visitor spend in the wider Manawatu region (whilst contributing 75% of funding to CEDA), which pre-Covid was made up of 16% international and 84% domestic, so the focus should be now and into the future on influencing the domestic market.

The government lead Tourism Futures Taskforce is currently exploring ways to rest the way we manage and market tourism in New Zealand. One of the key areas being looked at is destination management funding and where this should come from. There is a growing view that a greater portion of this should come from user pays sources such as levies. A national wide tourism levy on all commercial accommodation is one solution that seems to be getting more traction than previously at a government level.

If a tourism levy (sales tax) becomes a reality and is distributed back to the regions it was collected from, it is likely that this would be granted to regional RTO's with MBIE approved destination management plans. It is expected that this would substantially increase the local funding available for destination management and marketing in this region.

CEDA has recently received \$700,000 from MBIE to support domestic marketing and encourage destination management post the Covid lockdown experienced during 2020. This funding runs thorough to December 2021 and there is an additional \$1m allocated for events in the Manawatu, Whanganui, and Taranaki regions. This MBIE funding was granted to RTOs on the basis that local council funding must remain the same as the previous financial year so the proposal would put this agreement in jeopardy.

The options available to PNCC are

1. Status quo
2. Delay the decision on this proposal by one year, reframe the letter of expectation giving clear direction, and set new KPIs.
3. Proceed with the proposal to bring the city/region destination marketing in house

Recommendation

- **That PNCC delays the decision to take the destination marketing function in house or not for 1 year, keeping the current structure and funding in place with CEDA, BUT giving very clear guidance in the pending Letter of Expectation on what they expect CEDA to deliver on, and the performance indicators that would be attached.**
- Move the regional narrative to a “Palmy and Manawatu” message domestically and provide CEDA access to the Palmy brand assets and guidelines
- Review CEDA’s performance in one years time, buying time to monitor the Covid situation, and possible future changes to government policy and funding for regional tourism, which might negate another substantial change in structure and focus within a few years time.

The Brief

Palmerston North City Council (PNCC) and Manawatu District Council (MDC) have recently completed a section 17A LGA review of CEDA (Central Economic Development Agency), which came back with a recommendation that the current model was the most cost efficient way to deliver economic development activity in the region.

PNCC would like to explore bringing CEDA's destination marketing and Regional Tourism Organisation (RTO) functions in-house, with CEDA to become an economic development agency focused on attracting new investment, talent, and growing existing business (this may still include tourism businesses).

The brief is to investigate the implications and or benefits of how the city marketing and RTO functions for a city could be delivered by a single council alongside a separate economic development agency that has a broader focus.

Background

CEDA was formed in 2016 and has two 50:50 shareholders in the Manawatu District Council (MDC) and PNCC. PNCC fund 75% and MDC 25% with both shareholders providing an annual Letter of Expectation (LOE) to direct CEDA in what they wish it to achieve and focus on.

PNCC has recently launched a new city identity and there is a feeling that there might be value in a single message for the City from the City – rather than mixed messages being communicated about Manawatu and Palmerston North via CEDA's brand and marketing activity.

CEDA currently markets the Manawatu as a destination, which includes marketing the city specifically at certain times, and in certain markets. They are also the RTO for the Manawatu region and administer the recent Government Strategic Tourism Asset Protection Program (STAPP) funding to promote domestic tourism within the wider Manawatu-Whanganui region.



Methodology

Meneth Consulting gathered insights from a number of sources including desktop research, the Section 17a review done by GMD Consultants, interviews with key stakeholders, interviews with other RTO's of a similar size and structure, and existing knowledge and personal experience.

Stakeholders interviewed included

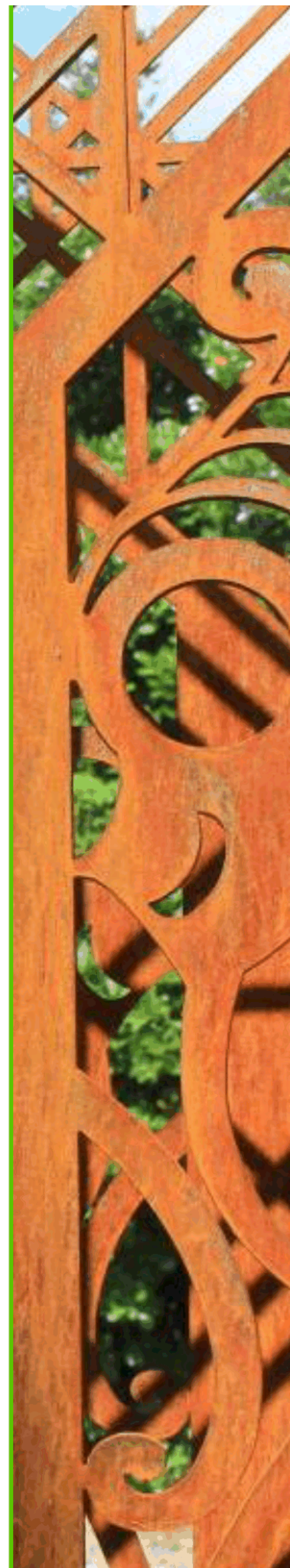
- **Linda Stewart**, CEO at CEDA (and Janet Reynolds – Marketing and Communications Manager)
- **Brent Limmer**, GM Community and Strategy at Manawatu District Council
- **David Perks**, GM Destination and Attraction at WellingtonNZ (and Regional Tourism NZ Chair)
- **Reuben Levermore**, Head of Tourism and Regional Affairs at Air New Zealand
- **Kiri Goulter**, Senior Advisor Destination Management, contractor to MBIE

Other RTOs interviewed included

- **Dylan Rushbrook**, GM Tourism at Central Otago Tourism
- **Tania Burt**, GM Destination at Northland Inc

Desktop Research

Online research was undertaken to understand the different operating and funding structures of other similar sized tourism organisations throughout New Zealand.



Background

There have been various incarnations of local tourism organisations through out New Zealand going back 50-60 years, but by the 1980's almost every region had established its own tourism promotion office and an information centre, with little or no inter-regional or national coordination.

In the early 2000's Regional Tourism Organisations of NZ (RTONZ) was established as an RTO membership based organisation to share insights and learnings and be a voice for regional tourism at a national level.

Initially there was 26 members and this has now grown to 31. Discussions have been had about consolidating the number of RTOs over many years but the result has been an increase not a decrease, against the wishes of Tourism New Zealand (TNZ) who prefer to promote and market regions of New Zealand in larger segments.

In the mid 2000's TNZ forced RTO's to collaborate together by forming International Marketing Alliances (IMA) for use in off shore marketing and reducing the number of regions promoted down to 7.

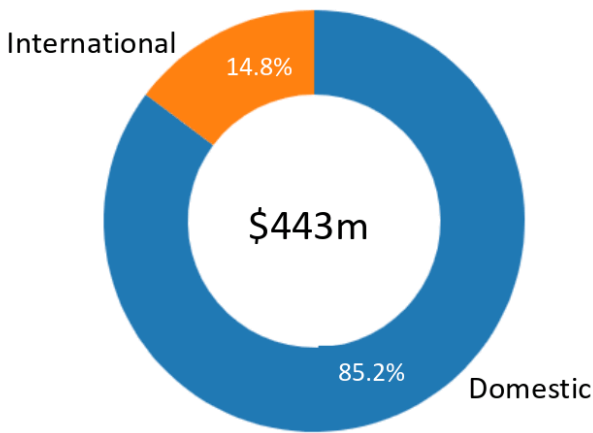
The move to combine RTOs and EDA's started about 10 years ago with the Auckland Super City merger and the creation of Auckland Tourism, Events, and Economic Development (ATEED) in late 2010. It was viewed as a more cost efficient way to do deliver services that are perceived to be interrelated, whilst leveraging shared resources and insights.

This amalgamation model has in many cases lead to a dilution of focus on tourism marketing and destination management in the eyes of the private sector tourism industry.

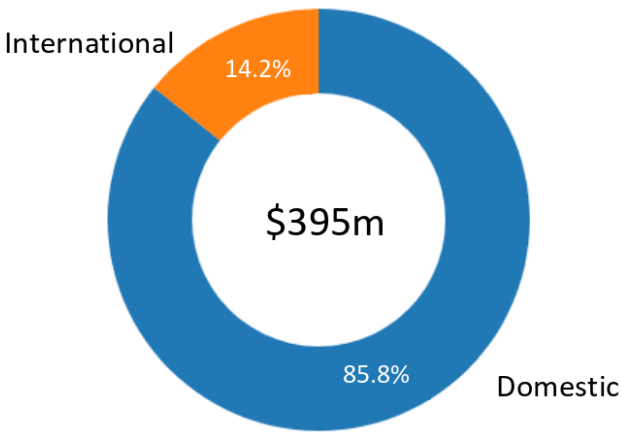


Regional Top Line Spend Data (CEDA region vs PNCC)

CEDA total spend by International/Domestic
Y/E August 2020

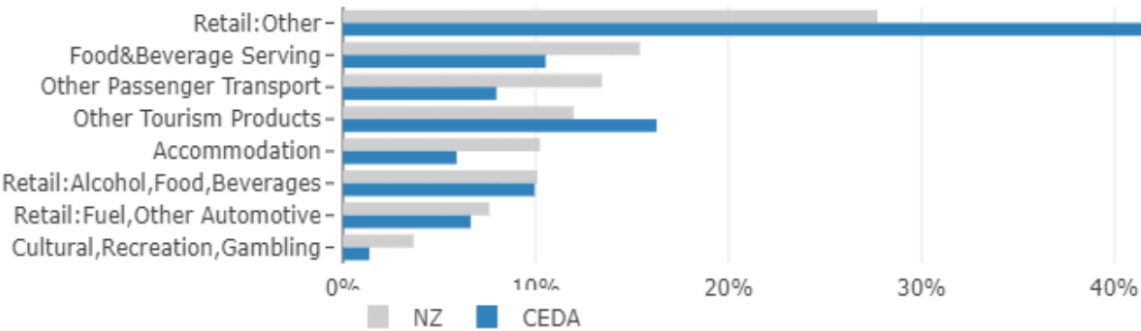


Palmerston North total spend by International/Domestic
Y/E August 2020

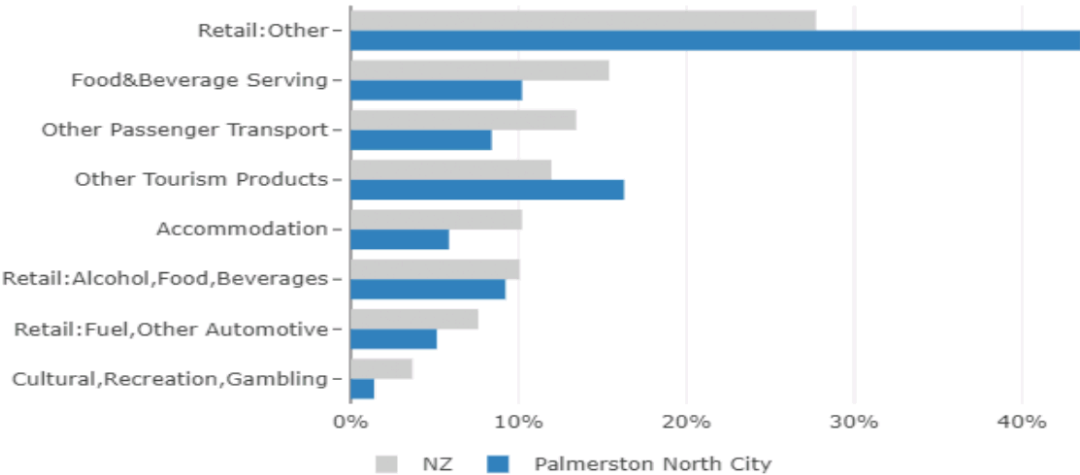


* Pre Covid spend of the same Y/E Aug 2019 International spend was 15.8% in the CEDA region. The above figures incorporate a drop in international spend by end of Aug of 20.5% or a loss of \$12m which is expected to grow to a loss of \$77m in international spend come Y/E March 2021.

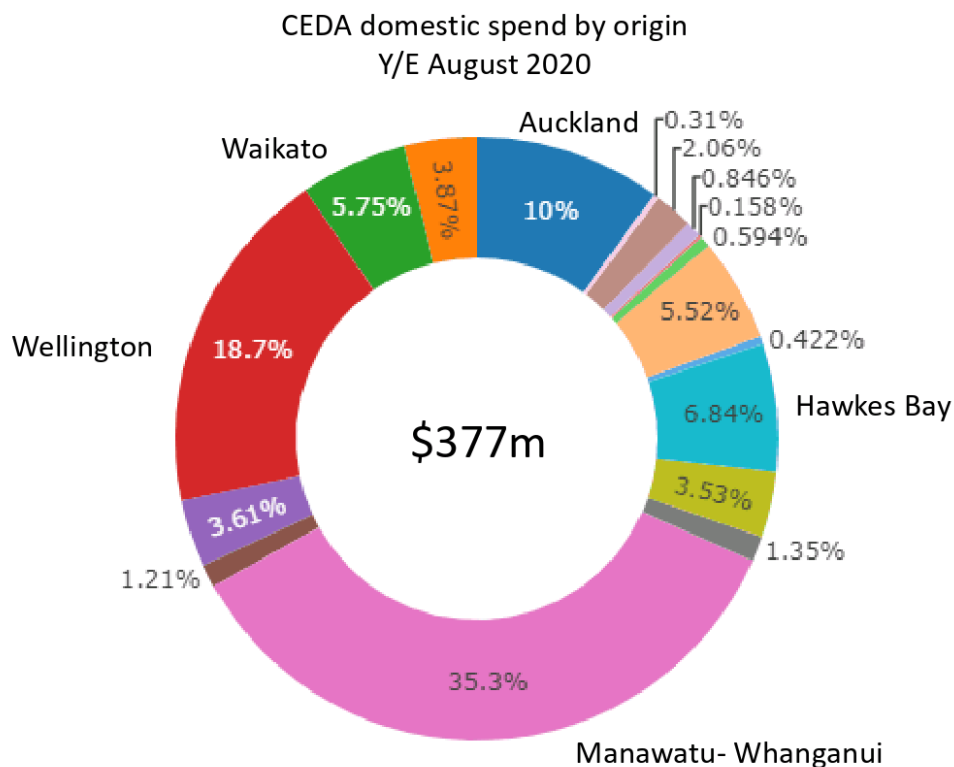
Total Spend profile of products in CEDA
Y/E August 2020



Total Spend profile of products in Palmerston North City
Y/E August 2020

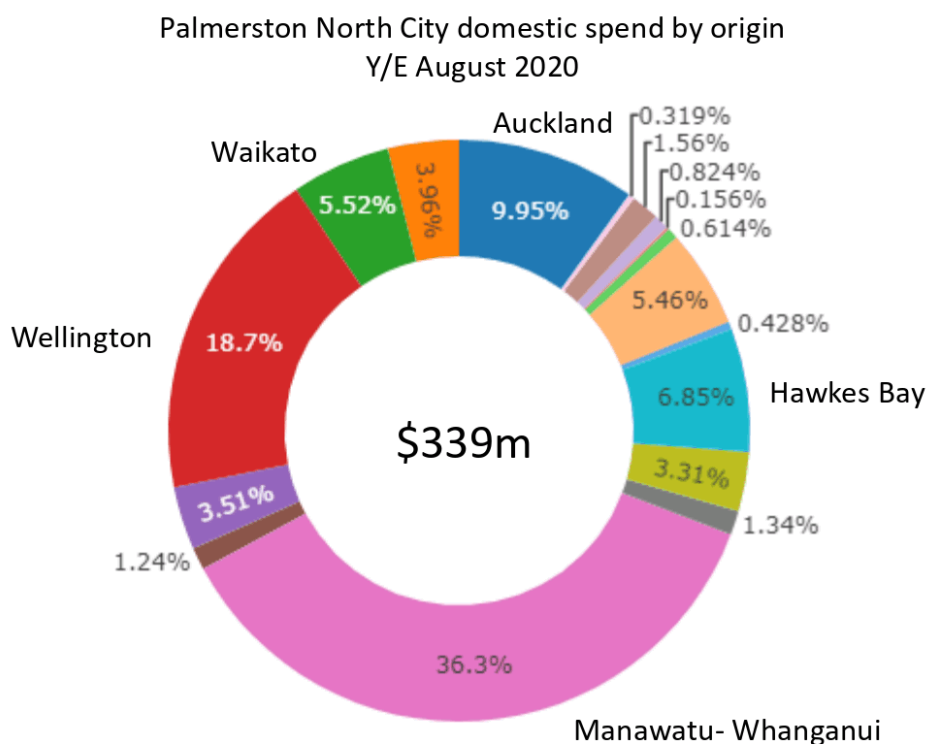


Top Line Spend Data (CEDA region vs PNCC)



The spending profiles of the wider CEDA region and Palmerston North City are not surprisingly very similar, with the largest spend coming from inter district travel within the Manawatu-Whanganui region, followed by Wellington and Auckland.

These charts also highlight that 90% of visitor spend is in the city where most of the commercial accommodation, restaurants and retail is located.



Case Studies

There are currently a total of 31 recognised Regional Tourism Organisations (RTO) through out New Zealand and part of Regional Tourism New Zealand (RTNZ). RTNZ is the voice of the RTO's to government and other industry bodies.

The RTO's have varied ownership, structure, and funding models but all are primarily funded and controlled by regional or district councils through general or targeted business rates.

The three RTO's below all have different ownership and funding structures that have relevance to what PNCC is currently considering.



Northland Inc is a **registered company** and is a council controlled organisation (**CCO**) of Northland Regional Council (NRC). It is funded through an operational contribution from Northland Regional Council, and receives project funding through both public and private agencies, including various contributions from three district councils.

The Northland RTO sits within Northland Inc and is responsible for marketing the whole Northland region to domestic and international markets and is currently developing a Destination Management Plan (DMP) for launch in 2021.



Whangarei District Council contributes to Northland Inc as well as having their own small tourism promotions team, promotional brand and website, and visitor guide for Whangarei district.

Whilst the two entities collaborate and work well together this is duplication of content and marketing material and mixed messages going into the market place attracting the same audience in some cases.



Tourism Bay of Plenty (TBOP) is a jointly owned **trust** controlled by Tauranga City Council (TCC) and Western Bay of Plenty District Council, with financial contribution also from Whakatane District Council. It is a **CCO** funded mainly through a Tauranga City Council targeted business rate.

It is completely independent from the regional Economic Development Agency (EDA) Priority One, and has an independent board of trustees appointed by TCC.

TBOP has a similar challenge of having the majority of its funding from a city council whilst promoting a compelling regional proposition.



Central Otago Tourism is the RTO for the Central Otago region and is part of the Central Otago District **Council**. It is not a CCO and there is a separately funded and managed Economic Development team within the council.

Feedback from Stakeholders

We have summarised the feedback from each stakeholder, focusing on key themes, questions or points made in each discussion.

CEDA

Questions were raised around the timing and the rationale for PNCC to look at pulling the destination branding and marketing in house. They were surprised that **no formal feedback had been received** on performance relating to the current Letter of Expectation (LOE), and that there is **no detailed focus in the current LOE** outlining expectations to amplify the urban/city identity of Palmerston North.

They fully support the new city branding and would like to have access to the brand assets to incorporate in their work. They are already using the city and region narrative in the work they do, and see the regional brand has inextricable links to attracting visitors, talent and investment.

It was felt that there is a **lack of data** to provide evidence based decisions on this topic and it feels like an emotional decision off the back of the newly developed city brand.

A point was raised about consultation and whether **ratepayers and the private sector** would see this as **best use of their rates**, given the time and money to establish CEDA only four years ago, and the investment that has gone into the brand, website, and the **destination management plan (DMP)**. PNCC's extensive input to the DMP was acknowledged and welcomed and this idea was not raised or discussed during the process.

A point was also noted around a **potential or perceived conflict of interest** if the city was promoting its own venues and services and going up against the private sector for whom they serve. (in relation to venues for sport and or business conferences and the like). CEDA promotes all businesses and venues in the region.

Other questions related to where the official RTO functions would sit? Would this create two RTO's? Would CEDA remain the RTO but PNCC focuses on city branding and a more internal view? How would the relationship and partnership with Tourism NZ operate given the International Marketing Alliance (IMA) partnership that CEDA has with Whanganui and Taranaki?

Looking forward, they asked the question, **"what is the outcome to be achieved here?"** and let's look at how this could be delivered better using the existing structure, starting with a more detailed outline of expectations in the next LOE currently being reviewed. **CEDA would be happy to adjust their work to meet a new clear directive via the LOE.**

They were very complimentary of the PNCC communication team but would like to **further clarify communication roles**. (i.e. CEDA being outwards looking and attracting people in, while councils being inward looking and communicating to locals)

They noted **discussions going on at a national level** currently via the government initiated Tourism Futures Task Force around **sustainable funding models** for destination management, and MBIE's desire to collaborate with regions whose DMPs aligned closely to the MBIE DMP framework.

Manawatu District Council

The view was that the **regional brand** is equally important to **attract talent, investors and students** as it is to attract visitors and should be kept consistent and promoted in unity with various stakeholders. There was an **independent model in the past** with a separate RTO and EDA, where the RTO was strong and had good leadership and the EDA was arguably the poor cousin, and overlap of roles and messages started to occur. A third entity was also created around the same time to look at investment and so a merger made a lot of sense.

They don't believe that taking destination marketing in house would necessarily make PNCC the RTO for the region, and MDC might need to look to neighbouring regions to work with and form a new RTO with, should this idea go ahead.

If there is a **perception that the district benefits more from the CEDA** arrangement that the city, it is **not a view they agree with**. CEDA is only 4 years old, still a work in progress, and needs to be given a chance and they have built strong relationships and networks already.

They would very much like to discuss how the current brief to CEDA via the **LOE can be reframed to better meet the city's aspirations** rather than tear it apart, noting the numerous and successful service agreements and collaboration between the two councils already in place, and the strain this current proposal might put on existing relationships.

There is a **history of mutual support and collaboration** that has transcended Mayors, CEO's and management that they would like to see continued. They noted capability and capacity within the PNCC communications team to do more to promote the city brand across the region.

Regional Tourism NZ (RTNZ)

Work is going on regarding the **definition of an RTO** vs District Tourism Organisations (DTO). RTO's are generally funded through rates and can cover multiple council regions and are nationally connected. DTO's are often funded by membership or individual councils. RTNZ is seeking clear definitions to assist councils to decide which option is best suited for their needs and funding envelope.

They said there is a continued **voice from government and TNZ for less RTO's**, with various views including having only 2 (North and South Islands), 5 only (Auckland, Waikato, Wellington, Canterbury, and Otago) or 16 regions, but all less than at present. **RTOs have a broader function today than just destination marketing** with almost all embracing a move to destination management which has a much wider scope

The government Tourism Futures Taskforce will present its draft report in December with a final report due in April 2021. Future funding of tourism is high on the agenda and a **potential tourism levy on all commercial accommodation** (for example a 2% sales tax added like GST) has been discussed again and maybe getting more traction with government this time around. This revenue might then be redistributed to the RTO's from where it was collected but this could be subject to rationalisation of RTO numbers and approved destination management plans. This could potentially see the burden of **tourism funding removed from local ratepayers** all together.

They suggested a more efficient option would be **explicit expectations of CEDA from PNCC** regarding destination marketing, branding and tourism functions, and even exploring collaboration with Tararua, Rangitikei, Horowhenua and Whanganui (as opposed to getting smaller)

Air NZ

Palmerston North airport leading up to the Covid lockdown was a strong performer, and PNCC is seen as a very proactive stakeholder. Demand is based heavily on business travel and this has dropped off since Covid. According to an internal 10 year domestic plan started internally pre Covid looking at each region, route, and infrastructure, there was enough of a growth forecast at peak times to justify jet aircraft within 3 years. This is now off the table but it was a good indication of the future potential.

They cited Invercargill as a good example where the city has addressed its perception challenge, by moving to be the gateway to Fiordland and the Catlins, growing their regional proposition which in turn provides benefits to the city.

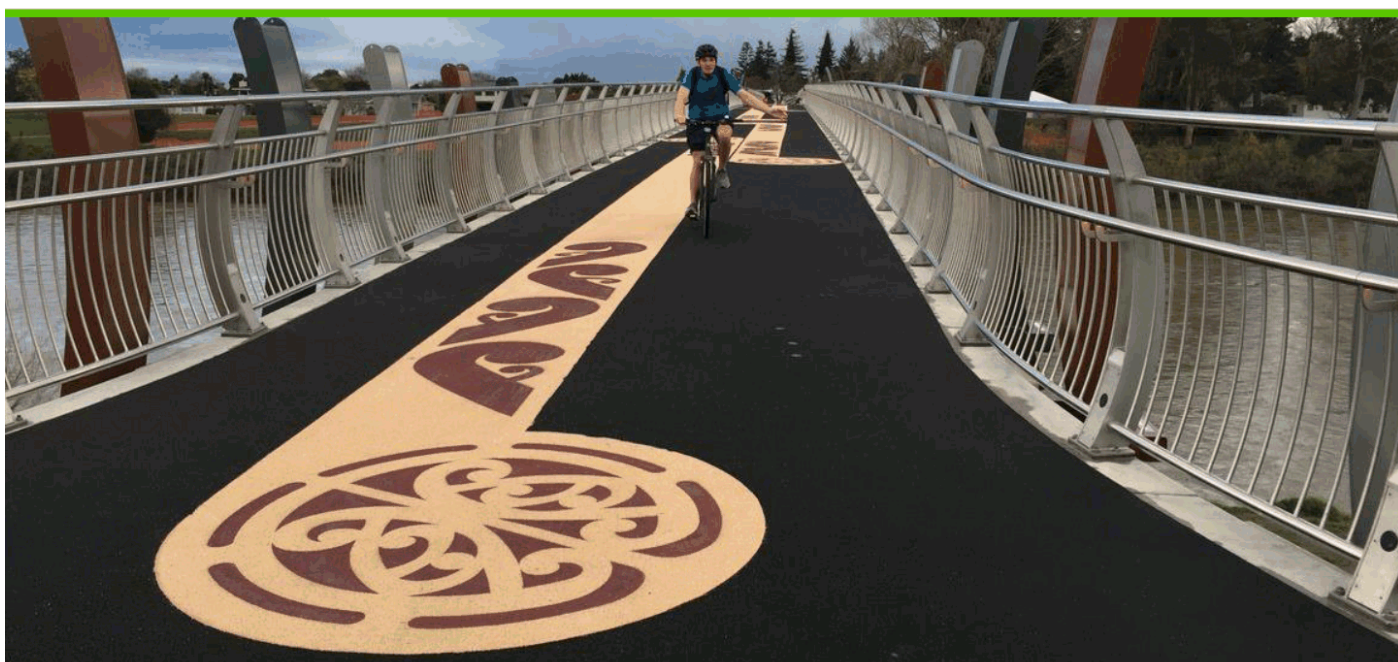
It was noted that Air NZ endorsed CEDA's approach and regional brand only 2 years ago and their strong preference is for local stakeholder alignment and vision.

Air NZ looks at the market within a 90 min drive of the airport and this includes leisure visitors, students, agri-business, defence, and university related travel. They work with most RTOs and fly to 20 ports domestically so fragmentation of contacts and propositions within one region is not good for communication or marketing and their preference would be to work with one regional RTO.

Kiri Goulter – MBIE Consultant

Kiri was unable to give an official MBIE position without a formal written request from PNCC but did suggest that existing funding contracts in place for the next year should be considered such as the government Strategic Tourism Assets Protection program (STAPP) funding distributed to regional RTO's via MBIE, which is currently in place with CEDA (\$700k received for use until December 2021), and the Regional Events Fund that was split amongst Manawatu, Whanganui and Taranaki (\$1m).

Kiri also backed up others views that there the government will be looking to work fewer RTOs in the future not more and suggested PNCC be more specific in the LOE as to what they want CEDA to be focusing on, and commented that given the uncertainty around Covid, existing funding structures in place, and a possible new centralised funding model for regional tourism focused on DMP's that the timing to is not good to be making radicle changes.



Major Considerations for PNCC

- What would the **measurable benefits** be of bringing the destination marketing function in house, given the city already receives 90% of visitor spend in the wider Manawatu region?.
- **The impact on CEDA** as the regional EDA (and RTO) and the current level of integrated thinking, branding and activity across sectors which was only put together 4 years ago
- **The timing** of the proposal given the uncertainty surrounding Covid, the pending CEDA Letter of Expectation for next year, and the government funding and agreement in place with CEDA dedicated to domestic marketing and management and events.
- **Potential future government funding models for regional tourism** such as a levy on all commercial accommodation, that is given back to the RTOs from where it was collected, and which might negate the requirement for rates based council funding in the future.
- **The views of external stakeholders and partners interviewed** to the proposal which were strongly in favour of maintaining the current model.
- **The cost**, or perceived waste in undoing the investment over the last 4 years put into CEDA.
- **Regions with a similar make up** (a city with a surrounding rural area) and structures are **building regional brands** successfully (Hamilton and Waikato, Tauranga and Bay of Plenty, Whangarei and Northland, Invercargill and Southland, and even greater Auckland)
- Could the existing **PNCC communications team do more** to give external exposure to the new brand if that is what is desired?

Options

1. Status quo
2. Delay the decision by one year, reframe the Letter of Expectation giving more concise direction and set new KPIs.
3. Proceed with the proposal

Recommendation

- That PNCC delays the decision to take the destination marketing function in house or not for 1 year, keeping the current structure and funding in place with CEDA, BUT gives **very clear guidance** in the pending Letter of Expectation on what they expect CEDA to deliver on, and the performance indicators that would be attached.
- Move the regional narrative to a “Palmy and Manawatu” message domestically and provide CEDA access to the Palmy brand assets and guidelines.
- Review CEDA’s performance in one years time, buying time to monitor the Covid situation, and possible future changes to government policy and funding for regional tourism, which might negate another substantial change in structure and focus within a few years time.

Meneth Consulting

Meneth Consulting was established in 2017 by Jason Hill after 25 years experience in the New Zealand and international tourism sector in the public and private sector.

Jason has held senior management roles including Head of Tourism at Auckland Tourism, Events, and Economic Development (ATEED) for 6 years, Regional Manager Japan and Korea for Tourism New Zealand for 5 years based in Tokyo, and GM Marketing at Christchurch and Canterbury Tourism for 5 years.

He has extensive governance experience having served on the boards of Cruise NZ, I-Site NZ, Film South, Education Christchurch, Association of National Tourism Office Representatives Japan (ANTOR), Pacific Asia Travel Association (PATA), Te Araroa Trail Trust, and he is currently on the Tourism Bay of Plenty board, Ngai Tai Ki Tamaki Te Haerenga Trust, and deputy chair of the AUT Hospitality and Tourism School Tourism advisory board.



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MEMORANDUM

TO: Council

MEETING DATE: 21 December 2020

TITLE: Capital New Growth Programmes - Request to Bring Forward Funding

PRESENTED BY: Robert van Bentum, Manager - Transport and Infrastructure

APPROVED BY: Sheryl Bryant, Acting Chief Infrastructure Officer

RECOMMENDATION(S) TO COUNCIL

1. That Council approves additional funding of \$100,000 for Programme 1005 – Industrial Growth – Installation of Water Supply Systems to an Expanded North East Industrial Zone to increase the 2020-21 budget from \$0 to \$100,000.
2. That Council approves additional funding of \$100,000 for Programme 210 – Urban Growth – Installation of Wastewater Systems for New Industrial Areas – NEIZ Extension Area to increase the 2020-21 budget from \$0 to \$100,000.
3. That Council approves additional funding of \$100,000 for Programme 197 – Urban Growth – North East Industrial Park Stormwater to increase the 2020-21 budget from \$0 to \$100,000.
4. That Council approves additional funding of \$150,000 for Programme 1089 – Industrial Growth – NEIZ – Richardsons Line Upgrade to increase the 2020-21 budget from \$0 to \$150,000.
5. That Council approves additional funding of \$100,000 for Programme 1001 – Urban Growth – Whakarongo – Installation of Stormwater Systems to increase the 2020-21 budget from \$150,000 to \$250,000.
6. That Council approves additional funding of \$300,000 for Programme 1055 – Urban Growth – City West - Installation of Wastewater Systems to increase the 2020-21 budget from \$50,000 to \$350,000.

1. ISSUE

- 1.1 The Council has approved more than ten Capital New Programmes of work to fund new three waters and roading infrastructure to support both residential and industrial growth within the city. Specific programmes have been established for the

North East Industrial Area, Whakarongo Growth Area and Kakatangiata Area (City West).

- 1.2 In developing the 2020-21 Annual Plan programme of work, Officers considered each of the development programmes and determined that there was likely to be limited immediate requirement for expenditure given the long lag time between applications for development and requirements for services. Since that determination there have been several development proposals particularly in the North East Industrial Zone Extension which are rapidly progressing to formal applications. These applications require Council to advance detailed design and procurement of construction services to ensure that roading and three waters services are in place by the end of the 2021 calendar year.
- 1.3 In addition, the stormwater consent application for the Whakarongo Growth Area has been lodged and further detailed design work is required to determine the specific construction works required to mitigate stormwater effects. The final area where detailed design and installation works need to be advanced is in respect of the first stage of the Kakatangiata growth area or Kikiwhenua area. Provision of wastewater services requires installation of new rising mains across the racecourse site and Council are keen to advance this work ahead of any capital investment by the racecourse.
- 1.4 In summary then Officers are seeking Council approval for additional unbudgeted funding to enable detailed design, procurement and in one instance initial construction of new services to support growth in the NEIZ, Whakarongo and Kikiwhenua Development Areas to be advanced. Council has approved significant funding in each of the programmes but this had been shifted out into later years in the LTP. The proposed 2021-31 LTP includes significant funding provision in years 1 and 2 of the LTP to support the current growth surge. While most of the construction work will not occur until the next financial year, detailed design needs to be urgently advanced.

2. BACKGROUND

2.1 North-East Industrial Zone

- 2.1.1 Council has been approached over the last few years by several potential land purchasers looking to confirm when upgraded services would be available in growth areas. Up until very recently most of these discussions were initial enquiries only and did not result in any land sales or firm development proposals. In the North East Industrial Area Council extended both reticulated trunk water supply and sewer services to the junction of Roberts Line and Richardsons Line, until such time as firm proposals and timing for service requests had been received.

- 2.1.2 Recently three parcels of land within the North-East Industrial Extension Area have been or are close to being sold to prospective tenants. As a result, enquiries about access to services have been received indicating a requirement for connection to services at the end of 2021. In addition, Kiwirail have lodged their Notice of Requirement for the Freight Hub restricting the area available to private development to the block bounded by Richardsons Line and Roberts Line and so clarifying the requirements for services.
- 2.1.3 At this stage the nature of the internal roading network and specific locations of stormwater attenuation areas have yet to be clarified as these components rely on agreement between and among the neighbouring landowners. Council can however proceed with design and construction of services and upgrades to water, wastewater and Richardsons Line with some confidence.
- 2.1.4 Separate Growth Programmes have been established for each of the water (Programme 1005), wastewater (Programme 210), stormwater (Programme 197) and roading (Programme 1089) infrastructure requirements in the zone. There are currently three separate programmes with funding for roading infrastructure including upgrades to Richardsons Line, Roberts Line and a proposed link to Aldersons Drive.
- 2.1.5 A key component of the work will comprise the upgrade of Richardsons Line to full industrial standard. As the specific points of connection to internal roads and the location of vehicle entranceways have yet to be determined, Council proposes a two stage approach to design and construction, with Stage 1 to provide for the main carriageway and services corridor with upgraded swale drains and Stage 2 to complete intersection tie-ins as well as the shared path and drainage improvements.
- 2.1.6 Funding is requested to enable full detailed design of the roading and services as well as tender and procurement.
- 2.2 Whakarongo Growth Area
- 2.2.1 The key servicing challenge for Whakarongo has been identifying and developing a cost-effective stormwater management solution which can be consented. Officers have lodged a whole of catchment consent application which will provide a durable solution for stormwater and a clear path for compliance for development in the zone. Programme 1055 is provided to fund the detailed design and construction of the shared stormwater infrastructure required to meet the conditions of consent for all the land in the growth area.
- 2.2.2 The processing of the consent application is expected to take several months but once agreed will enable detailed design to proceed with a view to tendering physical works before the start of the 2021-22 financial year. A significant portion of the

future cost will be associated with land purchase to construct the detention structure on the lower terrace.

2.3 Kikiwhenua (Kakatangiata Stage 1)

- 2.3.1 The re-zone area of Kikiwhenua south of the city, requires Council to provide both trunk water and wastewater services to the new area. At this stage final details of the subdivision are being finalised such that it is not expected that any services will be required until later in 2021.
- 2.3.2 While water supply services will be provided by means of extensions to the existing water supply network, wastewater services are to be provided by means of a new dedicated pressure sewer network. The proposed services require that trunk sewers are installed across the racecourse site to discharge into the headworks at the Totara Road Wastewater Treatment Plant.
- 2.3.3 Staff wish to advance detailed design, procurement and advance construction as soon as possible given the need to traverse private land. Officers are aware of plans to upgrade the track at the racecourse and want to ensure any work is designed, tendered and constructed well ahead of any development.
- 2.3.4 To that end Officers are requesting that all funds earmarked for Stage 1 of the wastewater servicing are advanced in 2021-22. Any funds unspent at the end of the current financial year would be carried forward.

3. **FINANCIAL IMPACTS**

- 3.1 All the programmes covered by this request for funding are 100% funded from development contributions, which are capital contributions levied from new developers either at the sub-division, service connection or building consent. These funds are then used to pay for new infrastructure to provide for growth across the city or in the targeted growth areas.
- 3.2 Programmes 197, 1001 and 1055 are all associated with targeted growth areas largely because of the catchment specific nature of stormwater infrastructure and the separate pressure sewer network required to service the Kikiwhenua and Kakatangiata development areas. In contrast Programmes 1005, 210 and 1089 are funded from city wide development contributions given that the water, wastewater and roading services are all part of an integrated network and any upgrade will have benefits for growth occurring across the city.
- 3.3 The programmes of work are tagged as growth programmes to be funded from development contributions. Their cost should be covered by contribution fees, provided the level of contributions being collected city wide and in specific growth areas aligns with the level of investment required. There is always a lag period in recouping costs for infrastructure, as infrastructure needs to be provided in advance

of development. Full repayment of borrowing for growth can take many years to recoup.

- 3.4 The report seeks to advance funding from the 2021-22 year in each of the programmes largely to complete detailed design and tender, to ensure that construction work can begin early in the next financial so that upgraded services can be available for the developments which are currently in early stage scoping. This will help address greenfield housing supply constraints that are arising due to strong growth and better enable industrial opportunities to progress at the North-East Industrial Zone.

- 3.5 The specific changes in funding requested are summarised in Table 1.

Table 1. Specific Programmes and Funding Requests

Programme	2020-21 Approved Budget	2021-22 Approved Budget	2022-23 Approved Budget	2021-22 Revised Budget	2021-22 Budget Change
1005 – Industrial Growth – Installation of Water Supply Systems to an Expanded North East Industrial Zone	\$0			\$100,000	\$100,000
210 – Urban Growth – Installation of Wastewater Systems for New Industrial Areas – NEIZ Extension Area	\$0			\$100,000	\$100,000
197 – Urban Growth – North East Industrial Park Stormwater	\$0			\$100,000	\$100,000
1089 – Industrial Growth – NEIZ – Richardsons Line Upgrade	\$0			\$150,000	\$150,000
1001 – Urban Growth – Whakarongo – Installation of Stormwater Systems	\$150,000			\$250,000	\$100,000
1055 – Urban Growth – City West - Installation of Wastewater Systems	\$50,000			\$350,000	\$300,000
Totals	\$200,000			\$1,050,000	\$850,000

4. NEXT STEPS

- 4.1 Officers have initiated the tenders for the detailed design of services for NEIZ. If Council approves funding for detailed design, the tender award will be confirmed and work initiated early in 2021.
- 4.2 Work required for Whakarongo and Kikiwhenua will involve extending the scope of work being undertaken by consultants already engaged in the earlier phases of the

servicing assessment. Variations to the existing engagements with consultants will be issued if the proposals provided are considered competitive.

5. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?		Yes
If Yes quote relevant clause(s) from Delegations Manual <Enter text>		
Are the decisions significant?		No
Can this decision only be made through a 10 Year Plan?		No
Does this decision require consultation through the Special Consultative procedure?		No
Is there funding in the current Annual Plan for these actions?		No
Are the recommendations inconsistent with any of Council's policies or plans?		No
The recommendations contribute to Goal 1: An Innovative and Growing City		
The recommendations contribute to the outcomes of the City Development Strategy		
The recommendations contribute to the achievement of action/actions in the Growth Infrastructure Plan		
The actions include:		
<ul style="list-style-type: none"> • The Council front-foots new Infrastructure to support growth and is in a position to say 'yes' to new development • Supporting infrastructure is in place to support planned housing and industrial development • Infrastructure has started to be established in the extended North East Industrial Zone to support development in stage 1 of the area 		
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Council is careful to invest in infrastructure for growth only when the requirements and timing of investment are sufficiently well known to ensure any investment is optimised and to limit the extent of borrowing required. Under this approach it is important that Council can move quickly to design and construct infrastructure so that it does not hold up development. This report seeks approval for additional funding to undertake detailed design in order to respond to development demand so that services are available in a timely manner.	

ATTACHMENTS

Nil

MEMORANDUM

TO: Council

MEETING DATE: 21 December 2020

TITLE: Capital New Development Contributions Programmes of Work 2020-21 - Request for Additional Funding

PRESENTED BY: Robert van Bentum, Manager - Transport and Infrastructure

APPROVED BY: Sheryl Bryant, Acting Chief Infrastructure Officer

RECOMMENDATIONS TO COUNCIL

1. That the Council approves additional unbudgeted funding of \$320,000 for Capital New Programme 201 City Wide Roadway Subdivision Contributions to increase the 2020-21 approved budget from \$169,652 to \$489,652.
2. That the Council approves additional unbudgeted funding of \$100,000 for Capital New Programme 51 City Wide Stormwater Subdivision Contributions to increase the 2020-21 approved budget from \$51,250 to \$151,250.

1. ISSUE

- 1.1 Council has approved recurring capital new programmes of work in roading and each of the three waters activities to enable Council to contribute to improvements to the roading and three waters networks when private developers construct new infrastructure to facilitate growth. Council contributions are usually associated with funding upsizing of pipes, widening of roads or acquiring land to facilitate access and provide capacity for future upstream or adjacent land areas.
- 1.2 The level of programme funding for each activity is provisional only as it is not possible to predict with any certainty given the uncertainty around the infrastructure requirements for growth. In recent years Officers have reduced the programme budgets to better match the limited call on the funds.
- 1.3 The recent upsurge in development activity has resulted in a significant increase in the number of new developments and requests for Council to fund capacity increases or land purchases.

- 1.4 This report seeks approval from Council to increase the programmes for stormwater and roading subdivision contributions by \$100,000 and \$320,000 respectively to fund capital upgrades associated with growth occurring in the 2020-21 financial year.

2. BACKGROUND

2.1 Roading Subdivision Contributions

- 2.1.1 The specific capital improvements obligations already identified and requiring funding in 2020-21 include the following:

- Council contribution to additional width for Johnstone Drive due to it requirement to function as a collector road – estimated cost \$100,000 to \$120,000
- Council requirement to purchase a lot in Atlantic Drive to facilitate a road or active transport and recreational connection to the neighbouring block of land which is likely to be part of the next plan change area – estimated cost \$240,000
- Council contribution to the purchase of a small parcel of land in Valor Drive to facilitate an extension to the road – estimated cost - \$25,000
- North Street Lighting Upgrade resulting from development of urban zoned land – estimated cost - \$80,000

- 2.1.2 Balance funds of \$25,000 provided to cover any contingency.

2.2 Stormwater Subdivision Contributions

- 2.2.1 The specific stormwater capital improvement obligations already identified and requiring funding in 2020-21 include the following totalling \$75,000:

- Council contribution to upgrade stormwater connection to Arena – estimated cost \$10,000
- Pacific Drive stormwater – Upsize existing pipe from 375mm to 450mm to provide for future growth – estimated cost \$25,000
- Ashford Ave stormwater – upsize developer pipe for future growth – estimated \$20,000
- Leeds Street – stormwater realignment to remove from private property – estimated cost \$20,000

- 2.2.2 An additional \$75,000 is requested to provide for a similar level of funding in the second half of the financial year in anticipation of further stormwater upgrades driven by subdivision growth.

2.3 Recent Programme Expenditure

- 2.3.1 Expenditure on these two programmes has been limited and usually less than the approved level of funding, except for 2017-18 in respect of the Programme 201. As the funding is a provisional sum any surplus funds are not carried forward. The approved budgets and actual expenditure for the programmes over the last three full financial years are detailed in Table 1 as follows.

Table 1. Budgets and Actual Expenditure on Programmes 51 and 201

Financial Year	Programme	Approved Budget	Actual Expenditure	Net Funding
2017-18	201 – Roding Subdivision Contributions	\$165,647	\$264,270	\$98,623
	51 – SW Subdivision Contributions	\$106,187	\$0	\$106,187
2018-19	201 – Roding Subdivision Contributions	\$166,000	\$35,276	\$130,724
	51 – SW Subdivision Contributions	\$50,000	\$0	\$50,000
2019-20	201 – Roding Subdivision Contributions	\$169,652	\$469	\$169,183
	51 – SW Subdivision Contributions	\$51,250	\$39,618	\$11,632

3. NEXT STEPS

- 3.1 Following approval of the additional funding Officers will proceed with finalising the approval for the payments to developers and or legal processes for any land purchases.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual	Yes
Are the decisions significant?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the outcomes of the City Development Strategy	
The recommendations contribute to the achievement of action/actions in the Strategic Transport Plan	
The actions include: <ul style="list-style-type: none"> • A transport system that provides a choice of intermodal transport connections and integration of modes of transport that safely and efficiently gets freight, services and people where they need to be • There are resilient and reliable travel routes to key destinations that meet the specific constraints for time, mode and travel purpose of users 	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	The approval of additional funding will enable Council to meet its obligations to facilitate growth in the city by ensuring any new infrastructure is designed and sized to enable future growth and land is acquired to enable future connectivity to deliver optimum transport, active transport and recreational outcomes for the community.

ATTACHMENTS

Nil

MEMORANDUM

TO: Council

MEETING DATE: 21 December 2020

TITLE: Cuba Street Redevelopment Stage 2 Endorsement of Option

PRESENTED BY: Robert van Bentum, Manager - Transport and Infrastructure

APPROVED BY: Sheryl Bryant, Acting Chief Infrastructure Officer

RECOMMENDATION TO COUNCIL

1. That the Council endorses Cuba Street Redevelopment Stage 2 - Option 2 as the preferred option currently out for tender.

1. ISSUE

- 1.1 Council has approved funding from Programme 1440 Cuba Street Urban Streetscape Improvements to complete the transformation of Cuba Street into an attractive "Place Street" in line with the vision of the City Centre Framework.
- 1.2 The process followed to date has included:
 - development of an initial concept plan for Cuba Street Stage 2 based on the urban landscape principles and goals outlined in the City Centre Framework
 - engagement with directly affected businesses and stakeholders to understand their key concerns and their requirements so that these can be accommodated in the design
 - development of a modified concept which seeks to address the key concerns of the directly affected parties
 - development of the modified concept into a detailed design to be included in a request for tender to be issued to the market
- 1.3 Officers met with the business owners and sought their feedback on the modified concept. This feedback has been incorporated into the detailed design which has been issued for tender.
- 1.4 Officers are now seeking approval from Council on the preferred option to be advanced to construction following award of tender. The tender process has been

initiated however there is no obstacle to any identified changes to the design or specifications being made through either notifications to the tenderers during the tender period or through a variation process following award of tender and prior to construction.

2. SUMMARY OF KEY DESIGN CONSIDERATIONS

2.1 The Cuba Street redevelopment project is intended to create a link between the Square and the Arena. Other considerations in the development of the design have included:

- impact on the character of the Northwest Heritage Area
- consistency of the street design with previous stages established
- encouraging users to slow, stop and stay in the area and so increase economic benefit to businesses and the city centre as a destination
- provision of increased street edge space and activation opportunity
- establishment of a Cuba St boulevard
- provision for added townscape/streetscape amenity and greenspace
- reduce traffic speed and increase walkability and active transport connectivity
- provision for story-telling, heritage and public art
- extent of design flexibility and adaptability for future street change/uses

2.2 In order to deliver on these considerations the design has looked to achieve the following outcomes:

- Narrow and re-design the street to slow traffic to enable safe pedestrian and active transport user movement at any location
- Increase the opportunity for activation and commercial frontage activity areas
- Increase opportunity for inclusion of feature landscaping and public sculptures
- Reduce the area allocated to vehicles as street and reappropriate this space to pedestrians as pavement or green space to soften the landscape
- Maintain as far as possible the level of parking on the street, while recognising that re-allocating space to other users would result in some limited loss of parking amenity
- Changing the priority for traffic entering and exiting the street to discourage traffic using Cuba Street as a thoroughfare but rather as a destination to access services and businesses in the location

2.3 Some of the features included in the design to deliver on the outcomes in section 2.2 include:

- Continuing the designs used in stage one to maintain a consistent message
- Narrowing the trafficable lane to 7 metres
- Providing a raised entranceway at the Rangitikei Line end of the project
- Placing planter boxes, trees and gardens close to the road edge

3. CONCEPT DESIGN OPTIONS

3.1 As outlined the project started with an initial concept design which sought to optimise all the outcomes sought for the project and align as closely as possible to the key urban design principles and best practice approaches to urban form. Following engagement with affected stakeholders an alternative concept design has been developed. This is equivalent to the initial concept but includes some minor modifications to mitigate some of the perceived disadvantages identified by the directly affected stakeholders. While the alternative concept design retains many of the core elements there have been several compromises.

3.2 The two options are outlined as follows with key advantages and disadvantages outlined. Each option has its drawbacks and Officers are seeking confirmation from Council on the preferred option to enable the tender process to be finalised.

- Option 1. Initial Concept Design
- Option 2. Amended Concept Design

3.3 Option 1. Original Urban Landscape Plan

3.4 This option provides for a continuation of the design used in stage one of the Cuba Street redevelopment. A plan of Option 1 is included as Attachment 1 to this report. Key pros and cons for this option are set out as follows.

Table 1 – Pros and Cons for Option 1 – Initial Concept Design

Pros	Cons
Reduction in traffic speed	A loss of 12 car parks
Maintains a visual line	90' degree car parks have increased traffic safety risks to cars and cyclists
Closely follows the stage one format	Cars leaving a 90' degree park will require a minimum 6 metre wide aisle to

	exit the space, blocking both lanes
--	-------------------------------------

3.5 Option 2. Amended Concept Design

- 3.6 This option seeks to address the key concerns of directly affected businesses by minimising parking loss and expanding pedestrian areas on the south eastern side of the street. A plan of Option 2 is included as Attachment 2 to this report. Key pros and cons for this option is set out as follows.

Table 2 – Pros and Cons for Option 2 – Altered Line Marking

Pros	Cons
Increased pedestrian space on the south eastern side of the street where the leisure businesses are located	The road alignment is straighter than in the initial concept design
Reduction in traffic speed	Right angle parking is replaced with diagonal parking reducing the extent of speed reduction likely to be achieved
Customer led design – from local business consultation	
A reduction in car park loss on Cuba Street to 5 which will be addressed by providing angle parking on Taonui Street	
Additional provision for loading zones and dedicated motorbike parking	

4. TENDER AND CONSTRUCTION TIMELINE

- 4.1 Officers have scheduled the tender period to run from December through to late January to provide prospective contractors with time to prepare submissions, but also ensure that a preferred tenderer can be selected by early February.
- 4.2 The timing for the construction will depend on contractor availability and the need to avoid any periods of intense business activity. A programme will be agreed that ensures the work is completed well within this financial year.

Completion of Detailed Design	26 th Nov 2020
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Issue Request for Tender	9 th Dec 2020
Mid-Tender Interview	18~19 th Jan 2021
Tender Close	27 th Jan 2021
Tender Evaluations Completed	29 th Jan 2021
Contract Awarded	5 th Feb 2021

5. ENGAGEMENT APPROACH

5.1 Officers have already undertaken engagement with directly affected business owners as part of developing Option 2. This engagement has included:

- Individual meetings with each business owner following letter drops
- A facilitated presentation and engagement session at Council on 28 October 2020 attended by around 10 building owners and tenants, at which they were invited to provide written feedback
- Follow-up face to face meetings to receive feedback and answer any further questions

5.2 Key information sought through the engagement has included:

- Specific business feedback on the concept design
- Preferences on the parking configuration being perpendicular or diagonal
- The acceptability of contractors working on Saturdays or later into the evenings
- Specific requirements in terms of times of day and days of the week for deliveries or collections for the businesses
- Any other suggestions as to how the design might be improved

6. NEXT STEPS

6.1 Although Officers have initiated the tender process, any changes either requested by Council or identified through the communication and on-going feedback process will be communicated to the tenderers prior to tender close.



6.2 Any significant changes would be communicated by way of a Notice to Tenderers supported by any amended plan and/or specifications and schedule. Any minor changes to line marking or cosmetic changes would be addressed by way of variations following tender award.

- 6.3 Officers have already prepared draft communication material. Once the preferred option is confirmed, the communication material would be finalised and issued prior to the close of the year advising of the pending changes to Cuba Street along with a timeline. More detailed communication will occur prior to and during the construction works.

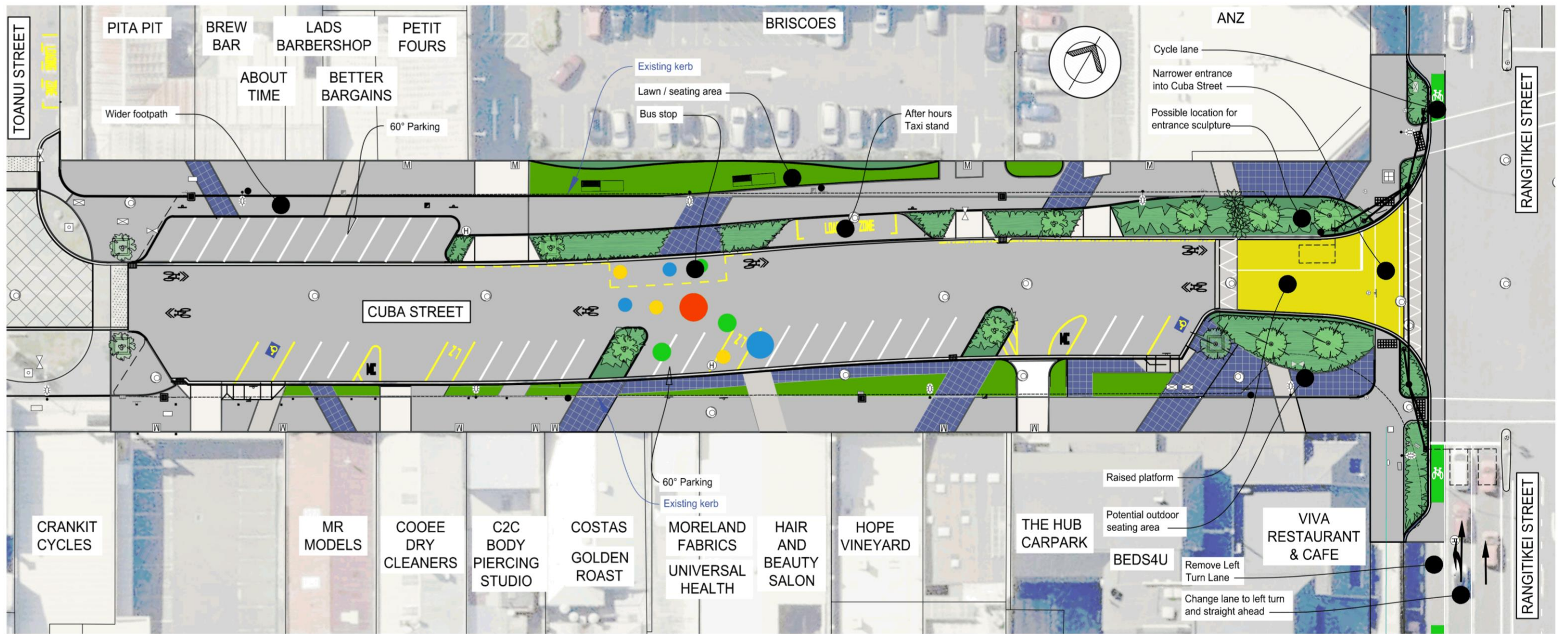
7. COMPLIANCE AND ADMINISTRATION

Does the Council have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual	Yes
Are the decisions significant?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 2: A Creative and Exciting City	
The recommendations contribute to the outcomes of the Creative and Liveable Strategy	
The recommendations contribute to the achievement of action/actions in the City Centre Plan	
The action is: - Deliver the city centre streetscape plan.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	<p>The Cuba Street Upgrade Stage 2 is the next section of the city centre streetscape linking the CBD to Arena and connects this premier sporting and events centre to the wider Streets for People programme of work. The project will continue the focus of re-allocating space from road to footpath and urban green landscape while minimising the impact on parking and business activity.</p> <p>The project will contribute to developing a premier place which provides a high quality urban landscape corridor between Arena and the CBD.</p>

ATTACHMENTS

1. Cuba Street Option 1 Initial Design Concept [↓](#) 
2. Cuba Street Option 2 Modified Concept Design [↓](#) 





MEMORANDUM

TO: Council

MEETING DATE: 21 December 2020

TITLE: District Plan Change C: Kikiwhenua Residential Area - Operative Report

PRESENTED BY: Michael Duindam, Acting City Planning Manager

APPROVED BY: David Murphy, Acting General Manager - Strategy and Planning

RECOMMENDATIONS TO COUNCIL

1. That District Plan Change C: Kikiwhenua Residential Area is approved pursuant to Clause 17 of the first schedule of the Resource Management Act 1991.
2. That the approval of District Plan Change C: Kikiwhenua Residential Area is authorised by affixing the Common Seal of the Palmerston North City Council.
3. That District Plan Change C: Kikiwhenua Residential Area becomes operative on 18 January 2021 pursuant to Clause 20 of the First Schedule of the Resource Management Act 1991.
4. That the resolution to make District Plan Change C: Kikiwhenua Residential Area operative is publicly notified in accordance with Clause 20 of the First schedule of the Resource Management Act 1991.

1. ISSUE

The purpose of this memorandum is to seek final approval of District Plan Change C: Kikiwhenua Residential Area (PC C).

2. BACKGROUND

The purpose of PC C is to rezone a portion of land in the Race Training Zone east of Te Wanaka Road to the Residential Zone.

Changes to District Plan Section 7A: Whakarongo Residential Area and Section 10 Residential Zone are as follows:

- Rename Section 7A to Greenfield Residential Areas to encompass both Whakarongo Residential Area and the proposed Kikiwhenua Residential Zone.

PALMERSTON NORTH CITY COUNCIL

- Apply the objectives, policies and rules that address resource management issues common to all Greenfield Residential Area to both the Whakarongo Residential Area and the proposed Kikiwhenua Residential Area.
- Introduce the Kikiwhenua Structure Plan (Map 7A.2) to guide future development in the Kikiwhenua Residential Area
- Provisions specific to the Whakarongo Residential Area will remain applicable to only the Whakarongo Residential Area
- Matters of control specific to the Kikiwhenua Residential Area will be addressed through performance standards and assessment criteria in Section 7A and Section 10 Residential Zone relating to
 - Noise sensitivity
 - Active Transport
 - Tree Retention
 - Stormwater
 - Key Frontages
 - Cultural Impact
 - Waahi tapu sites

PC C was appealed to the Environment Court by Racing at Awapuni and Trentham Combined Enterprises INC (RACE) and Pioneer City West LTD and Heritage Estates (2000) LTD. The matters under appeal were resolved through mediation. PC C can now be made operative.

3. NEXT STEPS

The next step is to update the District Plan to incorporate PC C.

4. COMPLIANCE AND ADMINISTRATION

Does the Council have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No

Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the outcomes of the City Development Strategy	
The recommendations contribute to the achievement of action/actions in the Housing and Future Development Plan	
<p>The action is:</p> <ul style="list-style-type: none"> • Housing development at City West begins with the rezoning of the Racecourse land • Zoning adjustments provide additional housing choice • Review and update the District Plan in a proactive manner. 	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	This Plan Change gives effect to the City Development Strategy which lists an action relating to the rezoning of the Racecourse Land being a priority.

ATTACHMENTS

Nil

MEMORANDUM

TO: Council

MEETING DATE: 21 December 2020

TITLE: Palmerston North Performing Arts Trust - Annual Report and Audited Annual Accounts 2020

PRESENTED BY: Hannah White, Democracy & Governance Manager

APPROVED BY: David Murphy, Acting General Manager - Strategy and Planning

RECOMMENDATION TO COUNCIL

1. That the Palmerston North Performing Arts Trust Annual Report and financial statements 2019/2020 as attached to the memorandum titled 'Palmerston North Performing Arts Trust – Annual Report and Audited Annual Accounts 2020', presented to Council on 21 December 2020, be received for information.

1. ISSUE

- 1.1 This memorandum is to present the Annual Report and the audited annual accounts 2019/20 of the Palmerston North Performing Arts Trust, in accordance with clauses 7.5 and 8.2 of the Trust Deed.

2. BACKGROUND

- 2.1 The Palmerston North Performing Arts Trust was exempted by Council from being a Council Controlled Organisation for three years from 26 August 2019.
- 2.2 At its meeting on 28 October 2020, Council approved a modification to the Trust Deed for Palmerston North Performing Arts Trust, to remove the requirement for an audit of the annual financial statements for future years. The document to amend the Trust Deed has been signed by all Trustees.






3. NEXT STEPS

- 3.1 The Palmerston North Performing Arts Trust Annual Report, annual audited accounts 2019/2020 and the amendment to the Trust Deed will be lodged with Charities Services.

4. COMPLIANCE AND ADMINISTRATION

Does the Council have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	N/A
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Receiving this information contributes to the desired outcome of an effective and responsible Council that excels in good governance.

ATTACHMENTS

1. Covering letter from Chairperson_November 2020 [↓](#) 
2. Chairperson's Report 2020 [↓](#) 
3. Audit Report 2020 [↓](#) 
4. Letter of representation for the year ended 30 June 2020 [↓](#) 
5. Financial Statements for the year ended 30 June 2020 [↓](#) 



C/- Palmerston North City Council
Private Bag 11034
PALMERSTON NORTH

18 November 2020

Mayor and Councillors
Palmerston North City Council
PALMERSTON NORTH

Dear Mayor and Councillors

**PALMERSTON NORTH PERFORMING ARTS TRUST
ANNUAL REPORT TO COUNCIL**

I am pleased to attach the following documents by way of annual report to Council
(in accordance with the Palmerston North Performing Arts Trust Deed):

1. Chairperson's Report, dated September 2020.
2. Letter of representation for the year ended 30 June 2020, to the Appointed Auditor, Audit New Zealand, from the Chairperson.
3. Palmerston North Performing Arts Trust financial statements for the period ended 30 June 2020.

I confirm that the above documents were received at the Annual General Meeting of the Palmerston North Performing Arts Trust held 18 September 2020, with the financial statements approved subject to receiving the audited accounts.

Yours faithfully

A handwritten signature in black ink that reads "Sheridan Hickey". The signature is written in a cursive, flowing style.

Sheridan Hickey
CHAIRPERSON



Chairperson's Report 2020

It has been a most extraordinary year. At our only meeting, held November 2019, it was agreed that the *Next Step* scholarship would not be offered in 2020. It was felt assisting groups with funding rather than individuals resulted in greater benefits for the City. The focus, therefore, was placed on promoting the *Arts Heart Scheme* as it is specifically designed to assist and support the education and development of a group performance art project in the Palmerston North community. It was planned that the promotion and applications begin in March, closing 31 May for the Board to make their deliberations at the end of June with an intended presentation in July 2020.

Little did we know then that an hitherto unknown coronavirus strain, now known as Covid-19, would have such an unpredicted impact on us, our community and our country. Due to this rapid contagion sweeping New Zealand during February and March, the country was locked down and we all retreated into our 'bubble' within a team of five million.

In the meantime, all Palmerston North's major performing arts events (e.g. Big Sing; Rockquest; Shakespeare Globe Centre NZ's Regional Secondary School Festivals; Centrepont's Basement Company, PACANZ Young Performer of the Year, Phoenix Dance Foundation; local theatre groups; plus many more smaller events) were either cancelled altogether or deferred until further notice.

Given the Covid-19 circumstances and the unknown future time frame of lockdown inhibiting group activities it was recommended that the trustees reconsider the Arts Heart scheme current arrangement of having one specific set date for application and distribution of funding to be amended to being flexible (e.g. within a 12 month period) by receiving and considering applications as and when a request arises and finances permit. This was agreed to via email conversation with the website advising *the fund is currently closed for applications*.

Although some of the performing arts groups managed to perform via Zoom or create a video link of their performance, many were not able to proceed. Shakespeare Globe Centre New Zealand's regional performance proceeded via video link and one student from Awatapu College was named for her outstanding performance to be selected one of forty students nationally to the national SGCNZ's Secondary Schools Production week at Otago University later in October. She contacted the Trust secretary, seeking information about the possibility of a *Next Step Scholarship*.

We were very fortunate to have a very committed and caring secretary Natalya Kushnirenko who, within her bubble working from home, kept in contact with us advising updates and keeping us informed throughout the uncertain time.

Good news received in June was that the City Council reappointed Margaret May and Sheridan Hickey for a term of three years to 2023. It is also timely to thank not only our secretary Natalya Kushnirenko for her sterling service during the last twelve months, but also fellow trustees, Mayor Grant Smith and Margaret May, and our advisory trustees Maureen Ax and Harry Lilley, for their ongoing focus and dedication to continue developing the opportunities to assist performers create performances to benefit the vibrancy of Palmerston North.

Looking to the future it is hoped that the Palmerston North Performing Arts Trust will continue to promote the ongoing extension and development of performing arts within our local Palmerston North community by offering funding through an Arts Heart Educational Scheme.

Sheridan Hickey
Chairperson

September 2020

Independent Auditor's Report

To the readers of the Palmerston North Performing Arts Trust's financial statements for the year ended 30 June 2020

The Auditor-General is the auditor of the Palmerston North Performing Arts Trust (the Trust). The Auditor-General has appointed me, Chris Webby, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust on his behalf.

Opinion

We have audited the financial statements of the Trust on pages 1 to 4, that comprise the statement of financial position as at 30 June 2020, the statement of financial performance, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Trust on pages 1 to 4:

- present fairly, in all material respects:
 - its financial position as at 30 June 2020; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Simple Format Reporting Standard – Accrual (Public Sector).

Our audit was completed on 1 September 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw your attention to the impact of the Covid-19 pandemic. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements, and we explain our independence.

Emphasis of matter – impact of the Covid-19 pandemic

Without modifying our opinion, we draw attention to the disclosure about the impact of the Covid-19 pandemic on the Trust as set out in note 4 to the financial statements.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Trustees for the financial statements

The Trustees are responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Trustees are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Trustees intend to wind-up the Trust or to cease operations, or have no realistic alternative but to do so.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Independence

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Trust.



Chris Webby
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand



C/- Palmerston North City Council
Private Bag 11034
PALMERSTON NORTH

1 September 2020

Chris Webby
Director
Audit New Zealand
PO Box 149
Palmerston North 4440

Dear Chris

Representation letter for the year ended 30 June 2020

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the financial statements of the Palmerston North Performing Arts Trust (the Trust) for the year ended 30 June 2020 for the purpose of expressing an independent opinion about whether:

The financial statements:

- present fairly, in all material respects:
 - the financial position as at 30 June 2020; and
 - the financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Simple Format Reporting Standard – Accrual (Public Sector).

We understand that your audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand).

General representations

To the best of our knowledge and belief:

- the resources and activities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations, and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the Trust) to prevent and detect fraud.

Representations on the financial statement

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements, and that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements as required by the Trust Deed, and that, in particular, that:

The financial statements:

- present fairly, in all material respects:
 - the financial position as at 30 June 2020; and
 - the financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Simple Format Reporting Standard – Accrual (Public Sector).
- we believe the significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable;
- we have appropriately accounted for and disclosed the related party relationships and transactions in the financial statements;
- we have adjusted or disclosed all events subsequent to the date of the financial statements that require adjustment or disclosure;

- we believe the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole;
- we have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. Where applicable, such litigation and claims have been accounted for and disclosed in accordance with the Public Benefit Entity Simple Format Reporting Standard – Accrual (Public Sector); and
- the financial statements adequately disclose the impact of the COVID-19 pandemic, including disclosure about key assumptions and estimates used in measuring assets and liabilities.

Representations about the provision of information

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:
 - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others;
- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements;

- we have provided you with all the other documents ("other information") which will accompany the financial statements which are consistent with one another, and the other information does not contain any material misstatements.
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware; and
- we have disclosed to you all information in relation to the impacts that the COVID-19 pandemic has had on the Trust that could affect the financial statements.

Going concern basis of accounting

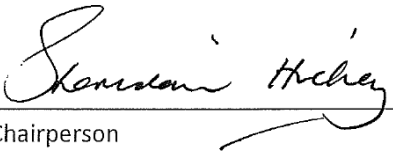
We confirm that, to the best of our knowledge and belief, the Trust has adequate resources to continue operations at its current level for the foreseeable future. For this reason, the Board continues to adopt the going concern basis of accounting in preparing the financial statements for the year ended 30 June 2020. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the Trust during the period of one year from 1 September 2020, and to circumstances that we know will occur after that date which could affect the validity of the going concern basis of accounting.

We consider that the financial statements adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern basis of accounting by the Trust.

Throughout the year, the Trust has complied with the requirements of its banking arrangements, debenture trust deeds, or negative pledge agreements, including those relating to its net tangible assets ratios.

The representations in this letter are made at your request, and to supplement information obtained by you from the records of the Trust and to confirm information given to you orally.

Yours faithfully


Chairperson

Palmerston North Performing Arts Trust

**Financial Statements
for the year ended
30 June 2020**

PALMERSTON NORTH PERFORMING ARTS TRUST

STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30 June 2020

	Actual 2020	Actual 2019
Revenue	\$	\$
Grant from previous year returned	-	2,500
Interest	3,895	4,406
Total Revenue	3,895	6,906
Expenses		
Grants	-	4,850
Scholarships	-	-
Audit Fees	2,140	2,061
Administration	50	50
Total Expenses	2,190	6,961
Surplus/(deficit)	1,705	(55)

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2020

	Actual 2020	Actual 2019
Balance at 1 July	123,566	123,621
Surplus/(deficit) for the year	1,705	(55)
Total surplus/(deficit) for the year ended 30 June	1,705	(55)
Balance at 30 June	125,271	123,566

STATEMENT OF FINANCIAL POSITION as at 30 June 2020

	Actual 2020	Actual 2019
Assets	\$	\$
Current Assets		
Bank accounts and cash	2,389	285
Short term investments	124,366	120,172
Interest accrual	653	5,195
Total Current Assets	127,408	125,650
Non Current Assets		
Term investment	-	-
Total Non Current Assets	-	-
Total Assets	127,408	125,650
Current Liabilities		
Accrued Expenses	2,137	2,084
Total Liabilities	2,137	2,084
Trust Equity	125,271	123,566

 11.9.2020
 Sheridan Hickey
 Chairperson

These statements should be read in conjunction with the accompanying Statement of Accounting Policies and notes

PALMERSTON NORTH CITY PERFORMING ARTS TRUST

STATEMENT OF CASH FLOWS for the year ended 30 June 2020

	Actual 2020	Actual 2019
Cash flows from operating activities	\$	\$
Interest received	8,436	1,051
Grants	-	(4,850)
Grant from previous year returned	-	2,500
Scholarships	-	-
General operating expenses	(2,137)	(2,111)
Net cash flow from operating activities	6,299	(3,410)
Cash flows from Investing Activities		
Purchase of term investments	(13,435)	(9,946)
Maturity of term investments	9,240	12,788
Net cash flow from investing activities	(4,195)	2,842
Net Cash Inflow/(Outflow)	2,104	(567)
Bank accounts and cash at the beginning of year	285	852
Bank accounts and cash at the end of year	2,389	285

These statements should be read in conjunction with the accompanying Statement of Accounting Policies and notes.

R
11/9/20

PALMERSTON NORTH PERFORMING ARTS TRUST

Statement of entity information for the year ended 30 June 2020

1. **Reporting entity**
Palmerston North Performing Arts Trust (the Trust).
2. **Type of entity & legal basis**
The Trust is a charitable trust incorporated in New Zealand under the Charitable Trusts Act 1957 and is domiciled in New Zealand. The Trust is controlled by Palmerston North City Council but is exempted under s7(3) of the Local Government Act 2002 from being a council-controlled organisation. This exemption was renewed by way of resolution on 26 August 2019 for a further 3 years to 30 June 2022. The Trust is a registered Charity (No CC26508) under the Charities Act 2005.
3. **The Trust's purpose or mission**
The primary objective of the Trust is to provide educational opportunities for the development of talented emerging performing artists in the Palmerston North region for the benefit of the public at large in Palmerston North.
4. **Structure of the Trust's operations including governance arrangements**
A Board comprising the Mayor of Palmerston North, two trustees (appointed by the Palmerston North City Council) and two advisory trustees appointed by the Board oversees the governance of the Trust. The Trust is administered by staff of the Palmerston North City Council.
5. **Main sources of the Trust's cash and resources**
Interest from investments is the main source of funding for the Trust.

PALMERSTON NORTH PERFORMING ARTS TRUST

Statement of accounting policies for the year ended 30 June 2020

1. Basis of preparation

The Trustees have elected to apply PBE SFR-A (PS) *Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)* on the basis that the Trust does not have public accountability (as defined) and has total expenses of less than \$2 million.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

2. Goods and Services Tax

The Trust is not registered for GST. No GST was payable on revenue and no GST was claimable for expenses.

3. Significant Accounting Policies

3.1. Revenue

Grants – Council, government and other non-government grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met ("use or return condition"). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

Interest – interest revenue is recorded as it is earned during the year.

3.2. Bank accounts and cash

Bank accounts and cash comprise cash on hand, cheque or savings accounts and deposits held at call with banks.

3.3. Debtors

Debtors are initially recorded at the amount owing. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

3.4. Investments

Investments comprise investments in term deposits with banks.

3.5. Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

PALMERSTON NORTH PERFORMING ARTS TRUST

Notes to the Financial Statements

1 Related Party Transactions

The Trust had no related party (controlled by Council) transactions (2019 \$nil).

2 Events after balance date

There are no significant events after balance date.

3 Contingent Liabilities

The Trust had no contingent liabilities at balance date (2019 \$nil).

4 COVID-19 pandemic

The COVID-19 pandemic has not impacted on the operations or financial position of the Trust.

MEMORANDUM

TO: Council

MEETING DATE: 21 December 2020

TITLE: Appointed Member resignation and Rangitāne nomination for Environmental Sustainability Committee

PRESENTED BY: Hannah White, Democracy & Governance Manager

APPROVED BY: David Murphy, Acting General Manager - Strategy and Planning

RECOMMENDATION(S) TO COUNCIL

1. That the Council acknowledge the resignation of Mr Christopher Whaiapu from the Environmental Sustainability Committee.
2. That the Council appoint Mr Peter Te Rangi to the Environmental Sustainability Committee for the remaining part of the 2019-2022 term.

1. ISSUE

Council has received a letter of resignation from Mr Christopher Whaiapu from his seat on the Environmental Sustainability Committee. He remains a member of Rangitāne o Manawātū Committee.

A nomination to fill the vacancy has been received from Rangitāne.

2. BACKGROUND

In accordance with

- (1) the Kawenata in Relation to Te Motu o Poutoa Agreement signed between Rangitāne o Manawatu and Palmerston North City Council, that three Rangitāne representatives be appointed to the Rangitāne o Manawātū Committee

and

- (2) the resolution of Extraordinary Council meeting of 13 November, 147-19 10 “that a Rangitāne representative be on each of the Community Development, Economic Development and Environmental Sustainability Committees; such a representation to be nominated by Rangitāne and approved by the Council.”

PALMERSTON NORTH CITY COUNCIL

Ngāti Hineaute Hapū Authority nominates Mr Peter Te Rangi. Rangitāne representatives from Tānenuiarangi Manawatū and Te Rangimarie Marae have confirmed that they endorse the appointment.

3. NEXT STEPS

Following the Council's approval of the nomination, an invitation will be extended to the new member to join the committee from its first meeting of 2021.


For the purpose of transparency, any external appointee will be asked to complete a declaration of assets and interests.

Induction will also be undertaken.

4. COMPLIANCE AND ADMINISTRATION

Does the Council have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in Not Applicable	
The action is: n/a	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	The provision of this advice will allow the Council to recognise and respect the Crown's responsibility to take appropriate account of the Treaty of Waitangi and to include opportunities for Rangitāne to partner in local government decision making processes.

ATTACHMENTS

1. Nomination letter [↓](#) 



5 November 2020

Palmerston North City Council
PALMERSTON NORTH

**Rangitāne Appointee to the Environmental Sustainability Committee:
Peter Te Rangi**

Ka mihia ki o tātou mate huhua o te motu. Rātou kia rātou, tātou ngā mahuetanga iho o rātou mā, tēnā hui hui mai tātou katoa. Ka mihia ki tēnei kaupapa. Te whakahihiko i te whakatau mō te lwi nei o Rangitāne o Manawatū.

Tini whetū ki te rangi, ko Rangitāne-nui-ā-rangi ki te whenua.

Kei aku nui.

1. I, Mr Christopher Noel Whaiapu, the mandated representative of the Ngāti Hineaute Hapu Authority, formally nominate Peter Te Rangi to the **Environmental Sustainability committee** to represent Rangitāne under our special appointment process, and would like for his appointment to commence, at the first scheduled meeting in 2021.

Kia tau iho mai ngā manaakitanga a te wāhi ngaro ki runga i a koe e te Tiamana, otira koutou o te kōmiti whāiti, whānui, otira me wō koutou nei whānau.

Nāku tonu i roto i ngā mihi o te wā

Nā,

Ngāti Hineaute Hapu Authority
Mr Christopher Noel Whaiapu
Chairman
P.O. BOX 7161

Ngati Hineaute Hapu Authority | Ngati Hineaute Trust | P.O. BOX 7161 | PALMERSTON NORTH

Ehara taku toa i te toa takitahi, engari, he toa takimano, takitini e!

Palmerston North
Christopher.Whaiapu@slingshot.co.nz
021 1926887



Ngati Hineaute Hapu Authority | Ngati Hineaute Trust | P.O. BOX 7161 | PALMERSTON NORTH
Ehara taku toa i te toa takitahi, engari, he toa takimano, takitini e!

MEMORANDUM

TO: Council

MEETING DATE: 21 December 2020

TITLE: Committee Chair appointments for remainder of 2019-2022 term

PRESENTED BY: Hannah White, Democracy & Governance Manager

APPROVED BY: David Murphy, Acting General Manager - Strategy and Planning

RECOMMENDATIONS TO COUNCIL

1. To receive the report titled "Committee Chair appointments for the remainder of the 2019-2022 term" of 21 December 2020.
2. That Council adopts the Mayor's recommendation to appoint Councillor Billy Meehan as the Chair of the Play, Recreation and Sport Committee, effective immediately.
3. That Council adopts the Mayor's recommendation to appoint Councillor Leonie Hapeta as the Deputy Chair of the Play, Recreation and Sport Committee, effective immediately.
4. That Council adopts the Mayor's recommendation to appoint Councillor Zulfiqar Butt as the Deputy Chair of the Environmental Sustainability Committee, effective immediately.
5. That the Council make the recommendations to the Remuneration Authority regarding Elected Member remuneration as listed in 4.3 of the report "Committee Chair appointments for the remainder of the 2019-2022 term."

1. ISSUE

- 1.1 The Mayor has received a request for resignation from the following leadership positions:
 - Chair, Play, Recreation and Sport Committee
 - Deputy Chair, Environmental Sustainability Committee

2. BACKGROUND

- 2.1. In accordance with the Local Government Act 2002 S41A(3) the Mayor has the following powers in relation to this report:

- (b) to establish committees of the territorial authority:
- (c) to appoint the chairperson of each committee established under paragraph (b), and, for that purpose, a mayor—
 - (i) may make the appointment before the other members of the committee are determined; and
 - (ii) may appoint himself or herself.

2.2. It should be noted if the Council does not agree with the decisions the Mayor has exercised under his delegated authority, the Council has the ability to discharge a chairperson as per the Local Government Act 2002 Schedule 7, cl. 31.

3. APPOINTMENTS

3.1 A call for expressions of interest resulted in four members expressing interest in the Play Sport and Recreation chairpersonship, and two for the Environmental Sustainability deputy role.

3.2 The Mayor has exercised his power by appointing:

- Chair- Play, Sport & Recreation Committee- Councillor Billy Meehan
- Deputy Chair - Play, Sport & Recreation Committee- Councillor Leonie Hapeta
- Deputy Chair- Environmental Sustainability Committee- Councillor Zulfiqar Butt

4. REMUNERATION

4.1 The total pool available to Palmerston North City Council is set by the Remuneration Authority and remains the same. The Authority has set the Mayor's salary at \$152,500 and allocates a remaining \$778,568 to be distributed amongst councillors. On 28 October 2020 Council approved the amounts below, which were subsequently approved by the Remuneration Authority in their Local Government Members (2020/21) Amendment Determination No. 2 2020.

Office	Annual remuneration (\$)
Mayor	152,500
Deputy Mayor, Chair—Planning & Strategy Committee, Chair—Hearings Committee	80,524

Chair—Finance and Audit Committee and Chair—Chief Executive's Performance Review Panel	57,458
Chair—Infrastructure Committee	54,134
Chair—Arts, Culture and Heritage Committee	50,810
Chair—Community Development	50,810
Chair—Economic Development Committee and Play, Recreation and Sport Committee	54,134
Chair—Environmental Sustainability Committee	50,810
Councillor (with no additional responsibilities) (8)	47,486
Councillor (Minimum Allowable Remuneration)	43,067

- 4.2 Council must now agree to the remuneration structure in order that Council's recommendations be reported to the Remuneration Authority. If the changes are accepted by the Authority, the appropriate Determination will give effect to the changes and the new rates can then be backdated to the date of the appointment and applied to the remainder of the 2019-2022 term.
- 4.3 The recommendation is that the structure remain the same and that it be re-written to allow for transfer of responsibility as follows:

Office	Annual remuneration (\$)
Mayor	152,500
Deputy Mayor, Chair—Planning & Strategy Committee, Chair—Hearings Committee	80,524
Chair—Finance and Audit Committee and Chair—Chief Executive's Performance Review Panel	57,458
Chair—Infrastructure Committee	54,134
Chair—Arts, Culture and Heritage Committee	50,810

PALMERSTON NORTH CITY COUNCIL

Chair—Community Development	50,810
Chair—Economic Development Committee	50,810
Chair—Play, Recreation and Sport Committee	50,810
Chair—Environmental Sustainability Committee	50,810
Councillor (with no additional responsibilities) (7)	47,486
Councillor (Minimum Allowable Remuneration)	43,067

5. NEXT STEPS

- 5.1 The new appointments will be announced publicly, and the website updated.
- 5.2 The 2021 Council calendar and Elected member business cards will be printed in the new year with the new positions noted for the remainder of the triennium.
- 5.3 Following the election of a new councillor in the new year further appointments may be made.
- 5.4 The Remuneration Authority will consider the remuneration change outlined above.

6. COMPLIANCE AND ADMINISTRATION

Does the Council have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven and Enabling Council	

The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in Not Applicable The action is: n/a	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Securing appointments in a timely and smooth manner ensures that governance roles are fulfilled.

ATTACHMENTS

NIL

COMMITTEE WORK SCHEDULE

TO: Council

MEETING DATE: 21 December 2020

TITLE: Council Work Schedule

RECOMMENDATION TO COUNCIL

1. That the Council receive its Work Schedule dated December 2020.

ATTACHMENTS

1. Work Schedule [↓](#) 

COUNCIL

WORK SCHEDULE – December 2020

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
1.	November December 2020	Council and Committee Meeting Schedule 2021	General Manager – Strategy & Planning	Resolved at extraordinary meeting 10 December	
2.	TBC 2021	Whenua Planting Scheme	General Managers – Strategy & Planning/ Infrastructure	Memorandum reported to Planning and Strategy Committee 9 December	
3.	March 2021	Remits from PNCC	General Manager – Strategy & Planning		Council 24 June 2020 Clause 69-20
4.	May 2021	Remits received from other Territorial Authorities	General Manager – Strategy & Planning		Council 24 June 2020 Clause 69-20
5.	TBC 2021	Manawatū Residents' card	General Manager – Marketing and Communications		Council 25 May 2020 Clause 48-20

CONFIDENTIAL DECISIONS RELEASED

Meeting date	Title	Released	Not Released

More information on the decisions released can be found on [released decisions](#)

RECOMMENDATIONS FROM COMMITTEE

TO: Council

MEETING DATE: 21 December 2020

TITLE: Presentation of the Part I Public Rangitāne o Manawatū Recommendations from its 25 November 2020 Meeting

Set out below are the recommendations only from the Rangitāne o Manawatū meeting Part I Public held on 25 November 2020. The Council may resolve to adopt, amend, receive, note or not adopt any such recommendations. (SO 2.18.1)

9-20 Appointment of Chair and Deputy Chair for the Rangitāne o Manawatū Committee for 2021 and 2022.

Memorandum, presented by Hannah White, Democracy and Governance Manager.

The **COMMITTEE RECOMMENDS**

1. That Council appoint Grant Smith (the Mayor) to be chairperson and Mr Wiremu Te Awe Awe to be deputy chairperson for the Rangitāne o Manawatū Committee for 2021.
2. That Council appoint Mr Wiremu Te Awe Awe to be chairperson and Grant Smith (the Mayor) to be deputy chairperson for the Rangitāne o Manawatū Committee for 2022.

RECOMMENDATIONS FROM COMMITTEE

TO: Council

MEETING DATE: 21 December 2020

TITLE: Presentation of the Part I Public Infrastructure Committee Recommendations from its 2 December 2020 Meeting

Set out below are the recommendations only from the Infrastructure Committee meeting Part I Public held on 2 December 2020. The Council may resolve to adopt, amend, receive, note or not adopt any such recommendations. (SO 2.18.1)

48-20 Options to Complete - Manawatu River Pathway - Ashhurst to Palmerston North

Report, presented by Robert van Bentum; Manager - Transport and Infrastructure.

The **COMMITTEE RECOMMENDS**

1. That the Council approves the Chief Executive progressing with a more detailed consideration of legal avenues to secure the preferred Manawātū River Pathway alignment as set out in Option 3 of the report titled 'Options to Complete - Manawātū River Pathway – Ashhurst to Palmerston North', presented to the Infrastructure Committee on 2 December 2020.

49-20 Outcome of Consultation on Summerhill Cycleway Upgrade Options for Segment 5

Memorandum, presented by Robert van Bentum, Manager - Transport and Infrastructure.

The **COMMITTEE RECOMMENDS**

1. That the Council approves the implementation of Modified Option A of the report titled 'Outcome of Consultation on Summerhill Cycleway Upgrade Options for Segment 5' presented to the Infrastructure Committee on 2 December 2020, comprising of 540m of buffered cycle lanes with indented parking and bus bays.
2. That the Council approves an unbudgeted Capital New Programme entitled "Summerhill Drive - On-Street Parking Infrastructure" with a

PALMERSTON NORTH CITY COUNCIL

budget of \$234k to fund the parking mitigation works required to implement the Summerhill Drive Pedestrian and Cycle Improvements Project.

RECOMMENDATIONS FROM COMMITTEE

TO: Council

MEETING DATE: 21 December 2020

TITLE: Presentation of the Part I Public Planning & Strategy Committee Recommendations from its 9 December 2020 Meeting

Set out below are the recommendations only from the Planning & Strategy Committee meeting Part I Public held on 9 December 2020. The Council may resolve to adopt, amend, receive, note or not adopt any such recommendations. (SO 2.18.1)

51-20 Draft Speed Limits Bylaw - deliberations on submissions

Memorandum, presented by Julie Macdonald - Strategy and Policy Manager.

The COMMITTEE RECOMMENDS

1. That the Palmerston North Speed Limits Bylaw 2020, included as attachment one to this memorandum, is adopted.
2. That the Palmerston North Speed Limits Bylaw 2013 is revoked when the Palmerston North Speed Limits Bylaw 2020 comes into effect.

52-20 Deliberations - Proposed Auahi Kore Smokefree and Vapefree Policy 2020

Memorandum, presented by Lili Kato - Policy Analyst.

The COMMITTEE RECOMMENDS

1. That the Auahi Kore Smokefree and Vapefree Policy 2020, included as attachment 1 to this memorandum, is adopted.
2. That the Smokefree Outdoor Areas Policy 2013 is revoked.
3. That the Mayor and Deputy Mayor be given delegated authority to make minor corrections to the proposed policy.

RECOMMENDATIONS FROM COMMITTEE

TO: Council

MEETING DATE: 21 December 2020

TITLE: Presentation of the Part I Public Finance & Audit Committee Recommendations from its 16 December 2020 Meeting

Set out below are the recommendations only from the Finance & Audit Committee meeting Part I Public held on 16 December 2020. The Council may resolve to adopt, amend, receive, note or not adopt any such recommendations. (SO 2.18.1)

66-20 Palmerston North Airport Ltd - Statement of Expectations

Memorandum, presented by Steve Paterson, Strategy Manager - Finance.

Following discussion by Elected Members, a change to the wording of Section 3 (iii) of the Statement of Expectations for Palmerston North Airport Ltd 2021-23 was requested, for clarity of communication around Council's expectations regarding carbon neutrality. A further request was made for the Chair and Deputy Chair of Finance & Audit Committee to be authorised to make minor amendments to the Statement of Expectations.

The COMMITTEE RECOMMENDS

1. That the memorandum titled 'Palmerston North Airport Ltd – Statement of Expectations' presented to the Finance & Audit Committee on 16 December 2020, be received.
2. That the Statement of Expectations for Palmerston North Airport Ltd 2021-23 be adopted, subject to the following amendment:
Replace "PNAL's efforts to strive towards achieving carbon neutrality are recognised and encouraged" with "Council expects PNAL to make progress toward carbon neutrality" (Section 3 (iii)).
3. That the Chair and Deputy Chair of Finance & Audit Committee be authorised to make minor amendments to the Statement of Expectations for Palmerston North Airport 2021-23.

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2021/22 Business Assurance Plan

Memorandum, presented by Masooma Akhter, Business Assurance Manager.

The **COMMITTEE RECOMMENDS**

1. That Council approve the Business Assurance Plan for the 18 months beginning January 2021, included as Attachment One of the memorandum titled '2021/22 Business Assurance Plan' presented to the Finance & Audit Committee on 16 December 2020.
2. That each review from the 2021/22 Business Assurance Plan be included on the work schedule for the Finance & Audit Committee.